

## The Effect of Support Initiatives on the Operations and Performance of South African Worker Co-Operatives

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### ■ ABSTRACT

This study of 111 worker co-operatives registered as clients with the Small Enterprise Development Agency represents a research into the contribution of government support to the business performance and operations of these entities. A relatively successful group was evaluated against unsuccessful ones to establish whether there was any difference in the support received by the groups concerned. Moreover, the performance, operations, and management of supported co-operatives were evaluated against unsupported ones to establish whether the support had made a difference. The results reveal a minimal effect on the co-operatives' operations and performance. Recommendations for future development are made.

**Keywords:** business performance, co-operative development, small business development, worker co-operatives

### ■ RESUMEN

Este estudio de 111 cooperativas de trabajadores registradas como clientes en la Small Enterprise Development Agency representa una investigación de la contribución del apoyo del gobierno al rendimiento empresarial y las operaciones de estas entidades. Se evaluó un grupo relativamente exitoso versus las que no tuvieron éxito, para determinar si había alguna diferencia en el apoyo que recibieron los grupos concernidos. Además, se evaluaron el rendimiento, las operaciones y la gestión de las cooperativas apoyadas versus las que no lo fueron, para determinar si la ayuda había hecho una diferencia. Los resultados revelan un efecto mínimo en las operaciones y el rendimiento de las cooperativas. Se hacen recomendaciones para el desarrollo futuro.

**Palabras clave:** rendimiento empresarial, desarrollo cooperativo, desarrollo de pequeños negocios, cooperativas de trabajadores

Since democratic South Africa came into being, the government has introduced several strategies and pieces of legislation, in order to grow and develop the co-operative sector. In an address on June 25, 1999, former President Thabo Mbeki stated that the government would emphasize co-operative development in the country to combine financial, labour, and other resources, the goal being to rebuild communities and involve people in their own development (DTI, 2004).

The primary aim of worker co-operatives in which this study is focused is to provide employment for their members. The impact of these entities have, thus far, proved disappointing. In fact, the sector has gained itself a reputation of incompetence and inefficiency. One author (Ressel, 2014) proclaimed the whole co-operative business model as fatally flawed.

Satgar (2007) is of the opinion that co-operative development in South Africa fails to consider member needs and capacities, only regarding government objectives as important. This disposition represents danger for co-operative sustainability since it fails to build autonomy and independence. The co-operatives are initiated by members after they have independently identified opportunities; the challenge facing government is to provide them strategic enabling support.

A study by the Department of Trade and Industry (DTI) found that a large percentage of the co-operatives reported losing members due to insufficient income generated by the co-operative (Redrebel, 2009). A full 31.41% of the co-operatives surveyed had an annual turnover of less than R5,000 (US\$385, based on an exchange rate of R13.00/US\$1). The study also found that only a small percentage of the registered co-operatives were in fact operational.

Chakela (2012) studied eleven agricultural and manufacturing co-operatives in the Mantopa Municipal area in the Free State. Of these, 64% indicated that their turnover levels were below R1,000 per month (US\$77). A mere two realized a turnover in excess of R5,000 (US\$385).

Statistics provided by the South African National Apex Co-operative (Sanaco) provided in 2012 considered only 20 of its nearly

10,000 member co-operatives to be successful (Machaba, 2012). It is, thus, clearly and quantifiably evident that co-operatives in South Africa are struggling; few of them are sustainable.

The purpose of the study is to evaluate the effectiveness of government and support agency on the management and operations of South African worker co-operatives. Pursuant to the purpose, the study objectives are:

1. To determine the criteria for measuring business success of worker co-operatives;
2. To establish whether there was a difference in government and support agency interventions received by “successful” worker co-operatives compared with those classified as “unsuccessful”;
3. To establish the difference government and support agency interventions have made in the management and operations of supported worker co-operatives as compared to those who were unsupported.

## **Literature Review**

The DTI remains the South African government’s main instrument in support facilitation for the country’s co-operatives (Redrebel, 2009). The department both offers and facilitates financial support in form of grants and special project funding aimed at co-operative development. Furthermore, the DTI has partnerships with other government agencies and organisations which provide financial support to co-operatives. A co-operative unit was established by the DTI with twofold aim; firstly, to support and promote co-operative development; and secondly to co-operate with other government agencies to ensure practical support, such as capacity building. Other governmental departments and agencies, as well as non-governmental organisations, have likewise made financial and other support available to co-operatives.

DTI statistics (DTI, 2010) indicate that government spent at least R558 million (US\$42,9 million) on financial support to co-

operatives between 2005 and 2010. These figures exclude the cost of non-financial support.

Satgar and Williams (2011) declare that between 2005 and 2010 the total financial outlay for co-operative development from government amounted to R923 million (US\$71 million). The development initiatives by government have led to a huge increase in the registration of co-operatives, from 469 in 1994 (Theron, 2008) to 69,430 on December 31, 2012 (CIPC, 2013).

According to the Companies and Intellectual Property Commission (CIPC) data quoted by the DTI (2010), in 2009 co-operatives contributed nearly R12 billion (US\$923 million) to the South African Gross Domestic Product (GDP). In 2009, South Africa's total GDP was R1 594,336 billion (US\$122,641 billion) (Statistics South Africa, 2012). This means that the co-operative sector contributed a mere 0,75% to total GDP. According to the International Co-operative Alliance (ICA, 2012), co-operatives have internationally made a significant impact on their countries' economy. In Iran, co-operatives contribute 6% of GDP; in Kenya, 45%. In Switzerland, the two largest co-operatives are responsible for 8% of GDP. In Vietnam, the total contribution to GDP comprises 8.6%.

The GDP Baseline study found that 84.1% of co-operatives in South Africa employed fewer than fifteen people (Redrebel, 2009). Of the co-operatives, 48% employed between one and five employees. The study, thus, found that the co-operatives' impact on unemployment is negligible. In contrast, this is not the case internationally. Co-operatives provide over 100 million jobs globally; this represents 20% more than multinational enterprises (ICA, 2012). In Slovakia, approximately 700 co-operatives provide jobs to nearly 75,000 individuals (about 107 jobs per co-operative). In France, 21,000 co-operatives provide jobs to 700,000 people (33 per co-operatives). Co-operatives in Kenya provide work for 250,000 people.

In 2005, more than half of co-operatives had a turnover of smaller than R10,000 (US\$769) per annum, while 30.2% received no income at all (Theron, 2008). In a similar vein, the DTI study found that the majority of emerging South African co-operatives do not

exist at a level where they can contribute to poverty alleviation (Redrebel, 2009).

Hough, Wilson, and Corcoran (2010) state that measuring success is fairly easy to carry out in conventional businesses since the measure incorporates financial profitability and viability. Financial viability is a key criterion as the co-operative would otherwise cease to exist. Other factors, such as that discussed by Dash (2013) prove more complex. Dash posits measuring the incorrectness of the efficiency of co-operatives in like manner to other business entities, since this fails to provide information on their impact in advancing individual, social, and environmental wellbeing. The author, nevertheless, admits that no internationally recognised standard management system and tools have been effectively developed to measure the performance of co-operatives on the 'triple bottom line' of financial, social, and environmental success.

Fairbairn (2002) states that many researchers share the opinion that the economic concerns of co-operatives should be subordinate to their social goals; however, unless the social goals are met by economic activities, it would make no sense to start an economic enterprise to achieve them. Similarly, Chamard, and Webb (2006) stress the importance of financial health of the co-operative, since bankrupt co-operatives fail to meet members' needs.

In their study, Brazda, and Schediwy (2001) suggest that the success of co-operatives should be measured in terms of simple economic survival. Similarly, Theron (2008) states that most support agencies and donors accentuate the importance of recognizing co-operatives as private economic enterprises that need to make profits or surpluses.

The study's approach was that worker co-operatives need to meet financial objectives in order for them to meet their social objectives. Success will subsequently depend on the co-operative's business performance. This approach is supported by Develtere, Pollet, and Wanyama (2008), who state that the World Bank expects co-operatives to adhere to business principles prevalent in a market economy.

After the criteria for success used in the above and other studies (Chibanda, Ortman, & Lyne, 2009; Cornforth, Thomas, Lewis, & Spear, 1988; Mqingwana, 2010; Skibbens & Chamard, 2006) were considered, it was decided that the following criteria should be utilised as the basis for the measurement of the business success of worker co-operatives:

**Longevity:** A term of three years of existence was used in the survey as a minimum criterion for longevity.

**Financial independence:** To be categorized as successful, the worker co-operative may not have received outside funding in the form of loans or grants for at least a year.

**Profitability:** For the purposes of this study, the worker co-operatives needed to have been profitable for at least one year, in order to be considered successful.

**Member income:** The worker co-operatives in the study should have been able to pay their members at least R955 per month for the co-operative to be categorized as successful.

## Method

The research population of the study was actively operating worker co-operatives registered with the Small Enterprise Development Agency (SEDA) as clients between 2009 and 2013. One hundred eleven completed questionnaires were received. The questionnaires were completed by either the chairperson of the board or another board member.

The developed questionnaire contained 140 multiple choice questions with regard to management practices and operations. The questionnaire contains questions regarding identification and membership, finances and financial management, marketing and marketing management, operations and operational management, human resources management, management processes and support from external institutions.

When the worker co-operatives in the study were compared with the criteria for success, the following was found: 90.65% of them

were operating for more than three years and 35.64% of them were profitable. Of the co-operatives, 79.66% had operated without external funding for more than a year and 18.68% were able to pay their members a monthly income in excess of R955 (US\$73,50); however, only three of the responding co-operatives met all the criteria; this did not constitute a sufficiently large group. A group of 13 of the worker co-operatives in the study met 3 of the business success criteria; they, however, failed to meet the criterion for member income. This group was considered large enough, labelled as “Relatively Successful” and utilised for the statistical analyses.

Eighty of the worker co-operatives in the study have received either financial or non-financial support; and 31 have not received any support. These groups were large enough for statistical analysis. Those co-operatives that have not received support were either registered as clients of SEDA just before the questionnaires were completed or were in the process of being assessed in terms of the support needed.

Thirty-two constructs were developed, and Cronbach alpha reliability coefficients were computed for each construct. The Cronbach alpha values for the constructs ranged from .5 to .94, which are considered as sufficient.

Phi-coefficients were calculated in order to determine if there were practically significant relationships between relative success and certain conditions and practices in the worker co-operatives in the study. In view of the fact that the research did not involve random sampling, interpretation of comparisons between the various groups’ means was done by using Cohen’s effect size ( $d$ ) (Cohen, 1988). Effect sizes were discussed indicating practical significance where the difference was large enough to have an effect in practice (Steyn, 2009). Moreover, interpretations of the practical significance of effects were done by using the phi-coefficient and Pearson correlation coefficient as effect sizes. The guidelines utilised for  $d$ -values regarding differences between means are  $|0.3|$  for a small effect,  $|0.5|$  for a medium effect (noticeable with the naked eye), and  $d \geq |0.8|$  for a large effect (practically significant).

Guidelines for interpreting the phi-coefficient are  $\Phi = |0.11|$  (small effect),  $\Phi = |0.31|$  (medium effect, noticeable with the naked eye), and  $\Phi \geq |0.51|$  (large effect or practically significant) (Cohen, 1988). Guidelines for practical interpretation of the strength of correlation coefficients,  $r$ , according to Cohen (1988), are the same as those for the phi-coefficient.

## Results

### General Findings

General findings in the research applicable to this article are summarised in Table 1.

Table 1

*General Information Regarding Worker Co-Operatives Investigated in the Study*

	Supported	Not supported	All studied
Number of co-operatives	80	31	111
Average number of members per cooperative	12.6	7.81	11.26
Number that has lost founding members due to adverse circumstances within the co-operative	17 (21.25%)	4 (12.9%)	21 (18.9%)
% of members who were unemployed before joining the co-operative	37.33%	75.19%	45.84%
% with no members with previous industry experience	53.95%	48.39%	51.92%
% with no members with previous business experience	64.47%	74.19%	67.31%
% started on initiative from government or support agency employees	13.15%	3.26%	9.35%
% which were promised funding/grants before/during startup	64.52%	58.06%	62.62%
% where funding/grant promises played a role in the starting of the co-operative	100%	72.22%	92.42%
% who were of opinion that co-operatives are funded more easily than are other businesses	67.74%	70.97%	68.18%
% where the above perception played a role in the starting of a co-operative	100%	68.18%	90.67%

Source: Calculated from research results.



The large proportion of co-operatives without members who possess any industry experience indicates that relevant industry experience does not appear to play a role when support to co-operatives is considered. The research of Dvir, Sadeh, and Malach-Pines (2010) posit that personality traits have not predicted entrepreneurial success. Despite this, they conclude that background characteristics have been shown to play a role. These findings are confirmed by Haber and Reichel (2007) and Simpson, Tuck, and Bellamy (2004).

It is possible that many of those co-operatives which were started due to improper influence (promises of funding and the impression that co-operatives are funded more easily than other businesses in Table 1) could have been formed in order to gain access to funding and not due to entrepreneurial aspirations. Wessels (2014) hypothesises that the likelihood of successful enterprise growth is fairly low and that a higher failure rate of co-operatives as formal enterprises will unquestionably follow if there is undue influence on members in communities to form co-operatives.

Despite the challenges offered when co-operatives are initiated from the top—and the threat to the voluntary and open membership aspect of co-operatives as intended in the first ICA principle (ICA, 2010)—it appears that support agencies are continuing these practices. This threatens the long-term survival prospects of the co-operatives in which they are involved.

### **The Effect of Government and Support Agency Support**

Eighty of the co-operatives in the study have received support from different government departments and agencies, 61 of these from SEDA and 46 each from the National Empowerment Fund and the Small Enterprise Finance Agency.

**The extent of support.** Of the worker co-operatives taking part in the study, 61 (54.95%) indicated that they had received grants or funding before or since start-up. The total amount in funding received by the co-operatives included in the study was R61,636,282 (US\$4,741,252). The largest amount of funding to one co-operative

was R20,150,000 (US\$1,550,000) and 13 received grants or funding in excess of R1,000,000 (US\$76 923).

Of the funded co-operatives in the study, 37.7% received funding or grants from more than one support organization. This might indicate a fair amount of *double dipping*, where co-operatives successfully apply to different organisations for funding for the same purpose.

No pre-start up research was carried out for 11.47% of funded worker co-operatives and complete business plans were developed for only 47.54% of them, thus, indicating that 52.5% were funded or received grants without having submitted a business plan. These findings confirm the challenge with a lack of feasibility studies in development projects as identified by Harms (2012).

Thirty-four of the co-operatives in the study indicated that they received support on financial management while 32 received support on business planning. Other predominant forms of non-financial support were Mentorship (32), Tender assistance (25), Marketing and Promotional Material (24), and Coaching (21). Support, especially Mentorship and coaching, were provided to the co-operative as an entity and not to individual members.

The most prevalent training for representatives of the co-operatives in the study was recordkeeping and filing, with 57 of the participating co-operatives indicating that at least some of their members received training in this regard. Of the co-operatives, 54 received training in basic bookkeeping, 48 in marketing, 35 each in business management and technical aspects, 33 in basic business skills, and 29 in financial management.

Of the co-operatives which received support from external institutions, 54.1% stated that these institutions were very supportive, while 21.31% of the co-operatives indicated that they had not seen employees from these institutions since receiving their funding. This finding conflicts starkly with the need for sustained support, as suggested by Philip (2003). Moreover, more than half of the worker co-operatives (54.55%) indicated that they did not have regular contact with supporting agencies for advice, counselling, guidance, or auditing purposes.

**The financial impact of support and funding.** The main findings with regard to the effect of funding on the worker co-operatives in the study are depicted in Table 2.

Table 2

*Summary of Findings With Regard to Funding*

Factor		Funded	Non-funded	All
% of co-operatives that are profitable		41.1%	21.43%	35.64%
% that are able to cover operational expenses		39.24%	20.69%	34.26%
% able to expand operations without external funding		13.92%	10.34%	12.96%
Member income (per member pm)	<R200	31.34%	50%	36.26%
	R200 – R499	25.37%	41.67%	29.67%
	R500 – R954	17.91%	8.33%	15.38%
	R955+	25.37%	0%	18.68%
Turnover per month (<R10 000)		76.56%	87.50%	77.27%
Positive cashflow	Never and rarely	45.33%	78.57%	44.37%
	Sometimes	26.67%	21.43%	25.24%
	Usually	17.33%	0%	12.62%
	Always	5.33%	0%	3.88%

Source: Calculated from research results.

From the table, it is clear that the funding had a positive effect on the financial position of individual worker co-operatives; however, even after receiving on average R770,453 (US\$59,266) per worker co-operative in funding, more than 60% of the supported co-operatives still remained unable to cover their operating expenses. More than 86% were unable to expand operations without additional funding; furthermore, 74.63% remained unable to pay members an adequate income while most of them still realised an infrequent positive cash flow.

The success of support lies in assisting worker co-operatives to achieve total financial independence, thus, meeting a combination of financial criteria. Theron (2008) as quoted earlier, concurs that

the emphasis should be on financial management, solvency, profitability, financial sustainability, market penetration, and return on investment.

**The effect of support on the management and operations of worker co-operatives.** In terms of the differences in support received by successful versus unsuccessful worker co-operatives four constructs were identified; they were: Mentorship and Coaching; Management and Operational Support; Financial Management Support, combining Procurement Processes and Financial Management; and Marketing Support, combining Marketing and Promotion with Tender Applications).

The results of the statistical analysis revealed no statistically significant differences in the support received by the relatively successful group compared to the unsuccessful ones; for this reason, it may be deduced that the difference in success between the two groups was not due mainly to the amount of support they received. Although the unsuccessful group of worker co-operatives in the study did not receive significantly less support than the relatively successful ones, it made no difference to their success; furthermore, there was no statistically significant difference with regard to training found between the relatively successful and the unsuccessful groups. Again, four constructs regarding trainings were also identified, namely:

1. Training, containing all the questions with regard to business training in the questionnaire ( $d=0.4$ ,  $p=0.22$ );
2. Management training ( $d=0.1$ ,  $p=0.76$ );
3. Marketing training, combining marketing and tender trainings ( $d=0.3$ ,  $p=0.5$ );
4. Financial training, combining financial management, basic bookkeeping and recordkeeping and filing training ( $d=0.1$ ,  $p=0.8$ ).

As in the case of the support, the training seems to have made no significant difference to the success of the co-operatives in the

study. The results show that serious questions will need to be asked about two issues; firstly, the types of training conducted; and secondly, about the means by which the training is conducted with regard to practical knowledge gained.

The findings in respect of the differences in the operations and management of supported versus unsupported worker co-operatives are summarised in Table 3.

Table 3

*Differences in the Operations and Management Between Supported and Unsupported Worker Co-Operatives*

**Practically significant effect**

Calculation of distribution costs ( $\Phi=0.5$ ,  $p=0.0001$ )

**Noticeable statistical effect**

Networking activities and decision-making (both  $d=0.6$ ,  $p<0.0001$ )

**No statistically significant effect or small/negligible effect**

Financial management ( $d=0.3$ ,  $p=0.17$ ) and financial analysis ( $d=0.3$ ,  $p=0.14$ )

Marketing activities ( $d=0.1$ ,  $p=0.40$ )

Competitor analysis ( $\Phi=0.2$ ,  $p=0.02$ ) and keeping up-to-date with market trends and movements ( $\Phi=0.2$ ,  $p=0.01$ )

Advertising other than word of mouth ( $d=0.2$ ,  $p=0.45$ )

Customer relations ( $d=0.1$ ,  $p=0.59$ )

Marketing challenges ( $d=0.3$ ,  $p=0.01$ )

Operational management, such as stock control ( $d=0.01$ ,  $p=0.97$ ), operational administration ( $d=0.3$ ,  $p=0.11$ ), management systems and policies ( $\Phi=0.02$ ,  $p=0.85$ ) and the use of formal goals and objectives ( $\Phi=0.1$ ,  $p=0.24$ )

Remuneration ( $d=0.4$ ,  $p=0.07$ ), HR systems ( $d=0.3$ ,  $p=0.22$ ), working conditions ( $d=0.02$ ,  $p=0.91$ ) and the motivation of employees ( $d=0.1$ ,  $p=0.50$ )

Conflict ( $d=0.3$ ,  $p=0.08$ ) and strategic management ( $d=0.4$ ,  $p=0.04$ )

Source: Calculated from research data.

From the table, it is clear that the impact of support initiatives on the way worker co-operatives are managed and run is minimal; in fact, the support only influenced the calculation of distribution costs, networking activities and the way in which decisions were made. These findings imply that the way in which support initia-

tives are implemented and the nature of the support should be reconsidered. It is hoped that this issue will be addressed by means of the recommendations, which are presented in terms of worker co-operative development below.

## **Conclusion and Recommendations**

The study revealed numerous challenges in the way in which South African worker co-operatives are supported. It is hoped that government entities will take note of and address these in future support initiatives in order to increase the general business success of the sector.

### **Integrated Approach**

Government development efforts should be left to developmental agencies, with government departments playing a purely supporting role. In order to prevent *double dipping* and the duplication of support services, a central database should be established in order to track the assistance of worker co-operatives by support agencies.

### **Motivation to Start Worker Co-Operatives**

The concept that anyone can both start and run a business has been marketed by government departments and small business chambers during recent years. That this is evident in worker co-operatives is clear from the amount of improper influence on starting or joining of the worker co-operatives in the study. Research results quantifiably prove that this assumption is untrue. Timmons (1999) identifies it as a myth, stating that starting up a business is the easy part. Surviving, sustaining, and building the business is the difficult part; therefore, government departments, development agencies and their employees should cease to promote co-operatives—in particular worker co-operatives—as an easy way to obtain money and (or) funding. This practice leads to the initiation of hundreds of worker co-operatives that should never have existed at all.

### **Support by Development Institutions**

To ensure effective support and improve the probability of survival of worker co-operatives the following support is necessary.

**Pre-start up research and planning.** An objective evaluation of the business opportunity, the worker co-operative and its members and the fit between the opportunity and the co-operative should be conducted. This implies that the members should possess the required industry and business skills, knowledge, and experience in order to make a success of the venture; if not, realistic plans to ensure that the correct amount of knowledge and skills are obtained prior to start-up should be established, either by bringing in members to fill the gaps, or by training. If this is not possible, the co-operative should not be established.

It is necessary to carry out market research and develop business plans that truly investigate the existence of an opportunity, and not merely to ensure funding. The research should take into account the number of members to be supported by the co-operative to ensure that, if the opportunity exists, it will be able to generate sufficient turnover, and will be sufficiently profitable, to support the number of members and to pay members and employees decent wages.

**Grants and loan funding.** The ease of funding and the expectation of continuous funding remove any urgency and lead to complacency and a lack of motivation to make the business operational and profitable. Worker co-operative members are aware that when funds dry up at one institution, a probably successful application may be lodged at another institution. This factor complicates the situation further. For these reasons, the grant systems of different government departments and agencies should be reconsidered in favour of non-interest bearing loans or part grant and part loan.

**Training.** The requirement mentioned earlier, stating that at least some members have the necessary technical knowledge to be able to operate the co-operative, will call for effective partnerships

between various stakeholders involved in technical training. It is clear from the results that business-related training as it is currently carried out, is not having the desired effect. It is, therefore, recommended that a more developmental approach be utilised with regard to business-related training. Follow-up, either in the form of visits and consultations by the support agency practitioner or through a mentorship programme is recommended to ensure that what was learned is implemented.

It is a further requirement that all the members of the co-operative and not only directors be trained to prevent ordinary members from being alienated by the Board of Directors on account of a lack of knowledge and consequently an inability to take part in discussions during member meetings. This submission is confirmed by the findings of Cornforth et al. (1988) that the skills gap that may develop between the Board and ordinary members represents a major challenge in worker co-operatives.

**Assessment.** Thorough, objective assessments should be conducted in respect of existing worker co-operatives and those with potential to survive without continued external funding and support identified. Alternatives should be sought for those who would not be able to survive and the option of turnaround strategies contemplated. If this proves to be impossible and the co-operative is too deeply in trouble to render it financially viable, all assistance should be stopped.

Assistance for those with potential and those that have been surviving without funding should be determined by the assessment. A meeting between various stakeholders and members of the co-operative will then become necessary to develop a project plan for the survival and growth of the enterprise. The project plan should include specific milestones to be met. It is necessary to inaugurate monitoring and regular meetings to assess progress and to contemplate changes to the project plan after the achievement of each milestone.

**Mentorship and coaching.** Training and development should ensure that members know the basics of strategic and business



management, operations, HR practices, financial management and marketing. Mentorship and coaching should assist in the implementation of these. Mentors should have the necessary industry, technical, and business knowledge to be able to lead the members of the co-operative to growth. Mentors should, furthermore, be trained for their role, which would include training in co-operative management.

A clear mentorship plan should be developed, in terms of which the objectives, the role of the mentor and the members of the co-operative are clearly set out and the exit strategy is discussed. The programme should stress the fact that mentors are there to lead, guide, advise, and assist, but not to perform the work. The formalisation of systems applicable to the co-operative and at the level at which it is expected to operate, should form part of all mentorship programmes.

### **Tertiary Qualifications and Research**

Tertiary institutions should be mandated to develop co-operative management qualifications. This will enable support agency employees and co-operative managers to obtain a qualification in this field, thus, leading to improved support and—in the case of co-operative members and managers—to improved management capabilities in the sector.

It is anticipated that the establishment of qualifications specific to this sector will lead to further research into the operational aspects and management of these businesses; this, in turn, will lead to an improved body of knowledge and specialization.

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