

# Cooperative Managers to Sustain Emerging South African Cooperative Enterprises

Sebonkile C. Thaba, Charles Mbohwa

**Abstract**—The paper wants to use the cooperative manager as an intervention that can tackle to challenges that are being experienced within the development of socio-economic. The cooperative manager can possess an impact in bringing down a higher unemployment rate of young South African graduates and also aid in managing the South African emerging cooperative enterprises that are presently struggling with sustainability and evolution.

**Index Terms**— cooperative enterprises, cooperative manager, unemployed graduated, manager.

## I. INTRODUCTION

Youth unemployment in South Africa is extremely high and some of these youth being the youngest graduate that are not marketable by the corporate companies. This attribute to lack or no work experience. Employers look for skills and experience; they regard unskilled, inexperienced job seekers as a risky investment [1]. South Africa while the Unemployment rate is sitting at 25.6%. SA's youth unemployment is 70%, while the unemployment rate among people aged less than 25 years is over 50%. The unemployment rate of young graduates is 5.2%, [2]. The government came with many programmes that can assist the youth to acquire relevant skills in a way that they are employable or create employment for themselves and others. The government to provide bold, inventive and effective strategies called the multi-pronged scheme to produce the millions of new jobs that South Africans need to tackle the youth unemployment rate [1]. These plans are carried out in a diversity of internships that are established in the corporate while the government is paying stipends. Others are in a variety of small, medium and micro enterprises (SMMEs), by educating and encouraging young people to form their own businesses. For example, youth in rural areas is already being skilled through a flagship rural program, which had 13 000 participants for training as development agents, 900 youth trained in raising livestock for smallholdings and dairy production, [3]. In addition, brick making and paving projects by youth and Government is investing R631 million

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S. C. Thaba is with the University of Johannesburg, Quality of Operations Management, Johannesburg South Africa, Phone: +27 73 253 5145; e-mail: Sebonkile.thaba@yahoo.com).

C. Mbohwa was with University of Johannesburg, Quality and Operations Management, Johannesburg, South Africa. He is now with the Department USA (e-mail: cmbohwa@uj.ac.za).

in rural youth training programs and a further R3.5 million invested in training 990 women and youth in rural arts and craft initiatives [3]. Despite all these programs, South Africa is still experiencing the unemployment rate of young graduates. The paper wants to introduce another effective way of reducing a rate of unemployment graduated furthermore assisting emerging cooperative enterprise. In South Africa the DTI defines emerging cooperatives as cooperatives identified as struggling for survival and lacking training while needing support which will strengthen these co-operatives in a form of building their own capacity, financial support and assistance with marketing, [4]. The cooperative are also facing a serious challenge of failing at their start-up stage while not fulfilling their purpose of existence which is to create employment and eradicate poverty. The Registrar indicated that out of a sum of 22 619 registered co-operatives in 2009, the number of active cooperatives in the register were only 22 030 [3], which means the failure rate of cooperative was 80%. In preparing the young unemployed graduates to become cooperative enterprise managers oversee and moreover guide the overall operations of the conjunctive. Managers are individuals in an organization who directs the activities of other, [5]. This will result in cooperative enterprise managers rescuing the cooperatives by reducing the mortality rate. However, by encouraging young graduates to join cooperatives as new members they bring in new ideas that will utilize the cooperative opportunities to grow and be sustainable. The cooperative enterprise managers as they manage the line will be able to ascertain that the cooperative are doing what is required by the South African regime. As a matter of fact, cooperatives are owned by the rural people, women, people with disability and youth. Single of the DTI cooperative strategies is to enable vulnerable groups to contend with large market players, [3]. While creating employment and selling their products and services at reasonable prices for their communities, these can be made out by cooperative enterprise managers by working through and practicing management functions. The functional plan of approach is where managers perform certain activities or functions as they direct and oversee activities done by others, [5]. The management functions are planning, organizing, leading and controlling,

## II. LITERATURE REVIEW

The cooperative enterprises need to have a board of directors and managers to operate effectively and efficiently. The cooperative need to have four operating groups, the

members (founders), the panel of directors (elected members), Manager (hired) and employees (hired). Co-ops are a pattern of commercial enterprise owned and held by the people who use it [6], these are the primary constituency of cooperatives. In South African mostly 5 to seven founders are the only people to run the cooperative enterprise as they can not only afford to have a cooperative manager but also the board of directors. The cooperatives do not grow for an extended where they can hire workers and elect the panel of directors, without yet bringing up the cooperative managers. Many cooperatives failed because of inept operating management and inadequate monitoring by the board [7] Lack of business planning results in many cooperatives not surviving the emerging stages of start-up, [8] Cooperative management is a team consisting of four elements members (owners), board of directors (elected), the manager (hired), and other responsible employees (paid), [6]. All these constituencies form part of management, but there is one person specifically being accountable for managing. Each and every business needs management in ensuring success. It is not possible to operate a business without a manager, one requires realizing that a business without managers is a business without management and businesses are more done than others [9]. That's the reason it is important for cooperative enterprises to hire a cooperative manager to execute a specific task. Management is a dynamic, complex, flexible, and rational process of setting and accomplishing goals through the select use and coordination of human, technical, and financial resources within the context the environment(s) embedded in the organization, [10]. The purpose of management is very significant because a manager will have to plan, organize, lead and control the enterprise, through ensuring that everyone is performing at the anticipated rate. These are loosely recognized as management functions, [10]. Management has greatly improved as cooperatives have become larger, more diversified, and integrated to match similar advances in the marketplace and on the farm now local cooperative managers not only supervised operations, but also maintained accounting records, waited on customers, and swept floors, [11].

### III. METHODOLOGY

The study was conducted by visiting 300 cooperatives that are situated in Gauteng and Limpopo province. In Gauteng province, the researcher visited 100 cooperatives as well as attended 6 workshops and conferences that were on cooperatives. In Limpopo province, the researcher visited 200 cooperatives and the government departments and agencies that support cooperatives. The methods used were an interview, observations and questionnaire with the cooperatives. In the government departments and workshops was mostly just to assemble information on the current condition of the cooperatives by collecting their publication and database documents that are related to cooperatives

### IV. FINDINGS AND DISCUSSIONS

Most of the cooperative in South Africa do not follow, believe in or understands the cooperative governance, and this is negatively impacting their daily operations and strategy. The cooperative to be successful it needs more

members to get in and get involved. Many that have been running for ten years, but they have not added members within their business, and their reason being if they involve many members it might affect their cooperatives badly as they will not be able to control all members. The cooperative members enjoy just having other peoples as employees rather than involving them in the enterprise as members. These tend to affect the cooperative very badly as the cooperative need synergy and to end up having a board of members a cooperative needs to have many members who others can then participate as the board of directors. Because of lack of knowledge that if they use the cooperative governance, there is no way that members can be affected by any conflicts of membership. And they will be many skills and knowledge involved.

Most of these cooperatives the members are old people; some are over 65 years and are no longer that strong to can be responsible and take accountability of almost everything that is taking place within the cooperative. They do need young people who can carry on with the business, even where the old members will no longer be in the enterprise. Most member states that young people do not want to be involved in the cooperatives as they want money and cooperatives cannot pay market-related salaries or they are only earning seasonally. This study finds out that is due to not being creative and innovative of the cooperatives that the members are unable to earn the market-related salaries and also earn seasonally. This is because these cooperative if they get a tender from government, they will only stick to that tender as if they are working for government without actually going out there and look for other organizations that can sponsor or looking for more customers that they can sell their products or services to.

The cooperatives that sell their products and services to the government are too relaxed. One example is cooperative that is given money by the department of social development, to make shoes for school children who are less fortunate. These cooperative has close to 60 workers who have been with the cooperative for 5 years now and the cooperative have also been running for five years. Ever since the cooperative have been running, their only client or customer is Department of social development. The only shoes there have been making is one type of shoe design that are meant for school children. The cooperative have been buying their material for making shoes in another province, they are buying import stuff. So the cooperative have not even thought of having a value chain, where they can form other cooperatives that will do both the forward and backward integration where they will get materials and services at a very reasonable price.

The cooperative does not have a set of goals; the members do not set their daily, monthly and yearly objective. The cooperatives look like they do not have an overall goal that has to be achieved through short and long term plans. Most of the cooperatives if asked where they want to see themselves in the future. One can just tell they are not planning that big. Even if there are lots of opportunities, the members seem not to see the opportunities. And the major cause of these is that the members are always complaining about the expansion and this expansion, according to them is only possible if the government does it for them. They do not see themselves as a successful cooperative that can be

independent and be able to cover all its cost and still survive and go strong.

The cooperative member's they are not seeing the customers as the potential clients that can actually make their business sustainable. They do not believe in their own products in a way that they can survive through their products. In most cases, they do not sell their products to individual customers but also looking into selling as the manufacturer and somebody else distributing their products. These then become a challenge if they do not get potential buyers who buy in bulk, the cooperative collapse simply because they failed to get, a government tender or a retailer who will buy all their products. You find even most of the time these cooperatives not meeting the criteria that are needed by the retailer because when they produce they do not think of the end user, if ever will like and be satisfied with their products. Most of the products that are produced are old outdated. With the service, one finds majority offering one kind of service like cleaning. Where a cooperative is a sell their labor by cleaning, in the minds of these cooperative members they only market themselves in government offices, so that they can clean there and they do not think of any other business. They will only want to do the inside cleaning where they clean inside the offices. While today, private companies provide combined services, where they do clean, gardening. Catering and security guards and these companies, markets their business everywhere.

#### V. RECOMMENDATIONS AND CONCLUSION

It is recommended that South African cooperatives needs need the cooperative managers if they are to be to be successful and sustainable, the cooperative managers can be graduate students who are currently unemployed, this student can go for a six to 12 months training to make them ready for becoming cooperative managers, these will reduce high unemployment of graduates, and these students will also earn experience and be marketable in the corporate.

Many cooperatives are missing very simple things them causes them the development and success of cooperatives. These can be simply than by a trained manager. There are also many agencies in South Africa that support the cooperatives, the shocking part the employees of these agencies are not very familiar with the cooperative governance. Some of these employees are facilitators within the cooperative. They will be a need for a surety that there is continuous learning for all people who engage and support cooperative, by always attending courses that expire. They will need to have permits or licenses to lead or facilitate a cooperative. These will enforce everyone who engages with cooperatives to know and understand the cooperative knowledge as well as understands the challenges that cooperative enterprises are facing and there will be able to diagnose the problems and tackle the challenges.

Each and every agency needs to select some of their members to play a role in cooperatives with, being a board of directors and encouraging the cooperatives to have the board of directors. It is very important that cooperative see the importance of having both the board of directors and a

cooperative manager within their cooperative, to assist in the success of the cooperative.

Lastly, the cooperative members need to have an organizational culture of continuous learning, by rotating their leadership as it is rightfully with the cooperative governance and members will be learning through the rotation. The cooperative members need to teach and learn from one another, they can be a specific job for someone, but always they need to teach others so that they also know what is going on in each and every position. The members need to find out about the workshops and conferences then make sure they attend all them, and this can be done by one member and come back to give feedback to other members. The members will be learning to become a learning organization.

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