

Governance and Accountability of Multi-Purpose Cooperatives in the Shiselweni Region of Swaziland: Implications for Education and Training

Thoko A. Masuku¹ Joseph P.B. Mutangira² Micah B. Masuku³

1.P.O. Box 5481, Manzini, M200, Swaziland

2.Department of Adult Education, University of Swaziland, P/B 4 Kwaluseni, Swaziland

3.Department of Agricultural Economics and Management, University of Swaziland, P. O. Luyengo, M2005, Luyengo Swaziland

Abstract

Cooperatives are perceived as innovative institutions that are able to secure the participation of communities in economic development. The study examined the extent of good governance and accountability in multi-purpose cooperatives and the implications for member education and training in Swaziland. The objectives of the study were to: determine the status of governance; establish the level of accountability; and establish the status of cooperative member education and training in multi-purpose cooperatives in Swaziland. A descriptive research design was used where quantitative and qualitative methods were employed to collect and analyse the data. The target population was all registered and active multi-purpose cooperatives in the Shiselweni region. A multistage stratified sampling technique was used to draw a sample of 80 cooperative members, 35 committee members and 5 cooperative officers. Therefore the sample size was 120. Interviews and analysis of documents were used to collect data. Data were analysed using descriptive statistics. The findings of the study were that, cooperatives were governed democratically and member participation was adhered to; that the level of accountability in cooperatives was average; members were consulted before any decision was taken in the cooperatives; cooperative education and training in multi-purpose cooperatives was conducted regularly by education and training committees; cooperative officers educated and trained cooperative members once a year. The study concluded that multi-purpose cooperatives were not well governed and there was moderate accountability. The study recommends that multi-purpose cooperatives should invest in education for their members and workers on cooperative principles. The study also recommends that other studies be carried out to cover the whole of Swaziland, by including all cooperatives.

Keywords: Accountability, education and training, governance, multi-purpose cooperatives,

1. Introduction

1.1 Multi-purpose cooperatives

A cooperative is an autonomous association of persons united voluntarily to meet their common economic needs and aspirations through a jointly owned and democratically controlled enterprise (International Cooperative Alliance, 2006). The distinguishing features of cooperatives are encapsulated in the seven cooperative principles, which include (i) voluntary and open membership, (ii) democratic member control, (iii) member economic participation, (iv) autonomy and independence, (v) education, training and information, (vi) cooperation among cooperatives and (vii) concern for community. Cooperatives function on the basis of the values of self-help, self-responsibility, democracy, equality, equity and solidarity. Cooperative Principles, for example, emphasize the centrality of cooperative education, training and information so that they contribute effectively to the development of their cooperatives (Chambo, 2009). Cooperatives should provide education and training for their members, elected representatives and employees. The cornerstone of any cooperative is the education and training on cooperative matters of all members (Mdluli, 2003).

A multi-purpose cooperative is a business that is a mixture of two or more different types of cooperatives. Multi-purpose cooperatives are member based organisations for agricultural farmers in rural communities (International Cooperative Alliance, 2006). Dlamini (2010) studied elements constituting an effective agricultural cooperative in South Africa and found that the objectives of collective farming were creation of employment and income generating activities, improving access to funding, strengthening market access, and strengthening human and community development.

1.2 Problem Statement

The Swaziland Government is mandated to support the development of cooperatives and assist in overcoming their constraints (Swaziland Government, 1999). Cooperatives serve their membership to achieve their socio-economic needs and goals through the establishment and operation of autonomous, member-owned businesses that generate income and employment. They are also perceived as innovative institutions that are able to secure the participation of communities in economic development (Swaziland Government & UNDP, 2012).

Multi-purpose cooperatives are regarded as key institutions for promoting rural development and poverty alleviation. They are channels for community participation in economic development, enabling members to coordinate their efforts and gain economic benefits. The participation of people in multi-purpose cooperatives in Swaziland is very low at primary level because of different reasons emanating from social and economic influences (Hlatshwako, 2010), however the management of cooperatives remains crucial for their sustenance as vehicles of income generation and social security in communities (Swaziland Government & UNDP, 2012). Poor performance of multi-purpose cooperatives could be attributed to: inadequate business management and entrepreneurial skills among staff and elected committee members, poor governance in administering cooperatives principles, limited advocacy and communication skills, and financial constraints that make it impossible to recruit and retain a good calibre of staff and to provide capacity building among members and leaders.

1.3 Objectives of the study

The purpose of the study was to assess the status of governance and accountability in multi-purpose cooperatives in the Shiselweni region. The specific objectives were:

- i. To determine the status of governance in multi-purpose cooperatives in Swaziland;
- ii. To establish the level of accountability in multi-purpose cooperatives in Swaziland; and
- iii. To establish the status of cooperative member education and training

2. Literature Review

2.1 Overview of Cooperatives

Cooperatives help to democratize and empower people in developing countries, for example, by instilling basic democratic values, fostering self-reliance through collective action and shaping relationships between institutions and civil society that encourage participation and conflict management. Furthermore, cooperatives instil (i) democratic member control (one member, one vote), (ii) promote participatory management practices, (iii) promote transparency in decision-making and financial accountability and (iv) they encouraged evolution of power and lastly (v) promote collective action and bargaining power among members (The US Overseas Cooperative Development Council, 2007).

Rural poor farmers have found that single purpose cooperatives hold less appeal than multi-purpose cooperatives because they need a cooperative that will offer them a platform to receive all the services they need starting from different farm operations up to and including product marketing as well as provision of agro-credit. It is upon this premise that the idea of farmers' multi-purpose cooperatives (FMCs) gained prominence among rural farmers in developing countries (Akinwumi, 2011).

Multi-purpose cooperatives are known to have management problems in the area of determining equitable ways of distributing results, retention of members' interests and difficulties in educating members about the workings of this type of cooperative (Agbo, 2010). There is a growing concern among cooperative promoters regarding the validity of the claim that farmers' multi-purpose cooperatives hold better appeal to farmers than their single-purpose variants. This doubt comes in the wake of the outstanding performance of institution based single-purpose cooperatives like credit and marketing cooperatives (Akinwumi, 2011). However, such outstanding results have not been confirmed among single-purpose cooperatives belonging to rural farmers. It is therefore, necessary to analyze the relevance of the FMC variant of cooperatives with respect to its appeal to farmers and their performances, challenges and future prospects.

The strength of a cooperative depends, in part, upon its ability to mobilize its resources and members not only in gaining market share and achieve economic growth, but also in maintaining member commitment and satisfaction and retaining them. Satisfied, highly committed members are more likely to support their cooperative by participating in all cooperative activities. The opposite occurs when members are unhappy. It is evident that members' goals, what they desire from their cooperatives, are critically related to why they joined the cooperative in the first place. These goals also affect member satisfaction with the cooperative, their commitment to it, and their participation in its activities (Dakurah, Goddard & Osuteye, 2005).

Members' attitudes towards their cooperatives also have a significant impact on their cooperative participation and behavioural intentions. The attitudes people hold towards an organisation could, and do influence their behaviour towards that organisation. All things being equal, the more positive attitude one holds towards an organisation, the more likely it is that the person will patronize or use a service from it. Cooperatives, as democratic organisations, rely on members' patronisation for the realisation of their distinctive character. A vital part of any cooperative is its members, and their active participation. Loyalty to the cooperative is integral for its success (Fishbein & Ajzen, 2010).

Gray and Kraenzle (2002) stated that the majority of agricultural cooperatives were struggling with issues around capital investment to expand or adopt new technologies and governance issues, while issues of member commitment and patronisation may be adding to other problems in the cooperative sector. Cooperatives exist to address the needs of citizens by providing services such as, helping farmers market their products, buying farm

supplies, providing communities with financial services, retail goods and as well as providing communities with utilities (gas, electricity, and other essential services). They are also used as tools in addressing a broad range of socio-economic issues such as unemployment and value-added industries in rural communities.

2.2 Governance in multi-purpose cooperatives

Governance is viewed as the process whereby cooperatives or organisations determine how power is exercised, whom they involve and how they account to the populace, and it is important for economic growth (Bobtricker & Robert, 2012). Corporate governance is holding the balance between economic and social goals and between individuals and communal goals, with the aim to align as nearly as possible the interest of individuals, corporations and society. Good corporate governance is characterised by discipline, transparency, independence, accountability, responsibility, fairness and social responsibility (Hermes, 2008; King 2009). Governance involves network and assumes accommodative orientation within such networks with a shared willingness to learn from each other. Good governance can also mean enhanced transparency and accountability in the activities of the organisation. Zamora and Agutaya (2007) emphasized that when multi-purpose cooperatives are properly managed, financial records and reports are up to date and are made available to members, and opinions of each member are recognized and respected.

2.2.1 Accountability in multi-purpose cooperatives

Accountability is a fundamental value in the cooperative business. In order to have efficiently well managed cooperatives, there are critical factors that need to be addressed in the management of the cooperatives in order to promote homogeneity and limit free riding or opportunistic tendencies by members (Develtere et al., 2008). These factors include; transparency, democratic governance, internal accountability and control (Develtere et al., 2008). The system for accountability is an organisational aspect affected by low education among members. If the education level of members is low it becomes easier for local leaders to abuse the cooperative and divert activities in accordance with their own priorities (Chirwa et al., 2005). It is noted that one consequence of low accountability is the progress of a few committee members at the expense of the majority of members, which is a clear contradiction to the main purpose of a cooperative (Chirwa et al., 2005).

2.2.2 Democracy in cooperatives

Democracy is one of the governance mechanisms. It consists of participatory and 'voice giving' decision-making procedures. In a democratic organisation like cooperatives, the general membership is the supreme organ of the organisation and the management committee is elected by the general membership to look after the business affairs of the cooperatives (Kogut & Zander, 1996; Develtere et al., 2008). The democratic value of co-operatives is seen through good cooperative governance and accountability as a result of education and training.

Cooperatives help to democratize and empower many people in developing countries. For example, they instill basic democratic values and foster self-reliance through collective action and shape relationships between institutions and civil society that encourage participation and conflict management. Furthermore, cooperatives instill (i) democratic member control (one member, one vote), (ii) promote participatory management practices and (iii) promote transparency in decision-making and financial accountability and (iv) they encourage devolution of power and lastly (v) promote collective action and bargaining power among members (The US Overseas Cooperative Development Council, 2007).

2.2.3 Participation in cooperatives

Participation enhances efficiency and effectiveness of investment and promotes processes of democratisation and empowerment of those who participate in cooperatives. Participation of farmers in public meetings or workshops, trainings, and exposure visits enhance the awareness of the rural people on the importance of cooperative societies (Develtere et al., 2008; Papadopoulos, 2003). The success or failure of any cooperative is as a result of functioning committee that represents cooperative members. The Board members should be able to (i) have good business judgment (ii) think independently and (iii) be willing to ask critical questions and, respect other members and (iv) be of integrity, as well as have strong work ethics and comprehensive understanding of cooperatives.

The responsibilities of cooperative management include to: (i) coordinate business activities; (ii) setting goals and develop short term strategic plans; (iii) recruit, appraise, and terminate employees; (iv) organize and coordinate internal activities; (v) control daily operations; (vi) maintain an accurate bookkeeping system; (vii) prepare and present accurate financial and operational reports; and (viii) attend board meetings (United States Department of Agriculture 1997).

2.2.4 Education and training in cooperatives

Education and training play a crucial role in the development of human resources. Competence is more than just academic skills. Kherallah and Kirsten (2001) argued that competence should be defined as a learned ability to adequately perform a task, duty or role. Competence is usually acquired in a process of learning-by-doing in the actual work situation.

A study by Keeling (2004) showed that cooperatives need highly skilled management with the capacity to make informed business decisions just like a private enterprise. Wanyama, Develtere, and Pollet (2009)

indicated that a committed leadership and a clear vision of finding solutions to the daily problems of members are of key importance to cooperative success. The leadership capacity in a rural cooperative is directly related to the level of literacy among its members as leaders are usually elected from the member base. In developing countries where the education level is low, this can be a major constraint for cooperative development. This was shown by African cooperatives' failure in the past where corrupt, illiterate and opportunistic leaders drove the cooperatives into financial mismanagement and nepotism (Wanyama et al., 2009).

2.3 Theoretical Framework

2.3.1 Neo-classical theory

An economic theory begins with assertion about behaviour, such as consumers maximize utility, or firms maximize profits. Helmlinger and Hoos (1962) developed the first complete mathematical model of behaviour of an agricultural cooperative. They used the neo-classical theory of the firm to develop short-run and long run models of a cooperative (including behavioural relations and positions of equilibrium for a cooperative and its members under different sets of assumptions) using traditional marginal analysis. In their model, the cooperative's objective was to maximize benefits to members by maximizing the 'per unit' value or average price through distributing all earnings back to members in proportion to their patronage volume or use (Torgerson et al., 1998). Sexton (1995) analyzing a paper by Helmlinger and Hoos (1962), regarded it as a milestone paper because (i) the (correct) analysis of cooperative and member behaviour was based on a clear set of assumptions; (ii) the model clearly distinguished between short and long-run behaviour in a cooperative; and (iii) based on these characteristics, the model set the stage for further advances in cooperative theory in the 1970s and 1980s.

There had been various debates on whether a cooperative enterprise should be treated as a firm (a decision making entity) as Helmlinger and Hoos (1962) did, or as an organisation (aggregation) of economic units (members). Rhodes (1995) presented an overview of the debate on the Helmlinger and Hoos (1962) and Phillips (1953) models, with the former initially having the greatest support among economists, although their contribution has also been criticized. Sexton (1995) viewed this debate as one of semantics, and considered the issue not important to the understanding of cooperatives.

Over the past few decades, the rapidly changing economic environment reflected in increasing globalization and agricultural industrialization, which has led many agricultural cooperatives to undertake substantial structural changes in order to adapt to the new situation. Royer (1999), for example, aluded that, in addition to mergers, consolidations and acquisitions (horizontal and vertical restructuring), research on cooperatives have become increasingly involved in the economic theory of cooperatives. These developments raised the question whether there are fundamental features intrinsic in the cooperative organisational form that restrict cooperatives from being able to compete effectively in an increasingly complex economy. Royer (1999) suggested that these methods collectively can be referred to as New Institutional Economics (NIE) because they focus on institutions and institutional constraints rather than the profit maximizing behaviour of abstract firms in the neoclassical economic paradigm. However, Sykuta and Chaddad (1999) considered the three components (methods) as merely comprising a subset of a much larger (evolving) literature, although they do contribute to a more complete understanding of integration, contracting, and organisation.

According to the neo-classical theory of the firm, each firm maximizes its profits subject to its cost structure and product demand constraints. Emelianoff (1942) and Phillip (1953) argued that cooperatives do not accumulate capital and seek profit for their account, but for members, hence they do not meet the classical definition of a firm. These critics countered by describing cooperatives as a "going concern" an entity to which participants delegate entrepreneurial functions to gain the advantage of joint action. Emelianoff (1942) further argued that such revocable delegation of decision making authority resulted in hired managers making most of the day-to-day decisions. Transaction costs, which include costs of obtaining information about alternatives and costs of negotiating, monitoring and enforcing contracts are assumed to be zero, as are adjustment costs, and resources are privately held and fully allocated among alternative uses purely in response to financial incentives. Criticism of the neo-classical theory of the firm was based on the assumption of profit maximization, but more fundamentally, that the theory does not explain why these firms exist in the first place, and how the resources within these organisations are employed, allocated, and motivated to achieve maximum profits (Royer, 1999; Sykuta & Chaddad, 1999). Sykuta and Chaddad (1999) contended that criticism of neo-classical economics also extends to the study of markets because it is ill-suited to answering questions about when, why, and how markets evolve; about the institutional infrastructure required to support market activity; and about the structures of the organisations involved in market activity.

Royer (1999) stated that criticisms of the neo-classical theory led to the development of alternative models like the New Institutional Economics (NIE) of the firm based on other assumptions (for example, maximizing rate of growth, sales, and firm size subject to a profit constraint), focusing on the process of decision-making within the firm (i.e., rejecting the maximizing behaviour), and eliminating some of the unrealistic conditions of the model (e.g., by considering utility maximization, positive transaction and information costs, and

alternative property rights structures). The role of positive transaction costs and variable property rights has given new insights into the existence of firms (including cooperatives), the evolution of alternative forms of business organisation, and the choice of organisational form (aimed at minimizing both production and exchange costs). Sykuta and Chaddad (1999), and Iliopoulos and Cook (1999), provided a summary of the main components of the new institutional economics, namely, transaction cost economics, agency theory, and property rights theory.

2.2.2 Transaction cost economics (TCE)

Transaction costs are the costs of organizing and transacting exchanges which include search and information costs, bargaining and decision making costs, and policing and enforcement costs (Williamson, 1985). Sykuta and Chaddad (1999) argued that every exchange involves each of these costs to a greater or lesser extent, with each transaction cost item being influenced by social institutions (norms of behaviour), legal institutions (definition and enforcement of property rights), political institutions (mechanisms by which property rights are allocated), and economic institutions (availability and efficiency of markets). Williamson (1985) was the first to introduce the term “transaction cost economics” and it has since been associated with the new institutional economics.

The reason for economic activity occurring in formal organisations (firms) is the inefficiencies of transacting in a world of imperfect information, thus, it may be less costly to coordinate production within a firm as opposed to in market when the transaction costs of market exchange are high (Royer, 1999). Due to the possibility of opportunistic behaviour by one or more parties in a transaction (i.e. to seek private gain at the expense of the group), contracts play a crucial role. Contracts enable the parties to fulfil their obligations by protecting them from opportunistic behaviour, thus decreasing the costs of transacting. The ability of a contract to facilitate exchange depends on the completeness of the contract and the relevant body of contract law. Incomplete contracts caused by bounded rationality (limits on the capacity of individuals to process information) deal with complex issues and consider all possible contingencies. Difficulties in specifying or measuring performance, and asymmetric information (when the parties do not have equal access to all information relevant to the contract), will inevitably result in opportunism and transaction costs (Royer, 1999). Sykuta and Chaddad (1999) contended that in the TCE framework, the incompleteness of contracts is a result (to one degree or another) of both transaction costs and bounded rationality. Transaction costs may make it too expensive to write a more complete contract that will better specify the foreseeable contingencies and resultant obligations of each party involved. The optimal completeness of a contract depends on the trade-off between marginal benefits and costs.

Opportunism and the related transaction costs can also be associated with asset specificity, (i.e. assets that are acquired to support specific transactions) (Royer, 1999). Owners of such relationship specific assets cannot use these assets in other transactions without some loss in productivity or incurring costs in adapting them to other uses. Hence, once investments in relationship-specific assets have been made, the trading parties involved may have few or no alternative trading parties, which eliminates competitive trading (i.e., the asset’s opportunity cost will fall). This creates quasi-rents (i.e., a specific asset’s earnings in excess of the minimum required to keep the owner from exiting the relationship), which can lead to opportunistic behaviour. Sykuta and Chaddad (1999) contended that an asset’s specificity is determined more by its value outside the specific relationship than by the motivation for its purchase. An asset is said to be relationship specific if its value in any other use is significantly lower. This decrease in value creates the quasi-rents that attract opportunistic behaviour.

Royer (1999) mentioned four different forms of asset specificity, namely: (i) site specificity (where assets are located nearby to reduce transport or inventory costs); (ii) physical asset specificity (assets with physical properties specifically tailored to a particular transaction; e.g. a cheese factory or ethanol plant); (iii) dedicated assets (investments based on a promise of a particular customer’s business, which would make it profitable); and (iv) human asset specificity (acquired skills and knowledge of certain workers which are more valuable within a particular relationship than outside it). Sykuta and Chaddad (1999) added another form of specificity of importance to agricultural transactions, namely temporal specificity. This is due to the time-sensitive value of agricultural products and production processes, which create another margin which may entice opportunistic behaviour by trading parties. Thus, a holdup problem arises when one party in a contractual relationship seeks to exploit the other party’s vulnerability due to relationship-specific assets (Royer, 1999).

In general, TCE could help to identify the important dimensions of a transaction and thus assist with the design of the most efficient institutional arrangement for conducting the transaction. Essentially, a firm should select the institutional arrangement that minimizes the sum of its production and transaction costs (Royer, 1999).

2.3.3 Agency theory

Agency relationships exist whenever an individual or organisation (the agent) action on behalf of another (the principal). The Principal agent problems arise because the objectives of the agent are usually not the same as those of the principal, and thus the agent may not always best represent the interests of the principal (Alchian & Demsetz, 1972; Royer, 1999; Sykuta & Chaddad, 1999). The terms of an agency relationship are typically defined in a contract between the agent and the principal (which could bind the agent to act in the principal’s interests). Management of contracts are difficult because contracts are generally incomplete, there are opportunities for shirking due to moral hazard and imperfect observability (Royer, 1999). Hence, the main focus of agency theory

is on incentive and measurement problems, but the risk-sharing implications of incentive contracts are also crucial. Sykuta and Chaddad (1999) pointed out that most applications of agency theory focus on the incentive compared to risk sharing trade-off of contracts aimed at aligning the interests of the agent with those of the principal. Agency theory is thus very relevant to the institutional structure of cooperatives because employed agents (managers) may not act in the best interests of cooperative owner-members (principal). The challenge, therefore, is which ownership and capital structures can be developed to lower agency costs (Fama, 1980; Fama & Jensen, 1983). Principal agent problems in a cooperative are likely to give rise to member dissatisfaction. Richards, Klein, and Walburger (1998) argued that, cooperatives experience greater principal agent problems than proprietary firms due to lack of capital market discipline, a clear profit motive, and the transitive nature of ownership. However, cooperatives have no market for their equity (as opposed to Investor Owned Firms (IOFs)). Therefore, there is less incentive for members to monitor the actions of their managers. Cooperatives may also have difficulty of designing incentive schemes for managers that will align their personal objectives with those of the cooperative. Using data from a survey of cooperative members in Alberta, Canada, Richards et al. (1998) compared members' objectives (expectations) with those they perceived were held by their managers. Younger farmers and large producers, for example, felt that managers focused too much on the social role of cooperatives and not enough on profit issues such as higher prices, return on equity and quality of service (Richards et al., 1998).

2.3.4 Property rights theory

Property rights are defined as the capacity to use or control the use of an asset or resource. Royer (1999) argued that, for any form of human cooperation to be workable, especially a form involving agreement, there is need for clearly defined and enforced property rights. The neo-classical theory specifies that property is privately held and property rights are exclusive and transferable on a voluntary basis. Since transaction costs are assumed to be zero, these property rights can be fully defined, allocated, and enforced, and will be allocated to those uses where they yield the highest return (Royer, 1999).

Property rights theory, also referred to as the incomplete contracting theory of the firm, was developed by Grossman and Hart (1986), Hart and Moore (1990) and Hart (1995). It is based on the assumption that contracts are necessarily incomplete (e.g., due to asymmetric information between trading parties and bounded rationality), and thus do not fully specify the division of value in an exchange relationship for every contingency (Sykuta & Chaddad, 1999). Hence, ownership (the right of residual control) of the assets involved in a transaction becomes critical in deciding how value is divided when a (not covered) contingency arises. Since transaction costs are positive, the allocation (and possible non-transferability) of property rights may have significant consequences for economic organisation, behaviour, and performance (Sykuta & Chaddad, 1999). Iliopoulos and Cook (1999) also referred to the distinction between the "traditional" property rights approach, in which ownership is synonymous with the possession of residual claims, the property rights and incomplete contracting theory discussed above. Cook (1995) contended that property rights were vital for cooperatives to be sustainable, producer-controlled organisations. Before a cooperative could achieve improved market performance (correcting market failures), internal stability in a cooperative needs to be achieved with clearly defined property rights.

2.3.5 Collective action theory

Literature on the application of NIE to cooperatives reflected the difficulty of clearly linking economic theory and cooperative practice. Royer (1999) observed that many of the benefits farmers received from establishing cooperatives originated from the holdup problem and the opportunistic behaviour associated with asset fixity.

Royer (1999) used the standard example of the holdup problem in agriculture involving farmers of a perishable commodity and a processor who had no competition in the region. At harvest, the processor could refuse to accept delivery from farmers in an attempt to force them to accept a lower price or risk spoilage of their product. Sometimes, the processor who had invested in specific (idiosyncratic) plant and equipment is also prone to the threat of hold-up by the farmers (if there were no other suppliers). A strategy for producers to eliminate or minimize the hold-up problem is for them to purchase the processing plant (i.e., to vertically integrate their operations). This could provide them with the necessary market power and guarantee market access.

Iliopoulos and Cook (1999) referred to other studies linking economic theory to practice. For example, the characteristics of transactions between farmers and their cooperatives and concluded that the cooperative represented a hybrid organisational mode blending market forces with elements of internal organisation designed to minimize transaction costs (Iliopoulos & Cook, 1999). They also considered avoidance of the hold-up problem, by internalizing crucial transactions, as a main benefit of a cooperative structure.

3. Methodology

3.1 Design of the study

The study used quantitative and qualitative research methods (Creswell, 2009) to determine the status of governance, accountability and education and training, as well as the nature of constraints faced by multi-purpose cooperatives in Swaziland. Quantitative research methods were used on the basis that quantitative research has the potential to generate research data that can be analysed using numerical techniques (Babbie, 2013). Quantitative

research uses quantified data that can be analysed using statistical tools. Qualitative research methods were also used to get an in-depth understanding of social practice of the respondents.

3.2 Sample Size and Sampling Procedure

The target population for the study was all registered and active multi-purpose cooperatives in the Shiselweni region of Swaziland, which were involved in the supply of farm inputs and consumer goods. It comprised of 396 members of multi-purpose cooperatives and 5 cooperative officers who provide services to all multi-purpose cooperatives in the Shiselweni region.

A two-stage stratified random sampling procedure (Babbie, 2013) was used for the selection of the sample for cooperative members in the Shiselweni region. The first stage was to purposively choose all multi-purpose cooperatives whose main activities were the provision of farm inputs and consumer goods. This included seven multi-purpose cooperatives as shown in Table 1, whilst the second stage involved a stratified random sampling of 80 cooperative members from a population of 396, using a Slovin sampling technique (Simamora, 2004). Given the available resources and time at their disposal, the researcher used a 10% margin of error as desired for the sample.

$$n = \frac{N}{1 + Ne^2}$$

n = Sample size

N = Population

e = Margin of error desired

N = 396

$$n = \frac{396}{1 + 396e^2} = 396 / (1 + (396 \times 0.10 \times 0.10)) = 80$$

Table 1. Distribution of sample

Multi-purpose Cooperative	Population (Ci)	Sample (Ci/396) x115	Committee members	Ordinary members	Cooperative officers
Gege	56	16	5	11	
Mthonjeni	57	17	5	12	
Zombodze	29	8	5	3	
Phakamani	36	11	5	5	
Kaphunga	167	49	5	44	
Nkhungwini	23	7	5	2	
Simoyini	28	8	5	3	
Total	396	115	35	80	5

Thirty five committee members of the multi-purpose cooperatives were purposely selected. These consisted of Chairperson, Secretary, Treasurer and two other randomly selected committee members to make a total of 5 committee members per cooperative. These committee members were assumed to possess rich knowledge about the cooperative. No sampling was done for the five (5) cooperative officers who provide services to all cooperatives in the Shiselweni region. Thus the sample size for the study was (n=120).

3.3 Data collection

Data were collected through personal face to face interviews, using semi-structured questionnaires. The questionnaires were reviewed by experts in the Cooperative college of Swaziland and the University of Swaziland. The questionnaires were further pre-tested in one of the multi-purpose cooperative (Mahlangatsha multi-purpose cooperative), which was not part of the sample.

4. Results and Discussion

4.1 Profile of multi-purpose cooperatives in the study

Table 2 shows that Kaphunga had the highest (167) membership followed by Mthonjeni (57) and Gege (56). Nkhungwini had the least (23) membership. These findings suggest that the multi-purpose cooperative had been in existence for years. The oldest in terms of registration was 46 years old (Gege) which was registered in 1969, whilst the youngest was 5 years old (Simoyini) and was registered in 2010. Hence, in terms of experience they were expected to have gained more experience, which positively influenced their performance.

Table 2 Multi-purpose Cooperatives

Multi-purpose Cooperative	Membership size	Year of registration
Gege	56	1969
Mthonjeni	57	1970
Zombodze	29	1972
Phakamani	36	1989
Kaphunga	167	2009
Nkhungwini	23	2009
Simoyini	28	2010

4.2 Services offered by multi-purpose cooperatives

The findings presented in Table 3 show that Gege multi-purpose cooperative sold consumer goods, farm inputs and also provided tractor hire services. Nkhungwini sold consumer goods and farm inputs, whilst Simoyini provided savings and credit facility, sold consumer goods and farm inputs. Kaphunga provided savings and credit facility as well as hammer mill and tractor hire services. It also sold diesel, consumer goods and farm inputs. Zombodze sold consumer goods and farm inputs, while Phakamani kept poultry and sold consumer goods and farm inputs. Mthonjeni provided hammer mill services, sold diesel, consumer goods and farm inputs. The results are in agreement with Mathews-Njoku, Ugochukwu and Chendo (2003) who found that the success of cooperatives is influenced by providers of unique services and easy access to capital.

Table 3. Services provided by cooperatives

Cooperative	Service	Poultry keeping	Diesel	Hammer mill	Consumer goods	Farm inputs	Savings & credit facility	Tractor hire
Gege					√	√		√
Mthonjeni			√	√	√	√		
Zombodze					√	√		
Phakamani	√				√	√		
Kaphunga			√	√	√	√	√	√
Nkhungwini					√	√		
Simoyini					√	√	√	

√ denotes services provided by multi-purpose cooperatives

4.3 Status of governance in multi-purpose cooperatives

The study measured the status of cooperative governance using 12 statements; 7 statements for democracy and 5 for participation. Ordinary members of the multi-purpose cooperatives were asked to indicate their level of agreement with each statement using a five-point rating scale (Rating scale: 1 = Strongly Agree, 2 = Agree, 3 = Uncertain, 4 = Disagree, 5 = Strongly Disagree). Table 4 presents the findings of the perceptions of cooperative members on the governance of multi-purpose cooperatives. A mean of less than 3.0 meant members agreed with the statement, while a mean above 3.0 meant they disagreed.

Table 4. Status of governance in multi-purpose cooperatives (n=80)

Item	Mean	SD
Democracy		
Nomination and election of committee members at AGM	1.202	0.404
Independent audit of annual accounts	1.262	0.518
Secret ballot voting	1.310	0.760
Accessibility of annual accounts by members	1.345	0.720
Members are given sufficient notice for AGM	1.369	0.757
Management is trained	1.429	0.826
Education and training is provided to all members	1.595	0.933
Overall	1.359	0.556
Participation		
Members are involved in decision making	1.512	0.736
Fair distribution of responsibilities among members	1.583	0.732
Open discussion by members during meetings	1.583	0.734
Members attend general meetings regularly	1.750	0.863
Members attend to all business activities	1.762	0.801
Overall	1.638	0.710

Rating scale: 1 = Strongly Agree, 2 = Agree, 3 = Uncertain, 4 = Disagree, 5 = Strongly Disagree.

Democracy: The findings indicated that respondents were of the view that their cooperatives were governed democratically (mean = 1.359) with a standard deviation of 0.556, suggesting that there was little variation in the responses of the members regarding governance.

The results corroborate with the findings of a study by Gasana (2011) whose study established that the management of cooperatives practice democratic governance as required by the Rwanda Cooperative Law (2007). For example, the cooperatives reported that management of the two cooperatives (i) held regular elections (ii) observed and followed the laws governing the cooperatives, (iii) gave the same treatment to women and men (iv) when sharing bonuses, every member was given equal share and (v) gave equal opportunities for training to all members including the youth.

Participation: The results in Table 4 revealed that cooperative members perceived that there was participation (mean = 1.638) by members in the activities of the cooperatives. The standard deviation (0.710) suggests that there was less variation in the responses regarding perception of member participation in the multi-purpose cooperatives. Participation enhances efficiency and effectiveness of investment and promotes processes of democratisation and empowerment of those who participate (Develtere et al., 2008; Papadopoulos, 2003). The results though positive indicate a slightly above average agreement on participation. The results are in agreement with the findings by Gasana (2011) whose study established that the leaders had good governance practices. For example, the committee members held free and fair elections which were perceived to be impartial as they did not take sides with members and respected the cooperative constitution by observing the term of office and conducted regular elections.

4. 4. Status of accountability in multi-purpose cooperatives

Respondents were asked 7 statements about status of accountability in multi-purpose cooperatives. The results in Table 5 suggest that respondents perceived that there was accountability (mean =1.883) in their cooperatives. The standard deviation (SD=0.769) shows that there was not much variation on the respondents' responses to the statements on level of accountability. This was further asserted by the committee members who indicated that members are consulted before any decision was taken in the cooperatives. This is in line with the principles of cooperatives, that members are the owners of the cooperative and as such have to make decisions (Swaziland Government, 2002). The results corroborate with Wanyama et al. (2009) when he indicated that a committed leadership and a clear vision of finding solutions to the daily problems of members are important for cooperative success.

In terms of transparency, the findings indicate that there was transparency (mean =1.800) in the cooperatives and the variation on members' responses was minimal as shown by the standard deviation (SD = 0.664). Pandey (2005) stated that transparency means things and information are totally transparent for anyone who is related with them. Cooperative transparency suggests that all activities, decisions and other related information of cooperatives are to be disseminated to every user.

Table 5. Status of accountability and transparency in multi-purpose cooperatives (n=80)

Item	Mean	SD
Accountability		
Members have access to financial information	1.600	0.826
Audits are conducted regularly	1.699	0.852
Members formulate policies	1.747	0.961
Members share information	1.880	0.942
Committee members advise management	1.988	1.018
Office bearers report to members	2.048	1.070
Prompt response from members and <i>vice versa</i>	2.217	1.127
Overall	1.883	0.769
Transparency		
Members never hide information	1.667	0.608
Management and committee consider members as owners	1.714	0.800
Members have access to documents	1.726	0.683
Management never hides information	1.845	0.857
Information disseminated to all members	1.917	0.996
Committee members never hide information	1.929	0.889
Overall	1.800	0.664

Rating scale: 1 = Strongly Agree, 2 = Agree, 3 = Uncertain, 4 = Disagree, 5 = Strongly Disagree.

4.5 Status of cooperative member's education and training

The study sought to find out the status of education and training within multi-purpose. Cooperative members and committee members were asked about the status of their cooperative with regard to education and training. The

findings in Table 6 indicate both members and committee members (74%) expressed the need for continuous education and training on cooperative principles, values, ethics, records keeping and members' responsibilities. Similarly, 61% of the members and committee members expressed the need for training of members, employees, the public and traditional leaders, .

Table 6. Member education and training in multi-purpose cooperatives. (n=115)

Item	Frequency of responses	Per cent
Role of education committee		
Educate and train all cooperative members, employees, the public and traditional leaders	70	61
Areas which MPC members and committee members expressed need for training		
Strategies to recruit more people to increase membership	50	43
Full participation of members in cooperatives operations	40	35
Continuous education on cooperative principles, values and ethics, keeping proper records, rights and responsibilities of members	85	74
Training of management (employees)		
Keeping of proper records	35	30
Importance of effecting internal controls	10	9
Training of the public and the traditional leaders		
People need to be sensitised on cooperative philosophy	6	5
Traditional Leaders to learn how MPCs are governed	5	4
How often members are trained		
Conducted once a year in each cooperative because there are no funds to cater for training expenses	10	9

Conclusions and Recommendations

5.1 Conclusions

The purpose of the study was to determine the governance and accountability of multi-purpose cooperatives in the Shiselweni region of Swaziland and the implications for education and training. The following conclusions were drawn from the findings of the study.

The study found that there was good governance amongst the cooperatives, which is a clear indication that cooperative have the ability to be sustained if good governance is adhered to. Good governance is therefore important for the performance and sustainability of multi-purpose cooperatives.

In some of the multi-purpose cooperatives, committees and management applied effectively the knowledge they had on how to manage cooperatives. Such scenario in the cooperative is a clear indication that cooperatives can play a crucial role in enhancing the economic well-being of their members.

Secondly, it is concluded that the level of accountability in multi-purpose cooperatives was high. Accountability was one important factor that was considered by every cooperative as expressed by cooperative officers. Committees had knowledge on cooperative management and employees had been properly trained for their jobs. However, multi-purpose cooperatives were weak in communication linkages between committee members and the ordinary membership. Accountability was average in cooperatives, as such to account for the work done in the cooperatives resulted in poor participation by the general membership. Failure to understand the financial reports as a result of low levels of education amongst the membership could result in average performance of multi-purpose cooperatives.

5.2 Recommendations

Based on the findings of the study, it is recommended that there should be close supervision of cooperative employees by committee members and cooperative officers to improve performance. Inspection of records should be conducted on a regular basis to ensure that financial statements are in place for auditing.

There is need to educate and train cooperative members on cooperative principles in order to improve their participation and to strengthen accountability of the committee members.

It is recommended that members who have served for a long period of time in the cooperative should encourage and train the youth to join multi-purpose cooperatives to allow for continuity and sustainability.

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