

Challenges faced by the state- funded rural women’s co-operatives in reducing poverty in the Mbhashe Area, Eastern Cape Province

by

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KEY WORDS

CAPACITY BUILDING

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PARTICIPATION

POVERTY

POVERTY REDUCTION

RURAL WOMEN

SOCIAL DEVELOPMENT

SUSTAINABILITY

ABSTRACT

Topic: Challenges faced by the state-funded rural women's co-operatives in reducing poverty in the Mbhashe area, Eastern Cape

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Co-operatives are seen as one of the appropriate strategies for intervention in eradicating poverty in rural communities. During the financial year 2007-2008 the Department of Social Development and Special Programmes pronounced on the availability of funds in its budget for the establishment of women's co-operatives and other livelihood community projects. The initiative of funding rural women's co-operatives was one of the interventions to address high poverty and unemployment levels among rural women in the province. Rural women co-operatives were non-existent in the Mbhashe area of the Eastern Cape, as a consequence, co-operatives were speedily formed in order to access funding for women co-operatives that was made available by the Department of Social Development and Special Programmes. The concern of the state initiated rural women's co-operatives was their long-term sustainability as they were not embedded in the principles of a co-operative as autonomous association of persons who should voluntarily unite to meet their common economic, cultural and social needs and aspirations through a jointly democratically controlled enterprise. It was a top-down approach which negated inherent values of co-operation, namely self help, self responsibility, democracy, equity and solidarity. The aim of the study was to investigate the challenges faced by state-initiated rural women's co-operatives in reducing poverty in the Mbhashe Area, Eastern Cape Province. Purposive sampling was used to select members of the co-operatives as participants. Study had an applied goal and intrinsic was the research design. Data was collected by

means of focus group interviews and semi-structured interviews were used. The findings indicated that there is inadequate capacity in knowledge and skills to manage co-operatives and run a business and lack of co-operative values and principles among co-operatives. The study concludes that lack of knowledge about business, financial management and non adherence to co-operatives values and principles limit the ability of co-operatives to operate independently and succeed as businesses.

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CHAPTER 1

GENERAL INTRODUCTION AND ORIENTATION

1. INTRODUCTION

Co-operatives have become an important feature of the South African Government's agenda of socio-economic development and poverty alleviation in all spheres of government. Government agencies and departments have made concerted efforts to financially support co-operative initiatives following the enactment of the Co-operative Act 14 of 2005. According to Phillip (2003:3), the focus in the South Africa debate has been on worker co-operatives which are seen as a vehicle for job creation and as providing a democratic alternative to conventional forms of work.

Ife (1995:143) avers that the establishment of co-operatives is one way in which community economic development can be achieved and that their establishment proved to be effective in some parts of the world. In South Africa, co-operatives have developed throughout the 20th century (Small Enterprise Development Agency)[SEDA], 2007:4), however, many of these co-operatives did not observe the international co-operatives principles as they were often reflected and entrenched in the system of racial discrimination and social inequality rather than change.

Since 1994, the South African Government supported the growth of co-operatives especially among the historically disadvantaged South Africans, as a strategy to alleviate poverty and create jobs (SEDA, 2007:3). The Co-operatives Act 14 of 2005 was enacted on 02 May 2007, laying the foundation for a more active and supportive environment for co-operatives (SEDA, 2007:3). The Co-operatives Act provides for a registration process, redefines government's role as a facilitator in promoting co-operatives; provides for different types of co-operatives in sectors of the economy and ensures that the co-operative principles are observed (SEDA, 2007:1).

The Eastern Cape is one of the poorest provinces in South Africa with 70% of its population classified as poor and having the highest unemployment rate (Perret, Carsten, Randela & Moyo, 2000:6). Skota-Dayile (2002:355) points out that the poverty rate mostly applies to Africans (61%) of which 43% are women. According to Motteux, Binns, Nel and Rowntree (1999:226) inequality is particularly acute in the former Homelands which were the dumping grounds of black people during the apartheid era. Motteux et al. (1999:262) affirms the poor status of former Homeland residents and mentions that, in addition to conditions of material poverty, the frequently autocratic rule of the Homeland dictatorship often exacerbated an already existing situation of disempowerment, suppression and dependency. McCann (2005:10) asserts that women's economic participation in Mbashe is marginal. Women constitute 55.09% of the Mbashe population and face substantially higher unemployment which is 81.71%, while their unemployment growth rate is 5.51% higher as compared to that of men (McCann, 2005:10).

During the financial year 2007-2008, the Department of Social Development and Special Programmes, Community Development Directorate pronounced on the availability of funds in its budget for the establishment of women's co-operatives and other livelihood community projects and requested the submission of business plans for consideration for funding. At this time there were no rural women's co-operatives in the Mbashe area. In fact, according to Makoboka (2010), the senior manager and Geza (2010) the assistant manager, Institutional Capacity sub-programme at the Provincial office's programme of Community Development and Research, there were no rural women co-operatives in most areas of the province. However, due to the high poverty and unemployment levels of rural women in particular in the province, the Department wanted to find a way to utilise the available money for co-operatives. The community projects that the women were engaged in at the time could not be identified as 'co-operatives', not only because they were not registered as co-operatives but because their organisational structure and modus operandi did not reflect that of co-operatives.

The community projects at the time were not funded by the Department of Social Development and Special Programmes. As a consequence, the Department of Social Development and Special Programmes engaged members of community projects to apply for funding that was to be made available for women co-operatives. One criterion for funding of community projects required that community projects be registered as Non-Profit Organisations (NPOs) according to the NPO Act 71 of 1997. However, being funded as NPOs included another criterion for community projects to meet the status of a self defined 'state-initiated co-operative', namely a minimum membership of ten. In the Mbashe area where the research was conducted, most of the identified co-operatives did not have the stipulated number that would qualify for funding as co-operatives. In such instances additional members were speedily recruited in order to meet the required number of membership.

Despite these stipulations, there was, however, no written policy from the Department of Social Development and Special Programmes explaining the status of 'co-operatives' in the province. According to Geza (2010), the assistance manager, Institutional Capacity, recognition is only based on 'a general conception'. Against this background, the Department of Social Development and Special Programmes refers in all the Provincial departmental documents such as Strategic Plans, Annual Performance Plan and Annual Reports as well as in the annual State of the Province Addresses and MEC Policy Speech (Geza, 2010) to 'state-funded co-operatives' as community projects which are registered as Non-Profit Organisations in terms of the Non-Profit Act 71 of 1997. The prerequisite for receiving funds were based on the assumption that the community projects lack the important elements for participating members to develop the co-operative into a sustainable business. These elements include knowledge and skills development to empower participants to establish projects. Harris (1998:36) asserts that most successful community enterprises have first gone through a community development process whereby people are empowered and acquire skills to organise.

The annual funding for the co-operative in the Mbhashe area, Eastern Cape was R500 000 which was divided into two tranches of R250 000 each per financial year. The funding was made available for one financial year with a possibility of top-up funding for the following years and that would also become available on request from the co-operatives. The first tranche was only transferred to the co-operatives during the third quarter; as a result funds could not be spent according to the time frames of the business plans. The second tranches were transferred during the financial year 2010/2011 after the first tranches were spent. According to Mr Gulwa (2010), assistant manager for community development in Mbhashe Area office, the transfer of the second tranches would be determined by whether the co-operative spent the money in accordance with the service level agreement and also whether they displayed any capacity to manage funds that were disbursed as first tranches. The second tranches were disbursed to the co-operative eligible during the financial year 2010/2011. The process of project implementation of the state-funded rural women's co-operatives in the Mbhashe area includes training which focuses (1) on competencies required for the implementation of the core business, e.g. training in agriculture if the co-operative is based on crop and vegetable production and (2) financial management.

The concern of the above 'state-initiated rural women's co-operatives' is their long-term sustainability if they are not embedded in the principles of a co-operative as autonomous association of persons who should voluntarily unite to meet their common economic and cultural needs and aspirations through a jointly owned and democratically controlled enterprise (Phillip, 2003:8). The top-down approach of the Department of Social Development and Special Programmes is thus questioned in relation to the inherent values of a co-operative, namely self-help, self-responsibility, democracy, equity and solidarity (Phillip, 2003: 8).

This concern is grounded in the fact that it was only in 2010 that workshops on co-operative legislation were organised throughout the province for community development practitioners employed by the Department of Social Development and Special Programmes who render a supportive role to the co-operatives and other

community development initiatives. The entire process of initiating, funding and implementing of women's co-operatives is a top-down approach where eligibility for funding and the pace of implementation (determined by the amount to have spent during a specific period) is a directive of the Provincial Department of Social Development and Special Programmes. The consideration for funding and the continuous usage of the allocated amount is determined by compliance with directives of Provincial Department regardless of the situation prevailing at grassroots level or of the co-operative concerned. In addition, the amount of money allocated to each co-operative is equal regardless of the nature of the co-operative.

It is clear that the structural nature of the unemployment and poverty in the Eastern Cape Province was not taken into consideration when the decision was made by the Department of Social Development and Special Programmes to intervene in the rural communities. As pointed out above, membership in a co-operative is voluntary and decisions should be taken democratically with every member participating actively in decision making to develop the co-operative and for the purpose of own development (Phillip, 2003:3, SEDA, 2007:3, Yousefian [sa]:1; Umrabulo, 2003:2; Co-operative Development Strategy of South Africa; 2004:4; Van der Walt, 2005:7). In order for the members to actively participate in all aspects of co-operative development and for the co-operative to be able to achieve its economic development goals, empowerment of membership in both human and social capital becomes the corner stone for the sustainability of the co-operative (Nthomang & Rankopo, 1997:208; Co-operative Development Strategy of South Africa, 2004-2014:4; Lombard, 2003:234; Carton, Hofer & Meeks 1998:5; Essama-Nssah, 2004:509).

A substantial portion of co-operative members in the Mbashe area, Eastern Cape Province did not have full insight about what co-operatives entail when they joined the co-operatives. They were persuaded to join in order to make up the required number to qualify as a co-operative in order to be considered for funding. This has led to the current challenge of lack of active participation and decision making which in turn is

linked to the lack of empowerment as the members never received training in areas of competence in the running of co-operatives as a form of business.

Van der Walt (2005:9) points out that one of the factors that play an important role in making co-operatives effective is that the initiative for a co-operative must come from its members as opposed from the outside; that is, it should be based on a bottom-up approach (Van der Walt, 2005:9). One of the seven core principles of co-operatives which are universally accepted guidelines is that of autonomy and independency (Department of Trade and Industry, 2004:2). This principle is in alignment with social development (Midgley & Conley, 2010) which informs the theoretical framework for the study. Social development is embedded in a human-rights approach, bridging the divide between micro and macro practice, and building democracy and partnerships (Patel, 2005:98). The theoretical framework of social development expands across theories and approaches of community economic empowerment (Nthomang and Ramkopo, 1997:208), and strength-based and anti-discriminatory practice where people claim their socio-economic development rights on their terms and conditions (Midgely & Conley 2010).

Against this background, the study investigated the inherent challenges facing the state-initiated rural women's co-operatives in the Mbashe Area, Eastern Cape Province. The Mbashe Area includes the villages of Mncwasa, Nqabara, Mputhi and Ngcingwane. It is envisaged that the research findings will enable the Department of Social Development and Special Programmes to formulate policy and or guidelines pertaining to all components that are relevant to facilitate sustainable women's co-operatives which can make an impact on income and poverty levels in the Mbashe Area.

2. RESEARCH PROBLEM

The current legislation and policy on co-operatives embrace the establishment of co-operatives in all sectors of the South African economy and are intended to create an environment that fosters the promotion and development of co-operatives (Department of Trade and Industry, 2004:5). Co-operatives are one strategy of dealing with reduction

of poverty and addressing unemployment in the country (Department of Trade and Industry, 2004:1). This strategy, however, cannot be seen in isolation from the structural causes underpinning poverty and unemployment and the need for education, skills development and empowerment in order to make a significant impact on poverty. Although government is committed to ensure that there is greater participation of specific target groups, i.e. Black people, especially people in rural areas, women, people with disabilities and the unemployed youth, the practice reality is not yet aligned with the vision.

It is widely documented that rural women are the hardest hit by poverty due to the gendered nature of rural development in South Africa linked to cultural forces, limited economic opportunities, marginalisation and their engendered roles of caring for children, accessing resources for power, fetching water, preparing food and caring for the sick and older persons (PRODDER NGO and Development Directory, 2008:1; Draft Conceptual Framework Towards Poverty Eradication in the Eastern Cape, Department of Social Development, 2009:10; Kehler, 2000:6).

The rural women's co-operatives in the Mbashe area, Eastern Cape Province, in their present form, are not an initiative of its members, but were rather a top-down approach of the Provincial Department of Social Development and Special Programmes. The one-sided decision of the Department of Social Development and Special Programmes to organise state-funded co-operatives and the departmental requirements and time frames for financial expenditure have not been conducive to establish sustainable co-operatives. The way in which the Department wanted the money to be spent was not informed by realities on the ground such as a lack of appropriate training and empowerment of the women to run businesses and utilising funds for sustainable economic development.

As a result, most co-operatives are struggling financially to reach and maintain economic sustainability and thus to contribute towards reducing rural women's poverty.

Their exclusion, in turn, impacts on their participation in and taking ownership of decisions regarding the co-operatives.

The intention of the Department of Social Development and Special Programmes to promote the development of women's co-operatives as a strategy for fighting poverty and for the economic empowerment of rural women posed more challenges than positive outcomes. Limited human development, empowerment and capacity building opportunities for the women created a platform for dependency on the Departmental officials for financial management and on consultation with other development partners as opposed to taking ownership and responsibility.

The Provincial Department of Social Development and Special Programmes overlooked the principles and practices pertinent to the development of community development initiatives and its sustainability for human, social and economic development. Because of this, it had become evident that there is no proper organisational structure and human capacity development in place to facilitate the development, effectiveness and sustainability of state-initiated co-operatives in the area under investigation. The study intended to explore the experiences of the rural women who participate in the state-initiated co-operatives in the Mbashe Area, Eastern Cape Province in order to determine the challenges they are faced with in order to facilitate sustainable co-operatives that reduce their poverty.

3. GOAL AND OBJECTIVES OF THE STUDY

The goal and objectives of the study were as follows:

3.1 Goal of study

The goal of the study was to investigate the challenges faced by state-initiated rural women's co-operatives in reducing poverty in the Mbashe Area, Eastern Cape Province.

3.2. Objectives of the study

The objectives of the study were to

- conceptualise co-operatives within the social development approach as a community economic development strategy for poverty reduction amongst women within the rural context in South Africa;
- identify the challenges faced by the rural women in the Mbhashe area in their daily operations;
- explore how state funding mechanisms of the women's co-operatives in the Mbhashe area can be improved to address the identified challenges; and,
- based on the research findings and conclusions, formulate policy directives and/or guidelines for women co-operatives in the Mbhashe area to become sustainable in reducing poverty.

4. RESEARCH QUESTION OF THE STUDY

Within the context of the qualitative nature of this study, a research question is relevant based on the assumption that all the concepts pertaining to a given phenomenon, that is the sustainability of state-initiated co-operatives, have not been identified, or are not fully developed or poorly understood (Corbin & Strauss, 2008:5). The following research question guided the study:

What are the challenges faced by state-initiated women's co-operatives in the Mbhashe area of the Eastern Cape in reducing poverty?

The following sub questions informed the above research question:

- How can the challenges of the state-initiated rural women's co-operatives in the Mbhashe area be addressed to facilitate sustainable poverty reduction?
- How can state funding mechanisms be improved to address the challenges of state funded rural women's co-operatives in the Mbhashe area to reduce poverty in a sustainable manner?

5. RESEARCH METHODOLOGY

In this section the research methodology is discussed briefly. The detailed discussion will be presented in Chapter 3.

The study was exploratory, utilising a qualitative approach to elicit the research participant's account of meaning, experience or perception of the state-initiated rural women's co-operatives in the Mbhashe area (Fouché & Delpont, 2005:74) in the hope to have a better understanding of the challenges they face in reducing poverty (Denzin & Lincoln, 2000:3;4). The researcher used applied research to understand the challenges the women experience with the state-initiated co-operatives in the Mbhashe area in order to find practice solutions to becoming efficient in sustainably reducing poverty (Cresswell, 2005:80). The researcher utilised the case study design to gain an in-depth understanding of the situation and meaning of the challenges that the state-initiated women co-operatives in rural areas face (Henning et al., 2004:41) in the complexity and context of their natural setting in reducing poverty (Punch, 2005:144). The population for the proposed study was the eight state-initiated rural women's co-operatives in the three magisterial districts in the Mbhashe area of the Eastern Cape which the researcher could select as units for the study (cf. Bless & Higson-Smith, 2000 in Strydom 2005a:193; Mouton, 1996:134; Schutt, 1996:153 and O'Leary, 2004:132). The sample for the study was selected purposively (Strydom, 2005a:194) and comprised of four rural women's co-operatives in the Mbhashe Area. Data collection methods included document study and focus groups (Strydom & Delpont, 2005:315; Greeff, 2005:300). Two focus groups were conducted from each selected co-operative consisting of five members each. The first focus group comprised of the five members of the executive committee of the co-operative while the second focus group included members of the co-operative. The adherence to ethical issues and how it was implemented during the study will be discussed in chapter 3.

6. DEFINITION OF CONCEPTS

The key concepts for this study were the following:

6.1 State-initiated co-operatives

A co-operative is a business based on democracy where the members take collective ownership and every member in the co-operative participates in decision making that control the business (SEDA, 2007:3). In order for people to become members of the co-operatives, they buy a share or pay an entrance fee to the co-operative and get a vote each (SEDA, 2007:3). From a literature and practice perspective, 'state-initiated co-operatives' is embedded in the link between a co-operative and community project (Lombard, 2003:231; Harris, 1998:36). In this study, the concept 'state-initiated co-operatives'; refers to community projects that are registered as Non-Profit Organisations in terms of the Non-Profit Act 71 of 1997 and which received funding from the Provincial Department of Social Development and Special Programmes that was allocated specifically for co-operatives which constitute at least ten members (Department of Social Development, 2007-2008; 2008-2009; 2009-2010).

6.2 Rural women's co-operatives

'Rural' is defined as farms and traditional areas characterised by low population densities, low levels of economic activity and levels of infrastructure (SA Statistics, 2009:113). Traditional areas include communal land under the jurisdiction of a traditional leader (SA Statistics, 2009:117). The women's co-operatives referred to in this study are co-operatives which are owned by women in the rural villages of the Mbashe area in the Eastern Cape Province namely Mncwasa, Nqabara, Mputhi and Ngcingwane.

6.3 Mbashe Area

The Mbashe area is a demarcated area for service delivery by the Department of Social Development and Special Programmes. It is a jurisdiction of Mbashe Local Municipality and is referred to as an area by the Department of Social Development and Special Programmes. The local municipality is the area of jurisdiction of the tier of government within the national and provincial spheres of government (SA Statistics, 2009:117). The

area is comprised of the magisterial districts of Elliotdale, Willowvale and Dutywa. According to SA Statistics (2009:111), a magisterial district is the subdivision of the country for the administration of the judicial system as proclaimed by the Department of Justice. The Department of Social Development and Special Programmes has an office in each town of these magisterial districts which are referred to as service offices. The service offices are coordinated and managed by the area office.

6.4 Eastern Cape Province

The Eastern Cape is situated on the south-eastern South African coast and is a region of natural beauty, particularly because of the rugged cliffs, rough seas and dense green bush of the stretch known as Wild Coast (Government Communication and Information, 2012:6). The Eastern Cape Province boasts remarkable natural diversity, ranging from the dry, desolate area of Great Karoo to the lush forest of the Wild Coast and Keiskamma Valley, the fertile Langkloof and the mountainous southern Drakensberg region at Elliot (Government Communication and Information, 2012:6). The province had a population of 6 829 958 based on the mid-year Population Estimates of 2011 (Government Communication and Information, 2012:6).

7. LIMITATIONS OF THE STUDY

Although it is intended that the study would provide valuable information about the state-initiated co-operatives, the research findings cannot be generalised to the broader population of state-initiated co-operatives in the Eastern Cape due to different socioeconomic conditions and governance situations in different rural parts of the Eastern Cape. The researcher planned to conduct interviews with forty participants in eight focus groups but only managed to interview thirty-six due to unavailability of the participants on the scheduled dates for the interviews. However, due to the saturation of the data that was gathered, the number of participants available for interviews did not have any significant impact.

Another limitation of the study was the low level of illiteracy amongst the participants which made it difficult for them to understand some of the concepts. However, the researcher ensured that all the concepts were explained in simpler terms that suited their level even though it contributed towards lengthening of the scheduled time for each focus group.

8. DIVISION OF THE RESEARCH REPORT

The research report is divided in the following chapters:

Chapter 1 provides the general introduction of the study, the problem statement, goals and objectives of the study, the research question, and a brief overview of the research methodology; definition of the key concepts of the study and the limitations of the study.

In Chapter 2 co-operatives are conceptualised within a theoretical framework of social and community economic development and as a strategy to reduce poverty amongst rural women.

Chapter 3 presents the research methodology and ethical aspects of the study, and the empirical study and findings of the study are discussed.

In the final chapter, Chapter 4, the key findings of the study are outlined and subsequently the conclusions and recommendations from the study are presented.

CHAPTER 2

CO-OPERATIVES AS A STRATEGY TO REDUCE POVERTY AMONGST RURAL WOMEN

1. INTRODUCTION

This chapter focuses on the theoretical framework underpinning co-operatives. The chapter begins by identifying characteristics of the co-operatives and the values and principles underpinning them. This is followed by a discussion on the development of co-operatives and their current operation within the South African and international contexts. The chapter examines the role of co-operatives in eradicating poverty and also reveals the current poverty scenario among rural women in South Africa and the Eastern Cape Province. There is also a discussion on the co-operatives as a strategy for rural women empowerment and the role co-operatives can play in community economic development. The chapter further explores the social development approach as an approach that could be utilised in strengthening the implementation of co-operatives based on its four themes namely, a rights-based approach, social and economic development, democracy and participation, and social development partnerships (Patel, 2005:98). Lastly, the role of the state in the establishment, promotion and running of co-operatives is discussed.

2. CHARACTERISTICS OF CO-OPERATIVES

Co-operatives are those kinds of enterprises and associations that people form voluntarily and independently to meet their own socio-economic needs (Umrabulo 2003:2). Their members control cooperatives in a democratic manner and that distinguishes them from shareholding business or enterprises as the voting rights are assigned to individuals rather than by size of shareholding (Birchall, 2003:3). In order for people to become members of the cooperative, they buy a share or pay an entrance fee to the cooperative and acquire a vote each (Small Enterprise Development Agency,

2007:3). Yousefian ([sa]:1) states that cooperatives create direct opportunities for the poor to earn enough to sustain a decent level of living. Yousefian ([sa]:1) further states that a cooperative is a uniquely appropriate institutional base to reach the poor and involves people's participation in their own development. According to the Co-operative Development Strategy (Department of Trade and Industry, 2004:5) there are two types of co-operatives namely, primary and secondary co-operatives. Primary co-operatives are autonomous associations of persons united voluntarily to meet their economic, social and cultural needs and aspirations through jointly owned and democratically controlled enterprise (Department of Trade and Industry, 2005:5). The secondary co-operatives are aimed at helping primary enterprises to serve their members more effectively and more comprehensively. They provide services such as auditing, training, bookkeeping and advice. A secondary co-operative is formed by two or more co-operatives (Department of Trade and Industry, 2004:5).

According to Philip (2003:3) and Umrabulo (2003:2) the values on which the co-operatives are based include self-help, self-responsibility, self-management, democracy, equity and solidarity. According to the Department of Trade and Industry (2004:4) and Ortman and King (2007:41) there are seven core principles of co-operation and they are universally accepted guidelines through which co-operatives put their values into practice, namely:

- *Voluntary and open membership.* It is recognised that co-operatives are voluntary organisations and admission is open to all persons who are able to use their services and willing to accept the responsibility without any discrimination on the basis of gender, social, racial, political or religious discrimination.
- *Democratic member control.* It is recognised that co-operatives are democratic organisations which are controlled by their members and in which members actively participate in setting their policies and making decisions.
- *Member economic participation.* It recognises that members have to contribute equitably to, and democratically control the capital of their co-operative.

- *Autonomy and independence.* This principle recognises that co-operatives are autonomous self-help organisations and are controlled by their members. Any agreement entered into with other organisations or capital raised from external sources including government, should not interfere with the democratic control by their members and the maintenance of co-operative autonomy.
- *Education, training and information.* It is recognised that co-operatives provide education and training for their members, elected representatives, managers and employees so that they contribute effectively to the development of their cooperatives.
- *Co-operation among the co-operatives.* This principle recognises that co-operatives serve their members most effectively and strengthen the co-operative by working together through local, national, regional and international structures.
- *Concern for community.* It recognises that co-operatives work for the sustainable development of their communities through policies approved by their members.

From a developmental perspective co-operatives are also relevant because they target the poor. The co-operative is a unique type of business as it is controlled by its membership on the principle of democracy as opposed to that of control through shareholding. Intrinsic to co-operative type of enterprise is the common economic, social and cultural needs and aspirations which make co-operatives not to bring its members for narrow business interests. Co-operatives have been in existence for many years and have developed and operated within the context of political and legislative frameworks in South Africa.

2. THE BRIEF HISTORICAL OVERVIEW OF CO-OPERATIVES IN SOUTH AFRICA

In South Africa, co-operatives have developed throughout the 20th century (SEDA, 2007:4). The first co-operative legislation was the Co-operative Act in 1908, followed by the Co-operative Societies Act of 1922 and both Acts focused on agricultural activities (Ortman & King, 2007:45). It was the passing of the Co-operative Act, 91 of 1981 that made provision for the recognition of trading co-operatives (Ortman & King, 2007:45).

Ortman and King (2007:45) further state that the Co-operative Act 91 of 1981 was amended on at least eight occasions. In SEDA (2007:3) it is argued that the definition of co-operatives in the Co-operative Act 91 of 1981 was not adequate and compliance with co-operative principles was not explicitly required from co-operatives. As a consequence, many of the co-operatives did not observe the international co-operative principles as they were often reflected and entrenched in the system of racial discrimination and social inequality rather than change (SEDA, 2007:4). Van der Walt (2005b:2) states that co-operatives as a form of business were mainly associated with the agricultural sector and were established to improve the economic position of the farmers.

The history of co-operatives in South Africa is not separate from the history of apartheid planning and organisation of society and economy (Umrabulo, 2003:1; Jara & Satgar, 2008:5). Umrabulo (2003:1) further states that the concept of co-operative in South Africa was appropriated by various racist regimes to fund and establish institutions geared towards the needs of the Afrikaners in the rural areas, especially for the purpose of agriculture and related business through the enactment of special co-operative legislation and an implementing agency which was the Registrar of Co-operatives. During the apartheid era, white farmer co-operatives were used as important instruments of agricultural commercialisation and successful rural development (Jara & Satgar, 2008:5) These co-operatives had developed into powerful business ventures that control much of agricultural production, marketing and processing in rural areas (Umrabulo, 2003:2). According to Umrabulo (2003:2), the apartheid government promoted the so called agricultural co-operatives for Africans in the Bantustans and there is a debate as to whether these were true co-operatives taking into cognizance the values and principles of co-operatives. Van Niekerk (1988) in Ortman and King (2007:45) reports that co-operative failures in the former homelands of South Africa were due mainly to lack of management experience and knowledge, lack of capital resources and disloyalty of membership due to ignorance. Although the agricultural co-operatives have certainly demonstrated the commercial potential in South Africa, the

apartheid political system under which they were operating has rather tainted their acceptability as a South African success story (Umrabulo, 2003:2).

The South African co-operative has been characterised by the co-existence of a dual co-operative movement with highly developed white-owned co-operatives and weak black-owned co-operatives (Department of Trade and Industry, 2004:1). Despite the lack of formal support the concept of a co-operative has played a role in the lives of Black South Africans. The black-owned co-operatives were unrecognised in both the urban and rural areas and they have survived to this day (Umrabulo, 2003:2). These unrecognised co-operatives included rotating savings and credit schemes of various forms, including Letsama, burial societies, stockvels, mogadisano and social clubs (Umrabulo, 2003:2; Jara & Satgar 2008:5). Since all co-operatives were the responsibility of the National Department of Agriculture as per their registration with the Co-operative Act 91 of 1981, there was a shift regarding the departmental mandate to the Department of Trade and Industry; hence there was an amendment to the Co-operative Act. This was followed by the development of a Co-operative Development Policy which was drafted in 2002 and finally adopted in 2004 (Department of Trade and Industry, 2004:1).

It can be concluded that the development and existence of co-operatives in South Africa reflected the colonial and apartheid past whereby co-operatives were established and developed for the white minority, more in particular the Afrikaners. The legislation that was created also perpetuated the regulation of the co-operative in favour of the then social and political status quo. This resulted in the co-existence of dual co-operatives whereby the co-operative scenario has been that of formally or regulated white-owned enterprises and informal or unregulated weak black-owned enterprises. The advent of the new political dispensation in 1994 brought about the creation of new policies and legislation aimed at developing, promoting and regulating co-operatives based on the democratic values of the current government and international co-operative principles and values. The current policies and legislation governing the co-operatives in post

1994 South Africa have been influenced and shaped by the international developments in the co-operative sector.

3. INTERNATIONAL DEVELOPMENTS IN THE CO-OPERATIVE SECTOR

According to Pollet and Develtere (2004:12) there is a renewed interest in the development and promotion of co-operatives in both the developed and the developing countries of the world. This renewed interest in the co-operatives is described by Schram (2007:1) as the resurgence of co-operatives in a changing global economy. According to Schram (2007:6) co-operatives in nearly every developed country have been major contributors to economic growth and poverty alleviation. Pollet and Develtere (2004:12;13) identify the following factors as contributing towards the renewed interests in the co-operative sector:

- **Multi stakeholder:** This refers to the role of the non state actors (civil society organisations), to national and international goals by insisting on the necessity to take care of the values such as equity, democracy, social justice and sustainability; and the role of the business community which is to generate wealth and brings an efficiency-rationality into the development process. Co-operatives become of great interest as they reconcile both considerations through attaching great importance to the values that are cherished by civil society and by trying to achieve them through business operation.
- **Decentralisation and privatisation:** This is linked to the new developments in relation to the expected role of national governments to be less interventionist and monopolist in their mode of operation. Governments are expected to create room for decentralised authorities and private actors. In this instance, co-operatives are private actors and have a long tradition of working with local and regional authorities.
- **Poverty reduction:** Since the launch of the U.N. Millennium Development Goals in 1999, the development actors are under pressure to re-measure their objectives and re-consider their operations in order to maximise their effect and impact in

terms of reduction of poverty and social exclusion. Many development actors look towards co-operatives to help in achieving this aim of reduction of poverty and social exclusion.

- Specialisation and professionalisation: This is based on the general acceptance that development co-operation should not only rely on benevolent and volunteer action but should be professionalised. It is also recognised that generic skills such as anthropological and sociological insights are needed for everybody who is involved in co-operatives, but in all fields up-to-date know-how and specific competences are needed as well.

According to Jara and Satgar (2008:13) co-operatives have had a long and complicated history due to colonialism and as a result varied colonial traditions of co-operation were foisted on the continent. Jara and Satgar (2008:13) further state that colonial-era co-operatives in Africa were used as instruments to organise cash crop sectors that linked with the needs of colonial trade. Develtere and Pollet (2004:15) argue that co-operatives in post-colonial governments were regarded as key instruments in realising national unity and in promoting an economic strategy controlled at national level. According to Satgar (2007:3) co-operatives became part of the early political economy in various societies. Legislation was introduced by colonial regimes that supported the development of co-operatives (Satgar, 2007:3). The post-colonial governments saw co-operatives as appropriate in reaching high ideals such as national unity and as the most important instrument for an alternative development strategy in the national economic development process (Deleltere & Pollet, (2004:15). Satgar (2007:3) states that as part of post colonial development projects co-operatives failed due to excessive state control. Deleltere and Pollet (2004:15) state “In order to accelerate the introduction of co-operatives, many governments used coercive measure to force people to set up co-operatives and participate in them”. Few of these co-operative institutions were economically viable as they became mere functional organisations of the state apparatus that controlled and incorporated popular sections of society or were locked into patronage systems that fostered dependencies on postcolonial elites (Deleltere & Pollet, 2004:15; Satgar, 2007:3). Satgar (2007:4) argues that in many post colonial

countries the adoption of structural adjustment programmes forced a relocation of fiscal resources away from the national development priorities, which undermined patronage systems, and in many instances co-operatives. Despite the colonial focus of co-operatives on particular activities, the strong state control of postcolonial co-operatives and the market appropriation of co-operatives by neoliberal restructuring, co-operatives in Africa have survived (Jara & Satgar, 2008:14).

In 1966 the International Labour Organisation (ILO) adopted the Co-operative Recommendations and urged governments to develop a planned strategy for co-operative development (Deletere & Pollet, 2004:15). Accordingly the ILO also drafted the six co-operative principles based on the guidelines written by the founders of the modern co-operative movement in England in 1844 (US Overseas Co-operative Development Council, 2007:1). According to Birchall (2004:17), the ILO Recommendations of 1966 reflected the concern of that time that co-operatives were a tool of development and were restricted to developing countries. The very basic concern of the ILO was not to know if government's participation in co-operative affairs was a good thing or not but to determine the way governments should be involved (Schram, 2007:1). This trust in co-operative development led to a more coordinated approach with the coming together of several international organisations in a Committee for the Promotion and Advancement of Co-operatives (COPAC) (Deletere & Pollet, 2004:16). Its members include the Food and Agriculture Organisation of the United Nations (FAO), the International Co-operative Alliance (ICA), the International Federation of Agricultural Producers (IFAP), the International Labour Office (ILO), the United Nations and the World Council of Credit Unions (WOCCU) (Deletere & Pollet, 2004:15). The participation of these international agencies brought about changes in the way co-operatives were approached and applied (Deletere & Pollet, 2004:16). Deletere and Pollet (2004:16) further state that co-operatives were no longer seen as instruments for national economic development, instead, their task was to reach and organising the poor and fulfil their basic needs as a long term challenge. Secondly, a bottom-up approach had to replace the top-down approach of co-operative development (Deletere & Pollet, 2004:16). Participation in co-operatives was equated with empowerment and

was to take place outside the confines of rigid bureaucratic structures. Thirdly, grassroots participation had to be complemented with some kind of de-officialisation whereby co-operative structure had to be appropriately re-structured and government agencies had to retreat from the co-operative scenes in an accelerated way (Deletere & Pollet, 2004:16).

The 1995 ICA congress reformulated the seven principles of co-operatives which guide the formation and operation of co-operatives (Biddy & Shaw, 2005:11). Another significant epoch was UN Guidelines produced in 2001 that was aimed at creating a supportive environment for the development of co-operatives (Birchall, 2004:17). The aim was to provide advice to governments and set out broad principles on which national co-operative policies might be based (Birchall, 2004:17). This was followed by the adoption of Promotion of Co-operative Recommendation, Resolution 193 of 2002 by the International Labour Organisation which states that co-operatives should be considered as one of the pillars of national and international economic and social development (Report of the United Nations Secretary General, 2009:7).

According to Schram (2007:16) it is estimated that approximately 800 million people worldwide are members of co-operatives and another 100 million are employed by co-operatives. The ICA represents 230 member organisations in 100 countries that have 750 million individual members (Schram, 2007:16).

In summary the co-operative sector evolved in both the developed and developing world which resulted in its growth. It has emerged that the involvement of civil society and influence of privatisation have impacted tremendously on the evolution of the co-operative sector. There has also been a movement away from national governments playing a monopolistic role in the operation of co-operatives towards the inclusion of specialised skills or professionalism in the running of the co-operative sector. The involvement of international bodies and organisations such United Nations, ILO and COPAC in their declarations and provision of certain guidelines have contributed towards growth of the co-operative sector and development of policy and legislative

frameworks by different nations of the world. One amongst the important milestones was the launch of the Millennium Development Goals (MDG) by the United Nations in 1999 and thereafter many development actors have viewed co-operatives as vehicles for achieving one of the MDGs of reducing poverty. Poverty is a prioritised MDG goal (UN MDG Report, 2010) and is also highlighted as the priority of the ten social development commitments of the United Nations Copenhagen Social Development Summit (1995:10) and will next be discussed in relation to co-operatives.

4. CO-OPERATIVES AND POVERTY REDUCTION

In this section, poverty will first be defined followed by the description of poverty in the Eastern Cape. Subsequently, the role of co-operatives as a strategy for eradicating poverty will be discussed.

4.1 Definition of Poverty

According to May (2000:5) in Kehler (2001:1) poverty can be understood as a reflection of the inability of individual households or entire communities to command sufficient resources to satisfy socially acceptable minimum standards of living. Dasgupta and Wheeler in Kehler (2000:1) argue that poverty can be conceptualised and measured by the determinants of well-being or alternatively by the access people have to those determinants of well-being. Green (2008:7) views poverty as a multi-dimensional phenomenon whereby it is not much about low income. Sen (1999:20) defines poverty as deprivation of basic capabilities rather than merely as low income. According to Green (2008:20) poverty is a sense of powerlessness, frustration, exhaustion and exclusion from decision making and the relative lack of access to public services, the financial system, and just any other source of official support. Sen in Green (2008:1) views poverty as unfreedoms of various sorts, and thus the lack of freedom to achieve even the minimal satisfactory living conditions. Sen in Green (2008:1) further states that low income can contribute to poverty, but so can a number of other influences such as lack of schools, absence of health facilities, unavailability of medicines, hazardous environmental features and lack of jobs. Green (2008:20) argues that the reverse of

poverty is not simply wealth, but a wider notion of well-being springing from health, physical safety meaningful work, connection to community and other non-monetary factors.

Sachs (2012:20) identifies three degrees of poverty: extreme, moderate and relative poverty. According to Sachs (2012:20), extreme poverty is defined as a situation under which households cannot meet basic needs for survival and this degree of poverty prevails in developing countries. Sachs (2012:20) upholds that the core elements are chronic hunger, no access to health care, no secured access to safe drinking water and sanitation, the unobtainability of education for some or all of the households of education for some or of all of the household's children and perhaps the lack of rudimentary shelter. Moderate poverty refers to conditions where most basic needs are barely met and thus the daily struggle for survival is won, but nothing more (Sachs, 2012:20). With regard to relative poverty, it only occurs in high income countries where prerequisites for upward social mobility are missing (Sachs, 2012:20). Kehler (2001:1) asserts that societal and individual understanding of a socially acceptable minimum standard as well as indicators of well-being differ from country to country and is not a static definition. According to the National Development Plan, R418 is recommended to determine the poverty line in South Africa (Office of the Presidency, 2011:13).

4.2. Rural poverty in the Eastern Cape Province

According to Chambers (1988:2) the extremes of rural poverty in the Third World are an outrage. In the Provide Project (2003:9) it is stated that South African poverty is mostly a rural phenomenon and that rural poverty is estimated at 82% compared to 42% in urban areas. Of the 22 million people living in poverty in South Africa, nearly 3,9 million live in the Eastern Cape (Eastern Cape Development Indicators, 2012:18). This means 44% of South Africa's population and 57% of the province's population live in poverty (Eastern Cape Development Indicators, 2012:18). The unemployed are women, more in particular single parents and people living in poor areas such as rural areas, townships (Office of the Presidency, 2008:49). According to the Office of the Presidency (2008.49)

poverty still reflects apartheid settlement patterns wherein all poor households are found in the former Bantustan regions, informal settlements and historically black townships. Motteux et al, Binns, Nel and Rowntree (1999:2) reveal that in the case of former Transkei Homeland of the Eastern Cape, 92% of its residents were classified as poor in 1995 (Transkei was one of the former Apartheid independent states which was a neighbour to the Eastern and Boarder regions of the then Cape Province of the Republic of South Africa). Motteux et al (1999:262) add that on top of the conditions of material poverty, the frequently autocratic rule of Homeland dictatorship often exacerbated an already existing situation of disempowerment, suppression and dependency. Westaway (2012:116) argues that in the former Bantustans the largest component of household income is welfare transfers. Westaway (2012:116) further argues that in the past ten years there has been a significant expansion of the government's welfare programme in the rural area, more extensively than the urban. Bank, Minkely and Kamman (2010:7) assert that social grants are not just a means of addressing welfare in these communities, but as a central source of livelihoods and income. Westaway (2012:116) and Bank et al. (2010:7) uphold that welfare contributes substantially to the income of the poor as opposed to wages. Bank et al. (2012:116) reveals that 87.1% of rural individuals have no wage income but rely on other sources of income such as social grants.

4.3 Co-operatives as a poverty eradication strategy

Micro, small and medium-sized enterprises have been recognised as a crucial way to promote women's economic empowerment while fighting against poverty and gender inequity (UN Report on Co-operatives [document A164] 2007:4). They have been identified as engines of growth by many governments, and their promotion has been adopted as a development strategy by many institutional and regional players to create new jobs for developing countries and to drive innovation and dynamism. According to the UN Report on Co-operatives [document A164/132], (2007:4), co-operatives promote and support entrepreneurial development, creating productive employment, raising incomes and helping to reduce poverty while enhancing social inclusion, social

protection and community building. Birchall (2003:4) argues that co-operatives have the potential to reduce poverty and provided their values and principles are respected, they can do it more effectively than other forms of economic organisation. The UN Report on co-operatives [document A164/132] (2007:4) further states the more than 100 million jobs around the world are within the co-operative sector. According to Imoisili (2001:6), the United Nations Secretary General's Report to the General Assembly [document A149/213] concludes that co-operative enterprises provide the organisational means whereby a significant proportion of humanity is able to take into its own hands the task of creating productive employment, overcoming poverty and achieving social integration. Imoisili (2001:6) adds that the Report of the UN Secretary General [document A149/213] adds "the co-operatives have continued to be an important means whereby the poor, as well as those better off but perpetual risk of becoming poor, have been able to achieve economic security and an acceptable standard of living and quality of life".

Phillip (2003:3) asserts that in the South African debate the focus has been on worker co-operatives which have been seen as a vehicle for job creation and as providing a democratic alternative to conventional forms of work. According to Yousefian ([sa]:1) cooperatives can alleviate poverty both by providing the basic needs of the poor and by tackling some of the causes of poverty. Yousefian ([sa]:1) further states that a cooperative can contribute towards solving housing needs, improve access to capital, mobilise savings, develop women's potential in generating income and improve health and nutrition. The extent to which co-operatives can achieve these aims depends on a clear definition of their role in national development and favourable government policies, adequate planning and reduced political interference (Yousefian([sa]:1).

According to PRODDER NGO and Development Directory (2008:1), co-operatives provide an alternative model for the implementation of the sustainable, community-based initiatives within South Africa and government actively advocates the use of the co-operatives as a model for social upliftment projects.

Poverty can thus be understood as an inability to meet certain basic or minimum standards for human development and survival. It is clear that poverty remains rife in rural parts of South Africa and is even more prevalent in certain provinces such as the Eastern Cape. The existence of poverty becomes acute more in particular in rural parts of the former Homelands where the majority of the rural population resides. In these areas almost all forms of poverty manifest themselves. Co-operatives are seen as one of the appropriate strategies for intervention in eradicating poverty in rural communities. Rural women are the most affected by poverty in rural South Africa taking into consideration their inherent disadvantaged social and economic status.

5. RURAL WOMEN AND POVERTY

According to Nel and Davies (1999:260) rural women are particularly hard hit by poverty and are in the most urgent need of support and assistance. According to Oberhauser (1998:3) the gendered nature of rural development in South Africa is linked to cultural forces and limited economic opportunities that have contributed to the marginalisation of rural women. According to Barret and Philips (1992) and Spivak (1996) in Skota-Dayile (2002:255) rural women in most cases are excluded in the development process either by the development agencies, the elite and those in authority, yet their contribution to agriculture and farming cannot be ignored. The PRODDER NGO and Development Directory (2008:1) states that rural women in South Africa are most likely to be poor, least likely to have an education and least likely to find employment. In the Draft Conceptual Framework Towards Poverty Eradication in the Eastern Cape (Department of Social Development, 2009:10) it is stated that women, especially single parents and particularly black women, are vulnerable to poverty because they both face persistent gender discrimination and generally have extensive care giving responsibilities.

According to Casel and Posel (2010:46) among African adults in South Africa, poverty rates are especially high among rural women. In 2008, 70% of all African women living in rural areas were poor compared to 55% of rural men, 42% of urban women and 30% urban men (Casel & Posel, 2010:46). According to the SASTats (2012), the

unemployment rate in South Africa was at 25.5%. The SAStats 2011 does not provide specific figures for rural unemployment, more in particular for rural African women. According to SAStats 2000 the total population of women in South Africa was 52% and 47% of them live in rural areas. It also revealed that 57% of African women live in non-urban/rural areas as compared to 32% in urban areas. The unemployment rate amongst the rural women in year 2000 amounted to 53% for all population groups as compared to 37% amongst rural men and the unemployment rate of the rural African women amounted to 56% (Statistics 2000). According to Kehler (2000:6) the rural areas in which these rural women lived are characterised by lack of socio-economic development and infrastructure, lack of opportunities for employment and income generation. Kehler (2000:6) also states that the rural areas are defined by lack of access to basic services such as water, electricity and sanitation. Kehler (2000:6) further asserts that the lack of basic services not only causes health and safety hazards for women, it also defines a situation where women have to spend many hours a day walking long distances in order to fetch water and firewood. The PRODDER NGO and Development Directory (2008:1) further states that rural women are most often responsible for child-care, accessing resources for power, fetching water, preparing for food and caring for the sick and elderly.

Despite the high prevalence of poverty among the rural communities in South Africa, rural women, more in particular the African women, remain the most affected by poverty. This is due to deep rooted cultural practices in rural areas that disadvantage them from participation in important social issues affecting them as women and the general institutionalised exclusion of women in the economic development in society. The impact of Apartheid policies of discrimination and strong patriarchal relations in rural areas have led towards the extreme marginalisation of African women in rural areas; hence they are the most affected by poverty. Co-operatives can be used as a valuable strategy to empower rural women in reducing poverty and overcoming marginalisation.

6. CO-OPERATIVES AS A STRATEGY FOR RURAL WOMEN EMPOWERMENT

In Africa women are known to produce up to 80% of the food, yet they receive 7% share of the agricultural extension service and they own 1% of the land (ILO [sa]:1). As a consequence, women are often found concentrated in subsistence agriculture and unpaid farm work and are excluded from more lucrative agricultural opportunities such as crop production (ILO [sa]:2). According to the Food and Agricultural Organisation (FAO) ([sa]:1), besides the social, political and economic constraints, women often face cultural barriers that restrict their participation in public meetings or place their domestic responsibilities before the economic or social environment in agricultural co-operatives.

The contribution of women to the economic transformation of poor remote villages in developing countries is instrumental. Schram (2007:11) states that if women are left out of co-operatives or excluded from meaningful participation, they cannot influence decisions that may ultimately impact them greatly. According to FAO (n.d.:1) co-operatives can create a safe environment where women increase their self confidence, identify their own challenges, make decisions and manage risks; enable women to exercise political leadership and to learn about financial profitability and accounting. Regardless of the sector they belong to or the type of co-operatives they represent, co-operatives are generally considered powerful vehicles of social inclusion and political and economic empowerment of their members (ILO, [sa]:2). According to the Official Blog of the International Year of Co-operatives (2012:2), the organisation of women into collective enterprises such as co-operatives, enables women to unite in solidarity and provide a network of mutual support to overcome restrictions to pursuing commercial or economic activities. Through co-operative organisation, women have also been able to effect positive change in the social and physical well-being of their families, communities and nation (Official Blog of the International Year of Co-operatives, 2012:2).

The establishment of women-only co-operatives can be a valuable strategy for women to develop their own business, based on their economic and social needs and realities

(FAO, [sa]:1). In FAO ([sa]:1) it is further upheld that numerous women-only co-operatives have demonstrated that women are capable of developing their business and improving their technical knowledge and organisational self-help capacities. According to Official Blog of the International Year of Co-operatives (2012:3) developing women's only co-operatives provides a strategy for including women in the benefits of co-operative organisations while addressing some of the nuances of culture and social practices that may otherwise inhibit their full inclusion.

Co-operatives can be a valuable strategy for empowering rural women because of their inherent values and principles. Because of social gender-based exclusions and some cultural practices that have historically alienated rural women from participating in social, economic and political activities in society, co-operatives become one of the mechanisms for rural women's social, political and economic empowerment. Women-only co-operatives can also allow rural women to gain more confidence and have an opportunity to show their full potential without dominance and intrusion from their male counterparts.

7. CO-OPERATIVES AND SUSTAINABLE COMMUNITY ECONOMIC DEVELOPMENT

Lombard (2003:231) asserts that many community cooperatives are preceded by a community development project. Harris (1998:36) affirms that, according to his own experience, 90% of successful community economic enterprises have first gone through a community development process. The community economic enterprise is thus the outcome of the community development.

Jeffries (1998:55) argues that there is a link between co-operatives, community economic development and community development. According Zeuli and Raden (2005:45), the seventh principle which is concern for community proposes that co-operatives work for sustainable development of their communities through policies approved by their members and therefore, it recognises the link between co-operatives and community development. Zeuli and Raden (2005:35) also state that co-operatives are viewed as important vehicles for community development because they mobilise

local resources into critical mass and their structure allows them to be more community oriented. Jeffries (1998:56) indicates that the commonalities between cooperatives, community economic development and community development are thus guided by democratic decision making processes; they are locally based; the procedures that govern the membership must be kept as simple as possible and their operation should be small enough for members to control. Jeffries (1998:56) further states that there must be a strong commitment to equal opportunities and that the process of running a co-operative is expected to foster skills and self-confidence. According to Van der Walt (2005:4), through a rural collective local entrepreneurship initiative such as a co-operative, wealth is produced and at the same time is kept within the community as opposed to contributing to the formal economy where the beneficiaries are those outside the economy. According to Scarina (2003:14) in Van der Walt (2005:5), some advantages offered by the co-operative form of business are: access to services and supplies at a more favourable rate; volume discounts; and availability of credit and improved delivery since these are required by a group rather than an individual. Van der Walt (2005:5) adds that co-operatives can indeed have a significant and positive impact on the communities in which they are located as they create jobs, have a more long-term commitment to remain in the community and provide local leadership.

In order for the co-operatives to be fostered there is a need for time for reflection; education and development of enthusiasm so that community action can be a means for personal and group growth, development of long-term vision, critical analysis, skills development and the promotion of a wider community awareness and capacity (Jeffries, 1998:57). According to Jeffries (1998:57), in community development people need to develop their ability to recognise the connections between aspects of their personal life experiences and social, economic or political policies and organisational structures. Zeuli and Radel (2005:48) assert that by virtue of being locally developed, locally owned and locally controlled, co-operatives clearly build on a community's human capital, social capital and financial capital. Lombard (2003:231) also argues that if community economic development is to become a strategy for social change it will have to build on community organisation practices and integrate economic development into the rich

tradition of community organisation. Community economic development must therefore be understood as part of a range of strategies and struggles within the common goal of building power and promoting economic development and social change (Shragge, 1999 as quoted by Lombard, 2003:232).

According to the PRODDER NGO and Development Directory (2007:1) co-operatives provide an alternative model for the implementation of sustainable, community-based initiatives within South Africa and the Directory emphasises that government actively advocates the use of the co-operative model for social upliftment projects. The PRODDER NGO and Development Directory (2007:1) further asserts that the reality is that, up until now, many of the projects have failed to be sustainable in the long term. According to USAID as quoted by Gonzalez (1998:32) a development project is sustainable when it is able to deliver an appropriate level of benefits for an extended period of time after major financial, managerial and technical assistance from donor funding is terminated.

Nthomang and Rankopo (1997: 208) argue that political, personal and educational empowerment is a precondition and means to achieving economic development in marginalised communities in developing countries. According to Nssah (2004:509), empowering an individual or group means to grant them the right and ability to act within a specified domain. Narayan in Nssah (2004:509) further states that, based on World Bank interventions, empowerment is defined as the expansion of assets and capabilities of poor people to participate in, negotiate with, influence, control, and hold accountable the institutions that affect their lives. According to Nssah (2004:205) this definition by Narayan adopts an institutional perspective within the context of poverty reduction and identifies four key pillars to institutional reform namely: access to information, inclusion and participation, accountability and local organisational capacity.

Lombard (2003:234) states that while the community project is in a process of securing funding or when in the process of awaiting response, the project can focus on the development of human capital. According to Fawkner (2002) in Lombard (2003:234) the

development of human capital entails the building of personal capacity through skills training in areas such as writing a business plan, preparing funding proposals, bookkeeping, business principles, marketing, advertising, finances, human relations, conflict management and negotiations. Carton et al, (1998:5) assert that for community economic development, the organisation must build organisational structures and develop distinctive competences. Gonzalez (1998:5) also upholds that sustainable development should be equated with human development which means increasing the capacity of rural masses to shape their own destiny and increased collaboration and involvement between beneficiaries and proponents, as well as implementation and maintenance of projects or programmes.

According to Van der Walt (2005:7), co-operatives must be managed effectively in order to survive and each participant, as the co-owner, must be responsible for the success of the business through active participation. Von Ravensburg (1998:25) in Van der Walt (2005:6) is of the opinion that the absence of members' involvement can lead to a situation where the co-operative does not make any positive contribution to its members and neither any contribution towards economic development. Van de Walt (2005:6) points out that the newly established co-operatives should obtain assistance regarding proper financial management and marketing principles. According to the Official Blog of the International Year of Co-operatives (2012:3), in order for the members to be effective, they have to be aware of their rights and roles as members and effective ways for managing co-operative leadership. It is also important that members of the co-operative have adequate knowledge of productive, market and legal processes relevant to their field of work (Official Blog of the International Year of Co-operatives, 2012:3). Van der Walt (2005:6) upholds that the level of skills of the members will also have a direct influence on the assistance that will be needed and the time frame and it is accepted that members may need assistance and guidance regarding management functions for many years and perhaps indefinitely. Van der Walt (2005:8) suggests that the individuals who are interested in establishing co-operatives or who consider to participate in co-operatives alliances should, before committing themselves, be assisted, preferably by "people who are familiar with the co-operative venture".

According to Van der Walt (2005:9) in order for a co-operative to be vibrant and sustainable, an environment conducive for co-operative development should be created and certain aspects should be addressed. Van der Walt (2005:9,10) identifies the following factors that play an important role in making co-operatives effective and enabling them to survive:

- *Effective management.* This can be manifested through avoidance of conflict between members and management.
- *The initiative of co-operative must come from its members.* It must not be an initiative from outside; instead it should be based on a bottom-up approach.
- *Member support and commitment.* Members must be responsible for the daily operation of the co-operative and show continuous commitment towards its existence.
- *Entrepreneurial mindset.* The fact that a co-operative is a form of business needs to be inculcated and an environment for operation of business needs to be created.
- *Co-operative education.* Cooperative education should deal with business, marketing and financial issues.
- *Government support.* Government should provide policy that will enable an environment conducive to co-operative existence and operation.

At the centre of running a co-operative are its members. It therefore becomes important that members of the co-operative are capacitated both in human relations, skills development and organisational management. The co-operative needs also to be capacitated in key areas of business management, including financial management and book-keeping business principles. The capacity building of co-operatives should enhance interpersonal relations that may prevent conflict and yield good business results for the benefit of its members and for the community where the co-operatives are allocated. There is thus an inter-relatedness between economic, social, and human development which is embedded in the social development approach.

8. IMPLEMENTING CO-OPERATIVES BASED ON SOCIAL DEVELOPMENT APPROACH

According to Midgley (1995:23) social development can be defined as a planned process of change designed to promote the well-being of the population as a whole in conjunction with a dynamic process of economic development. Billups (1990:19, 20) gives two conceptualisations of social development. The first conceptualisation refers to the process by which individuals, families, groups, organisations, communities and societies progressively actualise or enhance their potential through actively participating in naturally occurring, mutually beneficial transactions with their environments (Billups, 1990:19). The second conceptualisation of social development by Billups (1990:20) refers to as:-

The collaborative, purposive and interventive actions by which people and social development agents work together at various levels of human systems to influence the direction, to expand or contract the scope, to speed or to slow the pace and to increase or diminish the strength with which various natural social development and maldevelopment processes progress.

Patel (1992) as quoted by Fouché and Delport (2000:65) identifies five goals of social development, namely:

- Improving people material conditions of life.
- Maximising the development of human capacity to create productive and contributing members of a society.
- Promoting individual and collective in an enabling social, economic and political environment in order to promote social and emotional well-being, worth, dignity and self-identity.
- Assisting individuals and groups at various stages of their development and in different circumstances and helping those in need of protection, care, support and material assistance to achieve their optimal development.

- Building grassroots democracy through the empowerment of the people to press for social policies and programmes to meet their needs, to promote their rights, to contribute to and benefits from the fruits of social and economic progress.

Central to the social development approach are its themes as described by Patel (2005:98-110). For the purposes of this study, theoretical framework four themes will be discussed, namely: a rights-based approach; economic and social development; democracy and participation, and social development partnerships (Patel, 2005:98-110).

8.1 A rights-based approach

According to Patel (2005:99) the principles under-girding the White Paper for Social Welfare (1997) reaffirm government's commitment to securing basic welfare services, human rights and active citizen participation in promoting human well being. The rights-based approach should be a milieu of rights that the members of the society are entitled to, namely the social and economic rights, civil and political rights. According to Patel (2005:98-99) these rights are judicially enforceable and the Constitution of South Africa, 1996 obligates the state to give effect to these rights within the available resources and to progressively achieve the full realisation of these rights. The rights can be obtained through practicing social justice which is about upholding and protecting rights, opportunities, obligations and social benefits equally for all citizens, especially the most disadvantaged.

The co-operative members, and more in particular those who have been disadvantaged in the past, should be made aware of their rights first as human beings. This refers to knowing about the rights that are more specific to special groups that were systematically excluded from the mainstream of the society such as women and people with disabilities. They need to know about their rights that are peculiar to them as "special groups" as they are promoted and enshrined in international instruments and national laws such as the Constitution of the Republic of South Africa, 1996. The members of the co-operatives should not only know about their rights, but should also

be able to exercise them and have access to opportunities to realise them. The objective of empowering women through co-operative involvement and participation will not be achieved if their rights are not guaranteed and accessed.

8.2 Social and economic development

The White Paper for Social Welfare's (RSA, 1997:3) reference to the principle on economic and social development refers to the interrelationship between economic and social development. According to Patel (2005:103), development must be accompanied by redistribution through social investments in key social sectors that can make a significant contribution to human and social capital and which can improve human development. Sen (1985;1999) as quoted by Patel (2005:103) describes social investment programmes that contribute to economic growth and social progress as human capabilities that promote participation and social inclusion in the economy and in turn lead to positive economic results. In this context *human capital* refers to capacity building programmes and *social capital* to social networks that encourage trust and co-operative social integration (Patel, 2005:105). Eade (1997:24) defines *capacity building* as an approach to development that involves identifying the constraints that women and men experience in realising their basic rights, and finding appropriate vehicles through which to strengthen their ability to overcome the causes of their exclusion and suffering. Eade (1997:24) further states that capacity building is an approach to development and hence capacities cannot be separated from development which is evident in the following statement when defining capacity building:

Capacity building is a response to the multi-dimensional processes of change, not a set of discrete or pre-packaged technical interventions intended to bring about pre-defined outcomes. In supporting organisations working for social justice, it is also necessary to support the various capacities they require to do this: intellectual, organisational, social, political, cultural, material, practical, or financial.

Diaz, Drumm, Ramirez-Johnson and Oidjarv (2002) as quoted by Patel (2005:104) uphold that strengthening of community networks, trust and co-operation, participation

and community care and support are important goals in themselves, and such networks, when combined with local economic development strategies, have improved the financial situation and the level of sufficiency of communities. According to Gittel and Vidal (1998:18) social capital as social support is relying on others to help individuals to get by or simply cope with life challenges.

The strengthening of social capital is pivotal for the development and sustainability of any co-operative. It can be concluded that community cohesion and other social networks could serve as a support base for the co-operative in various ways. Firstly, it could serve as an economic support through consumption of products by the members of the community. Secondly, it could serve as a social support whereby community members would identify themselves with the co-operative thereby developing a sense of ownership. Thirdly, social capital could serve as a political support whereby the decision making structures in the community could link the co-operatives to other resources or would secure provision of infrastructure and other services that will be of benefit for the sustainability and growth of the co-operative. The capacity building of the co-operative members in all aspects related to the management of the co-operative and the nature of the business they are pursuing is thus central to the development and sustainability of the co-operative.

8.3 Democracy and participation

Johnson (2007) in Schram (2007:17) states that co-operatives hold the potential of being a driving force in the developing world, provided they can operate in a democratic environment. Johnson (2007) (in Schram, 2007:17) further states that for the poor around the world, co-operatives can provide a much needed opportunity for self-determination and empowerment. According to Patel (2005:105) whilst the Constitution of the Republic of South Africa, 1996 makes provision for democracy in the political sphere, it also takes a broader view of democracy by referring to the social sphere or broader social life, i.e. workplace, school, community, family and other institutions of society. Patel (2005:105) states that citizen participation in development is critical to

ensure accountability by government and civil society for their actions. According to the World Health Organization as quoted by Gonzalez (1998:18), community involvement means that people who have both the right and duty to participate in solving their own health problems, have greater responsibility in assessing the health needs, mobilising local resources and suggesting new solutions, as well as creating and maintaining local organisation. Lisk (1981) as quoted by Gonzalez (1998:17) maintains that participation includes people's involvement in decision making processes, in implementing programmes, their sharing in the benefits of development programmes, and their involvement in efforts to evaluate such programmes. There is a distinction between passive and active participation (Thomas-Slayter and Sodikoff (2001) in Green & Nieman, 2003:166). Passive participation is when the initiative comes largely as information from an outsider, such as a donor, often in the form of suggestions or instructions and leading to dependency (Thomas-Slayter & Sodikoff, 2001 in Green & Nieman, 2003:166). In contrast, active participation arises within the community when community members themselves become involved as their own agents of change, although they may work in co-operation with outside resources and the advantages are that leadership develops and organisations grow as a result of the initiatives they undertake (Thomas-Slayter & Sodikoff, 2001 in Green & Nieman, 2003:166).

Amongst the seven core principles of co-operatives which have been discussed earlier under the characteristics of co-operatives (see section 2) are democratic member control and member economic participation. In order for democracy to be strengthened and sustained within the co-operative operation, it needs to be built and strengthened in the wider community where the co-operative is situated. This will create a base for rich values and practices of democracy and perhaps open a window for learning best practices of democracy within the community. Again, members of the co-operative should also exercise active participation in other activities in the wider community in order to have influence for the benefit of the co-operative. Active participation can be fostered through capacity building and support and through opening of opportunities for active participation.

8.4 Social development partnerships

According to Wilson (2005:283) social development partnership is a voluntary and collaborative agreement between one or more organisations whereby all the participants agree to work together to achieve a common purpose or undertake a specific task. Wilson (2005:283) further states that the key features of social development partnerships are sharing risks, responsibilities, resources, competencies and benefits. In social development partnerships, the partners recognise that they are mutually dependent on one another and agree to work together under a shared process of decision making and joint problem solving (Wilson, 2005:283). Wilson (2005:283) asserts that through collaborative partnering, duplication and fragmentation of services in service delivery at local levels could also be addressed.

Edwards (1997) as cited by Eade (1997:48) maintains that co-operation is difficult between unequals which render a partnership impossible. Eade (1997:49) argues that capacity building through partnership is intended to enhance the quality of people's relationships within societies, and beyond; NGOs can contribute positively only if their own relationships are based on mutual trust and two way learning, and not merely on the transfer of money. In their study on the use of the livelihoods approaches in South Africa, Cooper, Goldman, Moscow, Marumo and Toner (2002:24) discovered that in many cases where projects were conceived by governments in partnership with poor communities, the relationship had soon become imbalanced because the project gets taken over by government officials. Cooper et al. (2002:24) attributes such a takeover to a lack of a rights-based approach to development; when communities begin to see development efforts as a favour from government and agencies do not take any responsibility to ensure success of intervention.

In the context of the co-operatives under study the partnership should exist between the co-operatives as independent organisations and the government as a funder, more in particular the Department of Social Development. The co-operatives should also be partnering with other government departments such as Education, Health, Cooperative

Government and Traditional Affairs, Economic Development and Environmental Affairs and Agriculture who according to the author, have an essential role to play in the empowerment and sustainability of co-operatives. These departments should assist in the sustainability of co-operatives within the scope of their mandates on poverty eradication. The researcher is also of the view that the partnership with these government departments should be brokered through an integrated approach to prevent duplication and fragmentation of the assistance rendered.

Other partnerships need to be fostered between co-operatives and development agencies such as SEDA and NDA that also have a mandate to facilitate small business development and poverty eradication respectively. The co-operatives need also to form partnership with other non government organisations that are also involved in poverty eradication initiatives for any purpose that in the end would be contributing towards empowerment of co-operatives. Another partnership that should be considered is that with small to medium enterprises that are not necessarily operating as co-operatives within the jurisdiction on the local municipality. Through this partnership the co-operatives may extract business skills and gain knowledge pertinent to managing small and medium enterprises. Lastly, the co-operatives need also to foster a partnership within the network of co-operatives by becoming members of the co-operative movement or any organisation that brings the co-operatives together. This would give the co-operatives an opportunity to interact with other co-operatives for support and learning. The state is viewed as an important partner in making co-operatives effective in its role to establish, promote and to support co-operatives as highlighted in international and local guidelines, policies and legislation.

9. THE ROLE OF THE STATE IN THE ESTABLISHMENT, PROMOTION AND RUNNING OF CO-OPERATIVES

It was mentioned earlier in this chapter (see section 2) that governments used co-operatives as instruments for fulfilment of national economic development agendas where authoritative measures were used to force people to set up co-operatives and

participate in them (Deletere & Pollet, 2004:15). The International Labour Organization (ILO) (2001:5) indicates that the developing world experienced several decades of working with state-sponsored and state-controlled co-operatives which had been introduced by the colonial powers as development tools and subsequently used by the governments of the independent states for similar purposes. The ILO (2001:5) further states that in developing countries there was a greater need for clear guidelines on ways to promote, establish and run co-operatives when Recommendation No 127 of the International Labour Organization was drafted.

One of the objectives of the policy on co-operatives as stated in Recommendation No 127 of the ILO (1966:2) is that governments of developing countries should formulate and implement a policy under which co-operatives receive aid and encouragement of an economic, financial, technical or legislative character, without having an effect on their independence. The financial aid given to co-operatives by government or any other outside donor should not entail any obligations contrary to the independence or interests of the co-operatives and should be designed to encourage rather than replace the initiatives and efforts of the co-operative (ILO, 1966:2). The International Labour Conference (ILC) report V (1) (2001:21) states that in many parts of the world governments have made serious mistakes when attempting to promote and develop co-operatives where they established schemes that have only had the result of inhibiting the potential of co-operatives for co-operative growth and expansion. The ICL Report V(1) (ILO, 2001:21) states that any government stimulation aimed at developing specific forms of co-operatives will be temporary or transitional in nature and carried out in ways that respect the integrity of the co-operative as an autonomous institution controlled by free citizens. The ICL Report V(1) (ILO, 2001:21) further states that it needs to be recognised that co-operatives are essentially self-managed, self-help enterprises, so that any direct intervention in their affairs is ultimately self-defeating as a means of securing co-operating development. On the role of the governments the ILO Recommendations 193 (2002:3) state that Governments should provide a supportive policy and legal framework consistent with the nature and function of co-operatives and guided by co-operatives' values and principles. Such policies should establish an

institutional framework with the purpose of allowing registration of co-operatives in a rapid, simple, affordable and efficient manner (ILO Recommendation, 2002:3). According to the Recommendation 193 (ILO, 2002:3), governments should also provide for the adoption of measures for the oversight of co-operatives, on terms appropriate to their nature and functions which respect their autonomy, which are in accordance with national law and practice and which are not less favourable than those applicable to other forms of enterprise and social organisation. In implementing public policy for the promotion of co-operatives, governments should adopt specific legislation and regulations on co-operatives which are guided by the co-operative values and principles (ILO, 193, 2002:5). Recommendation 193 (ILO, 2002:5) states that governments should also consult co-operative organisations in the formulation and revision of legislations, policies and regulations applicable to co-operatives. Governments should also facilitate access of co-operatives to support services in order to strengthen them, their business viability and their capacity to create employment and income (ILO, 2002:5).

In South Africa a policy for co-operative development came into effect in 2004, two years after the adoption of the ILO Recommendation 193 which was adopted by the General Conference of the International Labour Organisation. The delegation from the Republic of South Africa was one of the major driving forces in the process of formulating of new labour standards that became enshrined in the ILO Recommendation 193. The co-operative policy for South Africa became to be known as A Co-operative Development Policy for South Africa. A Co-operative Development Policy for South Africa (Department of Trade and Industry, 2005:5-6) seeks to achieve the following objectives and purposes, namely:

- Create an enabling environment for co-operative enterprises which reduces the disparities between rural and urban businesses, and is conducive to entrepreneurship.
- Establish a legislative framework that will preserve the co-operative as a distinct legal entity.

- Facilitate the provision of support programmes that target co-operatives specifically co-operatives that create employment or benefit disadvantaged groups.
- Improve communication between government and the co-operative movement. The policy also forms the basis for the new Co-operative Act, 14 of 2005; it serves as a reference for co-operative members by explaining why and how the government supports co-operatives and by determining the relationship between the state, co-operatives, civil society and the private sector.

The state has a key role in ensuring that co-operatives are established as another form of business with a high potential of contributing towards national economic development. The International Instruments such as ILO Recommendation 193 outline the role of the state in the establishment, promotion and running of co-operatives. The state should provide the legislative framework for the establishment of co-operatives, develop a strategy for the promotion of co-operatives and put in place support services for the running of co-operatives. However, the role of the state in establishing, promoting and supporting of co-operatives should not compromise the co-operatives' principles and values.

9. SUMMARY

In summary, co-operatives are types of enterprises that are formed voluntarily and independently to meet the socio-economic needs of their members. They have been in existence for more than a century in South Africa and other countries of the world. The policies and legislation guiding the implementation of co-operatives have been shaped and influenced by the political and economic conditions of the time. Members join co-operatives by paying entrance fees and getting a vote each. There are values underpinning co-operatives and those values have to be put into practice through seven core principles which are universally accepted guidelines. In order for the co-operatives to be successful, they must adhere to these seven core principles. Co-operatives can be used as a strategy to reduce poverty among the poor. Co-operatives can also be

used as strategy to empower rural women. The extent to which co-operatives can achieve this depends on a clear definition of their role in national development and favourable government policies, adequate planning and reduced political interference. The co-operatives should be implemented within the social development approach as its four themes embrace the seven core principles of co-operatives. Central to the social development approach is recognition of human rights, building of social and human capital for social and economic development, democracy and active participation and stakeholder participation as the principles that can lead to the effective establishment and implementation of co-operatives. The state should play its role towards establishment, promotion and supporting of co-operatives, however, its role should not compromise the co-operatives' value and principles.

CHAPTER 3

RESEARCH METHODOLOGY AND EMPIRICAL FINDINGS

1. INTRODUCTION

In this chapter the researcher will present an overview of the research methodology applied during the study, the ethical aspects relevant to the study and the empirical findings of the study. The study was guided by the following research question: *What are the challenges faced by the state-initiated women's co-operatives in the Mbashe area of the Eastern Cape in reducing poverty?*

The research methodology and ethical aspects of the study will firstly be presented, followed by the empirical findings of the study and finally, a brief conclusion.

2. RESEARCH METHODOLOGY

2.1 RESEARCH APPROACH

The qualitative approach was used for the study to explore and elicit the participant's account of meaning, experience or perception of the state-funded rural women's co-operatives in the Mbashe area (Fouché & Delport, 2005:74) with the intention to have a better understanding of the challenges they have in reducing poverty (Denzin & Lincoln, 2000:3;4).

2.2 TYPE OF RESEARCH

The study was applied as the researcher wanted to research the challenges for the state-initiated rural women's co-operatives in the Mbashe area in order to better

understand their problems and also to create practical solutions for state-initiated women's co-operatives in becoming sustainable in reducing poverty (Cresswell, 2005, 2005:80).

2.3 RESEARCH DESIGN AND METHODS

In this section research design, research population, sample, sampling methods, the data collection methods and data analysis are described.

2.3.1 Research design

In determining the research design, the researcher was guided by the strategy, the conceptual framework, the question of what would be studied and the tools to be used for collecting and analysing empirical material (Punch, 2005:142). The researcher has utilised the case study design and more specifically, the intrinsic type of case study whereby the focus was solely on the aim of gaining a better understanding and describing the case being studied, namely women co-operatives funded by the state (Fouché, 2005:272). The intention was thus to better understand the intrinsic aspects of the rural women's situation (Punch, 2005:144) in order to find solutions to the identified challenges that they face in reducing poverty through sustainable state-funded co-operatives.

2.3.2 Population, sample and sampling method

2.3.2.1 Population

The population for the study was the eight state-funded rural women's co-operatives in the three magisterial districts in the Mbashe area of the Eastern Cape which was the total set of co-operatives that the researcher selected as units for the study (cf. Bless & Higson-Smith, 2000 in Strydom 2005a:193; Mouton, 1996:134; Schutt, 1996:153 and O'Leary, 2004:132).

2.3.2.2 Sample and sampling method

The sample for the study was comprised of four rural women's co-operatives who were selected through purposive sampling (Strydom, 2005a:194). The four women's co-operatives were chosen because they displayed certain attributes or features which the researcher was interested in (Strydom, 2005a:202; Silverman, 2005:187; Berg, 2004:361). Two of the co-operatives were from one magisterial district, namely Dutywa and the other two respectively from Willowvale and Elliotdale. The co-operatives were chosen according to the following criteria:

Co-operatives should have

- operated as community projects for a minimum period of three years prior to receiving funding from the Department of Social Development and Special Programmes;
- the membership actively involved in the daily execution of the co-operative activities; and
- a representative executive management committee in place.

2.4.3.1 Data Collection

The researcher used document study and focus groups as the data collection methods. For the document study and analysis (Strydom & Delport, 2005:315) data was collected from the existing Departmental documents such as Annual Reports, Annual Strategic Plans, and Annual Performance Plans (Trochim, 2006:107). These documents are in the public domain as they are available on the Departmental website. In addition to these documents, the researcher used business plans for the awarding of funds, constitutions, letters indicating allocation for funding, service level agreements and the business plans of the co-operatives. Access to these documents was gained through permission from the Provincial Department of Social development and Special Programmes.

Focus groups were used in order to understand the world from the rural women's point of view, to unfold the meaning of their experiences and to uncover their daily operations of the state-funded co-operatives (Greeff, 2005:287). The researcher used a semi-structured interview schedule (see Appendix 2) to guide the focus group discussion (Greeff 2005:287). Two focus groups were identified in each selected co-operative. The two focus groups in each co-operative were comprised of executive members (who are also members of the co-operative) and the general members of the co-operatives. The two focus groups from the sewing co-operative were respectively comprised of four participants from the executive committee and five from the ordinary members. The focus groups from the chicken producing co-operative were respectively comprised of four ordinary members and five executive members. The crop production co-operative had four executives in one focus group and five ordinary members in the second focus group. The two focus groups in the egg producing co-operative were comprised of four ordinary members and five executive members respectively. For the sewing, egg and chicken producing co-operatives the two focus group sessions were held on different days and for the crop production co-operative, the two focus groups were convened on the same day. The arrangement of convening focus groups sessions on one or two different days was determined by the availability of the members of the co-operatives on the arranged dates. The researcher recruited forty participants based on ten members per focus group per co-operative. However, only thirty six members were interviewed from the four co-operatives. The reason for not reaching the intended sample target was because on the scheduled day for the interviews, some of the members were not present due to personal commitments. One executive member was absent from the sewing co-operative. One member of the executive in the sewing co-operative had just left a few days ago before the scheduled date for the interviews to visit her daughter in the Western Cape who was sick. Her return date was not known. One member of the executive of the crop production co-operative had an urgent matter to attend to on that day. One member of the executive of the chicken producing co-operative had a family bereavement and she was going to be away for two weeks. The focus group at the egg

producing co-operative for ordinary members was comprised of four participants as other members in the co-operative were attending to preparations for a funeral service in the community.

The focus groups were conducted in the co-operatives own nonthreatening environment (Steward & Shamdasani, 1998:505; Greeff, 2005:300). The interviews were conducted in Xhosa as all participants were Xhosa speaking. One of the disadvantages of focus groups is that some subjects are likely to be influenced by others (Bless & Higson-Smith, 1995:114); hence the executive and ordinary members were interviewed separately so that ordinary members could comfortably express themselves in the absence of those who hold leadership positions in the co-operative.

The researcher conducted a pilot study similar to the main investigation to determine the appropriateness of the study (Strydom, 2005b:206). The pilot study was conducted by interviewing ten members from one of the state-initiated rural co-operatives in the Emalahleni area who are not included in the main study. The co-operative in which the pilot study was conducted in Emalahleni and the participants met the sampling criteria for the main study. The participants gave informed consent for participating in the study. There were no changes made to the interview schedule as it managed to elicit the appropriate response from the participants.

2.4.2 Data Analysis

The researcher used a spiral process of data analysis (Cresswell (2007) in De Vos (2011:403) whereby the researcher moves in analytic circles rather than using a fixed linear approach. During this process the researcher took the following steps: planning for recording of data, data collection and preliminary analysis, managing or organising the data and generating categories, themes and patterns.

3.4.2.1 Planning for recording of data

The researcher used a tape recorder during the interviews. In the planning process, the researcher remained aware that techniques for recording, observation, interaction and interviews did not intrude excessively on the ongoing flow of the interviews (De Vos, 2005:334). The researcher previously negotiated consent with the respondents for the use of a tape recorder.

3.4.2.2 Data collection and preliminary analysis

Within the context of a qualitative study the researcher was aware that there is an inseparable relationship between data collection and preliminary analysis, in order to build a coherent interpretation of the data (De Vos, 2005:335). The researcher started with the analysis by coding the data.

2.4.2.3 Managing or organising the data

The researcher used a thematic analysis for the focus group data and managed and organised the recorded data into file folders and then converted their files to appropriate text units, e.g. a word and sentence for analysis (De Vos, 2005:336). During this process, the researcher interpreted recorded data from Xhosa into English.

2.4.2.4 Generating categories, themes and patterns

As categories of meaning emerged, the researcher sought for categories which are internally consistent but distinct from one another (De Vos, 2005:338). In the process of generating categories, the researcher had therefore noted patterns in the documents and categorised them accordingly (Rubin & Babbie, 2010:241). The researcher had avoided using pre-conceived categories, and instead had allowed the categories and

themes for the respective categories to emerge from the data (Hsieh & Shannon, 2005:1279).

2.5 Trustworthiness of data

The trustworthiness of the study was ensured through auditing trail and reflexivity. According to Schurink, Fouché and De Vos (2011:422) an auditing trail is a systematic maintained documentation process of the research, continuous critical analysis of all decisions and actions taken during the entire research process. The auditing trail implies that the research can be understood not only in terms of what was discovered but how it was discovered. The researcher was always thoughtful about the actions and decisions he took during the research process so that the study could yield reliable data. The researcher ensured that ethical conduct was upheld throughout the study. According to Rubin and Babbie (2008:47), ethics are central to the trustworthiness of any study if they have not been applied for procedural purposes but were honestly engaged throughout the study. The researcher ensured that ethical conduct was upheld throughout the study by being self-critical about his authority as a researcher thus ensuring that his views did not influence those of the participants. The validity of the data was also ensured through follow up verification of the data from the participants. The researcher requested cell phone numbers of one member of the executive from each focus group and could phone and get clarity on some information that was not clear pertaining to dates or names of other organisations that were mentioned during the interviews.

3. ETHICAL ISSUES

“Researchers have an ethical responsibility to both humans and nonhumans who participate in a project and responsibility to the discipline of science to be accurate and honest in the reporting of their research” (Strydom, 2005c:56). The researcher ensured the interests of the participants were respected at all times by adhering to the ethical

aspects indicated below. The study was also ethically approved by the Faculty of Humanities Ethics Committee of the University of Pretoria (See appendix 9).

3.1 Avoidance of harm and welfare of the respondents

In this study the participants were likely to have a poor economic and social background. The motive behind joining the co-operative was most likely the suffering caused by economic and social hardship. Harm can manifest in the form of mental and physical health and safety (Sarantakos, 1998:23). In the context of this study the researcher was particularly alert to emotional harm which is often more difficult to predict and to determine than physical discomfort but often has more far-reaching consequences for correspondents (Strydom, 2005c:58).

The researcher remained sensitive by ensuring that questions that had the potential to evoke emotions due to feelings associated with possible hardships were minimised or avoided. The researcher explained to the research participants what was expected in relation to the types of questions, the degree of sensitivity of questions and the possible consequences that the questioning and the research in general might have on them (Sarantakos, 1998:23). In addition, the researcher also prepared participants on the time likely to be spent on the focus groups. There were two cases that emerged where participants indicated hardships in relation to their personal lives which were referred to the local social workers' offices.

3.2 Informed consent

The researcher obtained written informed consent from participants in their mother tongue, which is Xhosa (see Appendix 2). Given the informed consent from the participants, it implied that they had all possible information on the goal of the investigation; the possible advantages and disadvantages of participating and the credibility of the researcher (Strydom, 2005c:59). They were fully aware that their

participation was voluntary and that they could withdraw from the study any time they wished so.

3.4.3 Violation of privacy/confidentiality

Privacy implies the element of personal privacy while confidentiality indicates the handling of information in a confidential manner (Strydom, 2005c:61; Punch, 2005:277). The researcher ensured confidentiality by assuring the respondents of the non-disclosure of their personal identities in writing up the research findings. The protection of anonymity for the participants is a crucial issue and much more difficult to maintain in a focus group as opposed to a large scale survey (Flick, 2007:126). In ensuring that confidentiality was preserved within the focus groups, members were requested to undertake that whatever would be said within the group, would be kept confidential by all. The researcher also applied sensitivity by ensuring participants that where privacy of subjects was relevant, all personal data was concealed and made public only behind a shield of anonymity (Denzil & Lincoln, 2000:139). To conceal the personal data from being made public, participants are only referred to in the study as members or participants.

3.4.4 Release or publication of the findings

The research findings were released in the form of this research report. In addition, the research report will be submitted for publication in a scientific journal. This was made known to the respondents in their informed consent letters. For this purpose, the research findings were formulated and conveyed clearly and unambiguously to avoid or minimise misappropriation by the participants.

4. EMPIRICAL FINDINGS OF THE STUDY

This section begins with the biographical information of the participants by presenting the frequency and the percentage of the participants per variable. The empirical findings of the study will be presented through themes and subthemes which have been generated by the researcher by identifying recurring responses and expressions of participants, and content analysis of documents by looking for recurring themes in the documents and categorising them accordingly.

4.1 BIOGRAPHICAL DETAILS OF THE PARTICIPANTS

All the four co-operatives that were studied were funded by the Department of Social Development and Special Programmes during the financial year 2009/2010. During the period of study the egg and the chicken producing co-operatives were registered as non-profit organisations and the crop production and sewing co-operatives were registered as co-operatives in terms of the Co-operatives Act of 2005. The crop production co-operative held an exception as it was registered both as a co-operative and as a non-profit organisation. As already indicated earlier, the total number of respondents who participated in the study was thirty six. The participants came from an egg producing co-operative; a chicken producing co-operative; a crop production co-operative and a sewing co-operative. Seventeen members were executives and nineteen were ordinary members of the co-operatives. Four out of thirty-six participants were males. Two male participants belonged to the sewing co-operative. The other two male participants were from crop production and chicken producing co-operatives respectively.

The age and marital status of participants are summarised in Tables 1 and 2 below.

Table 1: Age distribution of participants

AGE DISTRIBUTION	FREQUENCY	PERCENTAGE
20-25yrs	2	6
26-31yrs	2	6
32-37yrs	2	6
38-43yrs	4	12
44-49yrs	8	20
50yrs+	18	50
Total	36	100%

The age distribution indicates that half of the participants were 50 years of age and older and only two of them were males. Few of the participants were youth as in the figure 18% of the total number of participants was between the ages of 20-25; 26-31 and 32-37 years. Two out of the total number in this age category were males. The high number of older persons participating in these co-operatives may suggest that young people are employed outside the community, e.g. in the urban areas, or survive on other livelihoods elsewhere due to lack of socio-economic development, lack of infrastructure, lack of employment to limited employment opportunities and income generation in the rural areas (Kehler, 2000:6).

Table 2: Marital status

MARITAL STATUS	FREQUENCY	PERCENTAGE
Single	9	26
Married	19	50
Divorced	2	6
Widowed	6	18
Living with partner	0	0
Total	36	100

More than half of the participants were married with an insignificant number of divorcees. The significant number of married members among co-operatives could be seen within the context of limited opportunities of seeking livelihoods outside their

communities as their marital status often commits them to family and community responsibilities that are embedded in their cultural values. Obserhauser (1998:3) argues that the gendered nature of rural development in South Africa is linked to cultural forces and limited economic opportunities that have contributed to the marginalisation of rural women.

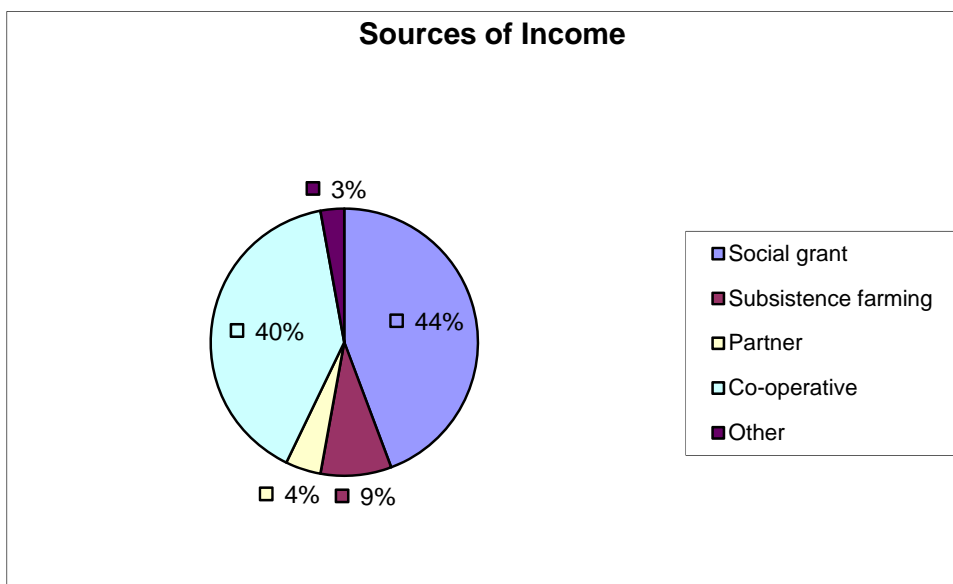


Figure 1: Sources of income

Co-operatives as a source of income have benefitted 40% of the members. They get paid once or twice a year through the money that has been accumulated through selling of products. Forty four percent of the participants are social grant beneficiaries. The finding

about significant number of members who are on social grants concurs with Westaway's (2012:116) research that in the former Bantustans the largest component of household income is welfare transfers as a source of livelihoods and they contribute substantially to the income of the poor as opposed to wages (Bank et al., 2010:7).

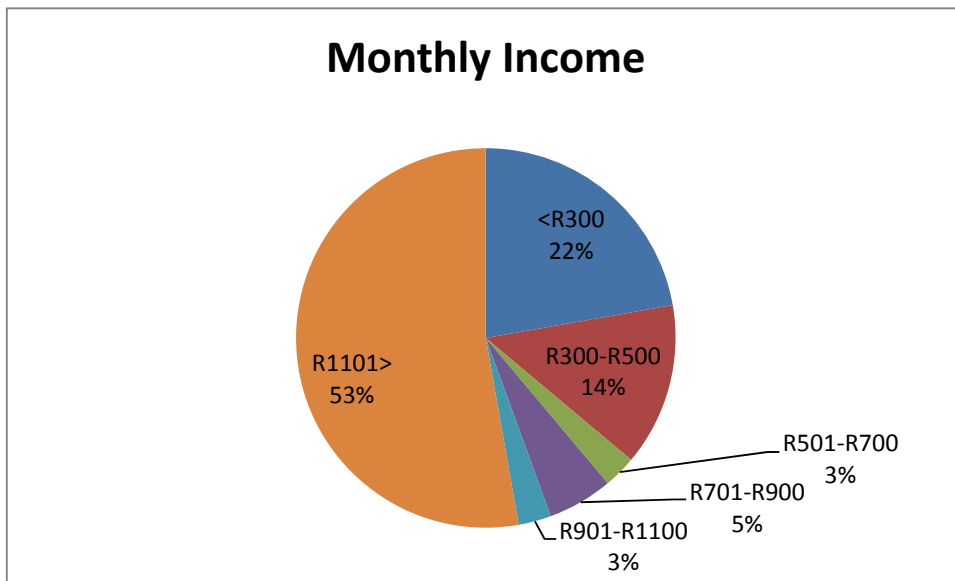


Figure 2: Monthly income

A significant number of members had an income of more than R1100 a month. Figure 1 indicates that 50% of the members were more than 50 years old. During the study it emerged that most of the participants were already on old-age grants and also earn other types of social grants such as the child support grant and foster care grant as they were also taking care of their grandchildren due to migration and death of their parents. According to Westaway (2012:116), there has been a significant expansion of government's welfare programmes in the rural population during the past ten years.

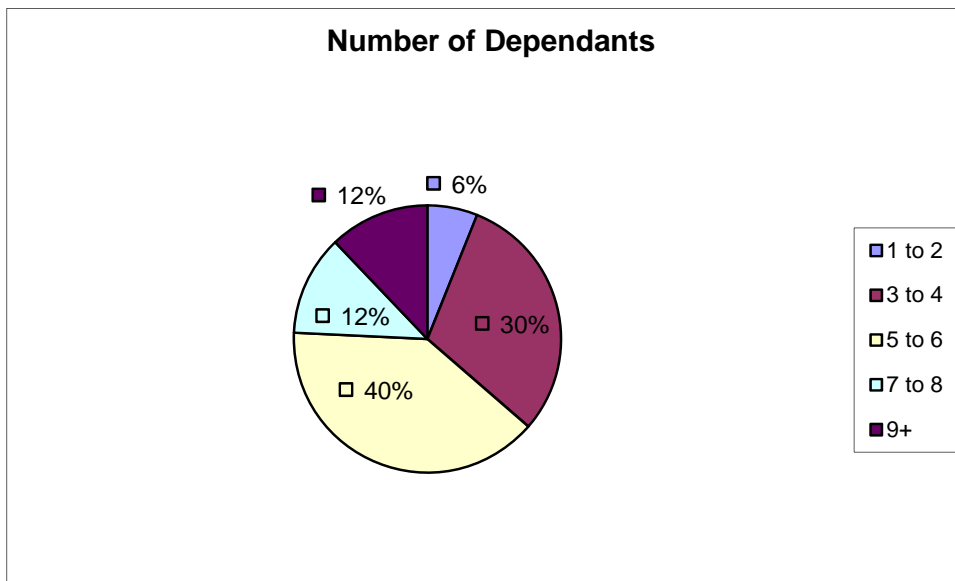


Figure 3: Number of dependants

The findings show that the participants had 5 to 6 dependants and very few had between 1 to 2 dependants. The above findings concurs with the Draft Conceptual Framework Towards Poverty Eradication in the Eastern Cape (Department of Social Development, 2009:10) that single parents and particularly black women are vulnerable to poverty because they both generally have extensive care giving responsibilities.

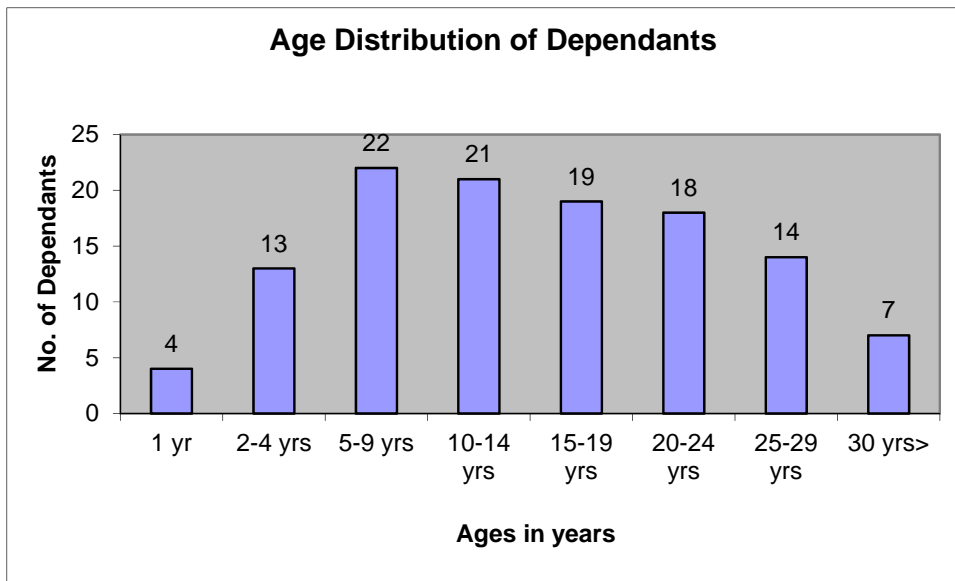


Figure 4: Age distribution of dependants

The findings indicate a high number of dependants between the ages 20-24 years and 25-29 years old who should be economically active and able to earn their own income. The high unemployment and poverty rate are in accordance with the 3.9 million people living in the Eastern Cape (Eastern Cape Socio-Economic Consultative Council, 2012:18).

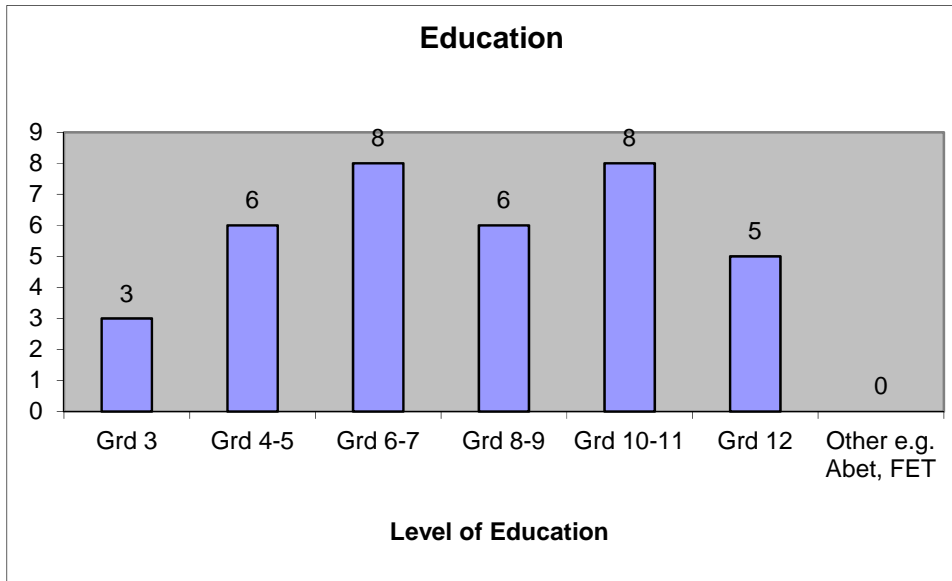


Figure 5: Education

The findings reveal that more than half of the participants are literate. An illiterate person is defined as person of 20 years and older who has achieved at least seven years of education (passed grade 7) (Eastern Cape Socio-Economic Consultative Council, 2012:19). According to PRODDER NGO and Development Directory (2008:1) rural women in South Africa are most likely to have an education and are least likely to find employment. Only 13% of the participants had passed grade 12 and none has received any further educational training or adult basic education.

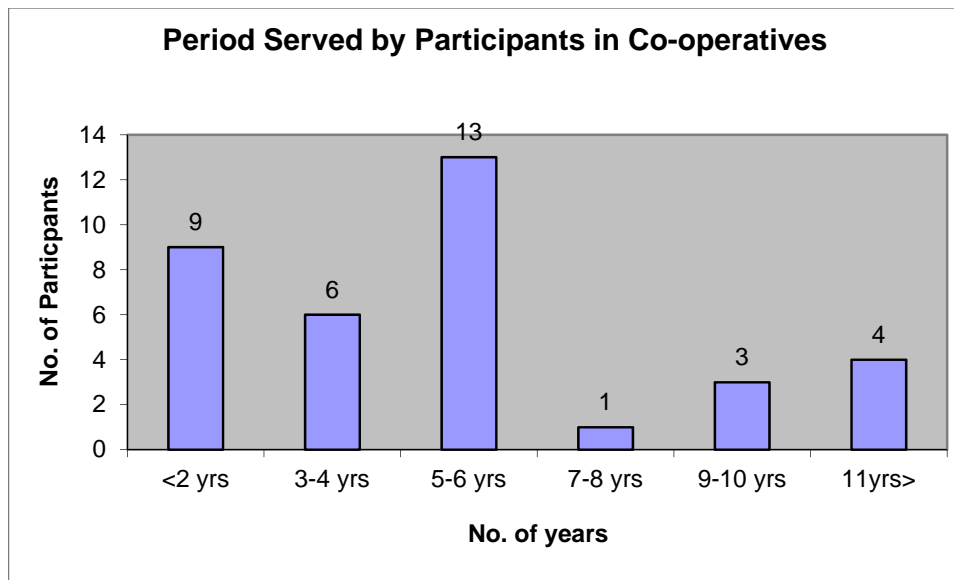


Figure 6: Period served by participants in co-operatives

The results in Figure 4 indicate the significant number of participants who have been with the co-operatives during the past 5 to 6 years, namely 9 members, which is followed by 9 members who have served in the co-operatives for less than two years. The high number of participants who have been part of the co-operatives for 5 to 6 years may be attributed to the period when the Department of Social Development and Special Programmes came up with the initiative of funding co-operatives and more women were recruited to fill the required number per co-operative.

4.2 THEMES AND SUBTHEMES

Various themes and subthemes emerged from the participants' responses and the document study. The findings of the executive and ordinary members will be presented collectively because similar themes emerged from the two respective focus groups. The research findings will be substantiated by participants' voices and verified by literature.

The following themes and subthemes emerged from the data:

THEMES	SUBTHEMES
1 Lack of basic services	1. Water and Electricity
	2. Transport
2. Inadequate financial resources	
3. Unsuitability of the soil for the crop production co-operative	
4. The role of gender and balancing of gender roles	1. The balancing of gender roles and running of co-operatives
	2. Gender status and running of co-operatives
5. The role of co-operatives in reducing poverty	
6. Participation	1. Decision-making processes
	2. Execution of roles and responsibilities
	3. Involvement of members
7. Capacity building	1. Training
	2. Capacity to establish networks
	3. Monitoring and evaluation
8. The role of the Department of Social Development and Special Programmes	1. Dictatorial control
	2. Planning
	3. Monitoring and evaluation

9. The role played by other stakeholders	1. Department of Agriculture 2. Mphashe Local Municipality
	3. Department of Economic Development and Environmental Affairs

THEME 1: LACK OF BASIC SERVICES

The lack of basic services faced by the co-operatives ever since they began operating emerged as a theme. Most of the participants indicated that the co-operatives lack basic services including water, electricity and transport.

Subtheme 1.1 Water and electricity

Participants indicated that the lack of water and electricity has a negative impact on the running of co-operatives. Electricity is a challenge for the egg producing co-operative and water for both the egg and chicken producing and the crop production co-operatives. This finding concurs with Kehler's (2000:6) assertion that the rural areas are defined by a lack of access to basic services such as water, electricity and sanitation.

Water was indicated by participants as a challenge for the co-operatives in various ways. For the egg producing co-operative there is no clean water or water from taps in the community. The entire community depends on water from the river. The co-operative has only two water tanks which derive water from its building structure with a roof made of corrugated zinc. When there is no rain, they have to make sure that the water from tanks is preserved for chicken consumption and have to carry the chickens'

mats to the river for cleaning. For the chicken producing co-operative, there is water from taps in the community; however, there is no tap on the premises of the co-operative. The water sometimes disappears from the communal taps for a long time and during that period the co-operative relies on the water from the tanks for the chickens' consumption. In the case of both the egg and chicken producing co-operatives the water is used to clean the chicken mats and also for drinking by chickens. When the tanks of the co-operative that does not have communal taps are dry, the women fetch clean water from the spring which is also utilised by the members of the community. The spring is approximately 2 kilometres from the co-operative. The finding vindicates Kehler's argument (2006:6) that the lack of basic services not only causes health and safety hazards for women, it also defines a situation where women have to spend many hours a day walking long distances in order to fetch water and firewood.

For the crop production co-operative water is also a major challenge. One of the participants from the focus group of the executive members expressed her view on the challenge of water as follows:

"The co-operative is situated along a small river bank. However, during the dry seasons the small river dries up and is left with small pools. There are no communal taps in the area. The co-operative is compelled to reduce the quantity of water from the small pools as it shared with community members. The crop production garden is at the upper banks of the river and the majority of the community members fetch the water at the lower part of the river".

The participants indicated that there is an agreement between the crop production co-operative and the community for reducing use of water when it is dry.

The lack of electricity in the egg producing poultry co-operative has been cited as one of the major challenges. In order to keep the lights on the whole night, the co-operative utilises paraffin and also for warming water during winter to wash chicken mats. They

cannot connect electricity as it is also not available in the community. The use of paraffin is not cost-effective as it is expensive. The issue of lack of electricity in the egg producing co-operative was raised by one of the participants as follows:

“Electricity is a challenge for us and as a result we use paraffin lamps for providing light for the chickens every night. Paraffin is too expensive for depending on everyday”.

The intensity of the challenges created by a lack of or limited access to water for respectively the crop production; the chicken and egg producing co-operatives are captured in the following views of the participants:

“We have a lot of seeds and plants to plough into the soil; however, we have little water that is not enough for the seeds and plants”.

“Water is a big challenge for us because the water tanks dry up because chickens drink a lot of water and we often fetch water from the streams which are used by the community for household consumption. We walk a long distance to wash mats at the river stream”.

“Water is a challenge for when the winter comes as it is the case now. The water tanks on the premises and the communal taps often dry up and we end up fetching the water from the river streams and boil them before we can give the chicken to drink”.

One of the participants from the focus group of the ordinary members of the chicken producing co-operative reflected on what happened last year in the following words:

“Last year the communal taps went dry during the months of May and June and the water was supplied to the community by water trucks from the municipality and was meant for household consumption. We would take from what was

provided for our households and share with the chicken as they have to drink clean water in the morning and afternoon”.

The reality is that the lack of water and electricity negatively affect the co-operatives' sustainability and hence keep the women captured in poverty. The lack of access to public services (Green, 2008:20) and more particularly, the lack of secured access to safe drinking water and sanitation (Sachs, 2005:20) can define poverty.

Subtheme 1.2: Transport

The co-operatives that produce chicken and eggs have their market mainly outside the community. The biggest markets for the egg and chicken producing co-operatives are the pay points for social grants during a period of about two weeks per month. The chicken producing co-operative hires a vehicle to transport the chickens to various pay points. One participant from the focus group comprised of the executive members of the chicken producing co-operative expressed her view as follows:

“This becomes a challenge for us because it is very expensive to hire transport and hence it badly affects the income. If we could have our own transport, it would minimise the transport costs and we would be able to reach other market destinations other than pay points for social grants”.

According to the participants in the egg producing co-operative the use of public transport does not augur well for the future growth of the business as they rely on the availability of the public transport. Members carry the eggs themselves in boxes and use public transport to the pay points. Participants expressed their view on the lack of transport in the following manner:

“It [is] very expensive to hire private transport every day and therefore we decided to use public transport and to carry the eggs to the market on our own. The eggs sometimes get damaged, more in particular during rainy days”.

The backlog of infrastructure such as water; sanitation; health services and high schools is very largely located in rural areas. In addition the rural population finds it most difficult to locate any form of employment and faces high transport costs to the nearest urban centres (Hemson, Meyer & Maphunye, 2004:11). According to Skenjana (2009:1) water access is a key social problem as the resource is a basic need and most rural communities do not have access to clean water and have to walk long distances to access water whether in water points in the community, rivers, dams or springs.

THEME 2: INADEQUATE FINANCIAL RESOURCES

The inadequate financial resources were raised as a challenge by the participants in all the co-operatives. The lack of material resources for producing goods is in particular a challenge for the sewing co-operative. The participants attribute the challenge to the lack of money to the fact that a huge amount from the first tranche of the funding received was spent on buying equipment and the second tranche was not transferred to the co-operative by the Department of Social Development and Special Programmes. According to the current executive committee of the sewing co-operative this is what they were told by the members of the previous executive of the co-operative at that time and they still do not know why the funds were not transferred. The members of the previous executive left the co-operative ever since they were voted out of the executive committee.

The impact of the lack of financial resources for the sewing co-operative was summarised by one participant as follows:

“When we took over from the previous executive that left there was no money at the bank as a result before we can manufacture any garment, we are compelled for a deposit from consumers so that we can first be able to buy the material before we can produce the purchased goods. This leaves us without any goods on stock or display for immediate purchase”.

According to the executive member participants, this affects the viability of their businesses. To improve on the situation, the co-operative has applied from a top-up funding from the department.

Regarding the crop production co-operative, all the funds that were received from the Department of Social Development and Special Programmes have already been depleted. According to the participants, the huge amount of money was spent on fencing, building, tunnels and on irrigation equipment. According to the participants there was little money left for operational costs. When the study was conducted, the co-operative had just been assisted by the Mbashe Local Municipality in the cultivation of the garden and it also donated to them seedlings.

One of the participants from the chicken producing co-operatives expressed herself on funding by the Department of Social Development as follows:

“Although the Department of Social Development have helped us a lot for taking us to where we are with the start-up funding, we feel that the money was not enough and we are unsure if we will be able to sustain the co-operative taking into consideration the costs of chicken feed and medicine”.

According to the Global Forum on Food Security and Nutrition (2012:3), one of the factors limiting success and sustainability of co-operatives is the lack of funding which is caused by little mobilisation of internal and external resources. According to the Department of Trade and Industry (2012:54), one of the challenges facing co-operatives

in South Africa is limited finance and emerging co-operatives still find it difficult to attract and retain adequate capitalisation.

THEME 3: UNSUITABILITY OF THE SOIL FOR THE CROP PRODUCTION CO-OPERATIVE

There is a challenge of soil erosion for the crop production co-operative. The challenge is seen as a threat by the members of the crop production co-operative due to the damage caused to the vegetables that are grown. According to the members of the crop production co-operative, the soil and the vegetables get swept away by water whenever there is heavy rain. As the type of soil is sand, the water from heavy rain from uphill leads into deep channels on the ground which sweep away vegetables. When the members chose the land they were impressed because of its closeness to the river and this became an unintended outcome as it was never envisaged. The co-operatives did not seek or receive any advice from the agricultural officials about the suitability of the land for cultivation neither have they sought or received any advice about how to bring a solution to the problem.

Degradation of land is perceived to be particularly severe in communal areas and poses a serious threat to the sustained supply of ecosystem services, and thereby also to household food security, rural livelihoods and biodiversity (Department of Environmental Affairs and Tourism, 2006:103).

THEME 4: THE ROLE OF GENDER AND BALANCING OF GENDER ROLES

Subthemes under the role of gender and balancing of gender roles that came up were the balancing of roles of the women through the participation in the co-operatives, their inherent household gender roles and how their status as rural women affect them in running the co-operatives.

Subtheme 4.1 Balancing of gender roles and running co-operatives

As shown in Figures 3 and 4 the participants have dependents; some of them are their own children and some are grandchildren. In the case of grandchildren their parents are either deceased or do not live with their children. Most of these dependents are under the care of the participants. The participants therefore have to battle in balancing the time of caring for the children and also some domestic work activities that they have to perform such as preparing food and also caring for other members of the extended families. The challenge of battling with the gender roles was expressed from the focus group of the ordinary members of the egg producing co-operative in the following words:

“Some of us we also take care of young children whom we have to ensure that we prepare them for school and when they come back home they are taken care of by our neighbours until the older children come back or when we come back in the afternoon”.

The PRODDER NGO and Development Directory (2008:1) affirms that rural women are most often responsible for child care, accessing resources for power, fetching water, preparing for food and caring for the sick and elderly.

The gender roles go beyond family responsibilities as participants also described the responsibilities that they have in the community when there are situations such as bereavement and cultural events. This was expressed by participants at the egg producing co-operative as follows:

“There is a funeral in the community tomorrow and the majority of the members of the co-operative are at the bereaved home where they have joined other women in preparation for the funeral”.

One member from the focus group of the executive members of the sewing co-operative echoed this when she explained the high absenteeism at the co-operative on Fridays:

“The requests for members to be relieved are more common on Fridays due to responsibilities towards the preparations of funerals in the community”.

This finding concurs with the Draft Conceptual Framework Towards Poverty Eradication in the Eastern Cape (Department of Social Development, 2009:10) wherein it is stated that women, especially single parents and particularly black women, are vulnerable to poverty because they face persistent gender discrimination and generally have extensive care giving responsibilities as well.

The four co-operatives have different arrangements for relieving members to take care of their family responsibilities. One of two poultry co-operatives relieves its members with an arrangement that four members work for a full week a month and be away for the full remainder of other weeks. In one of the co-operatives there is a roster for two members a day who come to work. They only come to work together when they have to work in the garden, do cleaning and also to prepare big quantities of chickens to be delivered at social grant pay points. When it is not social grant payout period, the chicken producing co-operative members report for work but they relieve each other to attend to their personal matters such as fetching children from early child day-care centres and schools and prepare food for them. In the sewing and crop production co-operatives, members work every day between 8am and 3pm and 9am and 4pm respectively and members will only be released when there is a personal matter to be attended for a specific period of time.

According to Oberhauser (1998:3) the gendered nature of rural development in South Africa is linked to cultural forces and limited economic opportunities that have contributed to the marginalisation of rural women. In NGO and Development Agency (2008:1) it is stated that the rural women are most often responsible for child care,

accessing resources for power, fetching water, preparing for food and caring for the sick and elderly.

Subtheme 4.2 Gender status and running of co-operatives

Women participants have all pointed out that in the context of the challenges described above and the little reward gained by participating in the co-operatives, without their perseverance they would have already given up. They assert that the strength for perseverance is derived from the survival strategies that they developed to cope with daily economic hardships they experience as women. One of the participants in the focus group of the ordinary members of the chicken producing co-operative expressed this sentiment in the following manner:

“As women we are able to carry boxes of chicken on our heads, something which man cannot do and most men cannot slaughter and prepare chicken to be ready made for market”.

Participants in the focus group of the executive members of the sewing co-operative echoed the women’s strength and resilience as follows:

“The fact that we are women does not deter us from going forward, more in particular that we had enough resources, the problem is inadequate resources and support not because we are women, if we can get enough financial resource and empowerment we can prosper”.

According to the Official Blog of the International Year of Co-operatives (2012:2), the organisation of women into collective enterprises such as co-operatives, enables them to unite in solidarity and provide a network of mutual support to overcome restrictions to pursuing commercial or economic activity. The co-operative members state that if one can build on that strength through support, their co-operative would grow. They believe

that opportunities are open to them but become limited due to inadequate support and empowerment.

THEME 5: THE ROLE OF CO-OPERATIVES IN REDUCING POVERTY

According to Yousefian ([sa]:1) the extent to which the co-operative can achieve the aim of alleviating poverty depends on a clear definition of their role in national development and favourable government policies, adequate planning and reduced political interference. The participants are of the opinion that co-operatives have not contributed to reducing poverty within their families. This is due to the fact that the co-operatives have not yet yielded any financial rewards for them as they only allowed a share from the income paid out once a year or twice for an average of R1800.00 per annum. The members from the two poultry co-operatives feel that they sometimes miss other opportunities of gaining income in the community such as producing and selling mud bricks and wood in the community because of the time devoted to the co-operatives. The participants' views are that their economic circumstances have not changed through participating in the co-operatives. Hunger is more than only going to work. It is about food on the table every day. One of the participants from the focus group of the ordinary members of the egg producing co-operative raised her view on their experience of hunger as follows:

“We starve here every day, as a result we have to provide ourselves with lunch from the food cooked at home for our families and bring it here and share among ourselves, it would have been much better if the funding provided for a stipend to buy food when we are at work ”

According to the participants the co-operatives have not yet reached a stage whereby they could create jobs for the community members as it was still difficult for their own members to earn money.

In the egg producing co-operative this view was expressed in the following words:

“The project has not addressed poverty yet, but we will persevere until it reaches that stage. Other women in the community laugh at us and asking us why don’t we stop getting involved in the project as it does not benefit us”.

There was a different view from participants in the crop production which was expressed as follows:

“From our experience the project is fighting poverty because the situation is no longer the same as we used to sit at home doing nothing, at least now we are able to bring home some food from the garden”.

Another positive response came from a participant in the egg producing co-operative seeing a benefit for the community. One participant highlighted the benefit of the family in the following words:

“The eggs are produced directly from the community, the members of the community get them at lower prices and even the local shop often purchases the eggs from us for reselling”.

This finding confirms Scarina’s (2003) observation in Van der Walt (2005b :5) where it is stated that some advantages offered by the co-operative form of business are access to services and supplies at a more favourable rate. According to the participants from poultry and crop production, their products are mostly consumed in their communities. According to the participants the co-operatives have great potential in fighting poverty. Birchall (2003:4) asserts that co-operatives have the potential to reduce poverty provided their values and principles are respected.

THEME 6: PARTICIPATION

The participants responses on the theme participation yielded three subthemes, namely decision making, execution of roles and responsibilities and involvement of all members in the daily execution of activities of running a co-operative.

Subtheme: 6.1 Decision-making processes

Findings indicated that the decision-making processes are in the form of meetings and are held at times that are determined by the co-operatives. Co-operatives are guided by democratic decision-making processes and the procedures governing the membership are kept as simple as possible and their operation small enough for members to control (Jeffries, 1998:56).

Sewing co-operative meetings are held regularly every month and whenever the need arises. The chicken producing co-operative holds meetings every time before the commencement of the social grant payout in order to prepare for the chicken sales. For the crop production, chicken producing and sewing co-operatives meetings are held monthly and whenever there is a new development to be heard by members.

The egg producing co-operative, has no scheduled time for meetings and according to both the executive and ordinary members meetings are seldom held. During interviews it became apparent that the egg producing co-operative is faced with weak interpersonal relations, lack of insight about issues of governance and poor participation amongst members. This was demonstrated by the views of the executive member participants which were expressed as follows:

“We don’t respect one another, there is no difference between members and the executive, there is no one listening to each other”.

“When meetings are called people choose to come or not come, most of the members don’t consider meetings seriously”.

The findings indicate concerns for good governance are areas of concern for the sustainability of some of the co-operatives. According to the FAO (n.d:1) co-operatives can create a safe environment where women’s self confidence can grow, they can identify their own challenges, make decisions and manage risks, enable women to exercise political leadership and to learn about financial profitability and accounting.

Subtheme: 6.2 Execution of roles and responsibilities

It emerged that the task of producing goods for the co-operatives with the exclusion of the sewing co-operative is performed by all members. Both executive and ordinary members of the co-operatives perform all the daily activities equally except in instances where members of the executive are absent to perform other tasks related to their responsibilities as executives. Other tasks that are performed by the members of the executive include depositing money in the bank; compilation and submission of financial and monthly reports to the Department of Social Development and Special Programmes and representing the co-operatives in outside meetings.

In the sewing co-operative those who do not have sewing skills, more in particular, the two male members, work in the garden.

In the egg producing co-operative the members are unclear about their roles, both in the executive and among the ordinary members. There is no adherence to the constitution and as a result the current executive committee is still the same one that was elected in the year the co-operative received funding from the Department of Social Development and Special Programmes. There is no discipline among the co-operative members and the executive does not have control over its members as it is not clear about its own

role. The executive is not active as compared to other co-operatives. This became evident when participants expressed themselves in the following words:

“Do you think I know what is expected of me as treasurer or even if I were to know would they (members) bother knowing as they would not respect my role”.

When asked about their role as an executive in linking the organisation to the market and other outside resources, one executive member participant responded about the business woman who is also the chairperson of the co-operative as follows:

“What do we know? We don’t know where to go and who to approach as we don’t know anything, she is one doing these things for us”.

According to the ILO ([sa]:2), regardless of the sector they belong to or the type of co-operative they represent, co-operatives are generally considered powerful vehicles of social inclusion and political and economic empowerment of their members. Clearly there is a shortcoming in this regard which can be attributed to the fact that the members of the egg producing co-operative were mainly recruited and assembled by a local business woman who is also a member of the same co-operative when the Department of Social Development and Special Programmes made funds available. Participants in both focus groups of the egg producing co-operative indicated that on many occasions the business woman is the one who does things for them in the egg producing co-operative as they are not empowered. The Department of Trade and Industry (2012:39) affirms that co-operatives tend to be established for the purpose of accessing free money, instead of genuinely building a co-operative movement. According to the Official Blog of the international Year of Co-operatives (2012:13) in order for the members of the co-operative to be effective, they have to be aware of their rights and roles as members and effective ways for managing co-operative leadership.

Subtheme 6.3 Involvement of members

The level of involvement varies from one co-operative to another. The sewing and the chicken producing co-operatives have the highest level of involvement. Van der Walt (2005:9,10) states that in order for the co-operative to be effective and able to survive, members must be responsible for the daily operation of the cooperative and show continuous commitment towards its excellence. Members of the sewing co-operative come to work every day and if they plan not to be at work, they request leave in writing. There are disciplinary measures that are taken against those who do not adhere to the rules. In the chicken producing co-operative, members have expressed the fact that they all work as a team to the extent that when members of the executive are not available to perform their duties, ordinary members are requested to perform those duties on their behalf.

The egg producing co-operative has the lowest participation level. As mentioned in subtheme 6.2, the co-operative is characterised by a lack of solidarity among members. Findings indicate that the egg producing co-operative members do not work as a team and take responsibility themselves. As a consequence, some members even refuse to perform some of the tasks assigned to them. Sometimes co-operative members do not go out to sell eggs when it is their turn to do so. This became evident during the focus groups when it was observed that dozens of eggs were piled up in the building. There is no respect for rules amongst the members. The chairperson of the co-operative echoed the issue of disrespect in these words:

“I have spoken to them that eggs need to be taken to the market every day, you can ask them if I never said so, I can tell you that the reason that we do not make money it is because they are lazy, no one is prepared to go out”.

One participant in the focus group for the executive members agreed with the chairperson as she expressed her frustration in the following words:

“It is true what she is saying but how would you work for other women who do not want to do anything? I have worked so hard many times but because it is only two or three of us working I feel demoralised and sometimes I ask myself as to why I am still here”.

The situation at the crop production co-operative is almost the same as most members no longer participate in the daily running of the co-operative. Some members take temporary jobs in the community in the nearby town of Dutywa. However, when they hear of new developments within the co-operative they would come to the meeting and claim that they are still members. When asked whether the co-operative does not have any process to deal with members who do not co-operate, the participant who is a member of the executive answered as follows:

“The executive committee is unable to apply disciplinary measures against them as they claim that they invested their energy in the co-operative for a long time.

Von Ravensburg (1998) in Van der Walt (2005:6) argues that the absence of member involvement can lead to a situation where the co-operative does not make any positive contributions to its members and neither any contribution towards economic development. In order for the co-operative to survive and be effective members must be responsible for the daily operation of the co-operative and show continuous commitment towards its existence (Van der Walt, (2005:4).

THEME 7: CAPACITY BUILDING

Capacity building is an appropriate way of in dealing with the constraints of the members and strengthen their ability to overcome the causes of their exclusion and suffering (Patel, 2005:105). In the study training and capacity to establish networks emerged as subthemes under capacity building.

Subtheme 7.1: Training

The co-operatives have been trained mainly by the Department of Social Development and Special Programmes on skills such as business management, sales management and financial management, particularly on income and expenditure. The poultry co-operatives have also been trained on implementation and management of chicken farming. The sewing co-operative and chicken co-operative have also received training from the University of Fort Hare on business management skills. The sewing co-operative has been exposed to various training opportunities related to business management. The sewing and food production co-operative have also been trained in co-operatives as a concept and the related legislative and policy framework. The participants from the sewing co-operative raised the need for training on interpersonal relations and conflict management in order to enable them to better relate to one another.

One of the members from the sewing co-operative voiced the need for training as follows:

“Lack of training on human relations and the non adherence of members to the organisational rules are the cause of conflict among members and this often contributes towards people leaving the organisation”.

Lombard (2003:234) has stressed the importance of the development of human capital. According to Fawker (2003) in Lombard (2003:234) the development of human capital entails the building of personal capacity through skills training in areas such as writing of a business plan, preparing a funding proposal, bookkeeping, business principles, marketing, advertising, finances, human relations, conflict management and negotiations.

However, for financial and business management purposes, there is no monitoring on the practical implementation of the outcome of the training conducted by the Department of Social Development and Special Programmes. This was voiced by participants involved in a chicken producing co-operative where one participant expressed herself as follows:

“Yes we were trained on matters relating to business management but there is no one who comes to make a follow up with regard to whether we implement the skills gained or not. As a result we are unsure as to whether we are doing the right thing”.

The crop production co-operative was not trained in any agriculture-related areas until 2011 when one year learnership programme on crop and vegetable production was introduced by Agricultural Sector Education Training Authorities (AGRISETA). This was confirmed by the executive members as follows:

“We were never trained adequately on agriculture skills until the introduction of the internship when we began to develop knowledge about what we are doing”.

“The service provider who was from Johannesburg to install the tunnel gave us few agricultural experiments such as the tilling of the soil; he did that in few minutes as a result we learnt nothing as we are still sitting with some of the things that he brought to us”.

According to the Official Blog of the International Year of Co-operative (2012:3), it is important for the members of a co-operative to have adequate knowledge of productive processes relevant to their field of work. When the agriculture learnership programme on crop and vegetable production was introduced by AGRISETA, it stipulated a minimum qualification as a requirement which most of the members did not have. The co-operative members decided that they should recruit among their own children or relatives. Five of the trainees have only become part of the co-operative as a result of

being within the agriculture learnership. Some of the co-operative members are no longer coming to the co-operative to work as they claim that they now have people working for them. The trainees who have become part of the co-operative have expressed their uncertainty about whether they will remain with the co-operative or not when the training comes to an end.

Subtheme 7.2 Capacity to establish networks

The sewing and crop production co-operatives have shown they have the capacity to mobilise support and resources through networking within the local municipality. Participants from these co-operatives have stated that their close proximity to the town of Dutywa where the head offices of the Mphashe Municipality are situated, makes it easier for them to attend meetings in town which exposes them to opportunities for development. Secondly, both co-operatives are registered as co-operatives in terms of the Co-operative Act of 2004. As they are registered co-operatives, they are also members of the Mphashe Co-operatives Forum which is a body through which the co-operatives are affiliated in the Mphashe Local Municipality. According to the members of the co-operatives, affiliating to this forum has exposed them to opportunities for co-operative development. This was expressed by a participant who is a member of the executive of the crop production co-operative as follows:

“Ever since we registered as a co-operative we made some connections through attending meetings of the co-operatives and that has enabled us to hear about the opportunities available for developing our co-operative.”

The finding on the capacity to establish networks concurs with Gittel and Vidal (1998:14) on the importance of social capital on community development where they defined social capital as the resources embedded in social relations among persons and organisations that facilitate cooperation and collaboration in communities. According to Gittel and Vidal (1998:14), through social capital the residents develop

organisational capacities and make external connections that would leverage external resources and support.

The sewing co-operative is situated along the R408 road to the town of Willowvale and tourism destinations such as Dwesa Nature Conservation and Kobb Inn beach resort. Because of the beautiful architectural design of its buildings, passersby often stop and pay a visit and have an opportunity to view their products. According to the participants the co-operative attracts a lot of people as captured in the view of one participant:

“We are visited by so many people, many of them who were just driving on the road who come in just to see what is happening inside”.

According to the participants this also gives them an opportunity to share the challenges they face in the running of the co-operative and thus getting connected for support and resource mobilisation.

The sewing co-operative has received training organised by various organisations such as University of Fort Hare (UFH); Mphashe LM, Department of Economic Development and Environmental Affairs, Department of Sport and Recreation, Department of Social Development and Special Programmes and a Johannesburg based NGO. It operates in beautiful buildings that were erected by the Independent Development Trust and have leased one of the building blocks to the World Vision NGO. The fencing for the garden and yard for the sewing co-operative was done by the Mphashe Local Municipality.

For 2012, the crop production was supported by the Mphashe Local Municipality in cultivating the soil and supply of seedlings. The funding from the Department of Social Development and Special Programmes by then had all been spent. As already mentioned earlier (see subtheme 7.1), during the data collection in June 2012 the members of the crop production co-operative were receiving one year training on agricultural learnership from AGRISETA on agricultural skills. According to an executive

member participant of the crop production co-operative, the close proximity of the co-operative to the municipal offices in town of Dutywa makes it easier for the co-operative members to attend meetings that can provide them with information to develop their co-operatives.

The egg and chicken producing co-operatives are situated in remote villages far from the town of Dutywa and also far away from the magisterial towns of Willowvale and Elliotdale. They are both registered only as non-profit organisations and not as co-operatives. They are mainly dependant to the Department of Social Development and Special Programmes for support. The participants from the chicken producing co-operative indicated that they were once invited by the Mbhashe co-operative forum to be part of it. According to the members they refused to join as they did not know whether it was the right thing to do as they were never advised to do so by the Department of Social Development and Special Programmes. The members also feared that the forum might interfere with the funds received from the Department of Social Development and Special Programmes as there was a joining fee that was required from each co-operative.

This was echoed in the chicken producing co-operative when it was expressed in the following words:

“We were approached by the then chairperson of the co-operative forum who is the current ward councillor to join the forum and we could not join as we did not know whether it was a right thing to do as they also said that when we come part of the forum we will have to share the money we have received with the forum”.

The participants in the poultry co-operatives highlighted the lack of human capacity when explaining the reason for their inability to access funding from other financial institutions. The chicken producing co-operative also raised their lack of skills about fundraising which was voiced as follows:

“We do not know where else to go to seek money and how to go about as no one trained us how to look for money from other funders”.

The chicken and egg producing co-operatives have no interaction with the local municipality and other stakeholders except the ward councillors and the officials from the Department of Agriculture when they pay a visit to the co-operative.

There is disparity in the levels of capacities of these co-operatives. The sewing co-operative is better capacitated as opposed to its counterparts. According to the Official Blog of the International Year of Co-operatives (2012:3,) it is important that members have adequate knowledge of productive, market and legal processes relevant to their field of work.

THEME 8: THE ROLE OF THE DEPARTMENT OF SOCIAL DEVELOPMENT AND SPECIAL PROGRAMMES

Members of the co-operatives expressed their appreciation for the funding received from the Department of Social Development and Special Programmes as they never received any funding before except the sewing co-operative. The sewing co-operative once received funding from the Department of Sports, Recreation, Arts and Culture. The participants have also highlighted that the funding has increased their capacity to produce, and provided them with the necessary physical infrastructure and skills development to be able to develop their co-operatives. However, the participants expressed their views on the role of the Department of Social Development and Special Programmes in relation to what they have viewed as an autocratic control; incompatible plans with those of the co-operatives and the role of the Department in monitoring and evaluation.

Subtheme 8.1 Dictatorial control

The participants from the two poultry co-operatives and the crop production co-operative felt that the control exerted over them by the Department of Social

Development and Special Programmes sometimes thwarts instead of developing their co-operatives. Participants claim that whatever initiative that they come up with aimed at developing the co-operative, is often rejected by departmental officials.

In the chicken co-operative this view was summarised in the following manner:

“We came up with the idea of working towards obtaining our own vehicle and also that of extending the building with the purpose of growing the business and all that was rejected by departmental officials. This makes us not to think beyond what we are doing as we know that it will never be approved”.

According to Van der Walt (2005:9;10), one of the factors that play an important role in making co-operatives effective and enabling them to survive is that the initiative of the co-operative must come from its members. It must not be an initiative from outside. Instead it should be based on a bottom-up approach (Van der Walt, 2005:9;10). The participants from the co-operatives assert that before they can implement any decision that requires financial resources, it needs to be approved by the Department of Social Development and Special Programmes. According to the allocation letter that was issued confirming the approval of funds, the approval was conditional pending the co-operatives entering into a Service Level Agreement (SLA) that set out terms and conditions to be complied with. The co-operatives are expected to spend funds in accordance with the provisions of clause 9.1 which states:

“Before concluding any contract with any third party for the procurement of goods or services in connection with the Project, the Recipient must obtain, if possible, quotations from at least three (3) potential suppliers. If it is not possible then the circumstances and reasons therefore must be forwarded in writing to the Department and must be recorded at the Recipient’s next formal meeting and must be minuted accordingly”.

Clause 9.1 of the SLA on contractual agreements with the third parties also limits the co-operatives from taking advantage of instant opportunities such as buying products that are available on sale until the last stock. The co-operatives' procurement procedures are not informed by their operations, but instead by Departmental terms and conditions as set out in the SLA.

Subtheme 8.2 Planning

The members of the co-operatives are of the view that the working procedures of the Department of Social Development and Special Programmes sometimes become incompatible with their own plans as co-operatives. The participants also hold the view that they are unable to implement any plan that has financial implications in its implementation as it is often rejected by the Department of Social Development and Special Programmes. The co-operative members cited the example of the transfer of funds from the Department to the co-operatives which was implemented late in 2009/2010 and 2010/2011 for first and second tranches. The late transfer of the first tranche had a negative impact on their spending during the financial year 2009/2010 as it resulted in under-spending. They also complained about the bureaucratic channels that need to be followed before the approval for purchasing can take place which sometimes delay the purchase of goods for co-operative operation. For example, the chicken producing co-operative revealed that they have some plans to develop their co-operatives through expanding their businesses by proposing to add other products as they have identified some opportunities for those products in the market. According to the co-operative members, such proposal were rejected by the Department of Social Development and Special Programmes on the basis that they were not reflected in the business plan submitted during the financial year 2009/2010. This is despite the fact that they would utilise the funds they have generated from the co-operative ever since they started selling chickens. In the ILO (1966:2) it is expressed that the financial aid given to co-operatives by governments or any other outside donor should not entail any

obligations contrary to the independence or interests of the co-operatives and should be designed to encourage rather than replace the initiatives and efforts of the co-operative.

Subtheme 8.3: Monitoring and evaluation

The members of the co-operative is of the opinion that the role of the Department of Social Development and Special Programmes in monitoring and evaluation is only limited to financial management and adherence to departmental policies and procedural requirements such as submission of financial reports and ensuring compliance with departmental procurement procedures before approving any purchase of goods by co-operatives. This view was confirmed by participants in the chicken producing co-operative and can be summarised as follows:

“There are times when we don’t sell anything as we have to wait for the chicken to grow because we get delayed to order new ones in time due to department’s procurement processes”.

The participants are of the view that the community development practitioners of the Department of Social Development and Special Programmes have no capacity to monitor the content of the work the co-operatives are doing as most of them lack knowledge or skills about the work that is done by the co-operatives. The participants reveal that they receive no feedback from the Department of Social Development and Special Programmes that could enhance the development of co-operatives. According to the members, the officials would only come and watch at what the members do and sign the visitors’ book and leave. As already discusses earlier (see Sub theme 7.1) there is no monitoring of the practical implementation of the training received.

The monitoring by the Department of Social Development and Special Programmes is not supposed to undermine one of the core principles of autonomy and independence. According to Ortman and King (2007:21), co-operatives are autonomous self-help

organisations and should be controlled by their members. There should be no interference with the democratic control by their members and the maintenance of co-operative autonomy (Ortman & King 2007:41) in the case of any agreement entered into with other organisations or if they raise capital from external sources including government.

THEME 9: THE ROLE PLAYED BY OTHER STAKEHOLDERS IN THE DEVELOPMENT OF CO-OPERATIVES

The Department of Agriculture, Mbashe Local Municipality and the Department of Economic Development and Environmental Affairs have been viewed as crucial stakeholders that have played or are to play a role in the development of co-operatives.

Subtheme 9.1: The Department of Agriculture

Despite the fact that the activities of three of the co-operatives are of agricultural nature, the participants were of the view that the Department of Agriculture hardly plays a role in supporting them. The officials from the Department of Agriculture seldom visit the co-operatives and would only render advice where necessary. According to the participants, the officials from the Department of Agriculture claim that they have no obligation to render services to the co-operatives as the co-operatives belong to the Department of Social Development and Special Programmes. Two of the co-operatives indicated that they had approached the Department of Agriculture to seek support. They were told that they would be getting resources free if they were buying from the Department of Agriculture. Unfortunately the co-operatives cannot buy anything from the Department of Agriculture as it does not accept procurements by cheque. To the contrary the Department of Social Development and Special Programmes does not allow any procurement to be done without a crossed cheque. According to the members, an official claimed that the Department of Agriculture does not have any

working agreement with the Department of Social Development and Special Programmes and therefore any assistance that they render is not mandatory.

Subtheme 9.2: Mbashe Local Municipality

As mentioned earlier (see Theme 2), the Mbashe local municipality has rendered assistance to the food production and the sewing co-operatives. The co-operatives have approached the municipality for assistance. The participants of the co-operatives were uncertain as to whether the local municipality has any mandatory role towards assisting the co-operatives. One of the poultry co-operatives that do not have water approached the municipality to request to be assisted with water to fill the tanks. According to the participants they were told that the municipality does not assist organisations that receive funding from the government and would only deliver water to them on conditions that they pay for the water.

Subtheme 9.3: Department of Economic Development and Environment Affairs (DEDEA)

The DEDEA has played a minimal role despite the fact that it is the department that has a legislative mandate for the promotion and development of co-operatives at provincial level. The DEDEA has only been linked to the sewing co-operative as it has conducted workshops for them. The sewing co-operative also indicated that there is an interaction between them and DEDEA. The participants also highlighted a challenge of accessibility as the department does not have a locally based office as its regional offices are situated in East London which is about 130 km from where the co-operative is situated.

It becomes apparent that the role played by the stakeholders mentioned above is not coordinated. There is no social development partnership in the form of a collaborative agreement between the co-operatives and the stakeholders in working together as defined by Wilson (2005:283).

THEME 10: SUSTAINABILITY

Most participants highlighted that if they could get the additional financial support and be adequately capacitated with regard to the management of the co-operative, the co-operatives will become sustainable and thus become independent. Their views were made clear by the remarks such as:

“Our wish is to make it sustainable and we are prepared to take it forward”.

“Our chairperson had gone to an extent of negotiating opportunities for bigger markets in the nearby town of Mqanduli and also in Mthatha in hospitals and supermarket and it transpired that we did not have some of the documents that were required from the Department of Health to be able to engage in such business transactions”.

“If we don’t get up any top-up funding from the Department of Social Development or any other funder we may not become sustainable as we currently suffer from high costs of running the co-operative”.

From the views expressed above, it becomes apparent that the participants are determined to make the co-operatives sustainable; however, they had some doubts due to inherent financial needs and inadequate capacity building they are faced with. These views have a bearing on the assertion by Van der Walt (2005:6) that the level of skills of members will also have a direct influence on the assistance that will be needed and the time frame, and it is accepted that members may need assistance and guidance regarding management functions for many years and perhaps indefinitely.

5. SUMMARY

Findings of the study revealed that the women in the state initiated co-operatives in the Mbashe area of the Eastern Cape are faced with numerous and multi-dimensional challenges. The challenges are embedded within the gender relations that affect women in society; lack of basic services in rural areas; lack of empowerment; lack of integrated service delivery by government institutions; poor monitoring and evaluation; and inappropriate funding mechanisms for women's co-operatives. In chapter 4 the researcher will present key findings and discuss the conclusions and recommendations of the study.

CHAPTER 4

KEY FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

1. INTRODUCTION

This chapter provides the key findings of the study, the conclusions and recommendations of the study. This includes indicating how the goal and objectives of the study have been met.

2. GOAL AND OBJECTIVES OF THE STUDY

The goal of the study was to investigate the challenges faced by the state-initiated rural women's co-operatives in reducing poverty in the Mbashe Area, Eastern Cape Province.

The achievement of this goal was guided by the following research question:

What are the challenges faced by the state-initiated women's co-operatives in the Mbashe area of the Eastern Cape in reducing poverty?

The goal of the study was achieved through attainment of the following objectives:

- **Objective 1**

To conceptualise co-operatives within the developmental approach as a community economic development strategy for poverty reduction amongst women within the rural context in South Africa.

This objective has been met in Chapter 2 sections 4 to 8. In the discussion on the literature the researcher concluded that co-operatives have been adopted as a strategy for raising income and reducing poverty while enhancing the social inclusion, social

protection and community building. The discussion also revealed that co-operatives are a valuable strategy for empowering rural women due to their inherent values and principles. The implementation of co-operatives can be achieved within the framework of social development approach based on its core themes, i.e. rights-based approach; democracy and participation; social and economic development and partnerships. The social development approach embraces the core principles of co-operatives.

- **Objective 2**

To identify the challenges faced by the rural women in the Mbhashe area in the daily operations of the co-operatives.

The objective was achieved through the empirical study as documented in Chapter 3. The multi-dimensional challenges facing women include gender relations; lack of basic services in rural areas; lack of empowerment; lack of integrated service delivery by government institutions; poor monitoring and evaluation and inappropriate funding mechanisms for women's co-operatives in the Eastern Cape.

- **Objective 3**

To explore how state funding mechanisms of the rural women's co-operatives in the Mbhashe area can be improved to address the identified challenges.

The objective was addressed in Chapter 3, specifically in theme 2 and subthemes 8.1 and 8.2. The objective was partially achieved with regard to exploring how state funding mechanisms of the rural women in the Mbhashe area could be improved; however participants had no suggestions for any alternative funding policies. They hold the view that it is a prerogative of the Department of Social Development and Special Programmes as a funder to initiate its own funding policies. Furthermore, a wish for the provision of a monthly stipend for purchase of food for members of the co-operatives while at work was expressed in theme 5.

- **Objective 4**

To formulate policy directives and/or guidelines for women's co-operatives in the Mbhashe area to become sustainable in reducing poverty.

The fourth objective is achieved in this chapter (see 4.1-4.7).

3. KEY FINDINGS AND CONCLUSIONS

The respective key findings will be presented, followed by the specific conclusion on each finding.

- The findings indicated a lack of basic services such as water, electricity and transport in the rural areas in which these co-operatives are situated.
 - It can be concluded that lack of infrastructure will cause hardship for the co-operatives in their daily operations and therefore poses a threat to the sustainability of the co-operatives.
- Findings revealed that the co-operatives have inadequate financial resources in meeting their operational costs. Participants see funding as the responsibility of the Department of Social Development and Special Programmes. Furthermore, they also see it as the Department's responsibility to provide members of the co-operatives with monthly stipends for purchasing of food while at work.
 - The researcher concludes that the aspirations and motivation of co-operative members to be resilient in building successful businesses will be affected without financial resources which in turn, will contribute towards making co-operatives unsustainable.

- Findings show the influence of degradation of soil erosion on crop production co-operatives due to lack of guidance when the garden was started. This was exacerbated by the lack of intervention by the respective departments when the soil eroded.
 - The conclusion can be drawn that no leadership, management and capacity building were provided by the respective government departments when the co-operative was funded and initiated in order to prepare women to be responsive to environmental issues and ensure sustainable production of crops.
- Findings indicate that the gender roles of women interfere with their involvement in the daily operation of the co-operatives.
 - The researcher concludes that the interference of gender roles among women in the running of co-operatives is intrinsic to the socially engendered roles of women in society. The extensive care responsibilities of women due to socially engendered roles interfere with their participation in the co-operatives and thus have a negative impact on the running of the co-operatives and in becoming successful businesses.
- According to the findings the co-operatives have not yet yielded significant financial rewards for the members to receive earnings to support themselves and their families.
 - It can be concluded that the co-operatives are at the most alleviating poverty and that it will highly likely remain on this level as opposed to reaching sustainability where it can reduce poverty and promote sustainable livelihoods among the women and eventually their families.
- The findings indicate that the products from the co-operatives are highly consumed in the communities where the co-operatives are based.

- The researcher concludes that the local market provided by the co-operatives benefits the communities as they acquire the products at favourable rates as opposed to the rates of distant markets. Furthermore, it indicates that the co-operatives have a market which they can expand on if they have the required infrastructure, funding and commitment to do so.
- The findings show lack of co-operative values and principles among co-operatives. These values include self-management; self-help; self-responsibility and solidarity, and the principles include democratic member control; member economic participation; autonomy and independence; education; training and information and co-operation among the co-operatives.
- The conclusion can be drawn that the co-operatives do not adhere to the values and principles of co-operatives. If the values and principles of co-operatives are not applied, members will not be accountable. Birchall (2003:4) argues that co-operatives have the potential to reduce poverty provided their values and principles are respected.
- The findings reveal inadequate capacity in knowledge and skills to manage a co-operative and to run a business. In addition, the levels of capacity amongst co-operatives differ.
- It can be concluded that the lack of knowledge about business and financial management skills limits the ability of the co-operatives to operate independently and succeed as businesses. Furthermore, inadequate skills can contribute towards lack of productivity among the co-operatives.
- According to findings the co-operatives lack knowledge about the co-operative concept. Two of the co-operatives did not even know whether they are co-operatives or not.

- The researcher concludes that the lack of knowledge about the co-operative concept contributes towards non adherence to co-operative values and principles.
- The findings indicate excessive control by the Department of Social Development and Special Programmes whereby it has the prerogative of approving every initiative that the co-operatives want to undertake.
- The researcher concludes that the excessive control by the Department of Social Development and Special Programmes hampers the development of co-operatives and that it is also contrary to the co-operative values of self-management, self-help, and self-responsibility, and the principles of democratic member control, autonomy and independence. It is thus inevitable that there is a lack of ownership and accountability amongst the co-operatives. In addition, it clearly shows that the Department does not play a facilitating, monitoring and evaluation role that could foster independency, dignity and sustainability of co-operatives.
- In relation with the before-mentioned finding, the Department of Social Development and Special Programmes' officials responsible for monitoring and evaluation of the production of goods and management of the co-operatives show a lack of insight in the work done by the co-operatives.
- The conclusion can be drawn that lack of knowledge on the part of departmental officials with regard to the production of goods and co-operative management leads to poor monitoring and evaluation of the co-operatives. Poor monitoring leads to inadequate assessment of the co-operatives' performance. In other words, if monitoring and evaluation are not done properly, then the co-operatives do not meet the targets in the production of goods and do not receive appropriate support for co-operative management. Low production of goods and lack of co-

operative management contribute towards the unsustainability of the co-operatives.

- Finally, the findings indicate that the co-operatives enjoy little or sometimes no support from other government departments and where it exists, it is not mandatory.
- The researcher concludes that the lack of support from other government institutions can directly be linked to the lack of integrated service delivery plans by government departments. According to Wilson (2005:283) through collaborative partnering, duplication and fragmentation of services in service delivery at local levels could also be addressed.

4. RECOMMENDATIONS

Based on the key findings and conclusions, the following is recommended:

- **Development of appropriate funding policy**

The Department of Social Development and Special Programmes should introduce a funding policy that will be compatible with co-operative values and principles and also ensure that the amount funded is determined by the needs and the nature of co-operatives in accordance with business plans. The conditions for receiving and spending of funds should not be contrary to the values and principles governing co-operatives. Furthermore, funding should not be a fixed amount for all co-operatives as they do not have the same cost drivers. The funding policy should make provision for moving co-operatives to economic independency and hence sustainability.

- **Training on co-operatives values and principles**

Co-operative members should be trained in business and co-operative management to empower them to run their own businesses. This should include training in business and

management skills, but also in the inherent values and principles which should be reflected through practice in their daily operations.

- **Development of monitoring and evaluation system**

The Department of Social Development and Special Programmes should, in collaboration with the co-operatives, develop a monitoring and evaluation system which includes specific indicators that would ensure effective and efficient implementation. Indicators should include capacity building on business management, financial management and as well as co-operative values and principles.

- **Training of officials from the Department of Social Development and Special Programmes on co-operatives**

All Departmental officials working with co-operatives should be trained in order to develop an insight about what co-operatives entail and how they ought to operate so that Departmental officials can be effective in the monitoring and evaluation of the co-operatives.

- **Development of a working agreement among government departments**

Government departments with their respective expertise in the running of co-operatives should form a strong partnership to promote and support co-operatives to become successful and sustainable businesses. In particular the Department of Trade and Industry and/or the Department of Economic Development and Environmental Affairs at provincial level should play a pivotal guidance role as they have a legislative mandate of establishing, managing and promoting co-operatives.

- **Further research**

There should be a study undertaken to ascertain the role of the Department of Social Development and Special Programmes in the promotion and development of co-operatives and in particular social co-operatives.

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