

THE 'MANAGED' CO-OPERATIVE:

A CASE STUDY INTO THE SOCIAL AND ECONOMIC BENEFITS OF PARTICIPATING IN RURAL CO-OPERATIVES IN KWAZULU-NATAL



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DECLARATION

This dissertation represents original work by the author and has not been previously submitted in any other form to another university. Where use has been made of the work of others, it has been duly acknowledged and referenced in the text.

CONTENTS

	Page
PREFACE	3
INTRODUCTION	4
CHAPTER 1: METHODOLOGY	6
1.0. Introduction	6
1.1. Primary source material	7
1.1.1. Interpreters	8
1.1.2. One-to-one interviews	8
1.1.3. Focus group studies	10
1.1.4. Interviews with local community	11
1.1.5. Participant observation	12
1.1.6. Tape recordings	12
1.1.7. Informal interviews, discussions and e-mail	12
1.1.8. Issue of confidentiality	13
1.1.9. Limitations	13
1.2. Secondary source material	14
1.3. Summary	14
CHAPTER 2: BACKGROUND LITERATURE	15
2.0. Introduction	15
2.1. Principles behind the co-operative movement	15
2.1.1. Examples of different types of co-operatives: 'Managed' and 'independent'	18
2.2. Factors to be considered when joining a co-operative	22
2.2.1. Participation	22
2.2.2. Time Resource	24
2.2.3. Resource Allocation	25
2.3. Co-operative or business?	25
2.4. Successes and failures of co-operatives	27
2.4.1. Characteristics contributing towards the success of a co-operative	27
2.4.2. Characteristics contributing towards the failures of a co-operative	28
2.5. Social and economic benefits	29
2.6. Brief history of co-operatives in South Africa	31
2.7. Summary	34

	Page
CHAPTER 3: STAKEHOLDERS AND CO-OPERATIVE PROFILE	35
3.0. Introduction	35
3.1. Ntsika Enterprise Promotion Agency	36
3.1.2. The PEACE Foundation	37
3.1.3. I-Khaya Designs	37
3.2. Co-operative Profile	38
3.2.1. Socio-economic status of the co-operatives	40
3.3. Relationship between I-Khaya Designs and the co-operatives	44
3.4. Summary	47
CHAPTER 4: FINDINGS	47
4.0. Introduction	47
4.1. From needs to markets	48
4.2. Social benefits: Positive	50
4.2.1. Social consequences: Negative	54
4.3. Economic benefits: Positive	59
4.3.1. Economic consequences: Negative	61
4.4. Summary	67
CHAPTER 5: SUMMARY, RECOMMENDATIONS AND CONCLUSION	67
5.0. Introduction	67
5.1. Comparison of principles behind 'formal' and 'managed' co-operatives	68
5.2. Recommendations	71
5.2.1. Income on a regular basis	71
5.2.2. Re-structuring of pricing for goods produced	72
5.2.3. Regular 'grading' days	73
5.2.4. Incentive for productivity	73
5.2.5. Hours of work	73
5.2.6. Marketing	74
5.2.7. Community building/crèche facilities	75
5.2.8. General lines of communication	75
5.2.9. Registration	76
5.3. Conclusion	76

APPENDIX

BIBLIOGRAPHY

TABLES	Page
Table 1: The ICA Statement on the co-operative identity	16
Table 2: 'Managed' and 'independent' co-operatives: Advantages and Disadvantages	19
Table 3: Marital status of individuals in the co-operatives	41
Table 4: Timetable of typical day for women in both co-operatives	57
Table 5: Prices achieved, correlated to length of time product takes to make	64
Table 6: Comparison of ICA Statement with the two co-operatives	68

FIGURES

Fig. 1: Objectives of co-operatives for members	30
Fig. 2: Organisational structure as perceived by the Sihangwana co-operative	46
Fig. 3: Organisational structure as perceived by the Sicabizini co-operative	46
Fig. 4: Analysis of stakeholder process	46
Fig. 5: 'Spin-outs' of social benefits	50

ABSTRACT

The primary goal of development is to alleviate poverty, and thus improve people's lives. Co-operatives around the world are becoming used more regularly as a vehicle for such development. However, as a result of economic pressures, co-operatives have changed over the years, reflecting a more business-like approach in order to compete in a competitive market. As a result certain types of co-operatives come under the banner of 'new wave' co-operatives. This dissertation examines two such co-operatives and analyses what social and economic benefits accrue to individuals as a result of participating in rural co-operatives. It also reflects upon the 'managed' status of the co-operative and its implication for members.

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PREFACE

Each day, in a remote area of northern KwaZulu-Natal, far away from the hustle and bustle of Durban life, two groups of people are using their hands to make intricate woven and carved products. Despite the fact they have very little education between them, they have access to the international and national markets. How is this possible?

Like most anthropologists I had this burning urge to carry out 'real life' fieldwork in a remote area. I chose South Africa. I envisaged myself sitting under the trees, in the sandy grass, with blue skies above. I would talk to the local people with a translator, and find out about their lives and culture, and how they managed to defy the social and economic legacies apartheid had thrown at them. My romantic notion was, not too surprisingly, quickly dispelled. However, what did emerge as a result of this research, is that despite great levels of individual suffering and hardship, these people have spirit, tremendous warmth and solidarity. They will survive.

INTRODUCTION

Throughout the world co-operatives have been used as a means of alleviating poverty. Through self-help and collective marketing, individuals have been able to produce and sell goods, which provide them with employment, and thus an income. As a vehicle for social and economic development one would naturally assume certain 'benefits' occurring as a result of participating in co-operatives. As Bhowmik suggests:

“...the contribution of a co-operative to the socio-economic economic structure of a society can be evaluated on the basis of its success in reducing social inequalities and in promoting a spirit of collective ownership, along with the economic benefits gained by its members.”

(1988:186).

This dissertation considers the different types of co-operatives that have evolved since the 1920s in South Africa and considers how co-operatives are becoming more like businesses. It specifically examines one type of co-operative that comes under the banner of 'new wave' co-operatives; that of 'managed', and investigates the implications of this co-operative status upon its members. It then analyses the social and economic benefits accruing to individuals as a result of participating in rural co-operatives.

This exploratory research is based upon an investigation into two co-operatives situated in Ndumo, one hundred kilometres north of Mkuze, in the Matenjwa district of Ingwavuma, northern KwaZulu-Natal. These co-operatives receive funding from two sources, Ntsika and the PEACE Foundation and have been established with the goal of alleviating poverty in the area. The two co-operatives in this case study are the Sicabizini and Sihangwana co-operatives comprising males and females who live locally, and who hope to improve their economic and social status by collectively marketing goods direct to I-Khaya Designs. Their aim is to be able to afford food, water, clothing and school fees for the extended family they each support.

At present this region is isolated with very poor infrastructure, and due to its proximity to Mozambique, war has severely hindered any kind of development. As a result of this, and of general negative apartheid policies, the region has the lowest literacy levels and the highest unemployment rates in KwaZulu-Natal, resulting in extreme poverty (Zaloumis and Dreyer:1996:1-6). Nonetheless, it is well situated for a potentially burgeoning tourist industry in the future, not least due to its close proximity to the Ndumo Game Reserve (noted particularly for its birdlife), the Tembe Elephant Park (situated on the floodplains of the Pongola and Usutu Rivers on the Mozambiquan border) and the Kosi Bay coast and lake system (Else *et al*:1997:601). The World Bank recently supported an initiative that will integrate Ndumo and Tembe Elephant Park with the Maputo Elephant Reserve in Mozambique, via the Futi Corridor. In addition, there are plans to upgrade the existing N2 road from Lavumisa to Maputo. Both these developments will help local economic initiatives (Zaloumis and Dreyer:1996:1-4), not least because they will ease access to markets for the two co-operatives under consideration in this research.

For ease of reference the discussion and analysis is presented as follows:

Chapter 1 deals with methodology and examines the way in which the research for this study was carried out, and the reasons why certain methodologies were used. Recognising that no particular methodology can ever be ideal, their limitations are also discussed. Chapter 2 sets out the theoretical framework, prior to investigating the actual findings. It provides a synopsis of the principles underlining co-operatives and illustrates the various types of co-operatives functioning in South Africa. This chapter also considers whether co-operatives operate as a business, and identifies certain characteristics of the successes and failures of co-operatives. In addition, it illustrates the social and economic benefits that may occur as a result of participating in co-operatives. Finally, a synopsis of the history of co-operatives in South Africa is given which shows how they have evolved from the early twentieth century, to the

present day. Chapter 3 considers the relevant stakeholders in this investigation, namely Ntsika, the PEACE Foundation, and I-Khaya Designs. It provides a detailed socio-economic profile of the two collectives and an explanation of how these co-operatives perceive themselves in relation to other stakeholders, as well as an analysis of the specific relationship between I-Khaya Designs and the two co-operatives. Chapter 4 examines the findings of the fieldwork undertaken. It begins with a brief look at the process required to make an item for the national and international markets, from natural materials. The social and economic benefits of participating in a co-operative are then identified, as are the negative consequences. In Chapter 5 a summary is given that examines the differences between 'formal' and 'new wave' co-operatives, and reflects that 'managed' co-operatives, at least in this context, may be an anomaly and explains why. A summary of the social and economic benefits, together with the negative consequences is also given. Recommendations have been provided which, it is felt, may enhance member productivity. Finally, the dissertation concludes that although 'managed' co-operatives may be necessary in order to compete successfully in a competitive market, these two particular co-operatives, even having been formally registered, are not co-operatives in the true sense of the word. It is more a business venture.

CHAPTER 1: METHODOLOGY

1.0. INTRODUCTION

Research can be carried out in two ways, either by qualitative or quantitative methods. Since this investigation was based on a case study, mainly qualitative research methodologies were undertaken. This chapter outlines these methodologies and explains the purpose of each with relevance to this particular study. The advantage of using different types of methodologies was that detailed and in-depth evidence was

obtained which allowed the researcher to understand the complex dynamics operating on a social level within the two co-operatives.

The two co-operatives investigated were chosen at random out of a possible four that the PEACE Foundation assisted with funding. With hindsight these two were good choices since they afforded one the opportunity of comparing a (relatively) well-established collective, with another started up more recently.

1.1. PRIMARY SOURCE MATERIAL

The fieldwork took place between Sunday 3rd – Sunday 10th October 1999. It was conducted by way of twenty-five one-to-one interviews, four focus group discussions, participant observation, and one method of participatory research appraisal ('PRA'). Three male interpreters were used, two for one day each, and one for two days. No interpreter was used on the Wednesday since the interviews conducted that day were with people who spoke reasonable English. In addition to the one-to-one interviews held with members of both co-operatives, interviews were also held with members of the community. The intention of this was to obtain an overall picture of the social and economic benefits of rural participation in co-operatives and whether these 'benefits' extended to the community in general. Interviews were therefore held with the principal of the local primary school, the acting head of a second primary school, and a volunteer teacher of the new local secondary school. The manager of a nearby wholesale store was interviewed, as well as two owners of nearby tuck shops, and four women passing by the Sicabizini co-operative. Upon returning to Durban, a small market research survey was conducted to ascertain members of the public's views on the goods. In addition, another manager of a wholesale store who sells to exclusive curio shops in Johannesburg, was also interviewed for his comments and appraisal of the goods made by the two co-operatives.

1.1.1. Interpreters

Originally it was intended to use a female interpreter since it was felt communication would be easier and information more forthcoming. However, it was then determined that male Zulu speakers would possibly command more respect and thus obtain answers that were both relevant and detailed. The first interpreter was Bheki Mthembu and it was his first day as an employee of I-Khaya Designs. The second was Themba Mgwaba, a Masters Student at the University of Natal, who had previous experience of conducting PRAs. The third was Stephen Magali who worked for the Environmental Centre, based in Ndumo, and was seconded to work with us, via I-Khaya Designs.

1.1.2. One-to-one interviews

These were held over a period of three days and were conducted by two interpreters. Participants were chosen at random. It was originally intended to visit Ndumo twice, the first week being used as a 'pilot' and the second as the 'real thing', having adjusted the questionnaire after taking into account any new or revised factors which had arisen as a result of the 'pilot' week. However, the questionnaire was re-designed at the end of the first day, and subsequently an improved version was used from this point onwards (see Appendix A). This is not to say the questionnaire remained static; inclusions were made throughout the week that did entail re-interviewing those individuals we had questioned earlier in the week (see Appendix B). This turned out to be particularly beneficial since during the week members had become used to having us around and a relationship had been built up (particularly with the Sicabizini co-operative). On their 'second round' of questioning, individuals were more forthcoming about their experiences and concerns. This system of 're-interviewing participants' is not mentioned in academic literature as a standard method of research, but was in our case, invaluable.

Within the structure of the questionnaire certain areas needed clarifying. For example, it transpired that individuals were having problems giving answers to questions which required a '1 – 5' answer, i.e. one being the worst and five the best. This was difficult for them to comprehend, as apparently at school '1' was designated the best and '5' the worst. It was therefore put to the individuals that they categorize their answers as 'very bad, bad, good, very good and excellent'. Once this format was adopted, the questions were answered considerably quicker.

It became apparent after a few members had been interviewed that the term 'empowerment' was too difficult a concept to either understand or translate. The question of whether or not individuals felt better empowered as a result of working in the co-operative was therefore omitted.

One question that was asked over the week was that of 'how many hours were spent on domestic chores' in addition to those worked at the co-op. Unfortunately the distinction between 'domestic chores' and 'subsistence farming' only arose towards the end of the week. The figures for 'domestic chores' are therefore lower than they should be. Not surprisingly, when members were asked for a detailed schedule of their daily activities, 'domestic chores including subsistence farming' rose considerably, with most participants experiencing very heavy workloads. For example they would usually start the day at 4.00 (or 5.00 "if I start late") (interview, 8 October 1999) and finish between 21.00 and midnight.

Physically the one-to-one interviews took place with the researcher, interpreter and participant sitting on the ground, away from the main group. The participant was encouraged to continue working whilst answering the questions in order that no time was lost in productivity. Some continued to breast feed babies whilst answering the questions. Although most of the questions were 'closed' in structure, at the end of each interview, individuals were invited and encouraged to ask the researcher

questions. This 'reciprocal' method of interviewing was felt to be fair, since a 'one way' interview technique produces 'one way' type answers. By encouraging discussion with these members, areas of concern were raised which had been omitted or not previously recognised as important. These one-to-one interviews each took between twenty minutes and one hour to administer.

1.1.3. Focus Group Studies

In addition to the questionnaire undertaken, both co-operatives were asked to participate in focus group studies. The reason for this was to provide a fuller picture of how members perceived themselves in relation to the co-operative, including the various benefits. Both study group focuses were held on the same day, with Mgwaba facilitating. The first was conducted with the Sihangwana co-operative (17 members present; 7 men, 10 women). As Mgwaba explained the purpose of the methodology, individuals quickly relocated themselves, the women sitting closer together, with the men somewhat at a distance, sitting on a nearby bench. In order to ascertain the level of poverty individuals in these co-operatives experienced, the matrix was used. As before, during the PRA, individuals either continued working, or breast/bottle feeding babies. Mgwaba explained the purpose of the matrix and informed them that later the group would be split between male and females in order to cover other areas of investigation. We then visited the Sicabizini co-operative (23 members present; 8 male and 15 female) and conducted the same format. As with the previous co-operative, men and women sat separately from each other although in this co-operative the women were more assertive. Decisions over which issues were considered more important, were indicated through the raising of hands. The group was then split into sexes, and focus study groups were conducted (see Appendix C).

Later in the week, small informal groups were asked to draw on paper what they considered to be the organisational structure between the PEACE Foundation, I-Khaya Designs and themselves. This was particularly useful as it demonstrated a lack

of comprehension about the structure and lines of communication from one co-operative, and a comparatively high level of comprehension from the other co-operative.

1.1.4. Interviews with the local community

Various members of the local community were interviewed to ascertain their views and comments on the co-operatives' activities. The first in-depth interview was held with the principal of the primary school situated opposite to where the Sihangwana co-operative was based (see Appendix D). The school has 98 pupils. It is a thatched structure comprising two rooms in the centre of a sandy field. This was a particularly interesting interview and various issues were raised and discussed. It was greatly helped by the fact that this principal had a good command of English. We later visited the acting head of a large primary school, situated quite far from the road, near to the Sicabizini school. This was a larger school, having 714 pupils. These two respondents displayed a marked difference in knowledge about the co-operative's activities; the first knowing a great deal and recognising the benefits of the work being done, and the second hardly knowing where the co-operatives were based, or what they did. Certainly any benefits to the community were not recognised by this participant. A new secondary school had just opened close-by and was run by three voluntary teachers. We visited this school, which had approximately 70 pupils, of whom ten had parents working in the Sicabizini co-operative.

The last interview took place in Johannesburg where Sarah Lurcock¹ interviewed the manager of an exclusive curio shop. The purpose was to find out whether he felt the prices for the goods were realistic, too high or too low. It was interesting that this retailer, who had a long experience of the craft industry, was unaware of how long it took to make each item.

¹ A friend of the author, who was on holiday in South Africa during the time of the research

1.1.5. Participant observation

‘Unobtrusive observation’ (Bloxtter et al:1997:157) was conducted by Sarah Lurcock. As the researcher and interpreter were conducting fieldwork she made notes throughout the day as to what was happening in the environment and who was interacting with whom, among other things. In addition, she was able to take photographs of the fieldwork taking place. Her notes proved invaluable when writing up the research, as it was impossible for the researcher to be conducting fieldwork, at the same time as noting what interactions were taking place elsewhere. Lurcock was physically located separately from the fieldworkers as it was felt three people sitting close to the participants might have been intimidating.

1.1.6. Tape Recordings

The tape recorder was perhaps, with hindsight, not used to its best advantage. Although it was used at the end of each day as a method of ‘aid memoir’ for the write up later, its use as a research tool only came about from the third day onwards. It was particularly useful for lengthy interviews and for conducting interviews whilst being driven in the car along bumpy tracks, when making handwritten notes would have been impossible. The benefits of using a tape recorder are obvious and it is regretted more use was not made of this equipment.

1.1.7. Informal interviews, discussions and e-mail correspondence

In addition to the above, various other techniques were employed to gain as much information as possible. As well as informal discussions with key stakeholders, e-mail correspondence was entered into with various members of the public involved in co-operatives. In addition several semi-structured interviews were conducted over the telephone.²

² For further details of those involved, please refer to the bibliography

1.1.8. Issue of Confidentiality

Since it would have been impossible to undertake this research without the co-operation and trust of the individuals in the co-operatives, anonymity has been respected in that no individual member of either co-operative has been cited. Except where stated, findings or opinions given are of a collective nature.

1.1.9. Limitations

Although an essentially qualitative case study can provide in-depth analysis, the findings can only be interpreted as generalistic in relation to the dynamics and situation of other producer co-operatives in South Africa. In addition, although there were 41 members in total, only 25 were interviewed. The findings may have been different if other members had been randomly selected, rather than those who were.

The results of the research undertaken were very interesting. There was a large measure of consensus amongst male and females and within both co-operatives with respect to issues raised. Taking this into consideration, the author has assumed the answers given are as correct as can be, allowing for cultural misunderstandings, interpretations, and perceptions that 'one' can have of 'the other'. Particular allowance must also be made for the author and the three interpreters who may have each brought with them their own values and norms. Recognising that questions and interviews may be structured in such a way as to elicit certain answers, great care was taken that this should not happen. It is therefore assumed that the results contained herein are true and correct in their interpretation.

1.2. SECONDARY SOURCE MATERIAL

One particular problem with research of this kind with respect to co-operatives is that recent material generally tends to repeat what has been said before, especially in the case of co-operatives where the successes and failures appear to have been replicated around the world and over time. However, it was possible to visit Sussex University, the Overseas Development Institute in London, and the Plunkett Foundation in Oxford. These institutions provided more up to date information than was accessible in South Africa, and discussions with Kate Targett, Information Service Manager of the Plunkett Foundation, proved very helpful. This literature is reviewed in Chapter 2.

1.3. SUMMARY

Taking into consideration the fact this research is an exploratory case study; the methodologies reflect the necessity for undertaking qualitative research methods. Although these were not infallible, they did provide a rich source of information, from which it was possible to obtain quality evidence. The results of these findings are given in a detailed analysis in Chapter 4. However, prior to this, and in order to contextualise the research, it is necessary to review the literature available, and illustrate the principles and history of the co-operative movement, in general, and then more specifically in South Africa.

CHAPTER 2: BACKGROUND LITERATURE

2.0. INTRODUCTION

This chapter examines various issues concerned with co-operatives. Firstly it shows the principles upon which co-operatives are generally based. Secondly it considers the different types of co-operatives operating, with particular reference to ‘managed’ and ‘independent’ co-operatives and outlines the advantages and disadvantages of each. Although the motivation for individuals joining a co-operative is usually economic, various factors should be taken into consideration, especially if women are to genuinely participate in the co-operative and these issues are therefore included. The discussion then examines reasons why co-operatives throughout the world succeed or fail, and the social and economic impact they have on participants. The final section draws on South African co-operatives specifically and traces their history from the beginning of the twentieth century to the present day.

2.1. PRINCIPLES BEHIND THE CO-OPERATIVE MOVEMENT

Although there is no particular model for a successful co-operative due to each country having different social and economic conditions (Yeo:1998:96), it is acknowledged that certain principles form the basis of the legal and institutional structure of co-operatives. These principles have not changed much over the last thirty years, but in 1995 they were amended by the International Co-operative Alliance (‘ICA’), to take into account various social and economic forces. The principles contained within ‘The Statement on Co-operative Identity’ are located in a socialist milieu and can be used for guideline purposes when setting up a co-operative (MacPherson:1996:1). They are as follows:

Definition:

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

Values

Co-operatives are based on the values of self-help, self-responsibility, democracy, equality, equity, and solidarity. In the tradition of their founders, co-operative members believe in the ethical values of honesty, openness, social responsibility, and caring for others.

Table 1: The ICA Statement on the co-operative identity

1 st Principle	<i>Voluntary and open membership:</i> Co-operatives are voluntary organisations, open to all persons able to use their services and willing to accept the responsibilities of membership, without gender, social, racial, political, or religious discrimination.
2 nd Principle	<i>Democratic member control:</i> Co-operatives are democratic organisations controlled by their members, who actively participate in setting their policies and making decisions. Men and women serving as elected representatives are accountable to the membership. In primary co-operatives members have equal voting rights (one member, one vote), and co-operatives at other levels are also organised in a democratic manner.
3 rd Principle	<i>Member economic participation:</i> Members contribute equitably to, and democratically control, the capital of their co-operative. At least part of that capital is usually the common property of the co-operative. Members usually receive limited compensation, if any, on capital subscribed as a condition of membership. Members allocate surpluses for any or all of the following purposes: developing their co-operative, possibly by setting up reserves, part of which at least would be indivisible; benefiting members in proportion to their transactions with the co-operative; and supporting other activities approved by the membership.

4 th Principle	<i>Autonomy and independence:</i> Co-operatives are autonomous, self-help organisations controlled by their members. If they enter into agreements with other organisations, including governments, or raise capital from external sources, they do so on terms that ensure democratic control by their members and maintain their co-operative autonomy.
5 th Principle	<i>Education: training and information:</i> Co-operatives provide education and training for their members, elected representatives, managers, and employees so they can contribute effectively to the development of their co-operatives. They inform the general public – particularly young people and opinion leaders – about the nature and benefits of co-operation.
6 th Principle	<i>Co-operation among co-operatives:</i> Co-operatives serve their members most effectively and strengthen the co-operative movement by working together through local, national, regional, and international structures.
7 th Principle	<i>Concern for the community:</i> Co-operatives work for the sustainable development of their communities through policies approved by their members.

MacPherson:1996:1

These principles illustrate the ideology behind co-operatives and are reflected in the Co-operative Act 1981 (Act 91 of 1981). One particular point to note is that any surplus, shares, bonus or profit are split amongst co-operative members according to patronage proportion.

How far these guideline principles are taken depends upon the type of co-operative. Co-operatives vary, for example, there are those which are ‘formal’, and ‘pre-co-operative’ and there are those which are considered ‘new wave’, such as ‘managed’ and ‘independent’. Section 2.1.1. examines the difference and analyses these ‘new wave’ co-operatives in more detail.

2.1.1. Examples of different types of co-operatives: Managed and independent

The development of co-operatives over the years to reflect social and economic factors has led to different types of co-operatives evolving. A 'formal' co-operative is one which is based on the above mentioned principles, and has been registered legally. Other types of co-operatives may be community-based, designed specifically as a vehicle for development and for the alleviation of poverty. A 'pre-co-operative' is similar to a formal co-operative except members have not formally registered themselves and therefore have no legal rights. However, due to most poor women's lack of experience and resources to join a formal co-operative, pre-co-operatives are becoming more popular in Africa (Mayoux:1988:16). Finally, there are two other types of co-operatives; 'managed' and 'independent' (Derman *et al*:1988:101). Wentzel describes these two types as 'new wave', reflecting the fact that they have not been formally registered under the Co-operative Act 1981, and that a large number of these co-operatives operate as 'informal sector business ventures' (1994:145).

The distinction between 'managed' and 'independent' co-operatives lies mainly in the area of distribution, marketing, pricing and quality control and whether or not they are facilitated by external managers, or by members of the organisation themselves (Derman *et al*:1988:101). This is an important distinction as will be seen later. There are certain distinctive advantages and disadvantages to these two types of organisations and these are tabulated as overleaf:

Table 2: 'Managed' and 'independent' co-operatives: Advantages and disadvantages

(a) Managed type co-operatives

<i>Advantages</i>	<i>Disadvantages</i>
Easy access to raw materials (no travelling expenses)	Told what to do
Profit comes quickly	Exploitation by co-ordinator
Assisted in marketing	Work as employees (lack creativity)
Maintain high quality (under supervision to please co-ordinator)	Don't contribute towards community projects
	Don't have initiatives to solve other problems

(b) Independent co-operatives

<i>Advantages</i>	<i>Disadvantages</i>
Make own decision	Can't buy from wholesalers (buy inappropriate inputs)
Get equal shares	Have no markets
Always learning new skills (share knowledge)	Don't produce on time
Satisfy the needs of the community	Lack bargaining skills
Fight to protect their organisation	

Derman *et al*:1988:101

The obvious advantage that 'managed' co-operatives have over 'independent' co-operatives is that they have someone who is able to undertake the marketing, pricing and quality control for them which saves them time and enables them to use this time more productively. Not only that, but in many cultures it would be impossible for women to leave the community and actively market the goods (Derman *et al*:1988:31). With respect to quality control it is perhaps easier for an 'outsider' to perform this duty without fear of resentment (Mayoux:1995:219-246) which could happen if members of the co-operative perform this task. However, the above has illustrated the difficulties of balancing the need for "... organisational autonomy and economic efficiency" (Derman *et al*:1988:101).

In the case of the 'managed' co-operatives, the character of the 'manager' is particularly important. An individual with charismatic qualities, good motivation and communication skills are vital to the success of the enterprise. In addition to these qualities, the individual must have a good working knowledge of production and marketing systems, together with the ability to see 'niche' markets and access them, whether nationally or internationally. The responsibility of a manager is to facilitate the production and marketing of the goods being made, rather than 'manage' in the traditional business sense of the word, since in co-operatives, there are no managers, as individuals are equal members. The 'manager' can be interpreted in two contexts' either as one hired by the co-operative, to act on their behalf (Muenkner:1995:2), or, in a totally different context, as a 'manager' in the capacity of an 'intermediary', who deals independently from the co-operative, but who is the 'front-man' between themselves and the markets. De Hoda believes a 'managed' co-operative is "fine", providing there is a "mutual agreement in place" between the manager and the co-operative, which ensures that individuals receive their due. However, he is not particularly in favour of it, since co-operatives are intended to be 'self-help organisations'. In addition, Parnell (1999) and Curtis (1991) are also against the concept of 'managed' co-operatives and feel that due to the position of 'manager' within co-operatives, control of the co-operatives has been transferred from members to professionals. This results in the needs of the professionals, rather than the needs of the members being bought to the enterprise (Parnell:1999:9; Curtis:1991:27).

Despite the advantages of individuals participating in 'formal' and 'informal' type co-operatives certain assumptions and pre-requisites can act negatively for members:

1. Co-operatives assume that individuals are able and happy to act together as a homogenous team (Litwin:1986:39). This rarely happens as all individuals are different, and as such hold different values and aspirations (Mayoux:1995:214; White:1996:10; Tenaw:1995:74), even if they share the one characteristic of

being poor. It is impossible for each member to join the team with 'value free' aspirations.

2. Members are expected to involve themselves in "... decision making, planning of production process and finding ways of effectively distributing goods" (Samuels:1988:44). This assumes that all members are 'equal' and have equal participation in these matters. It does not take into account certain power relations (White:1996:6; Scott:1985) which inevitably come into play, i.e. men v. women; (relatively) educated people v. uneducated people; tribal domination over certain co-operatives etc.
3. Individuals are expected to understand costing, determine their own wages, and perform bookkeeping duties (Samuels:1988:44). This presupposes that individuals are (a) literate and (b) have been trained to a suitable level. The fact that individuals are expected to know how markets work, how much they will be able to charge for goods, and then allocate a realistic wage, is difficult to say the least.³ They are expected to learn business and management skills, technical/agricultural skills, feasibility studies, and project evaluations and research (Mayoux:1988:84).
4. It is assumed that individuals want to undertake the added responsibility expected of them by participating in self-help collectives rather than formal employment (Mayoux:1995b:249).

Prior to a co-operative becoming registered, individuals are taught literacy and basic numeracy skills, as well as certain skill knowledge. However, this training period impinges on their already busy day, and it may not be possible for individuals to give up the time required to undertake these commitments prior to joining. This may be

³ For example, Mayoux found that women working in co-operatives in India perceived foreign markets as having no limit as to what could be charged for items, and thus what salaries could be achieved (Mayoux:1995:211)

why a 'community based' development project offers an alternative, since in that instance individuals rely on their tacit or physical skills, rather than literacy, numeracy and learned business skills. Co-operatives which make handicrafts are a particular example of this; the only knowledge individuals have to gain is how to make an item, this learning curve is substantially faster than learning to read and write - if the aspirations of a true co-operative are to be achieved. As Horn notes with respect to the Pakhamani Textile Co-operative in Durban "... people are empowered by tapping into their creative skills... that the development of natural talents enhances self-respect and instils self-esteem" (1993:86).

2.2. FACTORS TO BE CONSIDERED WHEN JOINING A CO-OPERATIVE

2.2.1. Participation

In addition to anticipating certain social and economic benefits, other aspects have to be considered; for example, the 'cost' of participation has to be evaluated. If participants live far away, the time taken to get to the co-operative must be factored into their daily schedule; does the time taken working impinge on their time for subsistence farming? Are children allowed to accompany them and is there a crèche available? How often do participants receive payment and is it regular? Is the income received relative to their production output and market value? Is the income they receive from the organisation more than if they worked elsewhere? Do the working hours of the co-operative reflect domestic schedules and do they take account of seasonality? Are they able to work at their own pace? If the co-operative is 'managed' is their opinion sought over 'management decisions'? Does the co-operative work as a homogenous unit? Is there a sense of trust and solidarity amongst the participants? Simply to have an organisational structure in place with a product to market is not enough, if issues like these are not considered. After all, individuals will

only participate if there is an adequate degree of satisfaction and gain from working in a self-help organisation (Muenkner:1988:200).

Participation should not just be seen in the context of 'turning up for work' each day. It should be considered in the light of whether that individual has a 'voice' and is able to share decisions on the control and management of the organisation. As White points out, "... sharing through participation does not necessarily mean sharing in power" (1996:6-7). Participation is a 'process' and as such, participation levels may change over time, usually from high levels of attendance to low. The reason for this could be simply that people have lost sight of the goal and become disillusioned (White:1996:6-11) and left. Unfortunately, for individuals to truly participate, they need to have good organisational skills, time and resources. For most (poor) people working in self-help groups these are a luxury, and could be considered a 'cost', in that the time spent in the co-operative is too much and it is more productive for them to spend the time working on their subsistence farms. One way to address this problem is to discuss and consult individuals concerned as to *how* they would like to participate in the project and then structure this into the format of the organisation. Importantly, participation and how much individuals undertake should not be at the discretion of the 'manager', but made by a collective decision process. If it is not, there is a real danger that participation would be of little or no benefit to them, particularly if the economic benefits are marginal, since these women have precious spare time to contribute towards non-beneficial forms of income-seeking work (Mayoux:1995b:241-251).

2.2.2. Time Resource

“Women should be discussed not only in connection with co-operatives, but also in connection with generating activities, if this is considered as an income generating activity. Though, being in business encroaches upon their time as homemakers...”

(Tenaw:1995:77)

It is a well-known fact that poor people spend a large part of their day in productive but un-economic activity (Beneria:1992:1551). Women in particular have extremely heavy workloads, often working 14 - 18 hours a day (with men working between 8 – 10 hours a day) (Banerjee:1990:58; Tenaw:1995:75). Not only do they work about eight hours in a co-operative or community based enterprise, but they are also responsible for the survival of the family, especially children. In addition, they will be responsible for fetching water, collecting firewood, cooking, cleaning, washing and looking after elderly or ill family or extended family members. Women will also be primarily responsible for the maintenance and success of their subsistence farms (Jiggins:1986:12;Tenaw:1995:75). In short, women undertake a whole range of activities simultaneously and in addition to working in an enterprise organisation (Banerjee:1990:58). The success of the subsistence farm is particularly important, especially in times of climatic/seasonal or market difficulties. It is often only with subsistence farming that families in these rural areas are able to survive (Jiggins:1986:12).

In order for women to participate in a co-operative as well as continue with subsistence farming, provision is made for them to work the hours they feel necessary, or are able to realistically undertake. Meetings are held at regular periods, but often stop during peak season in order that more time can be spent on the garden plots/subsistence farms (White:1996:12) and hours worked at co-operatives can be flexible allowing the women freedom of choice and control over their lives. This is one of the main reasons why women prefer working in co-operatives rather than factories (Tenaw:1995:77).

2.2.3. Resource Allocation

It is often noted that men in households tend to keep the income for themselves, rather than spend it on their family's needs, whilst women contribute their earnings for the good of the family, particularly their children (Horn:1994:87; Tenaw:1995:74). Certainly, in a study done in Mozambique, it was found that one member was not only supporting her immediate family of five on her income, but also her extended family of a further twelve. However, for many, membership of a co-operative is not seen as "... the path to increased production and prosperity" but more as an "... interim domestic survival strategy in the face of political and economic adversity" (Marshall and Roesch:1993:247-256).

2.3. CO-OPERATIVE OR BUSINESS?

"Co-operatives are arguably the best role model for both business and communities alike as we move into the next century. They provide the most appropriate models and structures to ensure the sustainable development of our planet, now and in the future."

(ILO, Internet)

It has been argued that in order for co-operatives to survive in the present economic climate, they should be run along on the same principles as those of businesses (Widstrand:1972:138). It is also argued that the problems co-operatives face are similar to those which businesses face (Thornley:1981:1). Braverman *et al* agree and comment that the only way for co-operatives to remain viable, and thus operable, is if they operate as "... business entities in pursuit of profitability" (1991:35). In addition, Marshall and Goodwin note that the only way co-operatives can survive is if they compete with private firms to be as productive and efficient (1971:97). In academic studies co-operatives and businesses are referred to in the same breath: "... large numbers of formations exist in South Africa today describing themselves as co-

operatives, but which in reality are community based enterprises or are at a pre-co-operative stage. Very few have succeeded in developing viable and profitable businesses” (Ling:1992:7). In addition and perhaps even more confusingly, recently revised South African legislation actually refers to co-operatives as businesses, not community development projects (Subject A, e-mail correspondence, 9 November 1999). These attitudes reflect capitalist ideologies, rather than the principles upon which the co-operative movement was originally based.⁴ However, one has to be realistic as the market economy is structured upon capitalist principles. Certainly for producer co-operatives working in rural areas producing ‘niche’ market goods, it would be difficult for those enterprises to survive, especially when they depend upon particularly ‘sympathetic markets’ which can be “... unreliable and difficult to locate” (Marshall and Goodwin:1971:83). As Wentzel notes “... capitalist markets display[ed] a stoic indifference to the noble intentions of such producer co-operatives” (1994:144). The ‘Degeneration theory’ of Webb states that it is impossible for co-operatives to be successful over a length of time, without actually “... degenerating into conventionally run economic enterprises which have had to disregard co-operative principles” (Jakobsen:1995:5). Perhaps the fact that large co-operatives such as OTK and KWV in South Africa have changed from co-operative status to company status, is reflective of this. These changes did not occur because the co-operative status did not suit them, but because they were no longer operating as a co-operative, but as a business (De Hoda, telephone interview, 24 November 1999). As Schwettmann explained, “... the bigger a co-operative grows, the more important its economic aspect becomes. They will eventually convert to companies to be able to compete with multi-nationals” (e-mail correspondence, 24 November 1999).

⁴ These principles were described in Table 1, page 16

2.4. SUCCESSES AND FAILURES OF CO-OPERATIVES

The 'manager' is not the only person who brings success or failure to the enterprise. The organisation, in whatever state, will only survive if (a) the product is marketable, and (b) there is commitment from the individuals (Jaffee:1988:52). This aspect is particularly important and has been cited as the reason for many failures in co-operative development. However, individuals can only give commitment if they feel they are gaining something from their participation. If there are no benefits, lack of commitment, interest and enthusiasm will undoubtedly lead to lower productivity, and finally, abandonment of the enterprise altogether. Various authors including Jaffee, Mayoux, Litwin, Widstrand, Oldham and Hickson, Braverman, Marshall and Goodwin, and Ling have suggested the following characteristics can be attributable to the success or failure of co-operatives:

2.4.1. Characteristics contributing towards the success of a co-operative:

- Level of commitment by participants;
- Regular employment, same pay and conditions as in private industry;
- Solidarity, unity and commitment;
- Competence and know-how in the working of participatory mechanisms;
- Loyal member support;
- Similarity among participants (i.e. homogenous group); willingness to put communal goals ahead of individual needs;
- The objectives of members, nature of production, internal organisation, and infrastructure.

2.4.2. Characteristics contributing towards the failure of a co-operative:

- Lack of enthusiasm, funding, inadequate support structures and project implementation;
- Marketing facilities being monopolised by managers, 'leading to bribery and corruption of officials';
- Sales too low and the failure to retain and expand markets;
- Problems with high transport costs, distance to and from markets;
- Limited membership partnership, structural and control problems;
- Inadequate financing controls and marketing;
- Lack of understanding of co-operative's basic objectives;
- Poor product quality, lack of research and development capacity, and a poor understanding of basic business principles;
- Lack of market intelligence;
- Outside support/funding is withdrawn.

These characteristics of failures should not be taken in isolation: as mentioned before many businesses also experience the same difficulties (Turtiainen:1992:46), though it should be remembered that co-operatives, particularly rural ones, start with disadvantages. Their members are likely to be the poorest sector of the community (and thus probably illiterate). Operating costs may be high due to their isolated workplace in relation to the market (Braverman *et al.*:1991:14) and they may not be able to withstand changing market conditions as easily as businesses can. Parnell has another theory for the failure of co-operatives, which in his view is due to the fact that "... co-operatives are no longer based on true co-operation" (1999:9). On the other hand, if the enterprises are successful, social and economic benefits, together with 'spin-offs' can be huge.

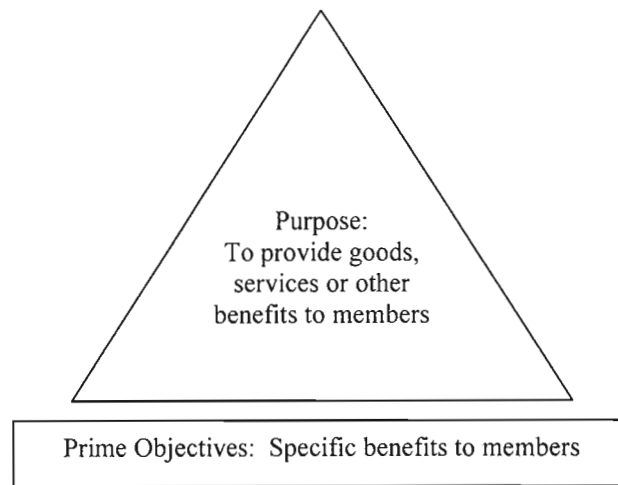
2.5. SOCIAL AND ECONOMIC BENEFITS

The principles mentioned in section 2.1.1. reflects the desire for co-operatives to enhance members' lives as a result of increasing social and economic benefits. It is therefore important that co-operatives engage in certain activities which will ensure "... sustained, positive economic consequences for members" (Braverman *et al.*: 1991:28). By creating economic security, social benefits will also accrue, both to the individual and to the local community. This in turn, will provide members with a feeling of independence and self-reliance (Oldham and Hickson:1992:446), dignity and a feeling that their lives have a sense of purpose (Thornley:1981:178). This is after all what 'development' is about. As well as providing an income, co-operatives also attempt to improve the social quality of life (Attwood and Baviskar:1988:2). The ICA define co-operative enterprises as "people-centred sustainable development" (MacPherson:1996:111) and are those which are able to meet the needs and aspirations of its members by providing:-

- better nutrition, housing and health;
- expanding co-operative financial services;
- providing satisfying work;
- welcoming enlarged roles for women and young people;
- protecting rural communities and enhancing urban life;
- assisting communities in creating sustainable economies;
- respecting the environment and helping to create a more peaceful democratic world

Therefore within each co-operative there is a purpose and prime objective which if achieved, will result in economic and social benefit to members:

Fig. 1: Objectives of co-operatives for members



Parnell:1999:54

On an economic level, increased payments, or at least regular payments assist individuals and their families. For women particularly, it enhances their value and contribution within the family, giving them some control over purchases.

On a social level, benefits can come in the form of:

- increased status in the community;
- increased feeling of self confidence and worth;
- increased self reliance;
- heightened sense of independence;
- sense of empowerment;
- a feeling of inclusion rather than exclusion;
- a sense of solidarity;
- development of new skills and sharing of knowledge;
- increased standard of living;
- access to social wage, i.e. healthcare, education etc;

- easier care of children/babies who accompany mothers throughout day, particularly for those breast-feeding

As a result of a successful co-operative, 'second round' effects can benefit the local community, for example, the financial contribution towards a school or crèche. Other less mentioned 'spin-offs' include skill sharing and training, from the co-operative to the home, where members pass on skills to family and friends (Jaffee:1988b:38). In addition, it has been acknowledged in the discourse of development that women who have access to education and income are more likely to feel in control of their lives and are able to make decisions about their future; this includes (empowering) decisions such as whether or not to bear more children (Klugman:1993:50; Mayoux:1995b:238). These social benefits are as important to an individual as the economic benefit, although most poor people would not particularly categorise the concept of 'empowerment' as more important than the ability to provide food and clothing for themselves and family (White:1996:9). However, Lund and Digby argue that the social benefits are not enough alone if individuals are to benefit from economic independence, which is after all the intention of the project (Lund:1996:42; Digby:1970:11).

2.6. BRIEF HISTORY OF CO-OPERATIVES IN SOUTH AFRICA

Although the co-operative movement originally started in Britain in 1844 with the Rochdale Pioneers (Tenaw:1995:12), the first co-operative in South Africa was registered in 1892 in Pietermaritzburg. In 1922 the Co-operative Societies Act was passed which provided a positive environment for the growth of the movement, through an 'enabling' legislative framework. For example, numbers of agriculturally based co-operatives grew from 81 in 1922 to 405 in 1925. Consumer co-operatives, on the other hand, developed later, from 16 in 1936 to 116 in 1946. In 1925 an

important amendment was made to this Act, which gave co-operatives stronger bargaining power in the market place (Wentzel:1994:141).

From the 1960s co-operatives were promoted as an ideal opportunity to involve 'people in their own development' (Turtianinen:1998:135) and by the 1980s co-operatives were beginning to be recognised for their potential in alleviating economic and social deprivation amongst the very poor in South Africa, especially since co-operatives were generally found to be operating in labour-intensive sectors of the market. A number of development agencies set up programmes based on co-operative principles resulting in some organisations referring to themselves as co-operatives, but which were in fact, community based enterprises (Ling:1992:7).

From an economic perspective, in the 1980s South Africa suffered from high levels of retrenchments as a result of "... re-valuation of local currencies, liberalisation of prices and regulatory frameworks". In order to cope with this, trade union based co-operatives were formed⁵. In 1989 the ILO initiated the 'Inter Co-op Programme'. This was designed to assist producer co-operatives in Africa to be sustainable, through export marketing (ILO:1998:iii-iv). In 1991 co-operatives were recognised as playing a potential role in the restructuring of the South African economy, and as such the (then) recently un-banned ANC stipulated that it would "... seek to create a supportive climate for co-operatives, joint ventures and other community-based initiatives and to actively involve them in formulating a national development strategy" (Ling:1992:8). However, even if the ANC had not been forthcoming in providing 'friendly' institutional and legal guidelines for the operation of co-operatives and its assistance in the economy, a positive aspect did arise; that of the Southern African Co-operative Network which was set up in 1992 ('SACNET'). This facilitated "... training, information and skills exchange throughout the region, and promoted debate on effective strategies for co-operative development..." (Ling:1992:8). Following the White Paper on Small, Medium and Micro Enterprises,

⁵ For example, the Sarmcol Workers Co-operative, based in Howick, Natal, during 1985 (Wentzel:1994:144)

the Department of Trade and Industry set up The Targeted Assistance Programme, through the Ntsika Enterprises Promotion Agency ('NEPA') in 1995. Funds from this agency were specifically targeted to those groups in society who were considered to be 'isolated' from the mainstream economy, such as women, people with disabilities, and others with special needs (Lund:1996:42).

In 1994 South Africa was still experiencing economic difficulties reflected in high unemployment and inflation rates, and low growth (Wentzel:1994:143). Given the economic situation, membership of co-operatives increased steadily over the 1990s. By 1998 approximately 280,000 people were employed by (registered) co-operatives (ILO, internet). However, in reality, this figure was likely to be higher since a large number of organisations were in pre-co-operative stages, or informal groups (Wentzel:1994:145) and no formal account was made of the numbers of members.

With respect to legalities, a member of the International Labour Organisation has admitted that the present co-operative laws in South Africa are not "... adapted to the needs of small community co-operatives in "black" areas" (Schwettmann, e-mail correspondence, 10 November 1999) since they were originally made for "white" commercial co-operatives. He explained that even if the ANC did place a priority on this change in law, it would probably take at least twelve months to get it through the legal system. The present Co-operative Act of 1981 was amended in 1993 specifically to enable the conversion of existing (white) co-operatives, into private companies. De Hoda (former deputy Registrar for Co-operatives, 1970-1998) recently confirmed the Government intends to publish a draft policy document in preparation for new legislation by November 2000. The Government anticipates this legislation to be in place by 2001. Muenkner explains that any attempt to update the co-operative model and thus, legislation, in order to enable co-operatives to compete in a competitive market, can only be done by bringing the "co-operative model closer to the company model" (1995:2-3). This is concurred with by De Hoda who

remarks that the new policy will be "... clearly based on the principle of a co-operative as a business" (telephone interview, 24 November 1999).

Schwettman indicated that it was a complicated procedure to register co-operatives in South Africa, although "... it is possible to register a genuine co-operative even under existing law, and nothing would prevent such a co-operative from being managed according to co-operative principles" (e-mail correspondence, 24 November 1999). However, De Hoda contests this and explains that it is both an easy and cheap procedure. This is reflected in the number of registered co-operatives in South Africa that has risen from approximately 600 in 1974 to approximately 1000 in 1998 (telephone interview, 24 November 1999).⁶

2.7. SUMMARY

Chapter two outlined various aspects relating to co-operatives, both in general, and more specifically with relevance to South Africa. The principles behind the co-operative movement were given which highlights areas such as democratic member control and member economic participation. These principles were then contextualised by relating them to various types of co-operatives currently operating in South Africa at present. Two types of co-operatives under particular investigation were those of 'independent' and 'managed'. It was argued that the 'managed' type of co-operative has 'evolved' due to external economic pressures and because of this, a 'manager' is necessary. The characteristics and precise role this 'manager' is particularly important, and might be seen as conflicting with the principles behind the co-operative movement.

It is important to remember that joining for an individual to join a co-operative, certain factors have to be taken into consideration, for example, since it is intended to

⁶ Exact figures are not available

be a democratic environment, how much 'voice' do women have in the decision making process? In addition, women's daily workload is already heavy, and it has to be seen that working in a co-operative provides that individual with more benefit than from working at home. The main reasons for individuals joining a co-operative is the social and economic benefits which occur. For most of these individuals joining co-operatives, receiving a regular income is the most important aspect; however, other social benefits may occur which are equally important, such as increasing an individual's self-worth and sense of empowerment, self-confidence and self reliance. A brief history of South African co-operatives was given which illustrated the changes over the years, as a result of external economic pressures and suggests that co-operatives have to be run on the same principles as businesses, in order to survive.

In addition to the economic pressures on co-operatives, stakeholders also have an impact on how co-operatives are run. An analysis of the various stakeholders in this particular case study is discussed in Chapter 3.

CHAPTER 3: STAKEHOLDER AND CO-OPERATIVE PROFILE

3.0. INTRODUCTION

Within the process of development, whether it is social or economic, there will always be stakeholders. Stakeholders may include Government, members of civil society, institutions and others who 'come to the table' with diverse backgrounds, ideologies, levels of education and quite often, different perspectives. Ideally they share the same vision. The vision by the stakeholders is the alleviation of poverty. This chapter identifies the stakeholders in this study and provides a brief synopsis of each. In addition, a more detailed analysis of the two co-operatives is given, in order that the reader can appreciate the dynamics between the members of the co-operatives and the various stakeholders.

3.1. Ntsika Enterprise Promotion Agency

Ntsika is a Government agency which funds projects through intermediary agencies like the PEACE Foundation. Approximately 60% of funding goes towards projects based in rural areas, since it is believed urban areas are better resourced. Funding covers aspects such as training, transport, food for the group during training, and facilitation by a group leader.

Not surprisingly there is a process which applications for funding must adhere to. Intermediary agencies have to put forward a proposal, which reflects Ntsika's specific mandate, namely, that of trying to address poverty issues in rural areas. The PEACE Foundation approached Ntsika with a proposal for funding. Ntsika then assessed the capacity of the PEACE Foundation in order to meet the services proposed. Ntsika carries out its own monitoring and evaluation process of these projects on two levels; the first being in the form of written reports, and the second being a site visit. Instead of providing the total funding in one tranche, Ntsika provides it at different stages, after monitoring and evaluation procedures have taken place. The funding decreases at each stage in order not to leave recipients dependent upon it. It should be noted that further funding is not automatic simply because a first tranche has been given.

With respect to contractual arrangements between Ntsika and the PEACE Foundation, the agreed contract stipulates exactly what the funding is for. The narrative and financial reports provided are used to monitor the expenditure of funds and to assess what progress has been made. In short these processes reflect what was the intention was to be achieved on the ground.

3.1.2. The PEACE Foundation

The PEACE Foundation was founded in 1993 by Subject A and is based at the University of Natal. The PEACE acronym represents Plan for Education, Agriculture, Community, and Environment. It is a registered trust, with a Board of Trustees (one

of whom is the Deputy Vice Chancellor of the University, Professor E. Preston-Whyte). It supports various poverty alleviation projects around KwaZulu-Natal by way of funding from the Department of Welfare, while administrative costs are covered by private donors.

Its aim is to promote the understanding that "... development means the development of people, [and the] objective [is] to provide disadvantaged communities with the necessary tools and information to bring about their development, and in so doing, improve educational and economic standards in their communities" (PEACE Annual Report and Accounts:1998:1).

The PEACE Foundation receives money from Ntsika for which to pay for the field training relating to its projects. The only conditions attached by Ntsika are that the funds are managed in an accountable way and that the projects are evaluated. Obviously the most important criteria is that the funds provide training which "... will result in income generation for the previously unemployed" (Subject A, e-mail correspondence, 9 November 1999). The PEACE Foundation believes the success of co-operatives lies in their being operated on a business level which must be fully self-sustainable in the long run (meeting 2 September 1999).

3.1.3. I-Khaya Designs

I-Khaya Designs was set up in February 1999 by Subject B and Subject C (Subject A's daughter) as a registered business venture in a 50:50 partnership. Its purpose is to create a business environment which "... would have the effect of addressing poverty by providing income for local people, using local skills and local materials" (Subject A, e-mail correspondence, 9 November 1999). Subject B and Subject C each have a specific role to play; Subject B deals with the production side and Subject C is responsible for design and marketing. The design side is particularly important since it is the 'added value' of the unique design which enables these goods to be sold on

the national and international 'niche' markets. Of the sale price 50% is given back to the producer (co-operative member), with Subject B and Subject C retaining the other 50% which covers salaries, marketing and future expansion of the business. I-Khaya Designs have the benefit of Subject B's business skills and background in development work, having worked previously for the KwaZulu-Natal Finance Corporation ("KFC").

Another member of I-Khaya Designs is Bheki Mthembu. Mthembu met Subject A in 1989 whilst he was completing a temporary contract at the Ndumo Game Reserve. Subject A sponsored him to attend a three-year course at a college of education. He previously worked with Subject B at the KwaZulu-Natal Finance Corporation but was recently retrenched. Mthembu will be responsible for starting up future co-operatives and will shortly be training a further 48 people with funding provided by Ntsika.

I-Khaya Designs have also undertaken to provide a donation to the PEACE Foundation and King Goodwill's Trust for various community development projects. This figure equates to 50c to each institution, from every item sold through I-Khaya Designs.

3.2. CO-OPERATIVE PROFILE

The co-operatives are situated approximately five kilometres from each other, the farthest being forty-three kilometres from Ndumo. Both co-operatives are hidden from the road, set back behind scrubland. The Sicabizini co-operative is near to some telephone kiosks, informal market stalls selling fruit and vegetables and a tuck shop. The Sihangwana co-operative is situated on the opposite side of the road from the Tembe Elephant Park. Nearby is a large sandy opening, the size of a football pitch, in the middle of which is situated the thatched local primary school, newly constructed by members of the community. The school finished daily at 12.50 p.m. and children whose parents worked in the co-operative joined them for lunch and the afternoon,

sitting quietly besides them. Parents with babies would continue working with the babies either slung on their back or on the ground sleeping. Breast-feeding took place all day, with one baby being bottle-fed by various members of the co-operative, since her mother did not have enough milk for the child. There is continuous activity all day, with members of the community passing by and stopping for a chat, children joining the co-operatives and then disappearing again. During the entire day everyone was working, even the young boys, who when not carving, helped out with the polishing of the carved animals.

Both co-operatives have a bamboo/thatched type structure separated into two rooms to use. The floor is either soil or concrete and members sit on homemade mats. The roofs are either corrugated iron or thatched and when it rains, in both constructions the rain comes through, making members and their children damp. In addition there is every chance the quality of the goods they have produced will be spoilt. There is a communal iron kettle on the boil most of the day, and a small fire is kept going to melt the polish in order to dye the woven baskets and carved animals. The women collect and provide the firewood. Conditions are extremely cramped given the numbers involved, and there is no storage space for the goods once they have been completed, or indeed whilst they are in the process of being made. The Sihangwana co-operative perhaps needs more space since its work involves spreading large lengths of reed across the floor in order to work on the 'zigzag' design of the boxes. Although toilet facilities are close by to both co-operatives, they appeared to be unhygienic and there was no evidence of running water available for either co-operative. However, there was a small water drum, for boiling water and making tea.

Although inside the hut there is no separation of genders, outside is completely different. In both co-operatives the men and women sit separately from each other. The reason for this is that apparently the women make a lot of noise whilst they work, chatting or singing, and the men find this distracting. The women "... discuss women's things, and the men like to discuss men's things" (interview, 4 October

1999). Regardless of gender, whenever the question of why they sat separately was asked, it was greeted with a smile. Conversely, since the men use saws and hammers for their work, it was felt they should sit away from the women, as their noise was disturbing the women's concentration. It was interesting that the dynamics of the two co-operatives were completely different; the Sicabizini co-operative seemed far more relaxed with general banter occurring between both males and females, despite their physical separation, whilst those at Sihangwana seemed much quieter and more serious.

3.2.1. Socio-economic status of the co-operatives

The Sicabizini co-operative started in September 1998 and originally comprised some forty-four members. Within the year, numbers dropped substantially to about twenty-three.⁷ The reasons for this decline were:

- (a) That members found the work demanded of them difficult as it was highly skilled. Since the end product did not reflect the high standards set by I-Khaya Designs required for selling on the national/international niche markets they were asked to leave;
- (b) According to the remaining members, previous participants felt that the income received was too low or irregular for their work.
- (c) According to the remaining members, the reason why some left the co-operative was because the lunches stopped.

⁷ It is difficult to be exact on numbers since each day these fluctuated, depending on illness or death in the community

The Sihangwana co-operative, by way of contrast, started in early 1999 and comprises some seventeen members. For ease of clarity, the 'co-operative' profile comprises information from both co-operatives, presenting them as one.

During the week, a total of forty-one individuals participated in basket weaving or carving. The total number interviewed on a one-to-one basis was twenty-five, and made up as follows: eighteen women, five men and two young boys (both aged 15). The average age of the women was 35.7 (however, this figure could be misleading since four women did not know their age, whilst one looked about 18 - 23, the other three looked about 30-40). The men were slightly younger at an average age of 30.4 (excluding two boys). The level of education attained was low; 32% had received no education whatsoever, 60% had primary school education and 8% had high school education. Put another way, 92% of the co-operative had not received formal education beyond that of primary school level.

Table 3 Marital status of individuals in the co-operatives

<i>Marital status</i>	<i>Men (including young boys)</i>	<i>Women</i>
Married with children	2	10
Single with girlfriend and children	3	2
Single with girlfriend/boyfriend	-	2
Single	2	-
Divorced	-	1
Widowed	-	3
Separated	-	-

The average number of children women had was 3.94 and for men 2.25 each. It is interesting to note that the average number for women in these sample co-operatives is less than the national average of 4.5 (The London Times, 6 November 1999). The number may be less for the men in this study as they are slightly younger and their girlfriends/wives may not have yet fulfilled their reproduction capabilities. The size of each household varied considerably from 4 – 13 members, but averaged 7 people per household.

From an economic perspective northern KwaZulu-Natal is an extremely poor area with high levels of unemployment. The incidence and severity of poverty is very high with approximately 90% of rural households living in abject poverty on incomes of less than R800 per month (Zaloumis and Dreyer:1996:4). Three out of twenty five households supplemented incomes by way of remittances from husbands working in Johannesburg, and a further three households received a pension of R500.00 per month. Three households had had their pension cut, for reasons no one could explain. None of the individuals interviewed were in receipt of the child benefit grant although all of the women interviewed had between one and four children and qualified for this benefit. (This benefit of R100.00 per child would undoubtedly have greatly assisted their household budgets.) Formal sector employment in the area can be found in tourism, agriculture and working in the mines. However, for most of those living in the region, employment comes in the form of informal 'survivalist' strategies. The types of employment individuals undertook prior to joining the co-operative, were mostly those of 'survivalist strategies', for example: cutting reeds, making and selling palm wine, frying fish, collecting firewood and selling it by the road in bundles. Some members had made baskets and doormats/sitting mats that had been sold on the side of the road, at the market on Pension Day, or through the Ndumo Game Reserve, or the nearby Tembe Elephant Park. Income from this type of work ranged from approximately R2.50 – R10 per bundle of collected firewood (rates seem to be higher for men), to the baskets fetching between R45 – R75 each. Two women had had slightly more 'formal' forms of employment prior to joining the co-operative; one worked at a water kiosk whilst the other taught adult literacy skills.

Due to the low level of income that most families in the area experience, subsistence farming is vital. All those interviewed were involved in subsistence farming: a couple of people owned livestock in the form of a few goats or chickens, but it was mostly vegetable farming; a mixture of maize, sweet potato, onion, cabbage, cowpeas, groundnuts, pumpkins, matumbes, and lettuce. At the time of the field trip, i.e. early

October, members were particularly busy since it was the ploughing and sowing season. (There are two harvests per year.) The soil in this area is particularly dry and rainfall has decreased since the early 1970s. Some women commented that in order for their vegetable crop to survive they had had to buy water for the crops, rather than wait for the rain. The cost of water is 25c per 25 litres.

In addition to participating in the co-operative, some individuals (notably all women) were members of a Savings Group, Small Gardens Group or a Poultry Farming Group. Despite the low level of education attained, many of those interviewed held positions of responsibility, either within the co-operative, or the community. Various positions cited from the males were as follows: trainer for the co-operatives; chairperson of one of the co-operatives; councillor for the ward; deputy councillor for the ward; and chairperson of School Board. Women were not excluded and also held similar levels of responsibility. Amongst those interviewed, positions of responsibility were as follows: vice chairperson, treasurer, secretary for one of co-operatives; leader in church; chairperson of the Small Gardens Group; vice chairperson of Committee of Farmers' Association; on the Governing Body for the school; secretary for Governing Body of high school; treasurer in Savings Group and finally secretary to the Development Committee. This high level of community participation positively dispels some of the current myths surrounding women and levels of exclusion outside the sphere of the home.⁸

In addition to examining the profiles of each stakeholder, it is important to understand the various relationships at play. One relationship that is of particular relevance in this context is that of I-Khaya Designs and the two co-operatives.

⁸ For a more detailed analysis of this, please refer to Young *et al.*:1981

3.3. RELATIONSHIP BETWEEN I-KHAYA DESIGNS AND THE CO-OPERATIVES

With respect to the Sicabizini co-operative, the formation of a 'Primary Co-operative: Statement of Compliance with the Requirement of Section 26 of the Co-operative Act 1981 (Alt. 91 of 1981)' was signed, registered and sworn in, in February 1999. To join the co-operative a membership fee of R10 per person is required; however this was waived for the members and paid for by I-Khaya Designs who recognised individuals may have had difficulties in finding this sum. In accordance with the Statute, the co-operative democratically elected members to the Board. Within the text of this Registration is an additional hand-written paragraph written by I-Khaya Designs and referenced to as, the 'Partnership Agreement' (February 1999) which states that:-

“All the above functions will be performed by I-Khaya Designs. This co-operative along with several others is contracted into I-Khaya Designs, the company which provides the designs, training and marketing of the products produced by the co-operative”.

Because of this, and in contrast to formal co-operatives, it was not necessary for these individuals to receive training in selling and marketing techniques, forecasting sales, budgeting, planning business, bookkeeping etc. The 'Partnership Agreement' protects I-Khaya Designs since the designs are specifically created for the niche market, and thus sold to exclusive outlets, only through I-Khaya Designs. Members are therefore not allowed to sell their goods privately to any other individuals/business etc. Even though the co-operative has been registered formally as a co-operative, because they produce goods solely for I-Khaya Designs, certain principles of membership to the co-operative are nullified: for example, access to surpluses, profits, shares and bonuses (Subject C, telephone interview, 26 November 1999). What individuals do receive as a result of this 'collective marketing' is access to international and national

markets through I-Khaya Designs, economic security (in direct return for their productivity) and enhanced social benefits.

At present, the Sihangwana co-operative is not registered as a formal co-operative since it was felt necessary to allow a period of time to pass in order to enable co-operative cohesion to form. Its status is therefore that of a 'pre-co-operative'. However, since the PEACE Foundation refers to both collectives as 'co-operatives' and for the purposes of ease within the text, this collective is also referred to as a 'co-operative'. It is envisaged a formal co-operative registration will be made in January 2000 for this co-operative, but in this instance it is felt members will be in an economic position to find the R10 membership fee (Subject C, telephone 26 November 1999). Although the co-operative papers have not been formally drawn up for this co-operative, members are fully aware of the necessity to keep the sale of goods exclusive through the niche markets.

In order to understand how members perceive themselves in relation to the PEACE Foundation and I-Khaya Designs, a randomly selected group of members from each co-operative were asked to draw an organisational structure.⁹ The concept took some time to explain to them, but the outcome was surprising. The Sicabizini co-operative had no real sense of structure, whilst the Sihangwana co-operative drawing reflected a deeper level of comprehension of organisational structure than was originally envisaged from information gained by conversations with individuals in the co-operative. Interestingly, no one was sure what Subject C's role was, only that she was "superior". Most respondents (incorrectly) assumed that it was Subject B who was responsible for finding orders.

⁹ Although the PEACE Foundation was occasionally mentioned by name, I-Khaya Designs was not – it is even doubtful the participants in either co-operative would recognise this company name

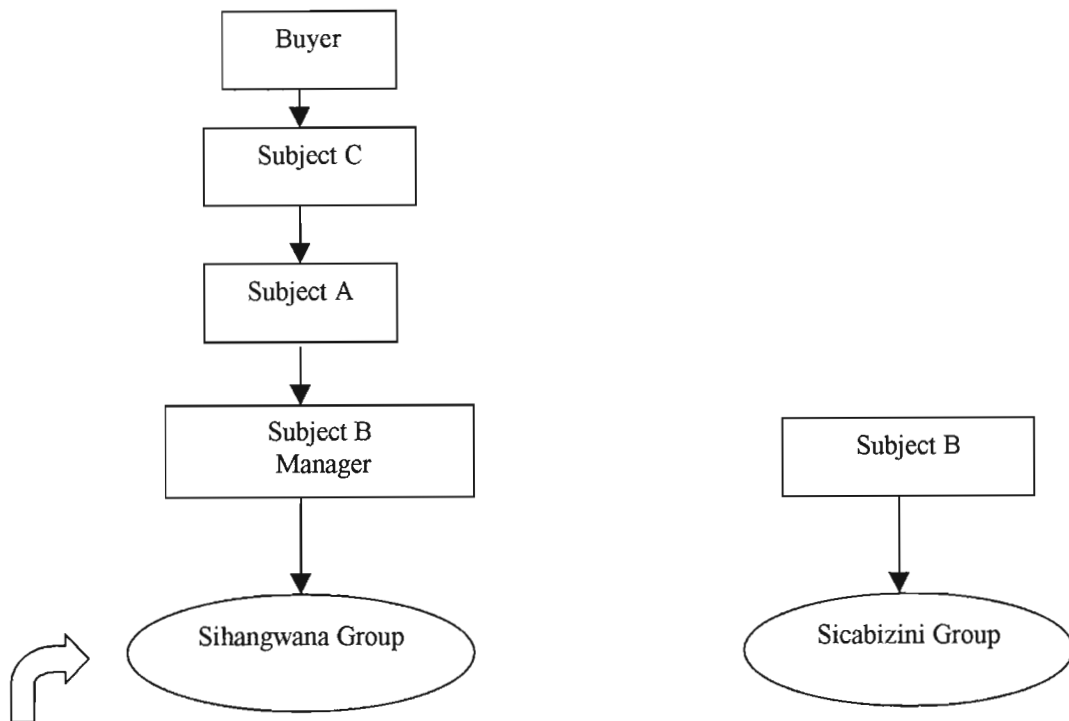
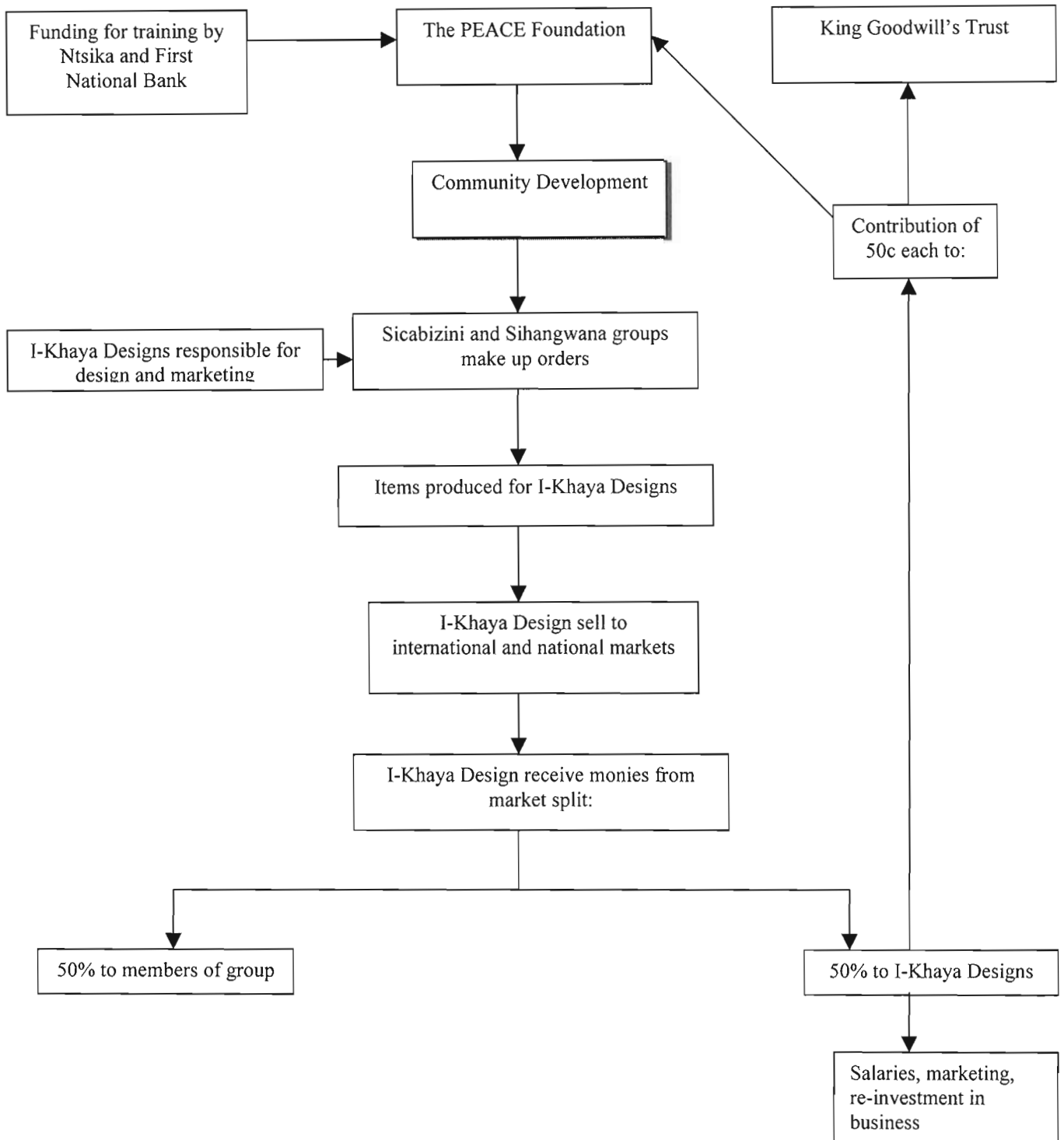


Fig 2: Organisational structure drawings: The Sihangwana co-operative

Fig 3: Organisational structure drawings: The Sicabizini co-operative

This diagram may be helpful in understanding how the co-operatives perceive themselves in relation to the stakeholders, but it may be more useful to illustrate the exact relationship by way of a further diagram. *Fig. 4* therefore shows the various stakeholders involved in these two co-operatives, and how they ‘relate’ to each other.

Fig. 4 Analysis of stakeholder process



3.4. SUMMARY

This chapter has detailed the various stakeholders involved in this case study, and explained how they relate to each other, and what their goals are, i.e. the alleviation of poverty through the provision of employment, using natural resources. The specific relationship between the co-operatives and I-Khaya Designs was examined which highlighted the 'Partnership Agreement' and the impact this has on the status of the co-operatives and members, notably that no bonuses, shares or profits are distributed amongst the members. In addition, an analysis of the two co-operatives was given reflecting their socio-economic status and outlining what survivalist strategies were used prior to joining the co-operative. Two main factors came to light: that despite generally low levels of education achieved by the members, various positions of responsibility were undertaken; and that all households had been 'surviving' on very low levels of income. This section was detailed since it was felt necessary to provide this level of information in order to appreciate whether or not the social and economic benefits of joining the co-operatives have achieved the goal of the stakeholders. As a result of the fieldwork undertaken, the next chapter examines what these benefits are to individuals at the grassroots level and asks whether or not the alleviation of poverty has occurred.

CHAPTER 4: FINDINGS

4.0. INTRODUCTION

This chapter examines the results of the research and outlines the social and economic benefits that were found to accrue to members participating in these co-operatives. Both positive benefits and negative consequences have been identified. However, prior to examining these results it may be useful to understand the process of producing a saleable item from natural resources, to the point of marketing and distribution.

4.1. FROM REEDS TO MARKETS

In order to obtain the raw materials required to make the items, a trip of 60 - 100 kilometres has to be made every few weeks to collect the Ilala palm reed, indigenous vines and wood. This takes a full day. The car belongs to Subject B, but I-Khaya Designs and Ntsika cover petrol and servicing costs. Once the reed has been collected, it is left outside for a couple of weeks in order to let it dry out. The reed is then stripped into lengths and used to make up the baskets or boxes. Those boxes that have a black and white 'zigzag' design are more time consuming to make, since the preparation of the reed from natural colour to black takes time. The process is fairly long. Numerous cans are found which are then filled with water and the reeds. They are then left to soak for approximately seven days. The contents of the can are then boiled, resulting in the natural reed 'turning' black.

To ensure the size of boxes is regular, a template is used. At present this template is a ruler, or an A4 size 'Record Book'. The latter is not produced until grading takes place which means it is difficult to ensure standardisation of the boxes. However, this is due to change shortly, and a proper template is to be provided. No product would be accepted by either the graders or I-Khaya Designs, which is considered to be sub-standard. Items that do not pass 'quality control' are returned, either to the carver or weaver, for correction. There appears to be little resentment when this happens, and all corrections take place immediately. Once an item has been 'passed' for quality control, the dying takes place. This is done by melting shoe polish over the fire, and brushing it onto the products, (including the carving), giving the entire item a burnt ochre colour. The items are then left out to dry with the carved section of the basket being polished later. The only 'tools' required to produce these items are a ruler, Stanley knife, needle, and shoe polish. The carvers require a small chisel, hammer, saw, and drill (to make the holes through which the reed is thread through in order to

attach the animal to the basket). In addition a few of them were working from photographs in order to copy the shape of an animal.

Training for the carving and weaving was originally funded by First National Bank and took place at Natal Technikon. As a result of this, Ntsika provided further funding, through the PEACE Foundation (Subject A, e-mail correspondence, 9 November 1999), for training in the 'field'. As a result, members of the co-operatives who produce high quality work are encouraged to take on new responsibilities and train others in the co-operative. For this added responsibility, individuals are paid a sum of R100.00 per day. Not only do they receive a financial incentive, but also an increased sense of status and recognition within the co-operatives. The finished products are marketed through I-Khaya Designs to national or international outlets, mostly in upmarket game reserves, or curio shops.



Photograph 1: Oval and round basket with carving

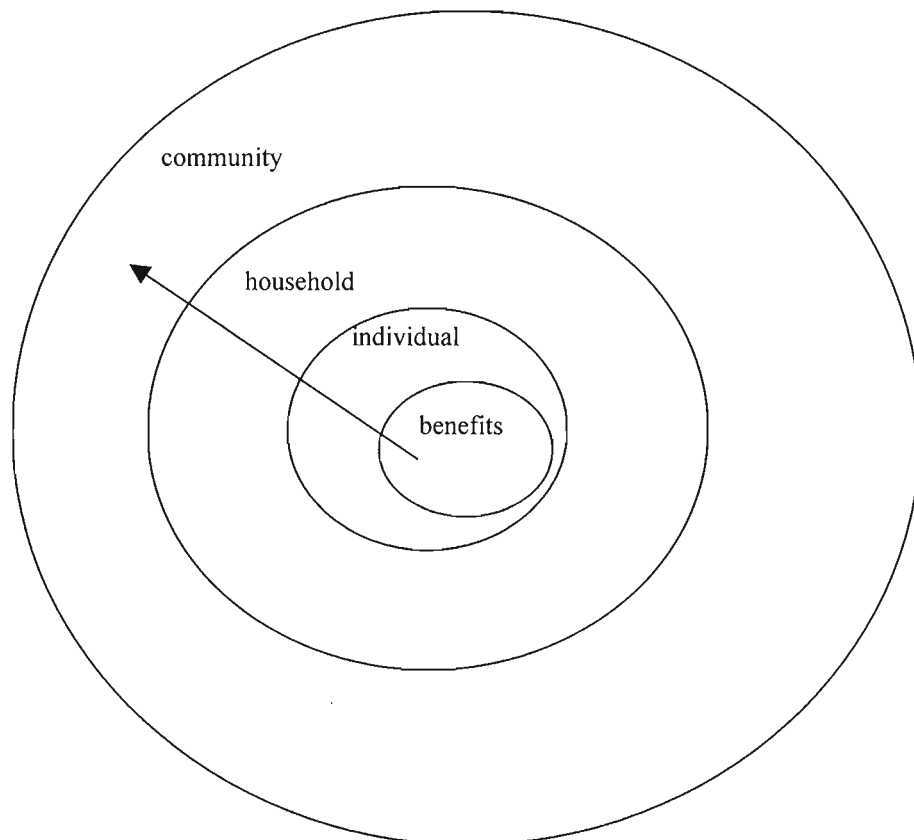
4.2. SOCIAL BENEFITS: Positive

“Experience has shown that the individual person is more likely to join a co-operative voluntarily, to commit his or her resources, to remain a member and to participate actively in the joint undertaking, if he/she can receive visible and tangible results in return.”

(Muenkner:1995:3)

In a developmental context it is important to remember that social, as well as economic ‘spin-offs’ are important to the well-being of an individual. In addition to the economic benefits, members should also experience increased confidence, empowerment, and skill. In other words, an enhanced feeling of self-worth. This section of the dissertation describes and analyses the social benefits accruing to men and women as a result of participating in these rural co-operatives. In addition, the views of members of the community are also included since ‘development’ should ‘spin-out’ from individuals, to the households, to the community, as *Fig. 5* illustrates:

Fig. 5: ‘Spin-out’ of social benefits



As a result of the various methodologies undertaken during the fieldwork, it was found that being a member of either co-operative allowed individuals to share experience, knowledge and skills. Members confirmed that it also provided good partnership and friendship between the men and women. This was reiterated amongst many, who cited the physical advantage of sitting together as being particularly useful for general encouragement, support and assistance in rectifying any errors with their work. They recognised that their own objective of joining the co-operative was to "... fight poverty, especially to meet [their] food needs". Other reasons for joining the co-operative were:

- Unemployment
- Poverty
- To cater for educational needs
- Solidarity of working together
- To show that they could develop themselves
- To improve their skills and talents

A number of participants had kin, girlfriends or boyfriends also working in the co-operatives. For example, there were two sons, two wives, two sister-in-laws, one daughter-in-law, two girlfriends and one boyfriend. One male explained in detail how his wife had encouraged him to join. He had heard about the co-operative but wasn't quite sure about it, so one day he came along to look for himself. He liked what he saw, and therefore joined. Other members mentioned the benefit of working with kin, was that they could discuss aspects of the co-operative at night, give each other encouragement, and decide jointly what to do with the income. Working together in the co-operative also made child care much easier.

The acquisition of knowledge and skill is very important in development. Participants were asked whether their knowledge and skill had increased as a result of joining the co-operatives. They explained that as part of their culture, most of the participants

had been taught weaving or carving as a child. However, what the trainers had enabled members to do, was achieve a higher level of skill. For example, most of the women had previously known how to weave mats and doormats, but hadn't been able to produce the 'zigzag' design, or undertake such intricate or sophisticated weaving work that was required on the baskets. During the group focus meetings, it became apparent that one of the 'spin-offs/spin-outs' from participating in these co-operatives was that individuals were passing on these skills to other members of the family. In addition, and as a consequence of increased skill knowledge and confidence, members had high aspirations for themselves and their children.

One member wanted to learn how to design art on T-shirts and another indicated a desire to set up her own clothing business. In one of the focus group discussions the women explained they would like to receive training for "... business management and particularly, financial management" (focus group study, 5 October 1999). One of the young carvers wanted to go to Technikon when he left school in order to pursue a career in woodcarving. All participants interviewed had high aspirations for the futures of their children. Provided they could afford the school fees to finish primary and secondary education, all hoped their children would take professional forms of employment such as: teacher, social worker, policeman, engineer, doctor, nurse (to serve this community), clerk and manager. One male hoped that his son would train to be a manager so that in the future he could manage one of the co-operatives. Interestingly, the pupils at the new secondary school reiterated these hopes for careers.¹⁰

Although some members of the community were not aware of the existence of the co-operative, the principal of the primary school opposite the Sihangwana co-operative felt very strongly about the benefits and stressed the difference she had noticed

¹⁰ Unfortunately the fees charged by the secondary school of R100 (and likely to go up to R200 in the near future) are out of reach for most of the members of the group and it appears unlikely that they could ever afford to educate their children to this level.

amongst members, many of whom had children at the school. Her observations were that:

- children came to school with food in their stomach which enabled them to concentrate better;
- members took more care over their personal hygiene;
- the men no longer sat around getting drunk all day;
- they had a sense of purpose when they got up in the morning;
- they had enhanced self-esteem

In addition the principal felt the co-operative had given the individuals a sense of self-confidence and pride and that relationships between husband and wife had improved generally. These views concurred with the opinions of four women who were passing by. The women were positive about the co-operative's efforts, and wanted to join in, but they explained that they were not able to, due to time constraints and pressures.

One way in which to ascertain levels of confidence and empowerment, particularly for women, is whether or not they participated in co-operative meetings. All members were asked whether or not they spoke at the meetings, and if so, did they feel they were listened to. There were no surprises amongst the responses; the younger members, male and female, replied that they did not speak since they were young, or considered themselves too shy. However, of those who did speak, (with the exception of one male), all felt quite confident talking and expressing their views. Importantly, especially for the women, they felt their views and opinions were taken seriously by both sexes of the co-operative.

Despite concerns about some issues, most respondents indicated they were happy working in the co-operative. To get a sense of this, the question was asked whether they would prefer to work in a factory or in the co-operative. Answers to this were mixed but the positive ones were that the co-operatives enabled members to look after

their children whilst they worked, there was the potential to make friends and help each other, and that it was physically located closer to home, than the factory would be. Other reasons given were that members could determine their own productivity in the co-operative, and hence dictate their level of income. With respect to long term commitment, all the respondents would like to stay in the co-operative for "... as long as it's running", "... all their lives", "... or for as long as it remains viable for them to do so". If the co-operative could provide "more challenges" then there would be no reason to leave. Reasons given for leaving were only if the income ran out or if it became too difficult to exist on such an irregular income.

At the end of the week we were thanked for showing an interest in their lives and work, and the way in which certain issues had been "... dealt with in a sympathetic way". As a result of the fieldwork undertaken and topics discussed, the Sicabizini co-operative felt it had given them an opportunity to generate discussion amongst themselves. Consequently, they felt they had more confidence and an enhanced feeling of confidence and community spirit. In addition, the women felt that their status at home had improved since someone from "... far away" had come to visit them and show an interest in their work.

The above outlines what social benefits accrue to members and the community as a result of participating in these co-operatives. Unfortunately though, certain negative consequences were found. These are described next.

4.2.1. Social consequences: Negative

As illustrated in section 4.2. members enjoyed real positive social benefits as a result of participation. The negative issues raised by participants in both co-operatives were mostly related to the procedure for addressing concerns members may have had.

Members explained that the lines of communication between themselves and Subject A were difficult and that despite attempts to have matters resolved, this had not happened. The procedure, according to the PEACE Foundation, is that if the co-operatives have an issue they wish to discuss with Subject B, they approach him, through the Chairperson, and Subject B resolves the problem. In fact a meeting by one co-operative had been arranged for the previous week in order to discuss matters of concern with Subject B, but this had had to be postponed due to a lack of participation by members, who were busy attending their subsistence farms. The weavers and carvers felt that Subject B had not addressed two issues: the first being the matter of the shelter and the second being the provision of higher income, since they felt the buyers could pay more for the goods. As a result both co-operatives (at separate times) had written a letter to the PEACE Foundation. Not knowing where the PEACE Foundation was based, these letters were sent via Subject B. According to both co-operatives, neither has yet received any communication from the PEACE Foundation. The co-operatives are experiencing an increasing sense of frustration with Subject B, "... he promises things, without delivery" (interview, 8 October 1999), and sense of isolation from the PEACE Foundation, in whom they have absolute trust. Another point was made that although they (particularly the women) would like to talk to Subject A, she only ever appeared for such a short time, that it was impossible to do so. They also felt it was quite difficult to articulate their concerns since Subject B always acted as the interpreter between themselves and Subject A.

Again, due to problems with communication, misunderstandings between Subject B, Mthembu and the co-operatives can occur. A misunderstanding came to light during the fieldtrip. The co-operatives were meant to have all their products ready for 'grading': however, they understood the instruction as simply producing their goods for Mthembu and Subject B to see what they had done. The instruction had been given at a time when attendance had been low as many members had been attending a funeral. Grading is the final stage of the production when goods are inspected for

quality control and if passed, are collected and distributed to the markets. Producing what they have made is quite different, and as a result many of the goods were not finished and ready for grading. This led to frantic working and very long working hours on the Friday, since the goods were to be sent to Durban on the Saturday, already a few days later than anticipated, causing Subject B extreme concern. The carvers in particular stayed until 9.00 p.m. that night finishing off their work.

During a meeting with the women of the Sicabizini co-operative,¹¹ Subject B stressed the fact that they were not working for him, but for themselves and that the "... more they work, the more they will get. They were their own bosses". He wanted them to work from 08.00 a.m. to 4.00 p.m. in order to meet production levels and deadlines. He explained he was "... fed up with them hanging around" and if it happened again, he would "... fire them" (7 October 1999). The problem not only seemed to be the misunderstanding about the grading, but a lack of acceptance on Subject B's part as to what activities the women (in particular) undertake outside the co-operative on a daily and seasonal basis. Individuals in both co-operatives appeared 'for work' between 09.00 – 11.00 a.m. and finished at about 4.00 – 4.30 p.m. The women, (not surprisingly in a Third World context),¹² had already done about 3-5 hours labour prior to starting 'work' at the co-op and then had had to walk up to an hour to get to the co-operative.¹³ In addition all of them continued to weave ('work') at home, during the evening, for a period of between one – four hours. Table 4 below illustrates this:-

¹¹ Interestingly the men were not called over to join in the meeting

¹² For further details please refer to White:1993

¹³ The time to walk to 'work' varied between men and women, and ranged from: 1 – 60 minutes (averaging 33 minutes) for women, and between 3 – 45 minutes (averaging 16 minutes) for men.

Table 4: Timetable of a typical day for women in both co-operatives

04.00	Rises Washes Subsistence farming Prepares children for breakfast and school Walks to the Co-operative
8.00 – 16.00	Works at the Co-operative Walks back home, picking up water on way Cooks for family (Subsistence Farming) Prepares children for bed Supper Weaves baskets
20.00 – 24.00	Bed
15 hours a day minimum, working	

Apparently the reason members had been ‘late’ for work that particular week was due to the fact it was the sowing and ploughing season. Subject B stipulated the hours were 08.00 a.m. – 4.00 p.m. with only sickness being an excuse, and that from now on a register would take place each morning to ensure all members were present. Members of the co-operative raised the question of how they could work at the co-operative, and undertake subsistence farming. Subject B answered they could forego the subsistence farming, it was “...either the co-op and weaving, or subsistence farming” (7 October 1999), or alternatively, they could employ someone else to undertake that duty and pay them, for example, R3.00.^{14 15}

Although it would appear from this encounter that Subject B is unaware of demands made on the women’s time, this is not in fact the case. During a previous meeting

¹⁴ Please note: This information is based entirely upon the interpreter’s ability to translate from Zulu to English at a fairly fast speed over a period of some forty minutes. Certain issues were stressed for clarification such as the term ‘fire’, but the interpreter seemed quite convinced this was the correct translation. To the best of my knowledge therefore, it is assumed this is a fair and honest account of the procedure.

with him he had explained the difficulties of meeting production orders was partly due because of the "... other demands the women had on their time" (meeting, 3 October 1999) and was sympathetic to this.

The women were upset by this meeting and wanted to explain to us how the misunderstanding had occurred. They appreciated that Subject B needed the goods for the buyers, but were confused about their role. In the beginning Subject B had told the co-operatives that the co-operative was "their business", but "... now he makes up the rules" and "... every time he speaks to them in a harsh manner", he "... is very threatening" (interview, 8 October 1999). In order to maintain the home and carry out subsistence farming, they would prefer to start 'work' at the co-op at 11.00 a.m and finish at 4.00 p.m. The women were upset at the idea of a 'register' each morning, as this was not part of the agreement made at the beginning of the formation of the co-operative, between themselves and Subject B. They were intending to hold a co-operative meeting the following week in order to discuss this, but a time had been difficult to agree since most of the members were very busy "pushing production orders" and undertaking work to their subsistence farms

We had an opportunity to talk to Subject B after his meeting with the co-operative. He mentioned that the women needed to "... get better at time management", and believes they could be more productive. Although he had told them he wanted them at the site at 08.00 a.m. he told us he would make it 09.00 a.m. and a register would take place from now on, each morning. Subject B is quite open about the fact he would like co-operatives to manage themselves and would like them to register as a formal co-operative. However, he admits it is quite difficult to get the co-operatives organised.

¹⁵ However, giving someone R3.00 (equal to 60% of their daily income) when they could do it for free, is not economically viable to them.

This section has illustrated various areas of concern between individuals and Subject B. Although serious, they are areas that can easily be rectified, thus enhancing social benefits even further. As explained previously, for most individuals, membership to a co-operative is based on economics; the necessity of earning an income in order to survive. The next section of this chapter therefore considers the economic aspect of membership to a co-operative.

4.3. ECONOMIC BENEFITS: Positive

For most of the members the income generated from the co-operative was the only form of income their household received¹⁶. It provided the means for supporting their families, mainly for the purchase of food stuffs/groceries, which had not been possible before. The remainder went towards clothes, payment of school fees and medical expenses.^{17 18} These results were obtained from the matrix methodology. It should be noted that there was considerable discussion over whether ‘school fees’ or ‘food’ took precedence and eventually ‘food’ won. Another debate was held over ‘school fees’ and ‘water’. With the Sicabizini co-operative there also appeared to be certain issues, which were contentious. For example, ‘medical fees’ or ‘huts,’ and ‘school fees’ or ‘food’. This methodology proved that members of both co-operatives are experiencing a very low standard of living, and finding it difficult to provide the basic necessities of life for themselves and their families.

With respect to the income earned, the males in the co-operatives confirmed they handed the money over to their wives, as this was their “tradition”. The women agreed they kept the income, but did show their husbands how much they had earned. Apparently, decisions on how it was spent were made jointly, although some men

¹⁶ Some had as many as eight dependents

¹⁷ In particular, one woman mentioned she was happy because she had been able to buy some mugs with her income

¹⁸ Presumably no one travelled by public transport, since transportation costs were not mentioned once

explained they 'controlled' the money although they did not physically keep it. The focus study groups were asked if members of their family were happy for them to be working in the co-operatives. One male group responded that their wives were very happy when they gave them what they earned, ("... approximately R50 per month, depending upon orders") (4 October 1999), and another group responded positively, explaining that it enabled the family to purchase food. One female commented that her husband was particularly pleased with her working in the co-operative since her money had enabled him to travel to Johannesburg where he had now found work (interview, 3 October 1999). As a result of this not only had he gained employment, but he also forwarded her remittances every month for the upkeep of the family. For the two boys their status at school had been enhanced as a result of working in the co-operative, since it gave them some financial independence and pride when they showed their mother/parents what they had earned.

The principal of the primary school confirmed that members were now able to pay for school fees and uniforms as well as assist with transport costs for sports activities. She went on to explain that the school had been built by the community, a number of whom were members of the co-operative and the success of it, really depended upon these co-operative members, since other parents were unemployed. The principal was asked whether the school could continue if the co-operative was not in existence. This was met with an emphatic "no", since the school relied on members of the co-operative for payment of school fees in order to keep the school operative. Although she felt there was a strong sense of community spirit within the co-operative, she understood from the members that there was a problem with money "... not being paid fast " (interview, 6 October 1999) and that this could act as a deterrent to others wishing to join the co-operative.

These economic benefits have undoubtedly assisted in the goal of poverty alleviation. As verified by the principal of the primary school, the economic benefits have 'spun-out' from the individual, to the household, to the community. Again though, as in the case of social benefits, there are certain areas that cause concern. These could best be

described as ‘unintended consequences’ of poverty alleviation strategies, certainly from the perspectives of the stakeholders involved.

4.3.1. Economic consequences: Negative

Two issues that were raised regularly by members of both co-operatives were the level and regularity of income. In order to obtain an overall picture of the situation, the question of income was dealt with in various ways. The first being the obvious, what do you earn? Is your husband/father happy for you to be earning money in the co-operative? Has your life improved as a result of working in the co-operative? What benefits do you think you have gained, again, as a result of working in the co-operative?

When respondents were asked about how their status was seen in the community there was a general consensus that the community looked down on them, “... they laugh at us” because “... we work very hard, but we do not receive enough money”. This issue came up regularly within both co-operatives. Members felt that they did not receive what they deserved and suggested that an increase of approximately ten rand per item be justified. They suggested this would reflect the time, skill and effort they took in making a quality product. In addition, those who indicated a preference for working in a factory rather than the co-operative did so on the basis that they would receive a regular and consistent income. Also, the women in both study group meetings felt that there were no benefits to joining the co-operative. This was because “one can sometimes work for R30” (focus group study, 5 October 1999). The men agreed with this point, but explained that they hoped to see the benefits in the future. One women’s group stressed that their husbands were not happy with them participating in the co-operatives since they could not visibly see any benefits. In addition some members confirmed the previous method of selling goods on the side of the road had been better since it had given “... them money straight away” (focus study group, 5 October 1999) rather than having to wait an indefinite period.

Due to the levels of income received, no member was able to save. However, if there were a bank in the area they would use it; but interestingly most saw the bank as a credit facility, rather than savings institution. The two women's groups' opinion differed; one explained that they did not like to borrow and the other said that if credit were available they would use it. Both male groups would like to obtain credit, but did not feel they would be able to do so, again due to their level of income.

Turning now specifically to the issue of the level and regularity of income, Subject B explained that members of both co-operatives were paid monthly and that the last payment had been made three weeks previously, in September. Members do not have a bank account and therefore the money is paid from I-Khaya Designs to Subject B's bank account. He then pays the members in cash. The day the PEACE Foundation visited the co-operative and during our fieldwork, payments were distributed to the co-operatives (5th October). Subject B explained that an average income received was approximately R250.00 per month. However, on that particular day, of those being paid the total income received by various members of the co-operative varied between R15 - R205.¹⁹ Recollection of actual 'pay-days' varied between Subject B and the members. No one remembered receiving an income in September, but most did remember receiving a payment in July. Apparently this was easy for members to recall since the school fees were due at that time. From questioning various individuals in both co-operatives it appears that payments were made every two to three months. This was confirmed separately by individuals who thought they had received about 5 payments since last September/October time.²⁰ The amount they had received varied from R50 - R250²¹. (This income level is similar to that achieved in the Thusanang Co-operative in 1988 where members were receiving between R50 – R200 per month) (Jaffee:1988b:31).

¹⁹ It should be noted we left the field at about 4.30 p.m. and payments were still being made.

²⁰ As an example, one person interviewed could definitely remember receiving three payments since December 1998, to the value of R150, R200 and R250 respectively. Another had been in the group for about ten months and thought they had been paid four or five times. Another interviewed was quite emphatic in that they had only received six payments during the last year.

One of the biggest problems for members of these co-operatives was that they did not know how much, or when, they would get paid. One individual had had a number of goods *collected* in September and was anticipating payment, but was told that none of his/her goods had been sold, and consequently did not receive any payment that day. This situation conflicts with Subject B who confirmed that individuals are paid as and when the goods are collected from them. It was however acknowledged by some, that payments had been more regular in the beginning, and that they had been paid as the goods had been collected. A member of one of the co-operatives explained that they had recently complained to Subject B about the delay in payments. Subject B had explained to them that once "... the orders had been sent, the orders would release money for previous orders" (interview, 7 October 1999). It was their understanding that they did not get paid until Subject B received monies from the buyer. The general level of confusion about payments seemed quite serious particularly since no one was able to tell us when they could expect their next payment. It has since been confirmed by I-Khaya Designs that they would like to enter into contracts with potential purchasers on a 'cash on delivery' basis, but they are experiencing difficulties with this, as most purchasers require a certain amount of 'credit' period. This can be as long as six weeks. This obviously presents difficulties to I-Khaya Designs who "pay up front for stock" (Subject C, telephone 26 November 1999). As an example of this, Subject C explained that an established company had placed an order. However, I-Khaya Designs were still waiting for the first payment from them.

As mentioned in the introduction, another area of concern was the disparity of payment between certain products. Table 5 illustrates this point:

²¹ It should be noted there was one exception to these levels; a carver confirmed having received payments of R60, R800, and R590, plus two others since December 1998.

Table 5: Prices achieved, correlated to length of time product takes to make

<i>Item</i>	<i>Number of days spent making and polishing item</i>	<i>Payment received for product</i>
<i>Carvers</i>		
Tortoise	Two	R15
Lion	Two	R15
Dung beetle	One	R15
Praying Mantis	Two	R15
Hippo	Three	R30
<i>Weavers</i>		
Oval baskets	Three	R15
Set of four boxes in Black & White 'zigzag design'	Four	R50
Canister	Ten	R45
Plates	Four	R20

From this table certain discrepancies can be seen. For example, the carvers who are making items which only take one or two days are gaining economically over the weavers who receive the same amount but who are working three days on one product (averaging out to R5 per day.) Those who receive an order from Subject B to make say, a hippo will immediately earn a better rate per day, of R10. As another example, the 'zigzag' boxes are made up of four individual boxes inserted into each other and take the women about four days to make, for which they receive R50. The canister takes approximately ten days for which they receive R45. The oval baskets take approximately three days for which the weaver would receive R15, and the carver from between R15 – R30 depending upon which animal was carved. Subject B is aware of these discrepancies between the weavers and carvers in relation to time spent on certain products, and according to Mthembu, will be addressing this in the near

future. In the week of our fieldwork, some members had been paid R60 (an increase of R10) for the four boxes. This increase had been possible due to I-Khaya Designs achieving a higher price from the buyer.

One important aspect that came to light was whether or not individuals had experienced an economic improvement in their lives since joining the co-operative. At the beginning of the week, most respondents replied that participation had resulted in a positive level of improvement. However, towards the middle of the week, respondents replied that they had felt little or no improvement. One answered that they felt as though they were "... going backwards" (interview, 8 October 1999). The difference in answers may have been due to two reasons; the first being that the respondents felt more at ease with the researcher and a level of trust had been built up by the middle of the week. Secondly, the fact that the interpreter at the beginning of the week was an employee of I-Khaya Designs may have inhibited respondents, and resulted in them giving answers they thought the interpreter would want to hear. Nevertheless, bearing in mind the objective for these individuals in joining such a co-operative is economic, it was worrying that of those asked, 91% said they were earning less now, than prior to joining the co-operative, when they had been undertaking survivalist strategies. The question was then raised that, if that was the case, why did members continue to work in the co-operative? Members answered that they felt they had a sense of community commitment to stay and that if they left it would have a "damaging effect upon the co-operative" (8 October 1999). In addition they had entered into a 'Partnership Agreement' with Subject B and consequently felt strongly that they should stay. They knew Subject B worked hard in Durban on their behalf getting orders, and were confident that in the future, participation in the co-operatives would bring economic benefit. Although this particular point is important, it should be remembered that a high number of the same participants responded that they were happy working in the co-operative.

Apart from the positive economic 'spin-offs' occurring to the primary school, other members of the community had not felt any economic benefit as a result of the co-operative, despite being in close proximity. During the week, two tuck shop owners and a wholesale warehouse manager were interviewed. Both owners reported that originally their sales had increased as a result of members receiving an income, but confirmed that sales now were unaffected. Specifically, the tuck shop nearest the Sicabizini co-operative noted that sales had been better when the co-operative started because Subject B had provided lunch for the co-operative, purchasing the items from this particular tuck shop. However, since the lunches had stopped,²² the tuck shop owners felt that the presence of the co-operatives had not made much difference to their sales, although they admitted they did give some members of the co-operative credit when they knew finances were difficult. The manager of the wholesalers had not experienced any increase in sales as a result of members joining the co-operative.

These findings noted above, particularly with respect to irregularity and level of income, are causes for concern, especially those when areas of conflict occur between members of the co-operative and Subject B. However, despite the fact that all members concur with the recollection of being paid approximately every two-three months, some of these same members were not able to tell us their age. In addition, it could be accepted the concept of 'time' might be difficult for them to conceptualise. Nonetheless, even accepting these points, the incomes received by the members are considerably less than the average income of R800 for the northern KwaZulu-Natal region (Zaloumis and Dryer:1996:1).

²² Since the fieldwork took place, lunch has now been reinstated (provided by I-Khaya Designs) and presumably this will result in a positive impact on the local tuck shop.

4.4. SUMMARY

This chapter highlighted the various social and economic benefits that may accrue to members as a result of participating in these two rural co-operatives. The findings are diverse. Certainly from the perspective of social benefits, the co-operatives have achieved their goal. As mentioned in the literature, and compared with members' own criteria for joining the co-operatives, aspects such as increased self-confidence, knowledge of skill and self-reliance had been addressed. Whether or not members felt an increase in empowerment was more difficult to gauge since they did not understand the term. However, judging by the number of individuals actively participating in the co-operative meetings, it would appear that levels of empowerment, particularly for women, were good. As a result of increased knowledge in skill, member's aspirations for them and their children were high.

Economic benefits on the other hand, were somewhat more difficult to distinguish. If the member's concept of time is correct, then they are 'surviving' on less than prior to joining the co-operative. The irregularity of income is a particular source of concern to members. However, the level of income and its regularity need to be investigated further. Finally, these issues need to be addressed in order to keep the co-operatives together and unified in the stakeholders' goal of alleviating poverty for individuals and the community in the area.

CHAPTER 5: SUMMARY, RECOMMENDATIONS AND CONCLUSION

"Once the capitalist incentive has gone the whole thing will collapse."

(De Hoda, telephone interview, 24 November 1999)

5.0. INTRODUCTION

This chapter is split into three sections; summary, recommendations and conclusion. The summary looks at the differences between 'formal' and 'new wave' co-operatives and illustrates why these two particular co-operatives may be an anomaly. It

summarises the social and economic benefits as well as the negative consequences that accrue to these members. The second section sets out certain recommendations which, it is felt, would enhance member productivity in the two co-operatives. Finally, as a result of the research, some conclusions are provided.

5.1. Comparison of principles behind ‘formal’ and ‘managed’ co-operatives

This dissertation has amongst other things, identified various types of co-operatives currently operating in South Africa. It has specifically examined ‘managed’ and ‘independent’ co-operatives. To clarify this further, it may be useful to once again consider the ICA Statement of Co-operative Identity, set out in Table 1, section 2.1. and compare these principles to those of the co-operatives in this study who are tied into a Partnership Agreement with I-Khaya Designs. Table 6 therefore provides analysis reflecting the comparisons. For clarity, the highlighted sections are those which are pertinent to the two co-operatives considered.

Table 6: Comparison of ICA Statement of co-operative identity with the two co-operatives

1 st Principle	<i>Voluntary and open membership:</i> Co-operatives are voluntary organisations, open to all persons able to use their services and willing to accept the responsibilities of membership, without gender, social, racial, political, or religious discrimination.	Yes
2 nd Principle	<i>Democratic member control:</i> Co-operatives are democratic organisations controlled by their members, who actively participate in setting their policies and making decisions. Men and women serving as elected representatives are accountable to the membership. In primary co-operatives members have equal voting rights (one member, one vote), and co-operatives at other levels are also organised in a democratic manner.	No No
3 rd Principle	<i>Member economic participation:</i> Members contribute equitably to, and democratically control, the capital of their co-operative. At least part of that capital is usually the common property of the co-	No

	operative. Members usually receive limited compensation, if any, on capital subscribed as a condition of membership. Members allocate surpluses for any or all of the following purposes: developing their co-operative, possibly by setting up reserves, part of which at least would be indivisible; benefiting members in proportion to their transactions with the co-operative; and supporting other activities approved by the membership.	
4 th Principle	<i>Autonomy and independence:</i> Co-operatives are autonomous, self-help organisations controlled by their members . If they enter into agreements with other organisations, including governments, or raise capital from external sources, they do so on terms that ensure democratic control by their members and maintain their co-operative autonomy.	No
5 th Principle	<i>Education: training and information:</i> Co-operatives provide education and training for their members, elected representatives, managers, and employees so they can contribute effectively to the development of their co-operatives. They inform the general public – particularly young people and opinion leaders – about the nature and benefits of co-operation.	Yes

MacPherson:1996:1²³

The table shows that the co-operatives examined are not operating under the ICAs seven characteristics of co-operative identity. However, as mentioned earlier, these are intended as a guideline only. What it does reflect is the fact that the co-operatives in this case study are not ‘co-operatives’ in the true sense of the word, since members do not share surpluses, profits, bonuses or shares, (even if they do act as a ‘collective marketing’ body through I-Khaya Designs). This is particularly important since it is quite clear in the Co-operative Act 1981 (Act 91 of 1981), that members must split surpluses, profits, bonuses or shares according to patronage proportion (page 32). Since the Sicabizini co-operative is formally registered, with the Partnership Agreement contained therein, it is not quite clear what now constitutes a co-operative in the eyes of the law. Nonetheless, *if* as in this case, co-operative members are based

²³ Please note that principles 6 and 7 have not been included since they are not relevant to this particular study

in rural areas, they have little real understanding of PR, branding, trading procedures and access to markets, then they do *need* an intermediary (in the form of a 'manager' or a company) to act on their behalf. However, it is the 'intermediary' who changes the nature of the co-operative, from equal 'member economic participation' (3rd principle) to a business venture.

Bearing this in mind is it possible for a capitalist approach to provide poverty alleviation to those who most need it? The evidence shows that benefits have accrued to the members of both co-operatives in very positive ways. All individuals expressed a genuine desire to see the co-operative being successful, and appreciated its success relied on their productivity. The purchase of food, medical expenses and school fees were, to some extent, now being met, and relationships between husband and wife appeared to be stronger. Benefits were particularly strong on the social side, with all members experiencing a higher level of self-confidence than before they joined the co-operative. Most felt that their lives had improved, and appreciated what Subject A and Subject B were doing for them. They recognised the establishment of the co-operative was a means of poverty alleviation. The co-operative had allowed them to develop new skills and created an environment whereby a strong sense of community spirit existed, with everyone helping each other, whether that be with child care, sharing experiences or problems, or correcting sub-standard quality goods. Men and women appeared to be cleaner, the children better fed, and the men no longer spent their days drinking. Whether or not the local community viewed the co-operatives as a positive or negative attribute was debatable. From the perspective of the co-operatives themselves they felt they were being 'laughed at', whilst the principal of the primary school was extremely positive about the benefits. Unfortunately though, these attributes are buried under the weight of problems the members experience with money. Firstly, they feel they do not get what they deserve, that the goods require skill and time to make and the money they receive is not reflective of this. In addition the financial insecurity of not knowing *when* payments will be made, or *how much*, adds to their economic worries.

5.2. RECOMMENDATIONS

In order to make a positive contribution to these two co-operative projects, the researcher was invited to make recommendations by the PEACE Foundation. These recommendations would contribute to enhancing the co-operatives' viability and sustainability, as well as providing an arena in which other members of the community would be encouraged to join.

As stated by Braverman at the beginning of this report, if individuals do not receive "... sustained, positive economic consequences" (1991:28) they will leave the co-operative. If the following recommendations were to be implemented, it is felt that these improvements could make a sustained economic difference to the lives of these individuals and the community, as well as providing financial viability to members of I-Khaya Designs and fulfilling the objectives of the PEACE Foundation.

5.2.1. Income on a regular basis

Receiving money at indefinite periods is not economically viable for the co-operative members. A financial structure could be implemented in which participants get paid on one particular day each week, or month, for their work. As they produce the work, they receive payment. Implementing this recommendation is likely to raise productivity and morale within both co-operatives immediately. Money received on a regular basis will also enable members to plan their financial needs more efficiently.

5.2.2. Re-structuring of pricing for goods produced

It is recommended that a re-structuring of the payments received for the different items are carried out. It is surprising that at the moment there is no animosity between the weavers and carvers, bearing in mind the disparities between the relationship of time taken to produce an item and the amount of money received for it. Originally it was thought that a payment should be made per day, regardless of the item made, but then it was realised there would be little incentive to increase production if an individual was going to be paid for a day's work, regardless of the productivity involved. Instead, individuals should be paid as now, i.e. per item, but the scales of payments should be rectified. Under the present system, various individuals make more money, simply because they have been asked to produce an item which has a higher value; leaving other members to produce 'lower' value items (but still requiring a high level of skill). Perhaps a discussion with the co-operative members and Subject B could distinguish what prices they feel are fair and reflective of the time and skill required and are reflective of a realistic and achievable 'end price' product.

At present it is members of the co-operative who take the risk; if Subject B does not have adequate orders, the goods are not brought from the members, but instead kept at home, in the hope that future orders will demand their goods. If Subject B could guarantee to buy every finished product which has passed 'quality control', say, every month from them, regardless of what orders I-Khaya Designs have, the risk element would be removed from the members. In reality this 'risk' need not occur, as Subject B knows in advance from Subject C what the orders are, and therefore should be able to buy immediately from the members, without a two-three month payment delay.

5.2.3. Regular 'grading' days

In order to avoid confusion and upset amongst the co-operatives, and to save the grader(s) time travelling around the co-operatives, 'grading' day could occur, at a regular time, once a week. This would enable I-Khaya Designs to keep a better track of what is being produced and will enable them to allocate items to orders more efficiently. Members would know that for example, that 'Fridays' were the day that grading took place, and they would therefore ensure they had completed their goods made during the week, for that day. For other co-operatives, another day, could be their 'grading day'. This procedure would also alleviate 'last minute' panics, as Subject B would know on a weekly basis, exactly what the total size of production is. With good record keeping it would allow him to see if levels of production were falling in any particular area and find out why. If problems could be resolved at an early stage, rather than later, this will benefit all parties.

5.2.4. Incentive for productivity

Incentive schemes could be tried to see if productivity could be enhanced. One suggestion could be, for example, to provide an incentive for the highest number of items made by an individual in one week, or say, for the best quality. This could be 'presented' on payday and would encourage others to raise productivity. A voucher for say, R10 - R20 could be the prize, or credit to the same value at one of the local tuck shops. (It might be better to have two prizes, one for carvers and one for weavers, since the weavers are unlikely to be able to compete with a male, bearing in mind their heavy workload, out of the co-operative.)

5.2.5. Hours of work

It should be accepted that co-operative members are subsistence farmers and have to spend time working on their gardens/plots, collecting water/firewood etc. and as such

co-operative work has to fit around this lifestyle. Therefore requiring them to start at 08.00 a.m is neither in the co-operative spirit of democracy, nor is it conducive to goodwill. This 'rule' may cause resentment and may have the adverse effect of lowering productivity, due to low morale. Members may also decide not to undertake 'extra work' at home which amounts to many more hours, than the extra one or two gained by starting at 08.00 a.m. Individuals of the co-operatives suggested a start time of between 09.00 – 11.00 a.m. that would allow them to perform commitments outside of the co-operative. Perhaps discussions could take place between Subject B and the co-operatives in order to decide a mutually convenient time in which to start work. If the co-operatives can see they have been involved in 'management' decisions it will increase their sense of involvement and commitment to the co-operative. They will then appreciate that levels of productivity are up to them, and providing they receive a fair return, will recognise that a certain number of hours per day are vital if they are to produce the goods and perform the responsibility they have undertaken in their Partnership Agreement with I-Khaya Designs. It should be noted though, that production could take place both at home and at the site.

5.2.6. Marketing

The manager of wholesalers in Johannesburg was shown a couple of items for his opinion. Although he has experience of purchasing goods like this, he had little idea of how long each item took to make. For example, he thought the large oval basket took one morning and the carving one day, and the small basket, two and four hours respectively. He had not seen anything like this before but was very positive about them. From our small marketing survey, the products are certainly well received but again, it appears that members of the public have little idea of how much time is needed to produce such a product. Perhaps a small 'tag' inside the product could give brief information about the person(s) who made the item. Information could simply be the name of the individual, how long it took to make the product, how many people

they support in the household, and confirmation that payments made will be split between I-Khaya Designs and that member. This way the public will know a little more about the background to the item and feel they are personally contributing towards the economic and social development of an individual and their community.

5.2.7. Community building/Crèche facilities

This is vital to both co-operatives. It would give them credibility in the eyes of the community, encouraging more people to join. It would provide accommodation for members to work in if it is raining and provide a clean and dry area for the goods to be stored. Members have already made suggestions as to what other purposes the building could be used for, and this would lead to increased community spirit. (It would also enhance the PEACE Foundation and I-Khaya's status) The building would provide both a necessary function and a social benefit to the community at large. When the question of a community building was put to the co-operatives as a whole, it was unanimously agreed it would be beneficial. They suggested the building could be used for the local community for the promotion of art and culture, dancing and music, as well as for weddings and funerals. In addition, on a daily basis it could be used as a crèche. They stressed it would be a big bonus to the communities and as previously mentioned, it was such a strong issue that a letter had been sent from the Sihanwana co-operative to the PEACE Foundation.

5.2.8. General lines of communication

As there appears to be general confusion as to who the stakeholders are, and what role they play, it may be a good idea to undertake a 'one off' meeting in order to advise the co-operatives how certain structures work and 'who does what'. This will enable them to recognise how the stakeholders relate to each other, and make the members

feel part of a wider organisational structure, giving them a better comprehension of the procedures taken in order to sell their products. In general there needs to be more cohesion between Subject B and the co-operatives, such as interaction and a time in which members of the co-operatives can discuss potential problems. Part of the development process is to ask the people themselves how they can see room for improvement. This will enable problematic areas to be resolved quickly since it was the members themselves who proposed those improvements. If grading were to take place at regular weekly intervals, this may be a good time in which members and Subject B can sit down and work through any potential problems or queries.

5.2.9. Registration

Despite members' objection to the register, this is now in place. If this has to continue perhaps the 'registrar' could collect members of the co-operative on the way to the sites (e.g. meet at strategic times by the road), as this would save them time and energy.

5.3. CONCLUSION

This dissertation has considered the various types of co-operatives currently operating and considered in detail the 'managed' co-operative. It has been illustrated that without a 'manager' these particular co-operatives would never have access to the international or national markets. For co-operatives to succeed in this competitive market they need someone who is able to deal with marketing and production matters on their behalf. Where the difference is between a formal co-operative and the 'managed' type, is that the 'manager' (and his/her business) expects to make a profit. Unlike a formal co-operative, the profits gained in these co-operatives are not shared out amongst its members; instead members receive a fluctuating figure at irregular

intervals. However, *if* it can be argued that this 'figure', even allowing for irregular payments, is more than they were previously achieving, then surely this form of income generation is better than none? If I-Khaya Designs were not part of the structure, would the individuals survive without them? As a co-operative the answer is an emphatic 'no', but as individuals carrying out survivalist tactics, the answer has to be 'yes', as verified by most of the individuals during the one-to-one discussions. For the individuals concerned though, the social benefits of joining the co-operative are undisputed; the economic benefits are somewhat mixed and more difficult to assess. Members are remaining loyal to the co-operatives in the expectation that things will improve. It is certainly true though, that whatever income is received by the members, it is essential for their household survival strategies.

It is believed that if the recommendations made were to be undertaken, productivity and morale would increase. Members' standing in the community would be enhanced and as such more people would be encouraged to join, especially if the economic benefits were obvious. From the members' view, the two most important issues are regularity of income, and a fair payment received for work undertaken. If these issues could be resolved there is no reason why this partnership between I-Khaya Designs and the co-operatives should not flourish, resulting in a positive and sustainable benefit for all.

Finally, and in general, co-operatives should not be seen as a short cut to development. Certainly if they are successful they can contribute to social and economic development, but development is also dependent upon other criteria such as Government policy, good governance, and internal and external economic pressures. The use of co-operatives in any Government policy should be seen as just one way of providing a 'vehicle' for the alleviation of poverty. However, it may be appropriate for the Government to clarify the exact status of 'managed' co-operatives.

**QUESTIONNAIRE - ONE TO ONE INTERVIEWS
NDUMO FIELD RESEARCH 4TH - 8TH OCTOBER 1999**

Name of Interviewer:	Date:	Time started:	Time finished:
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Name of participant:

1.	Age:	Status (Married	Single	Divorced	Separated
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2.	If married, does your husband work Yes/No?
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3.	Does your husband work away from home, Yes/No
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5.	Are there any other members of your kin/clan who also work in this co-operative?
----	--

5.	How far away do you live from the co-operative?
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6.	How many children do you have?	How many people live in your household?
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7.	Do you have another form of paid employment other than working at the co-operative If yes, what is it?
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1.	Approximately how many hours a day do you spend on domestic chores? Approximately how many hours a day do you spend at the co-operative?
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9.	When are the co-operative meetings held?
9.b	Do you manage to attend all the meetings, Yes/No? If not, why not?
9c.	Do you ever speak at these meetings? If not, why not?

10. Do you feel you are listened to at the meetings?
10.b If not, why do you know why not?

11. If you had a choice, would you prefer to work in a factory or the co-operative?
why?

12. Did you go to school, Yes/No
If you did, what standard did you reach: primary school, high school, matric

13. Could you weave before you joined the co-operative? Yes/No

14. If you could weave before, did you sell your goods? Yes/No
Who to?

15. What do you make at the co-operative?
Would you like to make anything else, if so what?

16. Do you hold a position of responsibility outside the co-operative, if yes, what is it?

17. Are you a member of any other co-operative, i.e. savings, burial society, cattle owners etc.?
if so, which one?

18. As a result of joining the co-operative, do you feel you have more: (five scores the highest)

Self confidence	1	2	3	4	5
Increased sense of empowerment	1	2	3	4	5
Increased knowledge in skills	1	2	3	4	5
Increased status in community	1	2	3	4	5

19. How long ago did you join the co-operative?
1 - 3 months ago 4 - 6 months ago 7 - 9 months ago 10-16 months

20.	How long do you think you will stay in the co-operative? 1 - 6 months 1 year 2 years 3 years
What would be your reasons for leaving the co-operative?	

21	Taking all things into consideration, how would you rate the improvement in your life as a result of joining the co-operative (five scores the biggest improvement)			
1	2	3	4	5

22	Are you happy being a member of the co-operative?			
1	2	3	4	5

23	If you have a father/husband, are they happy for you to work in the co-operative
If yes, why	
If no, why not?	

24	When you first heard about the co-operative, how did you feel about it?
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25	What do you feel about the co-operative now?
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APPENDIX: B

**QUESTIONNAIRE – ONE TO ONE INTERVIEWS
NDUMO FIELD RESEARCH 4 – 8TH OCTOBER 1999**

ADDITIONAL QUESTIONS

26. Do you ever weave at home? If not, why not?

27. If yes, is it productive?

28. Do you subsistence farm?

29. Who buys the tools?

30. Who owns the tools?

31. Is there any other income coming into the home?

32. If so, how much?

33. If you have children/grandparents in the home, are they claiming benefit or pension?

34. What would you like your children to do in the future, after they have left school?

35. What did she/he do before joining the co-operative?

36. What is your income?

37. What is your income spent on?

38. Whose work is more skillful, the weavers or the carvers? And why?

39. If Subject B wanted to encourage more men/women to join this co-operative, what should he do to provide them with an incentive?

40. If you had all the money in the world, what would you do or buy with it?

APPENDIX: C

**QUESTIONNAIRE FOR FOCUS GROUPS
NDUMO FIELD RESEARCH 4TH - 8TH OCTOBER 1999**

1. What was your reason for joining the co-operative?
2. As a result of working in the co-operative, have you or your family benefited from an increased income for yourself and your family?
3. When you receive money from the co-operative, do you
Keep it for yourself; use it for your parents, give it to your parents, or give it to your husband?
4. What is the money spent on: Food, clothes, education (self) education for children, medicines, transport, electricity, remittances, loan repayments (please put in order of priority)
5. Are you able to save money each month?
6. If there were a bank in Ndumo would you use it?
7. Are you able to obtain credit easily? If so from where?
8. What skills and knowledge have you gained as a result of joining the co-op?
9. Have you shared these skills with any members of the family or friends?
10. Was the training you received adequate for knowledge in:
Selling and marketing techniques, forecasting sales, budgeting, planning business, bookkeeping, estimating costs of product
11. As a result of joining the co-operative, do you feel you have more:
Self confidence,
Increased sense of empowerment;
More control over distribution of money at home;
Increased knowledge in skills;
Increased status in community
12. Taking all things into consideration, how would you rate the improvement in your life as a result of joining the co-operative
1 - 5 (five being most improvement in life)

13. Do you know of anyone who has left the co-op? If yes, do you know the reason?
14. Do you think they will come back? If so why?
15. If creche facilities were available, would you use them?
16. If a community centre was available, would you use it? and what for?
17. If you have a father/husband, are they happy for you to work in the co-operative?
18. If not, why not?
19. What does the community think of you joining the co-operative?
20. For discussion:
Apart from earning an income, are there any other benefits, disadvantages, advantages you have experienced as a result of joining this co-operative?
21. What improvements do you think could be made in order to improve the co-op? and make it more sustainable in the future

APPENDIX: D

**QUESTIONNAIRE SCHOOL TEACHERS
NDUMO FIELD RESEARCH 4 - 8 OCTOBER 1999**

Name of interviewer:		
Date:	Time started:	Time finished
Name of School teacher/principal :		
Name of School:		

1.	What benefits have you noticed accruing to men/ women as a result of their joining the co-operative?
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2.	What benefits have you noticed accruing to the family as a result of the men/women joining the co-operative?
----	--

3.	Do you think the co-operative is a good think for this community to have? If yes, why If no, why not
----	--

4.	What do you think the reaction of the husbands, fathers and fathers-in-law is, to the women joining the co-operative?
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5.	Has the school benefited in any way? If so, in what way?
----	---

6.	Do you think the children benefit? In what way
----	---

APPENDIX: E

TIMETABLE OF EVENTS – NDUMO FIELD TRIP
3 OCTOBER – 10 OCTOBER 1999

Sunday 3 rd		<ul style="list-style-type: none"> • Informal 45 minute meeting with Subject C at Ghost Mountain Lodge, Mkuzi • Arrive Environmental Centre
Monday 4 th	Interpreter: Bheki Mthembu	<ul style="list-style-type: none"> • One-to-one interviews with Sicabizini co-operative • Tape recorded notes from day
Tuesday 5 th	Interpreter: Themba Mgwaba Payday	<ul style="list-style-type: none"> • Focus group meetings X 2 + PRA with Sihangwana co-operative • Focus group meetings X 2 + PRA with Sicabizini co-operative • Tape recorded notes from day
Wednesday 6 th	Grading Day	<ul style="list-style-type: none"> • Interviews conducted with: • Manager: Tembe Elephant Park • Principle of local primary school • Acting Head of local primary school • Volunteer teacher of secondary school • Manager: Wholesale cash and carry • Tape recorded notes from day
Thursday 7 th	Interpreter: Stephen Magali	<ul style="list-style-type: none"> • One to One interviews with Sihangwana co-operative • One to One interviews with Sicabizini co-operative • One to one interviews with Sihangwana co-operative • Tape recorded notes from day
Friday 8 th	Interpreter: Stephen Magali Grading and Collection day	<ul style="list-style-type: none"> • Interviews: • X 2 Tuck shop owners • X 4 local ladies passing by Sicabizini co-operative • X 1 Sewing lady • One to one interviews with Sihangwana co-operative • Group meeting with Sihangwana co-operative • Group meeting and final one to one interviews with Sicabizini co-operative • (Sicabizini spontaneous dancing) • Tape recorded notes from day
Saturday 9 th		(Ndumo game reserve)
Sunday 10 th		Informal meeting with Subject C Return to Durban

APPENDIX F

Photograph 2: Grading taking place with the A4 'red and black' notebook



Photograph 3: Women 'dyeing' the baskets

APPENDIX G

Photograph 4: Examples of wood carvings



APPENDIX H

Photograph 5: Member of Sicabizini co-operative working on baskets



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Informal interviews/discussions

Senior Manager of I-Khaya Designs (Subject B)

3rd October 1999

5th October 1999

11th October 1999

Selloane Matoase, Head: Targeted Assistance Divisions, Ntsika Enterprise Promotion Agency
11 September 1999

The senior person in charge of the PEACE Foundation, University of Natal (Subject A)

18th March 1999

26th March 1999

11th June 1999

2 September 1999

24th November 1999

Kate Targett, Head of Information Services, The Plunkett Foundation, Oxford
1st November 1999

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The senior person in charge of the PEACE Foundation (Subject A)

9 November 1999

Jurgen Schwettman, International Labour Organisation

10 November 1999

12 November 1999

Telephone conversations

Basil de Hoda, former Deputy Registrar for Co-operatives, Pretoria (1970 – 1998)

24th November 1999

26th November 1999

Senior Manager of I-Khaya Designs (Subject C)

26th November 1999