

**ANALYSIS OF FACTORS AFFECTING PROPER FUNCTIONING OF
SMALLHOLDER AGRICULTURAL COOPERATIVES IN THE LEPELLE NKUMPI
MUNICIPALITY, LIMPOPO PROVINCE, SOUTH AFRICA**

by

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**Dissertation submitted in fulfilment of the requirement for the Master of
Science degree in Agriculture (Agricultural Economics)**

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DECLARATION

I, Thaba Katlego (11584123), hereby declare that this Dissertation for Master of Science in Agriculture (Agricultural Economics) at the University of Venda hereby submitted by me, has not been submitted previously for a degree at this or any other university, that it is my own work in design and in execution, and that all reference material contained therein has been duly acknowledged.

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DEDICATION

This work is dedicated to the following important people in my life, Roslyn Thaba, Keletso Thaba, and Puseletso Thaba and to all my siblings.

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ABSTRACT

Agricultural cooperatives have been generally promoted as a vehicle for smallholder agricultural development in South Africa. As a result, agricultural co-operative registrations in South Africa are increasing. However, research suggests that South African co-operatives have generally not been effective, successful and functional. The study determined factors affecting proper functioning of smallholder agricultural cooperatives in Lepelle Nkumpi Municipality. Simple random sampling method was used to select a sample of 140 active cooperative members from 13 registered agricultural cooperatives. A list of agricultural cooperatives was obtained from the Department of Agriculture, Limpopo Province to facilitate the process. Primary data was collected using designed questionnaires and secondary data was collected from journal articles, internet and other recorded data. All questionnaires were handed out during face to face interviews held with participants. Discriminant analysis was used to analyse the data. The model was used to identify different factors which might have positive or negative effects on the functioning of agricultural cooperatives.

The discriminant analysis results revealed that functional smallholder agricultural cooperatives were characterized by high level of training of members; interaction with other stakeholder and satisfaction with the training and assistance received. On the other hand Dysfunctional smallholder agricultural cooperative were characterized by high age group, low level of meeting attendance, large cooperative size, dissatisfaction of assistance and training received and high number of females.

The weighting coefficients of the standardized canonical discriminant coefficients of the independent variables showed that variables that discriminated between functional and dysfunctional cooperatives were: cooperative size (-0.852), interaction

with stakeholders to improve the level of skill (0.579), satisfaction with assistance provided (0.516), number of females in cooperative (-0.455), years in existence of cooperative (0.452), members participation in decision making (0.407) and age group (0.446).

The finding obtained in this study could be quite useful to policy makers. This study recommended that government should intensify effort on cooperative training, extension service and assistance to support functioning of agricultural cooperatives in the study area. Cooperative members should also participate in decision making and attend cooperative meetings to acquire more agricultural information.

Keywords: Agricultural Cooperative, Discriminant Analysis, Functional cooperatives, Smallholder, Socio- economic factors.

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ACRONYMS

ABC	Agri-Business Chamber
CDI	Cooperative Development Initiative
DAFF	Department of Agriculture, Forestry and Fisheries
DI	Discriminant Analysis
DTI	Department of Trade and Industries
GRV	German Cooperative Federation
ICA	International Organisation Alliance
IFAD	International Fund for Agricultural Development
ILO	International Labour Organisation
LDA	Limpopo Department of Agriculture
NDA	National Department Agriculture
NGOs	Non-Government Organisations
USDA	United States Department of Agriculture

CHAPTER 1

INTRODUCTION

1.1 Background

Pressures from the lack of extension service, adequate necessary resources, funding difficulties, reliable information and training, have caused governments to seek solutions and to try other methods of economic development (Arayesh, 2011). In recent years governments are encouraging people to use agricultural cooperatives as a mechanism for accelerating the economic development of people living in rural areas. In South Africa agricultural cooperatives are used by governments to accelerate economic development. Agricultural cooperative are organisations in which many small farms work together as a business, especially to help each other to produce and sell their produce. Agricultural cooperatives are organised to help farmers gain market power together, increase their bargaining power and enable farmers to process their commodity to add value (DAFF, 2012). Cooperatives, as self-help organizations, are created to meet the members' common needs, meaning cooperatives will often have social goals in the same manner as other community based civil society organizations. The building of smallholder agricultural cooperative is a useful way to build human capacities, and favour the democratic participation of the poor (ILO, 2009).

Agricultural cooperatives play important role in society that translates into the improvement of living conditions of members. Being voluntary, democratic and self-controlled business associations, cooperatives offer the institutional framework through which local communities gain control over productive activities from which

they derive their livelihoods. Agricultural cooperatives contribute to food production and long-term food security. Agricultural cooperatives also help in tackling rural poverty by increasing the productivity and income of smallholder farmers. Farmers are able to negotiate better prices for seeds, fertiliser, transport and storage. Cooperatives further help farmers expand market access and capture more of the value chain by getting involved in agro-processing activities (DAFF, 2012). Poulton *et al.* (2005) indicates that farmers' organization development faces substantial challenges, which are exacerbated by ill-judged external support. Challenges arise from the structure and governance of member organizations, limited organizational capabilities among leaders and members, lack of financial capital and difficulties in the institutional, economic, and agro-ecological environment of small farms in poorer rural areas. Ortmann and King (2007) indicated that the failures of agricultural cooperatives in rural areas of South Africa are due to lack of management experience and knowledge, lack of capital resources, and disloyalty of members due to ignorance.

A study conducted by Nugussie (2010) on agricultural cooperatives indicated that the Department of Agriculture provides incentives and encouragement to smallholder farming cooperatives, but there are still those cooperatives fail to succeed. According to (IFAD, 2011) the management of interpersonal relationships amongst members of agricultural cooperatives is an issue that must be addressed as it has been the cause of cooperatives collapsing. Clashes of opinion are always present when people work collaboratively. Rutle (2008) suggested that functioning of agricultural cooperatives can create great changes at a personal and local level, and can also help to solve the global threefold human crisis of deepening poverty, social

disintegration and environmental degradation. Identifying the factors that could contribute to the functioning of agricultural cooperatives in rural area will help to promote future viability of cooperatives. This research aims to determine factors affecting the proper functioning of smallholder agricultural cooperatives.

1.2 Problem statement

In South Africa, the agriculture sector is one of the sectors that identify cooperatives as viable vehicle for sustainability of agricultural enterprises. Studies have also emphasized that agricultural cooperatives are considered to be the most suitable authority to implement the plans of the agricultural development (Mahomed, 2004). However, agricultural cooperatives in South Africa have not been functional and successful in creating sustainable rural employment, reducing food insecurity and poverty (DAFF, 2012). Agricultural cooperatives within South Africa face different challenges that make them dysfunctional. Government also provide various incentives and encouragement to cooperatives. However there are still those cooperatives that fail to function in their role in rural development. Therefore there is a need to investigate the challenges that cooperative face in agricultural development of South Africa that makes them dysfunctional.

This study aimed at determining factors that affect proper functioning of smallholder agricultural cooperatives within South African agricultural sector and in particular Limpopo Province.

1.3 Objectives of the study

1.3.1 Main objectives

- The main objective of the study is to determine the main factors affecting the proper functioning of smallholder agricultural cooperatives in Lepelle Nkumpi municipality.

1.3.2 Specific objectives

The specific objectives of the study are:

- To investigate socio-economic factors affecting functional smallholder agricultural cooperatives;
- To identify factors that can be used to discriminate between functional and dysfunctional of agricultural cooperatives;
- To make recommendations on strategies that can help government to assist smallholder agricultural cooperatives to be functional.

1.4 Hypotheses of the study

The hypotheses to be tested in the study are:

- Socio-economic factors have significant effect on the functioning of agricultural cooperatives in the study area;
- Factors such cooperative size, interaction with stakeholders, satisfaction with assistance provided, number of females in cooperative, years in existence of cooperative, members participation in decision making and age group discriminate between functional and dysfunctional agricultural cooperatives.

1.5 Significance of the study

This study was based on the premise that agriculture constitutes one key element, within a broad spectrum of strategies that can be adopted to reduce poverty and contribute to local economic development. This research was useful for management bodies of cooperatives, Non-Government Organisations and policy makers. The research aimed to assist in the improvement of cooperatives survival rates and allow policy makers to gain deeper knowledge of the reason behind dysfunctional and functional agricultural cooperatives in rural areas. The study was useful to other researchers, as stepping stone for further studies on the problems that are faced by smallholder agricultural cooperatives in South Africa.

1.6 Limitation and delimitation

Limitations: finance and time was the main constraints of this research. The time of traveling to cooperatives in different villages in the municipality and cost of traveling were some of the challenge for this study. Another limitation was lack of transport, since most of the cooperatives are situated in rural areas. Gaining of entry in cooperatives was also limitation to the researcher in collecting data. Delimitations: The study was conducted in Lepelle Nkimpi Municipality, Limpopo Province, South Africa and was mainly focused on smallholder agricultural cooperatives members.

1.7 Key terms

- **Cooperative** is an independent association of people united voluntarily to meet their common social, cultural and economic needs and aspirations through a jointly owned and democratically controlled enterprise, organised and operated on cooperative principles (ICA, 2014).

- **Agricultural cooperative** is an organisation in which many small farms work together as a business, especially to help each other to produce and sell their crops. Agricultural cooperatives are organised to help farmers gain market power together to market their crops, increase their bargaining power by achieving economies of scale and processing their commodity to add value (DAFF, 2012).
- **Functional agricultural cooperatives** are those cooperative that operate well and their performances depend on educating, training potential cooperative members, and enhancing their knowledge of cooperative principles and members' rights (Trechter *et al.*, 2002).
- **Dysfunctional agricultural cooperative** are faced with challenges that arise from the structure and governance of member organizations, limited organizational capabilities among leaders and members, lack of financial capital, and difficulties in the institutional, economical, and agro ecological environment of small farms in poorer rural areas (LDA, 2007).
- **Smallholder farmers** are those marginal and sub marginal farm households that own and cultivate less than 2.0 hectare of land (FAO, 2002).
- **Discriminant analysis** is a statistical technique designed to investigate the difference between two or more groups of cases with respect to several underlying variables (Stevens, 2002).

1.8 Outline of the study

Chapter one provides a general introduction of the study. It provides a background to the problem, the aim and objectives of the study, as well as definitions of relevant concepts. Chapter two reviews literature covering the views of different scholars and

policy makers on cooperatives. This is important as it lays foundation for understanding the nature and extent of factors affecting functional and dysfunctional agricultural cooperatives, thus expanding the knowledge base of the topic. Chapter three outlines the research methodology and design. The design is essentially qualitative and quantitative in a case study. This chapter also addresses the issue of data collection techniques and methods used in this study. Chapter four presents and interprets the findings. The chapter also includes a discussion of the results. Chapter five gives a conclusion, summarizes the findings of the study and provides some recommendations and prospects for future research.

1.9 Conclusion

This chapter highlighted general background to the study on factors affecting the proper functioning of agricultural cooperatives in Lepelle Nkumpi municipality of the study. It provided a background to the problem, the aim and objectives of the study, hypotheses, significant, limitation and delimitation as well as definitions of relevant concepts.

CHAPTER 2

LITERATURE REVIEW

2.1 Introduction

This chapter presents a literature review related to agricultural cooperatives. The main issues reviewed include the factors contributing to functioning and failure of agriculture cooperatives in South Africa. This section defines cooperative and agricultural cooperative, functional and dysfunctional agricultural cooperative, role of agricultural cooperative as well as reviewing factors that contribute to functioning and failure of smallholder agricultural cooperatives. The objective is to highlight key factors affecting proper functioning of smallholder agricultural cooperatives and hence identify factors that can be used to discriminate between functional and failure agricultural cooperatives.

2.2 Defining cooperatives and agriculture cooperatives

A cooperative is an autonomous association of persons united voluntarily to meet their common economic, social, and cultural needs and aspirations through a jointly-owned and democratically-controlled enterprise (ICA, 2014). According to the ILO (2009) cooperative is meant to: 'embody the values of self-help, self-responsibility, democracy, equality, equity and solidarity. In the tradition of their founders, cooperative members believe in the ethical values of honesty, openness, social responsibility and caring for other'. Cooperatives are based on the values of self-help, self-responsibility, democracy, equality, equity, and solidarity. Cooperatives

exist in every sector of the economy and can touch every aspect of our lives. Unlike the private, public, or voluntary sectors, all cooperatives around the world are guided by the same seven principles: voluntary and open membership; democratic member control; member economic participation; autonomy and independence; education, training, and information; cooperation among cooperatives; and concern for community (Dakurah *et al.*, 2005).

Sexton (2006) indicated that agricultural cooperation represents coordination of producers to achieve mutual vertical integration. That is, by binding together in a cooperative, farmers who each have incentives to vertically integrate can jointly overcome the vast scale discrepancies that normally will exist between the farm sector and upstream or downstream industries. According to Nepal (2014) cooperatives are considered as small or limited organizations whose main motives are to serve the community. Cooperatives not only focus on a limited area or micro economy but also have greater impacts on GDP and a country's macro economy.

According to DAFF (2012) agricultural cooperatives are organisations in which many small farms work together as a business, especially to help each other to produce and sell their crops. Agricultural cooperative is considered as a social organisation, as it is a support system of the society established to achieve societal goals (Mohamed, 2004). Arua (2004) viewed agricultural cooperatives as an important tool of improving the living conditions of farmers. According to Bhuyan (2007) agricultural cooperatives are specially seen as significant tools for the creation of jobs and for the mobilization of resources for income generation. Agricultural Cooperatives exist to address countries needs by providing services such as: helping farmers market their products and buy farm supplies, providing communities with financial services and retail goods, as well as providing communities with utilities. They are also used

as tools in addressing a broad range of socio economic pressures, such as unemployment, youth employment, value-added industries in rural communities, and access to health care (Dakurah *et al.*, 2005).

2.3 History of agricultural cooperatives

2.3.1 Cooperatives: international view

Cooperation among people started long ago with the start of human civilization, and the idea of a cooperative were in practice for ages. In spite of this, it was the year 1844 when the cooperative movement was identified with the formulation of consumer cooperative by Rochdale of Equitable Pioneers, Ltd. Another milestone for the development of a modern cooperative society was the development of the first savings and credit cooperative by Fridrich Wilhelm Raiffeisen in Germany in 1864 (Ortmann and King, 2007), followed by the establishment of the International Cooperative Alliance (ICA) in 1895. According to Ortmann and King (2007) Rochdale of Equitable Pioneer began by opening a cooperative store that sold items such as flour and sugar to members and the society expanded into other enterprises. During that time is when thy first set cooperative principles.

At present, cooperative businesses are owned by the members they serve; hence, like all forms of business undertakings, they are guided by a set of principles. The adoption of these principles ensures that the organization's primary objectives is one of member service, rather than one of long term profit maximization as in a non-cooperative business. Birchall (2004) indicated that United States Department of Agriculture (USDA) combined three basic cooperative principles in their government code of practice. These are: the user-owner principle: persons who own and finance

the cooperative are those who use it; the user-control principle: control of the cooperatives is by those who use the cooperatives; and the user-benefit principle: benefits of the cooperative are distributed to its users on the basis of their patronage. Ortmann and King (2007) also point out that there are seven internationally recognized cooperative principles which are: voluntary and open membership; democratic member control; member economic participation; autonomy and independence; provision of education, training and information; cooperation among cooperatives; and concern for the community.

2.3.2 Cooperatives in African countries

The African continent has realized a revival of cooperatives in the post-liberalization era after a period of decline brought by structural adjustment programs (Muthuma, 2012). Cooperatives in most African countries were introduced by colonial powers who desired to replicate their domestic cooperative structures throughout their colonies and protectorates (ILO, 2014). Most of those cooperatives were introduced by Britain and French in the early 1900's. According to ILO (2014) Cooperative development took place in the former Belgian and Portuguese possessions in Africa. Countries such as Ethiopia, South Africa and Namibia have developed their own, home-bred cooperative tradition through the local adaptation of imported concepts and ideas (ILO, 2014).

Cooperatives in African countries have been recognized as a crucial means for poverty alleviation and development has been widely acknowledged. According to ICA (2013) there is a significant growth of the cooperative movement in African countries as recent statistics show that for every 100 Africans, including children and

the elderly, at least seven are members of a co-operative, and the total number of co-operatives in most countries has continued to grow (Wanyama, 2008).

ILO (2014) indicated that many African countries discovered cooperatives as a tool to implement the idea of African socialism. In countries such as Angola, Sudan, Mozambique cooperatives are responsible for distribution of rational commodities. In Cameroon cooperatives are the sole agent that is allowed to purchase export commodities and distribute agricultural inputs. According to ILO (2014) majority of Africa's cooperative are in rural area and little has been done to develop appropriate models of cooperation in the informal economy. According to ICA (2013) on the strategies of African cooperative development most African cooperatives strive to support they are faced with problems including low human resource capacity, a weak economic base, extensive external financial dependency, lack of internal capacity and occasionally bad governance.

2.3.3 Cooperatives in South Africa

South Africa's Agricultural cooperatives started in the 1910's and 1920's, and focused on input supplies and joint marketing of production; and also established processing cooperatives such as in the wine and spirits sector. They became a powerful lobby for agriculture, holding a virtual monopoly in key agricultural sectors, backed by ready access to finance through the Land Bank, and with effective control of the Marketing Boards that regulated prices until this system was dismantled post-1994 (Philip, 2003). Since 1994, the new democratic government in South Africa has been supporting the growth of cooperatives, especially among historically disadvantaged South Africans, as a strategy to alleviate poverty and job creation.

South African government did not consider the Cooperatives Act of 1981 as a suitable vehicle for the development of cooperatives in the new economic and political era, and initiated a process of developing a new Act based on international cooperative principles (Chibanda *et al.*, 2009). Ortmann and King (2007) also postulated that under the new Cooperatives Act (No. 14 of 2005) a variety of cooperatives can register. This Act recognizes the cooperative values (such as self-help, self-reliance, self-responsibility, and democracy), and argues that a viable, autonomous, self-reliant and self-sustaining cooperative movement can play a major role in the economic and social development of the country, particularly among the previously disadvantaged people.

The first establishment of cooperatives in South Africa started in KwaZulu Natal which represented the first province that adopted the cooperative practice. According to Barratt (1989), the first cooperatives to be established were Pietermaritzburg Co-operative Society and Natal Ceremony Limited. In 1908 Formulation of the South African Co-operatives' Act (Barratt, 1989). Other cooperatives in South Africa emerged as a survival effort such as those formed by ex-political prisoners in the 1970s and 1980s as a means of employment creation and at the same time as a way of gaining acceptance into the community (Khumalo, 2014). According to DAFF (2010) on report of status of agricultural cooperatives indicated that there are 836 agricultural cooperatives on the Cooperative Data Analysis System. Of the 836 cooperatives on Codas, 306 are found in the province of KwaZulu-Natal, which makes 36% of the total cooperatives followed by Limpopo province with 127 cooperatives. In terms of commodities the bulk of cooperatives are in mixed farming.

These are those cooperatives that are involved in different commodities. KwaZulu-Natal has the highest concentration of vegetable producing co-operatives while the Eastern Cape tops with crop producing cooperatives. The Northern Cape and KwaZulu-Natal have 38 and 37 livestock producing cooperatives respectively.

Currently, Agricultural Cooperatives are organized under the Agri-Business Chamber (ABC) of Agri SA. Some of those that opted to remain as cooperatives have facilitated entry to membership by black farmers, while others are accused of placing barriers to such entry. At present, the Cooperative Development Initiative (CDI), which is a partnership between ABC and the German Cooperative Federation (GRV), is attempting to forge linkages between the Cooperatives and black farmers previously excluded from access. The level of commercial success of these cooperatives dwarfs any other form of cooperatives in South Africa; and they continue to have significant commercial power, as well as extensive capacity to provide technical support to their members (Chibanda *et al.*, 2009).

2.4 The role of agriculture cooperatives

Agriculture cooperatives play an important role in society that transforms into the improvement of living conditions of their members. Being voluntary, democratic and self-controlled business associations, cooperatives offer the institutional framework through which local communities gain control over productive activities from which they derive their livelihoods. Agriculture cooperatives also help in tackling rural poverty by increasing the productivity and income of smallholder farmers. They further help farmers expand market access and capture more of the value chain by getting involved in agro-processing activities (LDA, 2007). Through the cooperative,

members are able to acquire jobs. The members of the cooperative control the cooperative and decisions are made by all the members. Cooperatives help to develop communities because people who stay in that community will spend their money in that community. Prakash (2003) reported that cooperatives provide functional education to members in the areas of production, processing and marketing of agricultural produce.

Cooperatives play a major self-help role in rural areas, mainly where private businesses hesitate to go and public authorities do not provide basic services. Cooperatives are instrumental in providing opportunities for productive employment, as well as offering health care, education, potable water, improved sanitation, roads, and market access, while giving a stronger “voice” to rural groups (ILO, 2013). Cooperatives play a major role in production, primary processing and marketing of agricultural and livestock commodities. Cooperatives are also the best intervention for attaining employment in any country in the world. Gertler (2001) indicated that cooperatives are based on the value of self-responsibility, self-help, democracy, voluntarily, universality, openness, solidarity and equity. Studies have shown that cooperatives create employment and income-earning opportunities that enable members to pay school fees, build houses, invest in business and farming, and meet other family expenses. Mahlola (2011) showed that agricultural cooperatives strike a balance between economic and social components or aspects as they are social entities and should be managed to improve the economic standing of the society.

As cited by Boyana and Tshuma (2013) a cooperative structure serves to provide agricultural producers with the opportunity to process and market their products in a joint business venture with other producers. Where quality standards are enforced,

producer cooperatives can also play an important role in the uniform preparation of a commodity for a buyer whilst also minimizing the numbers of farmers with whom a commodity purchaser must do business. Additional benefits of cooperatives are arranging timing and scheduling of delivery, assigning transportation and delivery costs, setting delivery location, and securing prices. They also create solidarity mechanisms to re-enforce the traditional social security system, which is largely undeveloped, by setting up schemes to cater for expenses related to education, illness, death and other unexpected socio-economic problems (ILO, 2009). Boyana and Tshuma (2013) indicated that cooperative contribute towards making smallholder farmers a formidable force in the competitive agricultural sector by enhancing their overall contribution towards poverty alleviation and fighting food insecurity. The empirical results of the study conducted by Zheng *et al.* (2011) showed that agricultural cooperatives play an important role in the creation of employment and reduction of poverty.

Dlamini (2010) indicated that agricultural co-operatives are often viewed as appropriate means to facilitate vertical coordination with, or horizontal integration between smallholders who would have been excluded from value-adding opportunities and discriminating markets. Agriculture cooperatives provide stability in farming. They build the capacity and strength of farmers in value addition of products, the proper placement of produced goods in an appropriate market with a reasonable price, providing economic benefits to farmers/cooperative members (Allahdadi, 2011). Agricultural cooperatives also help to promote education, health, and sanitation to sustain the rural livelihood through various campaign and awareness programs. Co-operatives provide employment and increase the

disposable income of members and the community. The education, training and communication processes undertaken by the members constitute foundation and experience for leadership and networking at business and community development levels and by extension create better life and community (Ogbeide, 2015).

According to DAFF (2010) report indicated that agricultural cooperatives allow members to pool their resources; they increase the bargaining power of their members, generate economies of scale and scope, and enhance the productivity of member businesses. In doing so they can create jobs where other forms of enterprises cannot. While cooperatives are significant providers of salaried employment, their role may be even more important as facilitators of self-employment. The countless micro finance institutions, most of which are formed according to cooperative principles, offer appropriate financial solutions for the promoters of small businesses; agricultural marketing and supply cooperatives enable hundreds of millions of small farmers around the world to convert crops into cash. According to ILO (2014) cooperatives build strength, influence and bargaining power through vertical structures, such as federations, unions and associations, and horizontal networks that facilitate cooperation between cooperatives of different types.

2.5 Factors that contribute to dysfunctional of agriculture cooperatives

According to Mokhtari (2012) economic factors affect the functioning of agricultural cooperatives. Agricultural cooperative performance is affected by weak institutional arrangements that constrain capital and which lead to strategic choices that depend largely upon group dynamics (Gadzikwa, 2006). Prakash (2003) pointed out that

some of the problems faced by agricultural cooperatives have been, among others, poor management, lack of capital resources, inadequate training, extension and education programmes, lack of communication and participation among members, as well as unclear and inadequate government policies on the development of agricultural cooperatives. Karami and Agahi's (2010) indicated that the impact of competency and proficiency of the director, encouraged risk taking, innovation and access to information plays a role in the functioning of agricultural cooperatives. Flick (2009) indicated that the main challenges affecting the performance of the agricultural cooperatives include lack of motivation among the staff, lack of funds and delayed allocation time, lack of educational facilities in the extension centres, low-literacy and illiteracy of majority of the farmers, lack of skilled manpower, extension staff involvement in administrative works, the lack of updated information of extension staff, lack of refresher courses and lack of extension law in the extension system of the country.

According to Department of Agriculture, Forestry and Fisheries (DAFF) (2012) smallholder farmer cooperatives in South Africa do not have a great deal of negotiation powers because of a number of reasons such as value of assets that they have, their carrying capacity-both financial and infrastructural, volume of operations, lack of market information and lack of access to formal financing mechanisms in the absence of collaterals. Van der Walts (2005) on a study of cooperative failure indicated that poor management, lack of training, conflict among members and lack of funds are important contributory factors to failure of agricultural cooperatives. Persson (2010) indicated that the surviving cooperatives are those that are initiated with a high involvement of members themselves and where the

organisational structure and leadership skills reflect. Mazibuko *et al.* (2008) indicated that management of interpersonal relationships is an issue that must be addressed as it has been the cause of cooperatives collapsing. Clashes of opinion are always present when people work collaboratively.

According to Flygare (2007) cooperative movement is struggling with mistrust and low support from the general public due to past cooperative failures. Sexton and Iskow (2006) indicated that cooperatives are often misunderstood, where confusion has been caused by people's desire to impart social or political connotation. Bernard (2013) on his study of rural producer and their social context indicated that low level of financial resource available to organisations as well as the lack of complementary goods and institutions are likely to be constraints to the success of an organisation. Study conducted by Sexton and Iskow (2006) indicated that household in rural areas do not have different awareness on the importance of cooperative. The empirical results of the study conducted by Banaszak (2008) using ordinal probit model of data analysis indicated that numbers of members, leader strength, selection of members and business acquaintance have negative effect on the success of agricultural cooperative. Mandleni and Anim (2014) indicated that some of cooperatives in South Africa are dysfunctional despite the support provided by the government; failures usually are related to clashing of opinions among the members, conflicts, lack of member's commitment and difficulty in managing members. According to DAFF (2010) low capacity and educational levels in agricultural cooperatives is the main reason for weak management, poor governance and inability to effectively run their enterprises on sound business practices.

Nyoro and Komo (2005) indicated that governance problems to agricultural cooperatives are strongly linked to the absence of secret ballot, low levels of education, lack of production and management skills training, weak marketing arrangements and consequent low returns to members as patrons or investors. The study conducted by Nyoro and Komo (2005) on analysis of success, failure and demand factor of agricultural cooperatives in Kenya indicated that credit burden and debtors, conflicts, external forces, investment on non-income generating activities, non-skilled Board members, poor or lack of communication between Board members and farmers, competition, dishonesty by staff and representatives, and deceitful businessmen are the main contributing factors to the dysfunctional agriculture cooperatives.

Study conducted by Dlamini (2010) on three co-operatives in Kwazulu Natal Provinces indicated that agricultural cooperatives are challenging by factors such conflict of opinions and issues related to free-rider, horizon, and portfolio problems. Most agricultural cooperatives have failed in achieving a sustainable performance due to gradual deterioration of their members' essential role and failure in improving management performance in accordance with the economic changes. Failure of agricultural cooperatives indicates the existence of constraints in smallholder farming and challenges that still need to be addressed (Machethe, 2004). Khodashahri (2009) showed that there is a significant relationship between the literacy, membership history, amount of shares, knowledge of cooperative principles and regulations, satisfaction from the cooperative, attending the training-extension courses and ultimately economic performance from the one hand and participation level from the other. According LDA (2007) cooperative sector is faced with an

institutional disharmony in which various institutions involved in the sector have not achieved a level of synergy relevant for the viability of the sector. Thus, even where there is a reasonable measure of support for the cooperatives, organizational problems and lack of marketing and production strategies still exist.

Study by Kwapong and Korugyendo (2010) indicated that cooperatives are being dysfunctional due to the government's increased interest and control over the activities of cooperative societies, the emergence of corrupt practices among cooperative leaders, and the appointment of political leaders as managers of the cooperatives who ultimately pursued their own political and economic ambitions.

According to Department of Trade and Industries (DTI), (2012) limited access to markets for the products and services supplied by co-operatives lead to failure of many co-operatives. In South Africa, less developed rural economies and smallholder farmers find it difficult to participate in commercial markets due to a range of technical and institutional constraints. Factors such as poor infrastructure, lack of market transport, dearth of market information, insufficient expertise on grades and standards, inability to have contractual agreements and poor organizational support have led to the inefficient use of markets, hence, commercialization bottlenecks (Jari and Fraser, 2013). Rural producers, and especially smallholder farmers, have little information about the market demand.

Baloyi (2010) indicated that smallholder farmers lack information about product prices at the local level, about quality requirements, about the best places and times to sell their products, and about potential buyers. This in turn reduces their ability to trade their products efficiently and to derive the full benefit from the marketable part

of their production (Baloyi, 2010). According to DTI (2012) co-operatives in South Africa are unable to access appropriate technologies for their businesses to improve efficiency and high levels of outputs. This results in poor quality of products produced, which leads to lack of access to markets. In a study of analysis of constraints of rural beef cattle cooperative farmers of selected villages of Limpopo province, Agholor (2013) found out that inadequate access to market is an obstacle to sale of beef cattle despite the existence of cooperatives. The study also showed that access to market was a major problem of cooperatives of selected villages.

Poor participation of members in decision making is another factor that literature mentioned as a factor contributing to the dysfunctional agricultural cooperatives. Liang *et al.* (2015) pointed out that in China Cooperatives are faced with transformations in terms of both internal governance and organization models. Some farmers have significant capabilities in marketing and management and hold most income rights and decision rights in cooperatives, whereas most common members are rarely involved in decision making and have little power.

2.6 Factors that contribute to functioning of agriculture cooperatives

According to ILO (2013) for cooperative to be successful and functional, a cooperative must ensure well-organized use of existing resources such as facilities, equipment, finance, procedures and people through proper management of costs. Wanyama *et al.* (2009) describe those cooperatives that work as demand-driven and market-oriented business organizations and they are successful while cooperatives that are not organised along these lines are losing their members due to their inability to provide the demanded services and subsequently closing down. It was reported that the economic performance of cooperatives are strongly influenced by

external conditions such as labour, capital and product market. The poor productivity and wage level in cooperatives fail to retain competent persons in management (Wanyama, *et al.*, 2009)

Mazibuko *et al.* (2008) suggested that cooperatives' success and functioning is closely linked to and dependent upon external factors which should be carefully considered in cooperative development, capacity building and policy formulation. He also indicated that one of the most important factors accounting for the cooperative success is the high calibre of leadership in both the board and the management. The cooperative has a wider social impact beyond its membership by influencing municipal standards for decent work and the environment and thus how others do their work. Mazibuko *et al.* (2008) indicated that success of agricultural cooperatives has been achieved in a supportive national policy environment, and with capacity building assistance from NGOs and from the lobbying and advocacy. Spurred annual general meetings or regular general members meetings; empowerment of boards; regular audits; information sharing; communication and a clearly defined role for management are factors that make cooperative to become functional. Ortmann and King (2007) concluded that the success of agriculture in South Africa in the past was promoted because they served as agents of agricultural marketing boards and the Land Bank, which provided subsidized loans to commercial farmers.

Garnevskaja *et al.* (2011) in the study of factors for successful development of farmer cooperatives in Northwest China has found that stable legal environment; a dedicated initiator and leader; government financial and technical support; farmer understanding and participation of cooperative activities and appropriate external

support from professional NGOs are the key factors for the successful development of farmer cooperatives in Northwest of China. In most developing countries leadership and managerial skills are not easily available and the Cooperative Movement is no exception. Leadership is one of the factors that contribute to the success of agricultural cooperative. Leadership in agricultural co-operatives includes the process of reaching consensus and then following through with the group's decisions.

Leadership problems occur when a co-operative fails to select the leader that chooses the most efficient policy for the organization and where the efficiency is defined by what is best for the members (Fulton, 2001). For a cooperative to succeed it is important that proper leadership be identified from its inception. It is the quality of leadership that is displayed at the committee or board level, which determines the success of the Cooperative. If suitable leadership can be identified from amongst the membership then there could be hope for the establishment of a successful Cooperative. Banaszak (2008) also showed that leadership contributes to saving on internal transaction costs, facilitates coordination, makes monitoring and punishing more feasible, and has a positive impact on forming successful agricultural co-operatives. Guay (2011) highlighted that tough leaders are needed to push followers to perform beyond expectations and subsequently to achieve levels of excellence, sustain a positive culture, and persuade followers to become respectable leaders themselves.

A study by Keeling (2004) of California Rice Growers Association shows that cooperatives are in need of highly skilled management with the capacity to make

informed business decisions just like a private enterprise. Wanyama *et al.* (2009) point out that a committed leadership and a clear vision of finding solutions to the daily problems of their members are of key importance to cooperative success. Member participation is another important factor for cooperative development that the literature mentions (Flygare, 2007). The functioning of agricultural cooperatives largely depends on their values of universality, voluntary, self-and social responsibility, democracy and openness norms (Nugussie, 2010). Farmers themselves should consider pooling resources for market rental of crop land, engage in value added activities, and develop informed marketing programs and cost-effective distributing mechanisms. According to Kwapong and Korugyendo (2010) for cooperatives to be functional should be operated as profitable business entities with viable business plans. Agricultural cooperatives also should provide farmers with a strong incentive to actively participate by providing benefits such as improved linkages to markets, higher prices, payment of dividends and other social assistance.

The success of an organisation depends on the involvement of the local population as a high degree of membership participation puts pressure on leaders and staff to properly exercise their respective roles. A study conducted by Prakash (2003) in the Asian Pacific Region concluded that success of agricultural cooperatives is enhanced by internal and external factors. The internal factors included having trained professional and motivated management and members, comprehensive programmes for members' education and information and value-added activities through the use of advanced technologies. External factors included positive support and helpful role of the government, market reforms, availability of basic infrastructure and healthy linkages with regulatory and developmental agencies and institutions.

Wanyama (2009) in the study of cooperative development in Africa indicated that membership participation is also a significant determinant of successful cooperatives. Effective membership in cooperatives is a function of their alignment with people's interests and provision of services that are required by members. Consequently, the success of cooperatives in Africa is also depends on people's interests and provide relevant services to the people's needs to attract active and effective membership participation.

Through support smallholders agricultural cooperatives can achieve sustainable livelihoods, improve food security in their communities and play a greater role in meeting the growing demand for food on local, national and international markets (IFAD, 2011). According to IFAD (2011) the success of African agricultural cooperatives requires both local and international consultative networking to provide supplementary support services that would enable them to even out with the relatively stronger private competitors. Dlamini (2010) also highlighted that government should intervene in addressing internal and external issues affecting cooperatives. Government should improve access and training to relevant technologies to improve production capabilities of cooperatives. Marketing and management activities should also be supported through provision of improved infrastructure and relevant training. Didi (2004) concluded that the homogeneity of members and stability of small groups had a considerable impact on the success of cooperatives, as well as he emphasized role of partnership on the utilization of resources and corporate success.

Noordin *et al.* (2011) mentioned competency management, effective supporting and leadership as important factors in the success of cooperatives. Rutle (2008) suggested that functioning of agricultural cooperatives can create great changes at a personal and local level, and by that help solve the global threefold human crisis of deepening poverty, social disintegration and environmental degradation. Amini and Ramezani (2002) indicated that training the work force increase the cooperatives efficiency that will guarantee the increase in human resource proficiency and enhanced human resource efficiency through guaranteed training and development of knowledge and expertise and creating desirable behaviour. Mazibuko *et al.* (2008) indicated that agricultural cooperatives require training for their core activity, for enhancing business capacities (like management, marketing and book-keeping). Amini and Safari (2002) believe that training the employees and managers of co-operatives are an effective way to create successful cooperatives. The presence of individuals with little training and slightly specialized trainings will be a serious obstacle toward the development and activities of co-operative companies.

According to Liang *et al.* (2015) in the study entitled “social capital, member participation and cooperative performance”, identified social capital as one of factors that contribute to the success of agricultural cooperatives. Study by Weslund and Adam (2010) also showed that social capital in cooperative is accumulated to achieve objectives in terms of maximizing owners and members interest. Liang *et al.* (2015) feather explained that social capital act as cooperative principle and resources in cooperatives. Social capital usually benefits those cooperatives with relatively small membership. Luo and Wang (2013) showed that the role of social capital is an instrument for solving the collective dilemma in cooperatives especially

agricultural cooperatives. Social capital is important for the functioning and success of agricultural cooperatives as it limit the presence of laws and bylaws (Liang, *et al.*, 2015).

2.7 Empirical studies on factors affecting the functioning of agricultural cooperatives in South Africa

A study conducted by Gala (2013) interviewed members of fifth-teen agricultural cooperatives in the greater Tzaneen municipality in Limpopo province, South Africa. The study was carried out to investigate the challenges facing cooperatives in the greater Tzaneen municipality. The results of the study show that cooperatives were hampered by resource constraints such as lack of access to land machinery and equipment, finances and information relevant to production. Marketing, transportation, poor infrastructure and the elderly age of some cooperative members and issues related to free-rider syndrome were other factors that were identified as problems to cooperatives. According to Mandleni and Anim (2014) lack of support for cooperatives might be the cause of these problems.

Several studies have been conducted around constraints, failure and success of agricultural cooperatives in South Africa. Agholor (2013) evaluated production and marketing constraints perceived by beef cattle cooperatives in three cooperatives in Limpopo province. The study show that the reason for the poor performance of beef cooperatives in achieving their goals are inadequate marketing infrastructure, insufficient market access, price fixing, labour and stock pilfering. According to Bienabe *et al.* (2004) smallholder farmers in rural area have little knowledge about market information characterized by level of literacy. Agholor (2013) also supported

that lack of knowledge and access to information might be constraints that hamper beef cooperatives in Limpopo province.

Zwane and Kekana (2014) in the study of role of extension in agricultural development in Limpopo province indicated that cooperatives in Limpopo province are experiencing difficulties because of not operating according to seven known principles adopted by International Cooperative Aliens in 1999. A study conducted by Mahlola (2011) on the economic impact of agricultural cooperatives on woman in the rural areas of Polokwane municipality Limpopo province indicated that lack of access to formal education, lack of access to land and lack of financial support are factors that hinder agricultural cooperatives in the province.

2.8 Conclusion

In the light of what has been discussed above, it is succinctly clear that South Africa is not the only country in the world experiencing challenges of improving the people's lives through agricultural co-operatives. Most of the factors highlighted in this chapter affecting functional and dysfunctional agricultural cooperatives include management and control, that is, leadership in agricultural co-operatives as fully fledged business entities, lack of strategies for employment opportunities, lack of government support, lack of access to land, lack of education and training and limited food production due to uneven distribution of rainfall.

It should, however, be stated that that the new democratic government has developed a comprehensive co-operative policy and concomitant legislation with the intention of improving people's lives. The Department of Agriculture and Rural Development has been entrusted with the responsibility of helping communities

establish agricultural co-operatives, particularly in the rural areas, but the role of municipalities, both local and district, is not clearly defined. It is thus clear that for South Africa to succeed in co-operative development she should take cue from the new generation co-operatives that are successful in South America, Europe, Cuba, Asia and other African countries such as Kenya and Tanzania.

CHAPTER 3

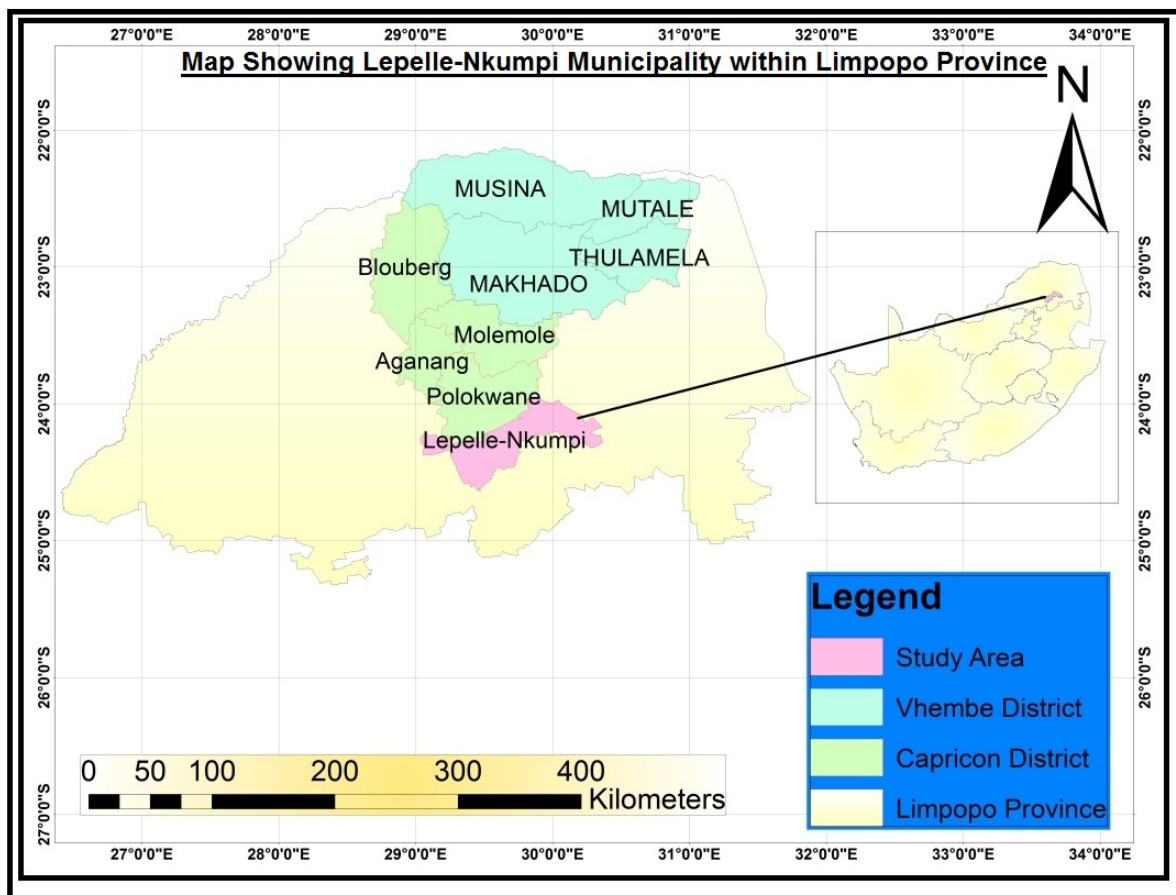
METHODOLOGY

3.1 Introduction

This chapter outlines the features of the study where the research was conducted indicating its geographical location. This is followed by the research design which includes the sampling method and population, data collection procedure, analysis of the data and ethical consideration.

3.2 Study area

The study was conducted in Lepelle Nkumpi local municipality under Capricorn District in Limpopo province. Lepelle-Nkumpi municipal area is the second largest municipality within the District and is located 55km south of the district and Polokwane city. Geographically Capricorn District lies at 24°15'S 29°40'E. Lepelle-Nkumpi municipality covers an area of 3,463 km² which constitutes 27.2% of the total surface area of the Capricorn district. The municipality is located in the centre of the country providing it with the advantage of important links with the rest of the country through national and regional routes that transverse through it including the N1 and other Local Municipality roads. Agriculture activities found in this area include poultry, crop production and livestock production. The municipality is predominantly rural. It is divided into 29 wards, four of them being a township called Lebowakgomo and one of Capricorn District growth points.



Source : (University of Venda, Department of Geography, 2015)

Figure 3.1: Map showing Lepelle-Nkumpi Municipality within Limpopo Province

3.3 Population and sampling

The study determined factors that affect proper functioning of agricultural cooperatives, the target population of the study were members of registered agricultural cooperatives within Lepelle Nkumpi municipalities located at Capricorn district. Data was collected from a sample of 140 active cooperative members from 13 agricultural cooperatives. Simple random sampling method was used to select participants of the study. A list of registered agriculture cooperatives were obtained from the Department of Agriculture. Due to logistical and administrative constraints, such as costs and time, co-operatives were selected from one local municipality within the district.

3.4 Data collection

3.4.1 Primary data collection

Designed questionnaire was used to collect data from cooperatives members of different agriculture cooperatives. The first part of the questionnaire was designed to collect demographic information of the respondent. Second part of the questionnaire was designed to collect cooperative information. Third part of the questionnaire was designed to collect general information of agricultural cooperatives. Information was collected through farm visit as the cooperatives were situated in different villages. Survey interviews were used to get further information to address sub-problems from individual members and also one-on-one survey interviews was used to interview cooperative members in order to allow individuals to express themselves and give honest response.

3.4.2 Secondary data collection

Secondary data was collected from journals articles, books, and governmental/organisational websites. The various sources were used to gain an understanding of cooperatives and to better acquaint the researcher with the work that has been carried out.

3.4.3 Interviews

The fundamental aim for the study was to gain more detailed information to address the problems from individual members. One-on-one interviews were carried out with cooperative members in order to avoid domination of certain individuals in focus group discussions, and to allow individuals to express themselves and give honest responses without being intimidated by others. While the questionnaires were

designed in English, all the interviews were conducted in Sepedi, the local language of Lepelle Nkumpi Municipality.

3.5 Data analysis

Discriminant analysis model was used to analyse the data. This model discriminates functional and dysfunctional agricultural cooperatives in terms of socio-economic factors. Discriminant analysis is a statistical technique designed to investigate the difference between two or more groups of cases with respect to several underlying variables. This technique is more appropriate than commonly used measures e.g. logit, probit which also use categorical variables. It provides a more rigorous test than one based on univariate comparison of means, and results in a unit of analysis, predicted category membership, that is more useful in evaluating instructional interventions. Its goal is to classify cases into one or several mutually exclusive groups based on their values for a set of predictor variables (Huberty *et al.*, 2006). Once group means are found to be statistically significant, classification of variables is undertaken. Discriminant analysis automatically determines some optimal combination of variables so that the first function provides the most overall discrimination between groups; the second provides second most, and so on. Moreover, the functions will be independent or orthogonal, that is, their contributions to the discrimination between groups will not overlap. The first function picks up the most variation; the second function picks up the greatest part of the unexplained variation, computationally, a canonical correlation analysis is performed that will determine the successive functions and canonical roots. Classification is then possible from the canonical functions. Subjects will be classified in the groups in which they had the highest classification scores. The maximum number of

discriminant functions is equal to the degrees of freedom, or the number of variables in the analysis, whichever is smaller (Huberty *et al*, 2006).

In discriminant analysis, a linear combination of the independent variables is formed and serves as the basis for assigning cases to groups. Thus information containing multiple independent variables is summarized in single index. In discriminant analysis, the weight is estimated so that it results in the best separation between groups. The linear discriminant equation is similar to the multiple regression equation (Stevens, 2002).

The general discriminant model can be specified as follows:

$$D = \beta_0 + \sum_{k=1}^p \beta_k X_k \quad (1)$$

$$D = \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 \dots \beta_k X_k + \alpha \quad (2)$$

Where

D = Discriminant function;

β_k = Coefficients estimated from the data;

X_k = Values of the independent variables;

α = Constant;

i = The number of predictor variables.

The coefficients of the first discriminant function are derived as to maximize the difference between the group means. The coefficients of second discriminant function are derived as to maximize the difference between the group means, subject to constraint that values on the first discriminant function. The bigger the differences between the mean values of the independent variables related to various groups, the most discriminating is that variable. Discriminant analysis simultaneously analyses all of these mean differences and determines which variables have most discriminating power. It provides a discriminant function which includes only those variables that should be used in predicting performance. The main advantage of the linear discriminant function is that its measure of predictive ability is in terms of the percent of cases that are correctly classified. Therefore the discriminant analysis is an appropriate technique for use in this study to identify characteristics that differentiate between functioning and failure of agricultural cooperatives. The empirical model used is specified in equation (3):

$$D = \beta_1MRT + \beta_2MTG + \beta_3TCOC + \beta_4SAT + \beta_5NFEM + \beta_6EXT + \beta_7AGEP + \beta_8SCOP + \beta_9ASSC + \beta_{10}SASST + \beta_{11}SAIF + \beta_{12}CSIZE + \beta_{13}INC + \beta_{14}YREC + \beta_{15}MPDM \quad (3)$$

The descriptions of the dependent and independent variables in the model are presented in Table 3.1.

The *Eigen* values were used to estimate the variance of the variables, it also reveal the canonical correlation for the discriminant function. The larger the *Eigen* value is, the more amount of variance shared the linear combination of variables. The eigenvalues are sorted in descending order of importance. *Eigen* values are related to the canonical correlations and describe how much discriminating ability a function possesses. The magnitudes of the eigenvalues are indicative of the functions' discriminating abilities.

Wilks' Lambda test is to test which variable contribute significance in discriminant function. The closer Wilks' lambda is to 0, the more the variable contributes to the discriminant function. The classification processing summary was used to summarize the group cases that have been processed successfully based on the analysis. The standardized discriminant function coefficient was used to assess each variable's unique contribution to discriminant function. The standardized canonical discriminant function coefficients which are presented in Table 4.15 below reflect the contribution of one independent variable in the context of the other variables in the model. A low standardized coefficient means that the groups do not differ much on that variable or it means that a variable's correlation with the grouping variable is redundant with that of another variable in the model. The larger the standardized coefficient, the greater is the contribution of the respective variable to the discrimination between groups.

3.6 Variable descriptions

Table 3.1: Table of variable descriptions

Variable	Description	Measurement	Hypothesized sign
D _i	The ith of the discriminant function	functional=0; dysfunctional=1	
MRT	Marital status	1=single; 2=married; 3=divorced; 4=widowed	+
MTG	Frequency in meeting attendance	1=everyday; 2=weekly; 3=monthly	+
TCOC	Training currently offered	1=leadership; 2=management; 3=technical; 4=sales; 5=computer/IT; 6=others	+
SAT	Satisfaction of the training provided	1=yes; 0=no	+
NFEM	Female in the cooperative	Numbers	-
EXTS	Support from extension officer	1=yes; 0=no	+
AGEP	Age group	1=under 21 year; 2=21-29 years; 3=30-39 years; 4=40-49 years; 5=50-59 years; 6=60 years and older	+
SCOP	Interaction with Stakeholders	1=AGRISETA; 2=higher education institution; 3=private training provider; 4=in house training; 5=skill development facilitator; 6=others	-
ASSC	Type of assistance offered	1=financial assistance; 2=study leave or time off; 3=on the job training; 4=coaching/mentoring; 5=other	-
SASST	Satisfaction with assistance provided	1=completely; 2=mostly satisfied; 3=partially satisfied; 4=mostly dissatisfied; 5=completely satisfied	-
SAIF	Satisfaction with agricultural information	1=completely; 2=mostly satisfied; 3=partially satisfied; 4=mostly dissatisfied; 5=completely satisfied	-
CSIZE	Cooperative size	Numbers	+
INC	Source of income	1=cooperative; 2=other agricultural activities;	
YREC	Years in existence of the cooperative	1=less than one year; 2=between 1-5 years; 3= between 6-10 years; 4=more than 10 years	+
		3= pension; 4=others	+
MPDM	Satisfaction with participation in decision making	1=yes; 0=no	-

3.7 Ethical consideration

There was low risk to the researcher and cooperative members, as the purpose of the study was explained to the participants before gathering information from them. The participants were also being told that the research is for the study purpose. Cooperatives members were being assured of the confidentiality of information and their privacy will be respected. These ethical elements were duly complied with in this study. The researcher did apply for the permission to conduct the study in writing from the municipality where the cooperatives are located. Respondents were asked to sign a Consent Form to participate in the study and a Letter of Confirmation of

Confidentiality of the information was given to the respondents. There was no harm to the respondents, whether psychologically or emotionally. No such questions were included in the instrument. The names of the respondents are not appearing in the report to ensure anonymity and to avoid the likelihood of any views expressed in the report being linked to them. Respondents did participate voluntarily, which means that they could participate or stop at any point in time during the interview. The study commenced after the ethical clearance certificate has been granted from the university.

CHAPTER 4

RESULTS AND DISCUSSIONS

4.1 Introduction

This chapter highlights the results of the study and discussions. It presents cooperatives classification and descriptive analysis of socio economic characteristics of respondents. Descriptive results of the study and discriminant analyses results are also discussed in details.

4.2 Descriptive Results

4.2.1 Cooperatives classification

In getting the results 140 respondents from 13 agricultural cooperatives were randomly selected from identified agricultural cooperatives in Lepelle Nkumpi Local municipality. These registered agricultural cooperatives were selected from the data base of the municipality. The functional cooperative respondent represents 59.3% while 40.7 were classified as dysfunctional cooperative respondents (Table: 4.1).

Table 4.1: Cooperatives classification

Cooperatives	Frequency	Percentage
Functional	83	59.3
Dysfunctional	57	40.7
Total	140	100

4.3 Socio economic characteristics of respondents

4.3.1 Marital status

Marriage is an institution that has great control on influence on family matters. Being in one type of marriage on the other may provide opportunities or constraints in trying to make a living (Odoemelam, *et al.*, 2014). As shown in Table 4.2 below 71.4% of cooperative members were married and about 25.9% were single and the remaining 1.7% were divorced and widowed. It implies that cooperatives members that are married are responsible to the welfare of their household.

Table 4.2: Marital status

Marital status	Frequency	Percentage
Single	32	22.9
Married	100	71.4
Divorced	2	1.4
Windowed	6	4.3
Total	140	100

4.3.2 Source of income

As indicated in Table 4.3 cooperative members derive their livelihood from different activities apart from agricultural cooperative. As shown in the Table 4.3 above cooperative members depend on their cooperative as source of income. The results confirm that 46.4 % of cooperative members depend on their cooperative for their livelihood. The results also showed that 40.0% of cooperative members depend on pension as their source of income. The high percentage of cooperative members depending on their cooperative as their source of income is attributed to the fact that cooperative plays important role in reduction of poverty and unemployment.

Table 4.3: Source of income

Source of income	Frequency	Percentage
Cooperative	65	46.4
Other agriculture activity	17	5.0
Pension	56	40.0
Others	12	8.6
Total	140	100

4.3.3 Years in existence of the cooperative

Table 4.4 indicate that majority of cooperative have between 6-5 years of existence 45.7%, while others have between 1-5 years of existence 32%. Table 4.6 also shows that 12.9% of cooperative have more than 10 years of existence. This result implies that cooperative members are devoted in growing their cooperatives. Balogun (2007) indicated that the greater the years of farming experiences and farm existence the greater the farmers' ability to manage general and specific factors that affect the farm business.

Table 4.4: Years in existence of the cooperative

Years in existence of the cooperative	Frequency	Percentage
Less than one year	13	9.3
Between 1-5 years	45	32.1
Between 6-10 years	64	45.7
More than 10 years	18	12.9
Total	140	100

4.3.4 Age group

Table 4.5 shows that majority of respondents are within the age group of 60 years and older, constitute 29.3% of the respondents while cooperative members whose age is under 21 years account for 3.57% which indicates that old people are

practicing farming and are members of the cooperative in the study area. According to Dlova (2004), age is one of the factors that affect the probability of a farmer being functional in agricultural cooperatives, because younger farmers are more ready to adopt modern technology and may be more adaptive and more willing than older people to try new methods. Young people are not interested in farming, as it is evidence in the case of this study area. According to Mazibuko (2008), as a farmer's age increases, it becomes more difficult to respond to opportunities, including accessing local market.

Table 4.5: Age group

Age group	Frequency	Percentage
Under 21	1	0.7
21-29 years	5	3.6
30-39 years	17	12.1
40-49 years	28	20.0
50-59 years	48	34.3
60 years and older	41	29.3
Total	140	100

4.3.5 Member participation in decision making

Decision making is very important in the functioning of agricultural cooperatives or any business. The results show that 60.7% of respondents are not participating in decision making, while 39.3% indicated that were participating. When a follow-up question was asked why they are not participating the answer was that their participation was meaningless since they were never taken seriously by their cooperative leaders (Table 4.6).

Table 4.6: Member participation in decision making

Member participation in decision making	Frequency	Percentage
No	85	60.7
Yes	55	39.3
Total	140	100

4.3.6 Training currently offered

The results of this study show that 47.9% of agricultural cooperatives offer management training to their members. The results also show that agricultural cooperatives also offer technical and computer training to their members. This indicates that cooperatives offer training to their members and this play an important role in the functioning of agricultural cooperatives.

Table 4.7: Training currently offered

Training currently offered	Frequency	Percentage
Leadership	6	4.3
Management	67	47.9
Technical	22	15.7
Computer training	27	19.3
Others	18	12.8
Total	140	100

4.3.7 Frequency in meeting attendance

The results in Table 4.8 shows that 72.1% of agricultural cooperative attend their meeting on monthly bases and 27.1% attend their meeting on weekly bases. This indicates that that cooperative member have the opportunity to share information that will make their cooperatives to be functional.

Table 4.8: Frequency in meeting attendance

Frequency in meeting attendance	Frequency	Percentage
Weekly	39	27.9
Monthly	101	72.1
Total	140	100

4.3.8 Support from extension officers

The results in Table below shows that 87.1% of agricultural cooperatives receive support from extension officers, whereas 12.9% of agricultural cooperatives do not receive support from extension officers. It implies that extension officer plays an important role in helping smallholder agricultural cooperatives. This is an indication of that extension services contribute to improving agricultural productivity, reduce poverty and equitable economic development through facilitating access to market for farm supporting the management of natural resources enhancing management of rural communities and other agricultural sector (Zwane and Kekana, 2014).

Table 4.9: Support from extension officers

Support from extension officers	Frequency	Percentage
Yes	122	87.1
No	18	12.9
Total	140	100

4.3.9 Assistance offered

The results in Table 4.10 below show that 65.7% of agricultural cooperatives offers on job training to their members. The results also show that an agricultural cooperative offers 17.1% of mentoring/coaching and 0.7% of financial assistance to

their members. It implies that assistance plays an important role in agricultural cooperatives.

Table 4.10: Assistant offered

Assistances offered	Frequency	Percentage
Financial assistance	1	0.7
On job training	92	65.7
Coaching/ mentoring	24	17.2
Others	23	16.4
Total	140	100

4.3.10 Satisfaction with assistance provided

The results of this study shows that 34.0% and 27.1% of agricultural cooperative members in Lepelle Nkumpi municipality are mostly and partially satisfied with assistance provided, whereas 21.4% are completely dissatisfied with the assistance provided. This is an indication that agricultural cooperatives in Limpopo province do receive assistant and cooperatives are satisfied.

Table 4.11: Satisfaction with assistance provided

Satisfaction with assistance provided	Frequency	Percentage
Completely satisfied	16	11.5
Mostly satisfied	49	35.0
Partially satisfied	38	27.1
Mostly dissatisfied	7	5.0
Completely dissatisfied	30	21.4
Total	140	100

4.3.11 Satisfaction with agriculture information

The results show that 42.9% and 27.1% of agricultural cooperative members in Lepelle Nkumpi municipality are mostly and partially satisfied with agricultural information received, whereas 11.4% are completely dissatisfied with the agricultural information received. It implies that extension officer disseminate information to agricultural cooperatives in the study area.

Table 4.12: Satisfaction with agriculture information

Satisfaction with agriculture information	Frequency	Percentage
Completely satisfied	23	16.5
Mostly satisfied	60	42.9
Partially satisfied	38	27.1
Mostly dissatisfied	3	2.1
Completely dissatisfied	16	11.4
Total	140	100

4.3.12 Interaction with stakeholders

Participation and support of stakeholder are crucial to success of agricultural cooperatives and any form of a business. The results of the study show that 43% of skill development facilitator interacts with agricultural cooperatives in Lepelle Nkumpi municipality. The results also show that higher education, private training provider and Agriseta interact with agricultural cooperatives.

Table 4.13: Interaction with stakeholders

Interaction with stakeholders	Frequency	Percentage
Skills development facilitator	61	43.6
Higher education	23	16.4
Private training provider	14	10.0
In house training	3	2.1
Agriseta	14	10
Others	25	17.9
Total	140	100

Table 4.14 presents the group means, including the pooled sample means, of the variables employed on the analysis. Their significant difference levels are indicated by their P-values. The results presented in the table shows a significant difference at the 10% level of the training currently offered by cooperative (TCOC), significant difference at the 5% level of satisfaction with agricultural information obtained (SAIF) and significant difference at 1% level of marital status (MRT), interaction with stakeholders (SCOP), number of female (NFEM), frequency in attending meetings (MTG), satisfaction of the training received (SAT), age group (AGEP), source of income (INC), years in existence of the cooperative (YREC), Members participation in decision making (MPDM), support from extension officers (EXT), assistance offered (ASSC), satisfaction with assistance received (SASST) and cooperative size (CSIZE). This table provides the results of p-value test for the independent variables.

Table 4.14: Group means of variables employed in the analysis

variables	Cooperatives		All	P-value
	Functional	Dysfunctional		
MRT	1.76(0.576)	2.04(0.680)	1.87(0.633)	0.011
MTG	2.81(0.397)	2.60(0.495)	2.72(0.450)	0.006
TCOC	3.43(1.647)	2.88(1.477)	3.21(1.598)	0.042
SAT	3.01(1.375)	2.44(0.982)	2.78(1.258)	0.008
NFEM	6.61(2.589)	7.89(4.083)	7.14(3.327)	0.025
EXT	0.92(0.280)	0.81(0.398)	0.87(0.336)	0.060
AGEP	4.49(1.173)	5.04(1.068)	4.71(1.159)	0.006
SCOP	3.02(1.963)	2.09(1.539)	2.64(1.855)	0.003
ASSC	3.67(0.885)	3.21(0.526)	3.49(0.791)	0.001
SASST	3.28(1.400)	2.35(0.935)	2.90(1.310)	0.000
SAIF	2.71(1.339)	2.18(0.685)	2.49(1.147)	0.006
CSIZE	10.05(4.708)	11.93(5.577)	10.81(5.145)	0.033
INC	1.96(1.142)	2.32(1.003)	2.11(1.097)	0.062
YREC	2.48(0.755)	2.82(0.889)	2.62(0.826)	0.015
MPDM	0.46(0.501)	0.30(0.462)	0.39(0.490)	0.058
Number of cases (n)	83	57	140	

Standard deviations in brackets

The discriminant analysis was conducted to identify factors that can be used to discriminate between functional and dysfunctional agricultural cooperatives. Table 4.15 above present the results of discriminant score and the level of the dependent variables are highly correlated. The *Eigen* value is one of the statistics used to evaluate the magnitude of the discriminant analysis model. The results presented in Table 4.15 indicated that *Eigen* value was low (1.033). This implies that between the groups differences were much lower than the within groups differences.

Wilk's lambda indicates of the accuracy of the discriminant model used. Therefore this measure is reflective of variables importance. A low value of wilk's lambda is an indication of a high percentage of explained variance of dependent variable, in this case functional and dysfunctional agricultural cooperative. The percent of explained variable is calculated as $[-(\text{Wilk's lambda}) \times 100]$. Wilk's Lambda in the case where all the functions were in the analysis was estimated as 0.492 and indicates the differences between two groups of cooperatives account for 85.7% of variance in the predicting variables.

Generally any predictor with a loading score of 0.30 or more is considered to be more important in defining the discriminant dimension. The weighting of the standardized canonical discriminant coefficients of the independent variables in Table 4.15 showed that the variables that separate the two groups of cooperatives were: cooperative size (-0.852), interaction with stakeholders to improve the level of skill (0.579), satisfaction with assistance provided (0.516), number of females in cooperative (-0.455), years in the existence of cooperative (-0.452), members participation in decision making (0.407) and age group (0.446) in order of magnitude.

Table 4.15: Standardized canonical discriminant function coefficients

Independent variable	Coefficient	Wilk's' Lambda
MRT	-0.122	0.954
MTG	0.248	0.947
TCOC	0.076	0.971
SAT	0.092	0.950
NFEM	0.455	0.964
EXT	0.327	0.975
AGEP	-0.446	0.947
SCOP	0.579	0.938
ASSC	0.302	0.916
SASST	0.516	0.878
SAIF	0.259	0.947
CSIZE	-0.852	0.967
INC	-0.100	0.975
YREC	-0.452	0.958
MPDM	0.407	0.974

Statistics:

Eigen value	1.033
Canonical correlation	0.713
Wilk's' Lambda	0.492
Chi-square	92.582
df	15
P-value	0.000
%grouped cases correctly classified	85.7%

4.4 Discussions

4.4.1 Satisfaction with agricultural information

The results in the Table 4.14 above show that functional cooperatives are satisfied with agricultural information they received from extension officers as indicated by the mean value of 2.71 and dysfunctional has a low mean value of 2.18. It implies that functional cooperatives have high score than dysfunctional cooperatives. This shows that dysfunctional cooperatives are not satisfied with agricultural information they receive and that makes them dysfunctional. The result concur with the study of Nompozolo (2000) who stated that for a good performance and success, a reasonable amount of information is essential to back up agricultural productivity.

4.4.2 Number of female members in cooperative

Women are the backbone of the development of rural and national economy. Women comprise the largest percentage of workforce in the agricultural sector, but do not have access and control over land and productive resource. The results in Table 4.14 above show that dysfunctional cooperatives have more female than functional cooperatives as shown by the mean value of 6.61. A functional cooperative has low mean value of 7.89. The finding of this study implies those women are still struggling in developing agriculture in rural area. This may be attributed to the fact that cooperatives encourage the participation of females who are generally excluded from more rewarding agricultural opportunities because of lack of resources (FAO, 2001). The results concur with the study of Khumalo (2014) as indicated that majority of cooperatives in South Africa are composed of the formerly disadvantaged groups, particularly old women.

4.4.3 Frequency in attending meetings

General meetings should be held regularly to promote communication and enable members to voice their opinions and vote on important issues (Ortmann and King, 2006). The results in Table 4.14 show that frequency in meeting attendance was more frequent in functional than dysfunctional agricultural cooperatives. It implies that cooperatives members who are in dysfunctional cooperatives do not held meeting regularly. As for functional cooperatives it implies that cooperative members are working together as a team, since meeting plays a role in tackling the issues of the cooperative.

4.4.4 Satisfaction of the training received

Training is one the cooperative principles, has been recognized as an important factor for the successful development of cooperatives worldwide (Garnevska *et al.*, 2011). The results in Table 4.14 above show that functional cooperatives receive more training than dysfunctional cooperatives. It implies that training play important role in the functioning of agricultural cooperatives. This result concur with the results of Garnevska *et al.* (2011) which showed regular training increase member understanding and knowledge on cooperative and their potential.

4.4.5 Age group

The results in Table 4.14 above shows that age group is the dominating factor affecting dysfunctional cooperatives as shown by the mean value of 5.04 while functional cooperatives had a low mean value of 4.49. The results indicate those high age groups have negative effect on the functioning of cooperative. This possess threat and negative implication to functioning of agricultural cooperatives because

older people are risk averse in the aspects of transformation regarding new technologies and are not strong because agricultural labor requires physically strong individuals. This result support by DAFF (2010) annual report as it stated that membership in cooperatives are predominantly constituted by the elderly who have the will to produce but lack the energy to do so.

4.4.6 Support from extension officers

Extension service involves working with people aiming at helping them in improving the quality of their lives through improved yield leading to increased household income. The results in Table 4.14 and Table 4.15 above show that support from extension officer is more common among functional cooperative than dysfunctional cooperative. Functional cooperative have high mean value of 0.92 while dysfunctional cooperative have low mean value 0.81. It implies that more extension officers provide support to cooperatives is the more cooperatives are going to be successful.

4.4.7 Members participation in decision making

A clear direction and timely process of decision are key ingredients for any success of an organization. The results of this study in Table 4.14 and Table 4.15 above shows that member participation in decision making has a positive and significant effect on the functioning of functional cooperatives. The results of the study indicated that those cooperatives that are functional has high mean of 0.46 and dysfunctional cooperatives has a low mean of 0.30. It implies that a clear direction of member participation in decision making in cooperatives plays an important in the functional cooperatives. The results also shows that dysfunctional cooperatives characterized by low participation of members in decision making.

4.4.8 Training currently offered

The result in Table 4.14 and Table 4.15 shows that functional agricultural cooperatives offer more training to their members than dysfunctional cooperatives. The results also show that training offered to cooperative member has a significant and positive effect on the functioning of agricultural cooperatives. As indicated in cooperatives principles by FAO (2001) that Cooperatives provide education and training for their members, elected representatives, managers, and employees so that they can contribute effectively to the development of their cooperatives.

4.4.9 Marital status

The results in Table 4.14 and Table 4.15 show that majority of cooperative members in dysfunctional cooperatives are more married than functional cooperatives. Marital status has negative effect on the functioning of agricultural cooperative. The results concur with the study by Oni *et al.* (2004) who found the negative impact of marital status towards farming.

4.4.10 Source of income

The results of the study show that majority of members of dysfunctional cooperatives depend on their cooperative as source of income than those that are functional. Source of income have significant and positive effect on the dysfunctional cooperative. This is an indication of that regardless of whether cooperatives is dysfunctional can still play an important role as source of income to many cooperative members.

4.4.11 Years in existence of comparative

Agricultural cooperative exist for the mutual benefit of their members with earnings returned on a patronage basis. The results of the study in Table 4.14 above show that dysfunctional agricultural cooperatives have more years of existence than functional agricultural cooperatives. The longer the years of existence is an indication of that cooperative have more experience and people will also learn from it. It implies that years of existence of a cooperative have significant and positive effect on the dysfunctional agricultural cooperatives.

4.4.12 Interaction with stakeholders

Stakeholders are significant relational and social capital of cooperatives, as well as a means of competitive advantage (Nadica and Vladimir, 2011). The results of the study in Table 4.14 above show that functional cooperative interact with stakeholders to improve the level of their skills of their members than dysfunctional agricultural cooperatives. It implies that interaction with other stakeholders have a significant and positive effect on the functioning of agricultural cooperatives.

4.4.13 Assistance offered

Through assistance smallholder agricultural cooperatives are able to increase their productivity and income by collectively negotiating better prices for inputs like fertilizer, seeds, transport and storage through cooperatives (DAFF, 2010). The results of the study in Table 4.14 show that functional cooperative offers assistance more than dysfunctional agricultural cooperatives. It implies that government provides assistance to agricultural cooperative in Limpopo province and has a significant effect on the functioning of agricultural.

4.4.14 Cooperative size

Cooperative size plays a significant role in the performance and functioning of agricultural cooperatives. The results in Table 4.14 above show that cooperative size is significant towards the functioning of agricultural cooperatives. The results show that dysfunctional cooperatives have more members than functional cooperatives.

4.4.15 Satisfaction with assistance provided

The results of the study in Table 4.14 above show that majority of functional agricultural cooperatives are satisfied with the assistance provided than dysfunctional agricultural cooperatives. It implies that government provides assistance to cooperatives and this plays an important role in the functioning of agricultural cooperatives.

4.5 Results from Standardized canonical discriminant function coefficients

In general the results in Table 4.15 showed that the variable that accounted for most of the differences in the average score profiles of the two groups of agricultural cooperatives were: cooperative size, interaction with stakeholders to improve the level of skill, satisfaction with assistance provided, number of females in cooperative, years in the existence of cooperative, members participation in decision making and age group. As indicated by Prakash (2003), some of the problems faced by agricultural cooperatives have been, among others, poor management, lack of capital resources, inadequate training, extension and education programmes, lack of communication and participation among members, lack of support from stakeholders, and weak linkages among the activities of the cooperatives. This finding is also consistent with findings of the studies conducted by Amini and

Ramezani (2006). Azadi *et al.* (2010) also indicted that low level of satisfaction among the members may demotivate them in collective actions and thus causes cooperatives to become dysfunctional.

4.6 Test of hypotheses

H₁: Socio-economic factors have significant effect on the functioning of agricultural cooperatives in the study area;

- As shown in Table 4.14 socio-economic factors such as satisfaction with agricultural information received, frequency in meeting attendance, satisfaction of training and assistance provided, support from extension officer, member participation in decision making, training offered, interaction with stakeholder and cooperative size have significant effect on the functioning of agricultural cooperative. The hypothesis is therefore accepted since all factors have high mean values of functional agricultural cooperatives than dysfunctional agricultural cooperatives.

H₂: Factors such cooperative size, interaction with stakeholders, satisfaction with assistance provided, number of females in cooperative, years in existence of cooperative, members participation in decision making and age group discriminate between functional and dysfunctional agricultural cooperatives.

- As shown in Table 4.15 Factors such cooperative size, interaction with stakeholders, satisfaction with assistance provided, number of females in cooperative, years in existence of cooperative, members participation in decision making and age group discriminate between functional and

dysfunctional agricultural cooperatives. The hypothesis is therefore accepted since all factors have high coefficient values.

4.7 Summary

This chapter highlighted the descriptive and discriminant analysis results of the study. The chapter presented socio-economic factors of agricultural cooperatives. The results of the study showed that most of smallholder agricultural cooperatives were functional than those that are dysfunctional. Functional smallholder cooperatives were characterized by high level in offering training to their members; interact with other stakeholders to improve level of skill, satisfied with the training and assistance received. Dysfunctional smallholder cooperative were characterized by high age group, low level of meeting attendance, large number of members, unsatisfied of the assistance and training received and high number of females. The study also showed that the key determinants of functional and dysfunctional smallholder agriculture cooperatives were number of members in cooperative, satisfaction of training received satisfaction of training received, number of females in cooperative, years in the existence of cooperative, members participation in decision making and age group. Therefore agriculture cooperatives still need more support in terms of management, financial and education.

CHAPTER 5

SUMMARY, CONCLUSION AND RECOMMENDATION

5.1 Introduction

This study highlights the summary conclusion and recommendations of the study. It highlights the extent to which objectives and hypotheses posed by the beginning of the study have been addressed by the analysis.

5.2 Summary

Agricultural cooperatives have been used as a vehicle for smallholder agricultural development. The study set out to determine factors affecting proper functioning of smallholder agricultural cooperatives in Lepelle Nkumpi municipality of Limpopo province. Since smallholder agricultural cooperatives make an important contribution to sustained economic growth and to making market function better for the poor. A set of analytical techniques were used, namely, the Descriptive analysis, discriminant analysis function, whereby factors discriminating between functional and dysfunctional agricultural cooperatives were identified.

The study used all the necessary official documents, statistics, data programmes as well as relevant literature to capture information on smallholder agricultural cooperatives in Lepelle Nkumpi municipality of Capricorn district. Chapter two reviewed factors affecting the proper functioning of agriculture cooperative. The literature review showed that there are several factors such as poor management, leadership, lack of education and lack of finance affect the performance and success of agricultural cooperatives.

The descriptive results showed that there are socio-economic factors affecting the functioning of agricultural cooperatives. The results of the study showed that socio-economic factors such as marital status, source of income, years in existence of the cooperative, age group and member's participation in decision making affect functioning of agricultural cooperatives in Lepelle Nkumpi municipality.

The results of group of variables employed in the analysis indicated that functional smallholder cooperatives were characterized by high level in offering training to their members; interaction with other stakeholders, satisfaction of training and assistance received. Dysfunctional smallholder cooperative were characterized by high age group, low level of meeting attendance, large number of members, dissatisfaction of the assistance and training received and high number of females. The results of the study in Table 4.14 also indicated that most of the variables have a positive and significant effect towards the functional and dysfunctional cooperatives.

The discriminant analysis results in Table 4.14 indicated the most discriminating factors between functional and dysfunctional smallholder agriculture cooperatives were number of members in cooperative, satisfaction of training received satisfaction of training received, number of females in cooperative, years in the existence of cooperative, members participation in decision making and age group. Therefore agriculture cooperatives still need more support in terms of management, financial and education.

5.3 Conclusion

This study determined factors that affect proper functioning of smallholder agricultural cooperatives in Lepelle Nkumpi municipality, Limpopo Province, South Africa. The results of the study showed that most of smallholder agricultural cooperatives were functional than those that are dysfunctional. Functional smallholder cooperatives were characterized by high level in offering training to their members; interact with other stakeholders to improve level of skill, satisfied with the training and assistance received. Dysfunctional smallholder agricultural cooperative were characterized by high age group, low level of meeting attendance, large number of members, unsatisfied of the assistance and training received and high number of females. The study also concludes that both hypotheses are accepted since socio-economic factors play significant role in the functioning of agricultural cooperatives and they also discriminate between functional and dysfunctional agricultural cooperatives. This result implies that government and other stakeholders support agriculture cooperatives, but there are still those that are dysfunctional as indicated above. Therefore agriculture cooperatives still need more support in terms of management, financial and education.

5.4 Recommendations

Based on the findings, the following recommendations are important to provide the solution to factors affecting proper functioning of agricultural cooperatives: Government should continue in supporting cooperatives and extension officer should also continue in disseminating information to cooperatives. Government should also intensify effort on cooperative education, training and public enlightenment to support functioning of cooperatives in the study area. Cooperative members should also be exposed to training programmes and support mechanisms such as cheap finance, government grants and gradual exposure to private funding institutions.

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Appendix 1: Questionnaire

Analysis of factors affecting proper functioning of smallholder agricultural cooperatives in the Lepelle Nkumpi Municipality, Limpopo Province, South Africa

Department of Agricultural Economics and Agribusiness

School of Agriculture

University of Venda

Researcher: Thaba Katlego

SECTION ONE: DEMOGRAPHIC PROFILE

Please answer the following questions as honestly and accurate as possible. Please note that this information is important for demographic and statistical purpose.

1. PERSONAL INFORMATION

1.1 Name of your cooperative

--

1.2 Your position in the cooperative:

Permanent position		0
Part time position		1
Contract position		2

1.3 Your role in the cooperative:

Manager		1
Committee member		2
Member		3

1.4 The number of years in your current position:

Less than one year		1
Between 1-5 years		2
Between 6-10 years		3
More than 10 years		4

1.5 Previous experience (years) in working with cooperatives:

Less than one year		1
Between 1-5 years		2
Between 6-10 years		3
More than 10 years		4

1.6 Your group age:

Under 21 years		1
21-29 years		2
30-39 years		3
40-49 years		4
50-59 years		5
60 years and older		6

1.7 Your gender:

Male		0
Female		1

1.8 Marital status

Single		1
Married		2
Divorced		3
Widowed		4

1.9 Your employment equity (EE) status:

African black		1
Coloured		2
Indian		3
White		4
Others (please specify)		5

1.10 Your highest formal education:

No formal education		0
Primary education		1
Secondary education		2
Tertiary education		3

1.11 Your source of income:

Cooperative		1
Other agricultural activities		2
Pension		3
Others		4

1.12 Your household size:

--	--

2. COOPERATIVE/COMPANY INFORMATION

2.1 size of your co-operative/company:

Small enterprise (0 - 49 employees)		1
Medium enterprise (50 - 149 employees)		2
Large enterprise (150 and more employees)		3
Micro enterprise (an informal sector business)		4

2.2 Co-operative/company location:

Capricorn		1
Sekhukhune		2
Vhembe		3
Waterberg		4

2.3 Gender composition of your cooperative(please insert figures):

Male		
Female		

2.4 Gender breakdown per level (please insert figures):

Senior management		1
Middle management		2
Supervisory		3
Operational		4

2.5 Years in existence of the co-operative/company

Less than one year		1
Between 1-5 years		2
Between 6-10 years		3
More than 10 years		4

2.6 How many are you in this co-operative?

2.7 Why did you want to become a member of this co-operative?

2.8 Who constitutes the leadership of the cooperative?

Chairman		1
Secretary		2
Treasure		3
Others		4

2.9 Are the number of co-operative members increasing or decreasing?

No		0
Yes		1

2.10 What kind of activities do you carry out in this co-operative throughout the year?

2.11 When was the last time you participated in each activity?

SECTION TWO: CURRENT AND FUTURE TRAINING, SKILLS AND SUPPORT

3 TRAINING

3.1 What training is currently offered by your cooperative?

Leadership		1
Management		2
Technical		3
Sales		4
Computer/IT (please specify)		5
Others (please specify)		6

3.2 What are the most important training needs of your cooperative?

Technical training		1
Soft skill training		2

Coaching and mentoring		3
On the job training/in store training		4
Other (please specify)		5

3.3 Name the training providers who currently provide training in your co-operative/company.

This includes formal (through a higher education institution) and informal (short course) training.

3.4 How satisfied are you with such training?

Completely satisfied		1
Mostly satisfied		2
Partially satisfied		3
Mostly dissatisfied		4
Completely dissatisfied		5

3.5 . Can staffs apply what they have learnt in the training programme?

No		0
Yes		1

3.6 If YES, how is staff able to apply what they have learnt in the training programmes?

3. SKILLS

4.1 List the most important scarce skills in your co-operative. These are occupations (jobs) in which there is a scarcity of qualified and experienced people, currently or anticipated in the future, either because such skilled people are not available or they are available but not meet employment criteria. For example: Engineers

1.
2.
3.
4.
5.

4.2 List the five critical skills in your cooperative in order of importance. This refers to specific key or generic and “top up” skills within an occupation. There are two groups in SA context:

4.3 a) Key or generic skills, including critical cross field outcomes. These would include cognitive skills (problem solving, learning to learn), language and literacy skills, mathematical skills, ICT skills and working in teams.

b) Particular occupationally specific “top up skills” required for performance within that occupation to fill a “skill gap” that might have arisen as a result of changing technology or new form of work in the cooperative.

1.
2.
3.
4.
5.

4.4 Which stakeholders do your co-operative/company interact with to improve the levels of skills of staff.

AGRISETA		1
Higher Education institution		2
Private training provider		3
In house training		4
Skill development facilitator		5
Other (please specify)		6

5 .SUPPORT/ASSISTANT FOR SKILLS IMPROVEMENT

5.1 What types of assistance does your co-operative offer the staff?

Financial assistance (e.g. bursaries, study loans)		1
Study leave or time off		2

On the job training		3
Coaching/mentoring		4
Others (please specify)		5

5.2 How satisfied have you been with such assistance?

Completely satisfied		1
Mostly satisfied		2
Partially satisfied		3
Mostly dissatisfied		4
Completely dissatisfied		5

5.3 Do you get any kind of support from the extension officer?

No		0
Yes		1

6. GENERAL

5.4 How is information about training interventions being communicated in the co-operative/company?

Email		1
Discussions/meetings		2
Posters/flyers		3
Through the SDF		4
Through the training department		5
Other specify		6

5.5 How satisfied are you with the communication about training programmes?

Completely satisfied		1
Mostly satisfied		2
Partially satisfied		3
Mostly dissatisfied		4
Completely dissatisfied		5

5.6 Identify 3 challenges in terms of skills development in your co-operative

1.
2.
3.

5.7 Any other information or recommendations you would like to share with regarded to skills development in your co-operative.

5.8 Do you think this cooperative has been functional or dysfunctional?

Dysfunctional		0
Functional		1

5.9 If yes or no give reason:

5.10 List two major problems that are faced by your co-operative:

5.11 How is the general attitude towards the co-operative in the area?

Very bad		1
Bad		3
Good		3
Very good		4
Perfect		5

5.12 How does this cooperative help you?

Less		1
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More		2
Same		3

5.13 How often do you go to meeting?

Everyday		1
Weekly		2
Monthly		

OPTIONAL:

As part of the University of Venda research efforts to continually update their current database, please could you provide us with the following information for your c-operative:

Contact

Name

Contact number:

(Work).....

(Cell).....

(Fax).....

Email:

.....

THANK YOU FOR YOUR PARTICIPATION!

Appendix 2: Consent form

CONSENT FORM			
University of Venda			
Topic: Analysis of factors affecting proper functioning of smallholder agricultural cooperatives in the Lepelle Nkumpi Municipality, Limpopo Province, South Africa			
The consent form is designed to check that you understand the purposes of the study, that you are aware of your rights as a participant and to confirm that you are willing to take part			
Please tick as appropriate			
	YES	NO	
1. The nature of the study has been described to me.	YES		
2. I have received sufficient information about the study for me to decide whether to take part.	YES		
3. I understand that I am free to refuse to take part if I wish	YES		
4. I understand that I may withdraw from the study at any time without having to provide a reason	YES		
5. I know that I can ask for further information about the study from the research team.	YES		
6. I understand that all information arising from the study will be treated as confidential.	YES		
7. I know that it will not be possible to identify any individual respondent in the study report, including myself.	YES		
8. I agree to take part in the study	YES		
Signature:	Date:		
Name in block letters, please:			
I confirm that quotations from the interview can be used in the final research report and other publications. I understand that these will be used anonymously and that no individual respondent will be identified in such report.			
Signature:	Date:		
Name in block letters, please:			