

**Organisational Democracy and
Economic Viability in Producer
Cooperatives in the Western
Cape Region of South African
and in Zimbabwe: Case Studies
and Comparative Analysis**

by

Zimitri Erasmus

Vol. 3

A Dissertation submitted to the Faculty of Social Sciences and
Humanities of the University of Cape Town in fulfilment of the
requirements of the degree of Master of Social Sciences in
Industrial Sociology.

Supervisor: Professor J. Maree

Cape Town, September 1991

The University of Cape Town has been given
the right to reproduce this thesis in whole
or in part. Copyright is held by the author.

The copyright of this thesis vests in the author. No quotation from it or information derived from it is to be published without full acknowledgement of the source. The thesis is to be used for private study or non-commercial research purposes only.

Published by the University of Cape Town (UCT) in terms of the non-exclusive license granted to UCT by the author.

91/13905

Chapter Six Fencing Services Co-op

I. Introduction

The material in this chapter is based on fieldwork executed in Harare, Zimbabwe in January 1990. Primary research was conducted in both the Collective Self-Finance Scheme (CSFS) and in Fencing Services Cooperative Society (FSC). The CSFS is a scheme established by cooperatives for cooperatives. This unique form of organisation was founded in 1988. It is the only known finance scheme in Southern Africa established, organised, and controlled by cooperatives for the benefit of such enterprises. FSC is a manufacturing cooperative formed in 1983 by workers who took over a capitalist firm. It is one of the founder member co-ops of the CSFS. FSC manufactures fencing material and wrought iron gates, and erects fences. It is one of the first industrial cooperatives to be formed in Zimbabwe.

In this introduction we provide, briefly, the socio-political and economic context in which cooperatives exist in Zimbabwe. We begin with a brief overview of the political economy of the country, the nature and role of the state in Zimbabwe, and state policy on cooperatives. We proceed with a review of some of the literature and debates on the nature and role of the state in cooperative development.

The focus on the state is important since, unlike in South Africa, the Zimbabwean state has made some commitment to support

co-ops. Since many observers including those involved in the co-op movement in Zimbabwe have defined the state's commitment as simply rhetoric, and since the evidence indicates that the state has made few concrete steps in support of co-ops, it is important to examine the disjuncture between the state's promises and its actual practice. In this regard we review briefly some of the literature and debates on the topic and offer an alternative view. Later in this chapter we address the relationship between the state and FSC.

Furthermore, in this introduction we provide a brief history of the cooperative movement in Zimbabwe and an outline of the place of co-ops in the economy and of their general organisational structure.

A. Brief Overview of Political Economy of Zimbabwe

Questions regarding the political economy of Zimbabwe are highly debatable. Some authors argue that the Zimbabwean economy is socialist, others argue that it is an economy in transition to socialism, while still others suggest that it is essentially a capitalist economy. The author is in agreement with the latter view.

In this work Zimbabwe is seen as a capitalist society. The bulk of the country's major productive property is privately owned with production being for private interests, in the pursuit of profit, through the employment of wage labour. Furthermore,

self-managed cooperative enterprises play a marginal role in the economy and despite promises made, such ventures have received little attention from the state.

The state intervenes in the Zimbabwean economy. Firstly, it intervenes to provide social services such as education and health services; in the context of Zimbabwean conditions of extreme material inequality and of the independent state's need for political credibility, such intervention is necessary. Secondly, the state, as a social relation of domination which organises and maintains the existing social system (in the case of Zimbabwe, a capitalist system), intervenes by providing protection from external business competition and from the labour force.

In addition, it provides services and infrastructure necessary to a capitalist economy. The Zimbabwean state's use of the Labour Relations Act of 1985 and its repression of the strike wave during 1980-82 illustrates its role as regulator and protector of capitalist social relations. The above observations clearly identify Zimbabwe today as a capitalist society and economy, "much like European welfare-state capitalism, but without the scale of productive capacity needed to sustain it" (Stoneman and Cliffe, 1989: 121).

1. The Nature and Role of the State in Zimbabwe

There are several approaches to conceptualising the state in Zimbabwe each of which have been a subject for debate. In general, these approaches tend to focus on what the state ought to be doing rather than on the reasons why the state acts as it does. Astrow (1983, cf Stoneman and Cliffe, 1989: 2 and Baumann, 1990: 2) explains the nature and role of the state in Zimbabwe in terms of the class character and interests of the state personnel. He argues that the Zimbabwean petite bourgeoisie, like all such classes, is inherently reactionary and objectively incapable of pursuing anything other than their own interests. This explanation implies that if the class character of the government is petite bourgeois, the state is automatically non-revolutionary. Such an explanation, however, is essentially class reductionist in its assumption that people's actions are determined by their class positions. Furthermore, it ignores that classes exist in relation to one another and that people and/or the state do not act in a vacuum.

Mandaza (1986, cf Stoneman and Cliffe, 1989: 2 and Baumann, 1990: 2) argues that 'imperialism', perceived by him as structural constraints inherited from the history of colonial capitalism and the Lancaster House agreement, the IMF, the World Bank, South Africa, and multinational firms in particular, still dominates the Zimbabwean social formation. Hence, even though the state is a 'truly' revolutionary state committed to the workers and the peasants, it is unable to serve their interests because of the

grips of 'imperialism' on the state. Such an approach fails to recognise the importance of domestic struggles and socio-political dynamics and their impact on the nature and role of the state.

Both the above-mentioned approaches provide an inadequate understanding of the state and overlook the dialectical processes involved in determining the nature and actions of the state. A Poulantzian view of the state as the condensation of a relationship of social forces and a site of struggle among them allows for a more contextualised view of the state and its actions, and helps to explain why the state acts in particular ways in specific historical conjunctures. Such a perspective on the Zimbabwean experience highlights the importance of examining the historical development and contemporary balance of social forces which affect state policy and action in Zimbabwe today.

Since the bulk of economic resources are in the hands of the capitalist class it has the power to force the state to serve its interests. With the absorption of state personnel into positions of managing the state, the process of class socialisation and class formation continues. The state personnel eventually come to see their specific roles as ends in themselves rather than means to an end - a socialist transition. In this way a bureaucratic class with specific class interests develops and work towards socialism effectively goes out the back door. Further, social forces at play within the liberation movement have had an

influence on subsequent state policy and action. The liberation movement did not produce a radicalised political movement that would combat capitalism:

The alliance of rural class forces underpinning the guerilla struggle....was united in opposition to colonialism but little else. There was no shared vision of the future beyond the recovery of land lost to the whites (Phimister, 1988: 1).

Instead, the movement and the local party structures were dominated by rich peasants and shopkeepers. Poor peasants and the numerically small industrial working class in Zimbabwe were in a subordinate and weak position during the liberation struggle and remain in this position today. These are the social forces to be reckoned with when examining the state in Zimbabwe. The latter perspective of the nature and role of the state is useful when accounting for the state's lack of practical support for co-ops. We return to this issue in the section below on the state and co-ops in Zimbabwe. In the meanwhile we focus on other aspects of the context in that country.

2. Other Aspects of the Context

The Zimbabwean agricultural sector comprises only 13 percent of the GDP (Stoneman and Cliffe, 1989: xv), however, it earns more than 40 percent of the country's foreign exchange while at the same time it makes the country one of the few on the African continent which is self-sufficient in food (Weiner and Khadani in Mandaza, 1986, c.f. Baumann, 1990: 5). The majority of cooperatives in the country are involved in agricultural

production, marketing, and supply. According to Chitsike (1986: 226), the total number of Agricultural Marketing and Supply co-ops as estimated by July 1985 was 597. In addition, Stoneman and Cliffe (1989: 116) estimate that there are about eight-hundred (800) active farming collectives in comparison to approximately eighty (80) such enterprises in other sectors of the economy.

Next to South Africa, Zimbabwe is the second most industrialised country in the Southern African region with manufacturing being the core of industry. The manufacturing industry provides a major portion of the state's revenues: from 1980 to 1983 it contributed 52 percent towards export earnings (Ndlela and Pakkiri c.f. Baumann, 1990: 25). The two main reasons for the relatively high degree of industrialisation are the relative success of the mining and agricultural sectors and an early establishment of some domestic control over the economy.

Success in the mining and agricultural sectors made demands on industry for their inputs, for example, mining equipment, irrigation and tobacco-curing equipment, and insecticides and fertilisers. The majority of industry is privately owned and run by whites, while there is some state investment in the cotton and iron and steel industries. The Zimbabwean Iron and Steel Company (ZISCO) is a semi-parastatal which exports about 80% of its manufactured goods. There are, however, also cooperative enterprises in this sector of the economy. Figures provided by Chitsike (1986: 226) indicate eight fishing, two hundred and

fifty (250) industrial, and twenty five (25) mining co-ops by July 1985.

According to Stoneman and Cliffe (1989: 151), Zimbabwe has "the most sophisticated money market system in black Africa" with a wide range of institutions. One of these is the Zimbabwe Banking Corporation Limited (Zimbank) in which the government has direct investments of about 61 percent (ibid.: 151). The vast majority of these financial institutions do not provide finance to co-ops since these enterprises generally have a weak capital structure. Zimbank, however, has been providing finance to the member-cooperatives of the CSFS since May, 1989.

Zimbabwe has a population of about 9 million (1988). The majority of the people are black, with less than 2 percent of the people being white and less than 0.5 percent classified coloured (Stoneman and Cliffe, 1989: 8). Unemployment has become one of the main issues on the agenda of key social problems in the country. The escalating process of urbanisation due to fewer restrictions on people staying in towns and heightening pressures on the land only barely lifted by the state's resettlement programme, and the slow growth of employment combine to raise unemployment levels. According to Stoneman and Cliffe (1989: 67), the 1982 Census recorded 268 000 unemployed, all apparently in the urban areas, representing 10,8 percent of the total labour force. If the rural areas were added the actual number of unemployed people for 1982 would be much larger.

In his budget speech in July, 1988, the Minister of Finance, Mr Chidzero, estimated that there were about 900 000 unemployed, or 30 percent of the entire workforce. The scale of unemployment in Zimbabwe is of a similar scale to that in South Africa. Moreover, in a post-independence context of a large increase in education mainly at the secondary level 100 000 school-leavers each year will be competing for only 10 000 new jobs in the formal sector in the early 1990s. On the basis of anticipated trends of employment creation it is estimated that by the mid-1990s the annual shortage of jobs will be around 250 000, making a third of the labour force unemployed (1989: 67, 68). These figures paint a threatening picture of the growing problem of unemployment in the country and could in the long run have important implications for the cooperative movement.

B. Brief History and Overview of the Cooperative Movement in Zimbabwe

The material in this section is based mainly on the works of Roger England (1987), Stoneman and Cliffe (1989), Brecker (1987), an interview with Brecker in Harare in January 1990, and a pamphlet on the formation of the Organisation of Collective Cooperatives in Zimbabwe (1983).

1. Origins of the Cooperative Movement

The political momentum for the contemporary cooperative movement in Zimbabwe came from former combatants of both liberation armies

(ZANLA and ZIPRA). It is from the experiences of these ex-combatants in countries like Mozambique and Hungary, for example, and from discussions among them that the idea of forming cooperatives originated. With the coming of Independence to Zimbabwe, these people, who numbered approximately 37 000 (Breckner, 1987: 1) and who had relinquished opportunities to acquire education, skills, and work experience, were competing for scarce employment. The material reality of few jobs in the formal sector and heightened pressure on land in the face of the government's choice not to expropriate commercial farm land facilitated the implementation of the ex-combatants' ideas about forming cooperatives.

In addition to their realisation of the material difficulties facing them, the ex-combatants were reluctant to return to working in capitalist firms. This reluctance at times promoted the development of anti-capitalist attitudes. Despite such attitudes, however, these people had very little understanding of and virtually none of the skills required for the process involved in building a cooperative. This task was further complicated by the capitalist context of the Zimbabwean society and economy.

2. Elements in the History of the Cooperative Movement

a) White Farmers' Marketing Co-ops

The first 'co-ops' in Rhodesia were established in the second decade of this century. These are marketing co-ops founded by groups of white settler farmers. They are "cooperatives of the exploiting class" (England, 1987: 128). Such enterprises are engaged in the collection, transportation, and sales of the produce of white farmers, and many of them serve as outlets for the provision of farming equipment such as fertilisers and seeds. Relics of these enterprises exist in Zimbabwe today, for example, the 'Farmers' Co-op'. This is essentially a large capitalist enterprise which sells agricultural inputs to its members - largely white commercial farmers - at discount prices.

b) African Peasants' Marketing and Supply Co-ops

The second type of cooperative which existed in Zimbabwe before Independence is the Marketing and Supply type established among small African farmers towards the end of the settler period. These enterprises emerged in the mid-1950s as part of the colonial state's strategy to create a class of relatively wealthy peasant farmers. These *kulaks* were allocated land on the 'African Purchase Areas'. In order to make their individual farming activities viable they needed methods of purchasing agricultural inputs and of marketing their produce. This gave rise to the Marketing and Supply Co-ops which served the needs of *kulaks* who continued to produce as individuals.

These enterprises were the main type of cooperative in existence at independence and have grown significantly in number since then. By the end of 1985 more than 600 such societies had registered (Stoneman and Cliffe, 1989: 114) and by 1987 these organisations served more than 100 000 peasant farmers (England, 1987: 128). Stoneman and Cliffe (1989: 114) suggest that this growth in the number of Marketing and Supply Co-ops is a result of both the changed economic context and peasants' endeavours to produce for the market, and of government encouragement through the Ministry of Cooperatives.

The Marketing and Supply Co-ops fit into a three tiered level of organisation. At the local level the cooperative society to which each farmer-member elects officials is the 'primary' cooperative. Primary societies are made up of farmers who work as individual producers, but join a co-op to benefit from shared purchasing and marketing facilities. A collection of such societies in a specific area are affiliated to a 'union' of cooperative societies which is made up of individual farming enterprises. These 'unions' operate at a regional level. The unions belong to an umbrella organisation at national level, namely, the Central Association of Cooperative Unions (CACU). CACU is heavily dependent on government services and foreign donor agencies. It is assisted by the Frederick Ebert Foundation of West Germany and US Aid (Chitsike, 1986: 14).

Currently the strength of these cooperatives lies at the union rather than at the primary or national level. In general terms this implies that there is little prospect for such co-ops becoming effective organisations of peasant producers for the purposes of defending their interests either at the grass-roots or the national levels. Peasants organised at the grass-roots level might be able to control their own affairs and their relations with the market and the state. Furthermore, such organisation at the national level could enable peasants' demands to be heard alongside the effective national representation achieved by the large commercial farmers (Stoneman and Cliffe, 1989: 115). The absence of organisation at these two levels, moreover, points to one of the weaknesses of the cooperative movement in the power balance in society and the state, a matter to which we return in the section below.

c) Collective Co-ops

(1) Distinguishing Characteristics

The cooperatives formed after independence are called 'collectives' to distinguish them from the Marketing and Supply Co-ops. The membership of the collective co-ops comprises mainly of unemployed unskilled and semi-skilled workers (especially farm workers), landless rural poor people, people displaced by the liberation war, and demobilised ex-combatants. On the contrary, the membership of the Marketing and Supply Co-ops are mainly relatively wealthy peasant farmers. Furthermore, unlike the

individual character of production among these *kulaks*, the internal relations of collective cooperatives are characterised by collective ownership and control of the means of production, collective labour, and the sharing of the proceeds of production (OCCZIM, 1983: 15).

The relations of such enterprises with the capitalist market (their external relations) demand that the collectives survive on the same terms as any other capitalist enterprise. Hence, collective co-ops must produce for the market in response to forces of supply and demand. There are about 800 active farming collectives with about 25 000 members (Stoneman and Cliffe, 1989: 116). In addition, there are about eighty (80) collective cooperatives operating industrial firms, commercial enterprises, and mines (1989: 116). FSC is one of these industrial enterprises.

(2) The Organisation of Collective Cooperatives

On the basis of their collective nature these co-ops formed their own umbrella organisation independent of CACU, namely, the Organisation of Collective Cooperatives of Zimbabwe (OCCZIM), and published their own newspaper, namely, *Vanguard*. After several meetings in 1982 in preparation for the launching of OCCZIM, and after the state had, on two occasions, instructed the organisers to cancel its founding conference, OCCZIM was finally formed in September, 1983.

The aims of OCCZIM are to promote and unite progressive co-ops (OCCZIM, 1983: 4) defined as collectively organised co-ops with a socialist orientation (OCCZIM, 1983: 17). Furthermore, the aim of OCCZIM is to represent the interests of such enterprises (OCCZIM, 1983: 13). It is for these reasons that England (1987: 136) describes OCCZIM as an organisation (in formation) with an "embryonic class consciousness".

It is estimated that by March 1986 OCCZIM represented about one-third of the approximately 800 active collectives in Zimbabwe (Hanlon, 1986: 2 c.f. Brecker, 1987: 2). Despite this relatively large representativeness, OCCZIM's embryonic nature meant that it was organisationally weak and inexperienced in effectively organising collectives. A further weakness within OCCZIM was its bureaucratic character (Brecker, 1987: 21, 122).

In addition, since its inception OCCZIM and its member co-ops have relied heavily on financial assistance from foreign donor agencies such as the Canadian University Service Organisation (CUSO), and local voluntary organisations such as Zimbabwe Project (Brecker, 1987: 3). For example, OCCZIM's board of directors received their salaries from CUSO. These financial ties proved to be a double-edged sword. On the one hand, access to donor finance facilitated the establishment of several collectives while on the other hand, these ties eventually led to dependency relationships between co-ops and the donors. In this regard Brecker (1987: 17) describes OCCZIM as "prisoner of the

donor agencies". This was in direct contradiction with OCCZIM's aim to promote 'progressive', self-reliant co-ops (OCCZIM, 1983: 8).

Brecker's (1987) case study of the OCCZIM Mechanics Training Programme reveals some of the mechanisms at play in the development of this dependency. At the October, 1986, OCCZIM Conference, however, the old executive committee of the organisation was dismissed by its membership in their attempts to reduce its dependency on aid. Although the majority of the collectives of Zimbabwe still suffer from the effects of this dependency today, there has recently been a move towards self-reliance among some such enterprises. The establishment of the CSFS in 1988 represents the first step toward a self-reliant co-operative movement in Zimbabwe.

(3) Organisational Structures within Collectives

Typically, the organisational structure of a collective cooperative (whether it be agricultural, industrial, or commercial) includes a management committee elected by the general members at the Annual General Meeting (AGM) of the enterprise. Depending on the size and degree of variation of productive activity there may be production departments each representing an economic activity in the co-op. Such departments may each have department heads who take responsibility for the specific tasks of that department. For example, typical departments on an agricultural co-op include piggery, crops,

gardens, and administration, while in an industrial co-op one might find marketing, sales, assembly, and administration departments. Furthermore, some departments may deal with social issues in the co-op such as education, welfare, and nutrition. The productive sphere of these enterprises is usually under the direction of an elected general manager.

With regard to the distribution of revenue, should there be any surplus, this is divided among the membership in accordance with their collective decision. Usually a monthly allowance (wage) based on equal pay for equal work is set according to the surplus projected. This, however, may be altered depending on the deviation of the actual from the projected surplus. In some co-ops there may be a practice of dividing a portion of the remaining surplus after provision has been made for investment capital. Again, this decision ultimately rests on the general members who will be advised by the management committee.

(4) Means of Finance

The collective co-ops in Zimbabwe have been financed by (a) the government; (b) funds contributed by cooperators in the form of demobilisation funds and (c) foreign donor agencies. The government sponsored agricultural collectives are known as the Model 'B' type co-ops in which groups ranging in size from 50 to 200 people are resettled on ex-commercial farms of an average size of just more than 2,5 hectares. These co-ops constituted part of the government's resettlement programme which can be seen

as a response to peasants' expectations of land redistribution with the coming of Independence. The co-ops constituted between 8 and 10 percent of people resettled by the end of 1984 and "represent the main material contribution by the state to the cooperative sector" (England, 1987: 130)..

According to England (1987: 130), the state had high expectations for these co-ops. Some of these have been identified:

- To eliminate exploitative relations of production.
- To realise economies of scale.
- To facilitate the development of advanced production and management techniques.
- To circumvent the constraints on small scale peasant production (c.f. England, 1987: 130).

Model 'B' co-ops were not given title deeds to the land - the state owns these. Instead, in order to achieve the goals quoted above the enterprises were given permits to occupy the farms and a national 'establishment grant' of Z\$ 63 000 in the form of equipment and inputs. The permit system grants the cooperators' use, control, and benefit rights over the land while the state maintains transfer rights. This means that the collectives have control over production and reap the benefits of it but cannot dispose of the land and that the state, should it decide that production is inadequate, can repossess it.

With regard to the 'establishment grant', by 1984 only 15,8 percent of the funds budgeted for these grants was allocated. "Some co-ops got as little as 5 percent of their budgeted figure, and 53 percent of co-ops got nothing at all" (England, 1987:

131). The result was that most of these co-ops severely lacked a capital infrastructure. Consequently, the utilisation of land on these co-ops was under 10 percent (ibid.). In these circumstances co-op members were unable to generate their own investment capital, the economic performance of the enterprises was extremely poor, and the members became poorer. This situation has facilitated many observers' comments that co-ops are bound to fail. Among other factors contributing to failure include poor management and a lack of both organisational and technical skills.

The bulk of collective cooperatives, however, was not financed by the government. At the end of 1985 it was estimated that there were approximately 900 collectives of which only 46 were government sponsored Model 'B' type enterprises (England, 1987: 132). Some of these enterprises provided their own start-up capital, for example, Simukai Co-operative outside Harare. Simukai was an existing commercial farm that was bought by the members from pooled demobilisation funds. Other enterprises received funds from foreign donor agencies. This eventually gave rise to the development of a dependency relationship between co-ops and such agencies.

(5) Profile of Independently Funded Co-ops

England (1987: 132) gives a percentage profile of these non-government funded co-ops which indicates that they are spread over most sectors of the economy: agriculture (31%), industry

(30%), consumer (23%), transport (4,5%), mining (3,5%), street traders (3,5%), arts and crafts (2%), fishing (1%), and other (1,5%).

In addition, he gives one a brief profile of the co-ops in the different sectors. With regard to those in the industrial sector, the sector relevant to our study, he states that most of these enterprises are small-scale sewing cooperatives involving mainly women producing school uniforms. Furthermore, there are a few larger-scale industrial co-ops engaged in brick-making and building construction, fence-making and erection, and cosmetics manufacture (1987: 133). Some of the larger-scale enterprises were formed by worker takeovers of previously privately owned firms. FSC is engaged in fence-making and fence-erection, and was founded by workers taking over a capitalist firm.

d) Informal 'Pre-Cooperatives'

In addition to the officially registered Cooperative Societies engaged in marketing and collective production, there is a vein of cooperative activity which is informal. Such activities are especially widespread in the countryside and are referred to as 'pre-cooperative'. These include informal women's savings clubs and groups of neighbouring households who share oxen, ploughs, and/or labour. A government report by Chitsike (1985) suggests that about twenty percent of the rural population is engaged in such pre-cooperative activity. Such activity abounds in South Africa and the rest of Africa.

C. The State and Co-ops in Zimbabwe

Our exposition immediately above shows that the existence of various types of cooperatives is widespread in Zimbabwe. This indicates that such enterprises are reasonably popular initiatives. Despite the government's favourable attitude towards co-ops, however, as expressed in official rhetoric, its practice of promoting such enterprises is at best ambiguous, and its provision of the resources required by co-ops is entirely inadequate. In this section we briefly address state policy and practice with reference to cooperatives.

1. State Policy

State policy on cooperatives dates back to 1909. In this year the Cooperative Agricultural Societies Act was passed to facilitate the formation of the white commercial farmers' marketing co-ops. Nine such enterprises still exist in Zimbabwe serving the interests of about 4 000 large-scale commercial farmers (World Bank, Agricultural Sector Review, 1989: i). Since this Act failed to provide limited liability for the members of societies registered in its terms, it was removed from the statute books in 1958 and replaced by the Cooperative Companies Act (Majome, 1985: 2, 3). The commercial farmers' cooperatives now operate under this Act.

Furthermore, in 1944 the Native Production and Trade Commission was formed to investigate marketing and supply problems experienced by African peasant farmers. On the recommendation of

this Commission the colonial government promulgated the Cooperative Societies Act in 1956. This Act provided for the registration of agricultural and trading cooperatives to serve the interests of rich African peasant farmers (1985: 2, 3). This legislation of the colonial period has remained in use after Independence and continues to govern co-ops today.

Soon after Independence and in response to the sensitive issue of land redistribution, the task of redistributing land and forming cooperative societies was given to the Ministry of Lands Resettlement and Rural Development. This Ministry established a department of Cooperative Development to administer and promote cooperative development (Gauldin, 1989: 19).

In response to the outdated nature of the 1956 legislation the government made a new policy statement in its Cooperative Policy Paper of 1983. This Paper simply outlined a general approach on the part of the Zimbabwean government towards co-ops. In 1986, the Ministry of Community and Cooperative Development and Women's Affairs (MCCDWA) was established to coordinate and strengthen the promotion of cooperatives (Gauldin, 1989: 22). (As of November 1989, this Ministry is referred to simply as the Ministry of Community and Cooperative Development (no longer of Women's Affairs) (1989: 23)).

Nineteen Eighty Eight marked the commencement of the drafting of a new policy on cooperatives in the form of the Cooperative Societies Bill. This legislation has, however, not yet been officially passed.

a) 1983 Cooperative Policy Paper

Broadly, the objectives of this policy, as stated in the Paper, are "to give meaning to the achievement of independence to the people of Zimbabwe" (Policy Paper, Appendix C, Chitsike, 1986) and to transform the country's socio-economic system through rapid economic growth, full employment, effective resource allocation and an equitable distribution of benefits (Chitsike, 1986). More specifically, the broad aims of the policy are as follows:

- 3.1 To enable the people of Zimbabwe to achieve economic power and through this power achieve control of socio-economic institutions;
- 3.2 to eliminate the exploitation of man [sic] by man;
- 3.3 to make the people of Zimbabwe self-reliant in skills, management, goods and services, and establish in themselves a sense of confidence, initiative, and high development aspirations;
- 3.4 to provide an opportunity to develop community and collective ways of living that provide a sound base for socialism and national solidarity (Cooperative Policy Paper, Appendix C, Chitsike, 1986).

Furthermore, this Policy Paper requires cooperatives to adhere to the following principles:

- 4.1 Open membership;
- 4.2 Democratic control;
- 4.3 Limited interest on shares;
- 4.4 Patronage rebates;
- 4.5 Neutrality in religion, race, politics, and sex;
- 4.6 Continuous education for members;
- 4.7 Common ownership of means of production and pooling of resources of services (Chitsike, 1986).

This Paper further states that the aim of introducing cooperatives is to transform the country into a socialist state and provides for various forms of co-ops in the process of cooperative development during this 'transformation'. These forms

range from 'Mutual Aid' societies to 'Advanced Collective Cooperatives'. The policy promotes cooperative activity in all spheres of the economy with an emphasis on producer co-ops in agriculture and industry. It states that the co-op movement in Zimbabwe should be organised on a national scale without providing any specifics of such organisation, and encourages co-ops to build their own capital through shares and reserves.

In addition, according to the Policy Paper, essential government services to co-ops would include education, training, and extension services, business consulting and advice, property advice, audit and supervision services, arbitration and the settlement of disputes, representation in legal matters and in negotiations with local authorities, research facilities, and financial services in the form of grants or loans (Chitsike, 1986).

This Cooperative Policy Paper provides a very general approach towards cooperative development, and presents the promotion and establishment of co-ops as a remedy to the problems of poverty, unemployment, exploitation, and lack of skills in Zimbabwe. In 1988, however, a fifth draft of the new Cooperative Societies Bill, an attempt to repeal the 1956 Act and to revise the Policy Paper, was published. This piece of legislation has not yet been officially passed. Nevertheless, this Bill is more detailed than the Policy Paper and provides one with the core elements in the latest government policy on cooperatives.

b) Cooperative Societies Bill, 1988

This Bill defines the relationship between the co-op movement and the state and outlines the role of the government in co-ops as follows:

- (a) the encouragement of the formation of societies in all sections of the economy and the promotion of their efficiency;
- (b) the carrying out of educational and training programmes for the staff, officers, and members of the societies whenever possible;
- (c) the raising of the level of general and technical knowledge of members of societies, through the supplying of information and educational materials to them;
- (d) assisting in the proper utilisation, accounting and management of the funds of societies.

This Bill further outlines, in detail, the structure of the cooperative movement, the general principles and objectives of cooperatives, and the conditions for registration. It sets out, in detail, the organisational structures of cooperative societies and their management and the duties of the chairperson, secretary, treasurer, and manager of such a society. The rights and obligations of members and the matters to be addressed in the by-laws of a registered society are also specified in this legislation. Furthermore, the Bill requires that co-ops maintain a reserve fund which is not to be divided among members. In addition, the Bill provides for the inspection of the accounts of a co-op in an attempt to protect such enterprises from financial mismanagement, it empowers the Registrar to liquidate a co-op if an audit reflects the need to dissolve the society, and in extraordinary situations, to terminate any actions that may cause a society to fall into liquidation. The Bill further

provides for a Central Cooperative Fund and a Tribunal for the settlement of disputes. All co-ops will be required to contribute part of their annual surplus to the Central Cooperative Fund which will be used to fund education, training, audit, and other expenses for the development of cooperatives.

The Cooperative Societies Bill of 1988 is far more detailed than the 1983 Policy Paper and tends to move away from broad sweeping objectives towards socialism to a more issue-specific focus in its policy on cooperatives, for example, the specified conditions for registration and the detailed provisions for organisational structures and duties within co-ops. It remains to be seen, however, how effectively this Bill will and can be implemented, and what possible unintended consequences might arise as a result.

2. State Action

As mentioned earlier, observers have defined the state's commitment to support co-ops as simply rhetoric and, moreover, there is considerable evidence indicating that the state has done little in practice to support such enterprises (refer to Stoneman and Cliffe, 1989: 116; England, 1987: 131; Brecker, 1987). Such criticism has also emanated from within government structures. Comrade Malunga, an MP from Mpopoma has said that the government has linked cooperative development "too much to ideology" and that it has "talked too much and did very little to help cooperators" (Zimbabwe Herald, undated article). In this short

section we examine briefly the disjuncture between the state's promises and its actual practice by looking at the explanations provided by two authors on the subject.

Chitsike (1986) accounts for this disjuncture by focussing on the lack of knowledge among government officials responsible for co-op development regarding problems facing co-ops, a shortage of such officials and a lack of adequate transport for the few who are employed in this capacity, a lack of coordination among the various government departments responsible for cooperative development, and inadequate legislation on this subject. This approach suggests that the development of a well-equipped bureaucracy will ensure that co-ops get what they were promised.

On the other hand, Brecker (1987) places much of the responsibility for the lack of state support for co-ops on the failure of the state to deliver its promises. He tends to shift from blaming the state directly to referring briefly to the implications for cooperatives of the unequal balance of class forces in Zimbabwean society. The problem with his approach lies in his heavy emphasis on the state being at fault: "The state must bear full responsibility for the crisis conditions that have developed on the collectives" (1987: 68).

Not one of these authors provide one with an adequate *explanation* of the state's failure to do what it had promised.

In our view, a consideration of the balance of class power in Zimbabwean society and its expression through the state as a social relation highlights the reasons for the state's lack of support for co-ops despite its favourable policies towards such enterprises. Firstly, it requires effective political organisation and hence the development of political power to influence state actions. As we have seen, the marketing and supply co-ops are strong only at the union level and not at the primary or national levels of organisation. This means that peasant farmers are unable to control their own affairs with the state and to have their demands heard alongside the effective national representation achieved by the large-scale commercial farmers. Furthermore, the class nature of the collective co-op movement, and the embryonic nature of OCCZIM contributes to the weakness of this movement in relation to the state and other class forces in society. Hence, its inability to demand the promises made. The present balance of class forces in Zimbabwe characterised by a politically more powerful bourgeoisie in relation to the proletariat and the peasantry thus helps to explain the incongruency between state policy and action with regard to cooperatives.

Furthermore, there are indications of a tendency towards state control of the cooperative movement. This tendency is manifested in the state's response to the formation of OCCZIM. Early in 1983 the government attempted to form a National Federation of Co-ops. This organisation was intended to bring together all types of co-

ops ranging from the commercial Farmers' Co-ops, through the African Peasants' Marketing and Supply Co-ops to the collectives. The co-ops were to be organised by sector in this organisation. In the light of the balance of forces among these co-ops and the numerical dominance of the *kulaks'* co-ops, this objectively meant that the collectives would be swamped in this national organisation. This would have serious implications for the democratic and representational potential of the cooperative movement (England, 1987: 136, 137; Stoneman and Cliffe, 1989: 116, 117). Furthermore, the effective banning of OCCZIM's founding conference by the state is an indication of its attempts to control the collective cooperative movement.

According to England (1987: 137), this action towards OCCZIM on the part of the state should be seen in historical perspective. During the period immediately after Independence 35 000 ex-combatants were demobilised:

They were demobilised in the most fragmenting manner - by paying each individual a small sum of money. Effectively, therefore, they were demobilised not only militarily, but also politically, as any kind of organised force (1987: 137).

About 12% of these ex-combatants resisted this disjoining and re-organised themselves into collectives. As individual collectives, however, they still remained a fragmented socio-political force. The formation of OCCZIM represented the first attempt to re-organise the ex-combatants (and also the poor peasantry and the unemployed urban workforce) politically at a national level.

Furthermore, this re-organisation was across political party and regional divisions and under the control of the rural and urban poor (England, 1987: 138; OCCZIM, 1983: 7). This form of organisation presented a threat to the newly independent one-party state caught in the contradiction of its socialist rhetoric on the one hand and, on the other, its role of maintaining the essentially capitalist social order in Zimbabwe.

3. Summary

In the above introduction we have attempted to provide, briefly, the broader socio-political and economic context in which cooperatives in Zimbabwe exist. This contextual information is intended to provide the reader with a more clear understanding of some of the specific experiences of FSC as presented and analysed in the case study.

Furthermore, the historical development of the cooperative movement in Zimbabwe and, more specifically, the struggles of the collective cooperative movement highlight the importance for cooperative organisation of a well organised cooperative movement independent of both the state and aid organisations. It also illustrates the need to examine the balance of class forces in society as a whole when assessing particular stages in the historical development of any social movement. In addition, the experiences of dependency in this movement and the recent move away from this toward a more self-reliant cooperative movement,

as manifested in the establishment of the CSFS in 1988, points to the importance of experience in cooperative development.

In the light of present political developments in South Africa with the unbanning of the ANC, PAC and SACP and with all evidence pointing to a negotiated settlement, the struggles in the history of the Zimbabwean cooperative movement offers many lessons to learn from.

II. Historical Development of Fencing Services Co-op

A. Introduction

The information in this section has been obtained mainly from interviews with the member-managers of Fencing Services, especially the General Manager, and with the Management Assistant of the Collective Self-Finance Scheme (CSFS), Ms Maramba. This information has been combined with that obtained in primary literature sources on Fencing Services and from the author's interpretation of Balance Sheets from the year 1979 to 1989. The primary literature on Fencing Services consists mainly of unpublished reports by observers, reports by the Technical Support Team (TST) of the CSFS, and primary sources such as letters, minutes of meetings, and manager's reports. Other literature referred to includes articles published in Workteam Magazine and documents of the CSFS written by the Coordinator, Carl Brecker. Quantitative information presented in the form of graphs is located at the end of this chapter.

B. Historical Development of FSC

FSC is a 'phoenix' co-op and the first manufacturing cooperative to be formed in Zimbabwe. The workers of the capitalist firm, M & D Enterprises operating as Fencing Services Private Limited, decided to form Fencing Services Cooperative Society when the firm went into liquidation in March, 1983. By this time the Zimbabwean state had implemented its policy on promoting cooperatives. In addition, with the first post-independence elections scheduled for 1985, it was in the interests of the party (ZANU PF) to indicate its support for cooperatives, especially for the first manufacturing co-op in Zimbabwe.

In the context of the ensuing elections and the state's interest in the co-op, and in the face of losing their jobs in the event of liquidation, the workers of M & D Enterprises refused to go home on the instructions of government officials of the Department of Labour. The Minister of Labour then intervened and met with the workers. At this meeting the idea of forming a cooperative originated and on 1 April, 1983, Fencing Services Cooperative Society Limited was officially registered.

The then executive committee of the co-op comprising seven people initiated a challenge to the liquidation order. They were assisted by the Ministry of Labour and government legal officers. Ten months of negotiations followed between the Ministry of Labour in support of the workers, the seven executive committee members of the co-op, and Mr Beasley, the liquidator. After

successfully challenging the liquidation order, the workers finally signed an agreement with Mr Beasley to take over the firm.

This agreement resulted in the workers buying the machinery and equipment worth Z\$ 221 300, furniture for Z\$ 5 310, and stocks of raw material and finished goods worth Z\$ 330 000. The co-op was thus indebted to the liquidator for about Z\$ 560 000. This money had to be paid to the liquidator at 12 percent interest over a period of four years (Agreement between Beasley and Co-op Management Committee, 1984; FSC Profile, Brecker, June, 1988: 24).

Moreover, the premises upon which the enterprise is situated was also the property of Mr Beasley. These were sold to the Central Mashonaland Cooperative Union (CMCU) for about Z\$ 200 000 (Interview 4.1). According to Ms Maramba, Management Assistant at the CSFS, the government extended a loan of this amount to CMCU for the purposes of buying the premises. Mr Beasley thus received the money for the premises while the CMCU owed the government Z\$ 200 000. FSC now rents the building from CMCU at Z\$ 2000 per month.

In January 1984 FSC started with a total of one-hundred and forty-three (143) members. By September 1984, however, a feasibility study of the enterprise by the Small Enterprise Development Corporation (SEDCO) and the Industrial Development

Corporation (IDC), both parastatals, suggested a considerable reduction in membership for the purposes of viability. A combination of the last-in-first-out retrenchment procedures which followed this suggestion and the voluntary departure of some members due to lack of funds for wages and salaries, brought the total membership of the co-op down to fifty-three and later, to forty-nine.

At the time of the take-over, the owner of M & D Enterprises had accumulated debt to the value of about a half-million Zimbabwe dollars. The major creditors of M & D Enterprises included Zimbabwe Iron and Steel Company (ZISCO), a parastal, Lancaster Steel, a subsidiary of ZISCO, Mr Beasley, and the bank. Lancaster Steel is the supplier of raw materials namely, galvanised wire, to FSC and the co-op's only competitor in the manufacturing of barbed-wire.

The take-over meant that the workers were responsible for this debt of the firm. Furthermore, the evidence indicates that the workers were taking over a firm that had been stripped of all its liquid financial resources: the balance sheet of M & D Enterprises as at 31 March, 1980 indicates that Z\$ 98 000 was paid out in dividends from a retained profit of Z\$ 102 000. The most likely explanation for this significant decrease in liquid capital is that immediately before Independence in 1980, the firm paid out dividends in the face of uncertainty regarding continued

operations after Independence. This stripped the enterprise of a substantial amount of liquid capital.

Furthermore, in the section on economic viability we learn that there has been a dramatic drop in the current assets of the enterprise from 1983 to 1984 indicating further evidence that the firm was stripped of its working capital before the co-op started operations in 1983/4.

In the face of enormous accumulated debts and no liquid funds to serve as working capital for the purposes of buying raw materials for continued production, the co-op approached the Small Enterprise Development Corporation (SEDCO), a parastatal, for financial assistance. On two successive occasions SEDCO advanced to the cooperative credit facilities to a total value of Z\$ 70 000 for the purposes of buying raw materials from Lancaster Steel. The two credit facilities granted the co-op were each valued at Z\$ 35 000.

Unfortunately, however, due to the mismanagement of funds on the part of FSC's executive committee, the co-op could not fulfill its credit agreement with SEDCO and Lancaster Steel.

Subsequently, the amount of Z\$ 70 000 has been altered into a long-term loan with SEDCO, while Lancaster Steel now only sells raw materials to the co-op on a cash-on-delivery basis. The loss of these credit facilities and the consequences, namely, having to pay cash for materials, contributed a great deal to undermining the economic success of FSC.

Furthermore, as at June, 1988 FSC's executive committee noted that all profits were ploughed into the 12% interest paid to the liquidator. Interest charges to this date exceeded Z\$ 173 354 even though they had repaid an amount of Z\$ 365 621 (principal plus interest), leaving a balance of Z\$ 365 343 owed to the liquidator after the agreed four-year payment period (Brecker, June, 1988: 24, 25). Considering that FSC had started with no working capital and limited managerial and entrepreneurial skills it was unrealistic to expect it to repay debt to the value of Z\$ 560 000 at a 12% per annum interest rate within four years.

With no working capital, a bad credit record, and no collateral for obtaining further credit to finance continued production, the co-op was unable to produce at full capacity and to create surplus revenue. While, on the one hand, there was a demand for barbed-wire since Lancaster Steel and FSC are the only manufacturers of this product in Zimbabwe, on the other hand, the co-op did not have sufficient funds to buy raw materials on a cash basis. In fact, according to Ms Maramba, the co-op operated at twenty percent capacity from 1984 through to May 1989 - a period of five and a half years.

Information obtained from Mr Makoni, the Chairperson of Fencing Services Co-op, confirms the above:

We did not have working capital; that was the problem. What we were left with was just raw materials and a few finished products....[this] was our starting capital (Interview 4.5).

There are significant reasons, however, that explain why the workers decided to take over the firm and form a co-op despite the debt involved and probably unknowing of the implications of having no liquid capital. Firstly, the liquidation of the firm took the workers by surprise and in an attempt to secure their jobs in the face of unemployment, they decided to take over the firm. Secondly, in the context of government socialist rhetoric encouraging people to form co-ops, the opportunity existed for these workers to own the firm (Interviews 4.5, 4.1). And, finally,

We knew that we were the ones who were doing the operations....if one man [the owner] goes away, why should we fail? He was just a person who would come and sit in his office and go; meanwhile...we... are the people who are doing the work. We wanted to show the government that we can do it [run the firm] regardless of him [the owner] having gone away (Interview 4.5).

1. History of FSC Executive Committee

The information on the selection procedures for the initial leadership structures in FSC is contradictory. On the one hand, information obtained from Mr Makoni, presently chairperson of the co-op, suggests that an executive committee and chairperson were not elected by the general membership. On the other hand, we are told by both the chairperson of the co-op and the Management Assistant of the CSFS that an executive committee was elected by a democratic voting process and the chairperson was chosen on the basis of his popularity amongst members.

As far as we can gather, however, the officials on the initial executive committee were not elected by democratic process:

According to Mr Makoni, with the formation of the co-op, "we were told by the Ministry that if [we] want [our] things [firm] to go well, [we] must make him, a white-man, Mr Gibb, the chairman, [while we would] elect the other people [to the executive committee]" (Interview 4.5). In addition, those workers who participated in the negotiations against liquidation simply claimed to be the executive committee allegedly on the advice of the Ministry of Labour (Interview 4.5). Furthermore, according to Mr Makoni, the rest of the membership agreed to this claim since they were more interested in proceeding with the operations of the enterprise:

There were no fair elections. They just took the positions and told the people that they were chosen by the government, and yet they were not. Now we did not want to waste time arguing on positions, so we said it's ok, it's no problem. You carry on, as long as everybody is doing his job (Interview 4.5).

This essentially self-instated executive committee had fired the first chairperson, Mr Gibb, and had forced the second chairperson, Mr Maviki, who, according to Mr Makoni, was elected by the members, to resign. Mr Chiwaya, a member of this executive committee then suggested that he could take the position of chairperson on the basis that he had worked closely with Mr Maviki and thus knew what needed to be done. The general members accepted this suggestion and Mr Chiwaya then became chairperson of FSC. These changes in the executive committee occurred between 1984 and mid-1987.

It was the executive committee under Mr Chiwaya which was responsible for the mismanagement of the credit facilities for raw material purchases granted by SEDCO. With the termination of these credit facilities an investigation was initiated by the co-op members with the assistance of the Ministry of Co-ops into the practices of this committee. It was found that certain members of the executive committee, including the chairperson, Mr Chiwaya, were firing co-members for being critical about committee procedures. Mr Makoni, who was the accountant at the time, was among those threatened with losing their jobs.

In the face of retrenchment, these members approached the Ministry of Co-ops for assistance with an investigation into the practices of the executive. This is when it was clearly revealed that the executive committee had not been elected by the general members through a democratic process, and that the Ministry did not advise those members initially involved in negotiations to take up positions in the executive committee. Furthermore, an examination of the financial records of the co-op revealed that certain executive members had been embezzling funds.

Consequently, in mid-July, 1987, the self-instated executive committee with Mr Chiwaya as chairperson was fired by the general members for running the co-op as though it was their private business and for having embezzled funds. A new executive

committee with Mr Makoni as chairperson was then elected by the general members on the same day.

2. Joining the CSFS

Under the leadership of the new executive committee the major problems facing the enterprise had not changed. These included a severe lack of working capital to finance continued production, a bad credit record, and no collateral to serve as security for credit. By mid-1988 the cooperative had no-one, but itself, to turn to for financial assistance. Meanwhile, since 1987 there had been rumblings within the co-op movement in Zimbabwe about the possibility of establishing a self-finance scheme for co-ops. Hence, in May 1988, FSC joined seven other cooperatives in an attempt to create their own finance scheme for the purposes of supplying the co-ops with working capital and the managerial skills necessary to manage such finances.

In May 1988 the Collective Self-Finance Scheme was formed and held its first meeting. Due to both their own weak capital structures and a lengthy process of struggle with foreign and local donor agencies, the member-cooperatives of the CSFS could not provide their own finance immediately. We return to the details of this struggle when we deal with the history of the CSFS. By January 1989, however, the CSFS was established and had won the struggle with the donor agencies.

3. FSC Almost Incorporated into Lancaster Steel

Just before the CSFS was able to provide its members with financial assistance, that is, around March/April 1989, Mr Beasley complained to FSC about its failure to fulfill its agreement to pay off the machinery within four years and consequently arranged to sell the machinery in the co-op in an attempt to recover his money. He approached Lancaster Steel and proposed that it buys the machinery from him. The co-op had bought the machinery for Z\$ 221 300 in 1984 and in 1988 Mr Beasley offered the same machinery to Lancaster Steel for Z\$ 269 000. Lancaster Steel then approached the co-op and proposed that it would buy the machinery from the co-op, take responsibility for all its debt, and absorb its members into the semi-parastatal as workers.

According to Ms Maramba (Interview 4.1), the co-op members were divided about whether to be incorporated into Lancaster Steel as workers and whether to continue struggling as workerowners. In the meanwhile, Lancaster Steel had issued a cheque to Mr Beasley for the machinery. At this point, the Ministry of Co-ops intervened in tandem with its policy on co-ops and in support of those co-op members who did not want to be incorporated as wage labourers into Lancaster Steel. According to Ms Maramba, the Ministry argued that Lancaster Steel could not purchase the machinery from FSC since the cooperative had not followed any procedures for liquidation or deregistration. This prevented the

incorporation of the co-op into the semi-parastatal, Lancaster Steel.

In an attempt to further protect the co-op from the liquidator's endeavors to recover his money, the Ministry of Co-ops paid him Z\$ 269 000 in cash for the machinery. This meant that the co-op was indebted to the state rather than to Mr Beasley. Moreover, according to Ms Maramba, a verbal agreement between the Ministry of Co-ops and FSC holds that this debt is a long-term loan to the co-op from the state for the purposes of buying the machinery from the liquidator.

4. A Turning Point in the History of FSC

On 27 May 1989, a year after its formation, the CSFS administered its first overdraft facility. This was an overdraft of Z\$ 100 000 from Zimbank to FSC. In the light of the history of financial mismanagement in the co-op, the CSFS and Zimbank suggested that the executive committee of the co-op be trained effectively in managerial skills. Furthermore, lessons learnt from the past and a determination to be successful *this time around*, facilitated a change in the organisational structure of FSC.

A management committee was introduced with the assistance of a volunteer manager placed in FSC for the purposes of transferring skills to this committee which would operate alongside the executive committee. This change meant a clear distinction between short-term and daily decision-making, and medium- to

long-term decisions. Furthermore, for the purposes of efficiency, the executive committee is elected by the general members at the Annual General Meeting of the co-op, while the management committee is appointed by the executive on the basis of skill.

The introduction of this two tiered structure with clear rules to be followed and clear mechanisms of control over both the worker- and manager-members of the co-op, and of the appointment of the managers on the basis of their skill and experience in management has contributed a great deal to the limited success of the co-op relative to its previous record of operation. Albeit, as will be illustrated in the section on organisational structures, this change has not come without complexities.

The volunteer manager placed in the co-op, Mr David Parr from the USA, owned and managed a firm there, had consulted and assisted in several worker take-overs in the USA and was scheduled to spend six weeks with the co-op until the end of June 1989. With the assistance of Mr Parr, FSC introduced several strategic management control areas. These include cash flows and cash flow projections, creditors and debtors, contract sales, sales of manufactured products, transport, production targets, machines, safety, and training. The purpose of these controls is to monitor business operations each week, month and quarter, to identify problems as soon as possible so as to facilitate solving them, and to ensure member-managers' accountability to the enterprise as a whole (Workteam 8, 1990: 18).

Access to the credit facility of Z\$ 100 000 and to on-the-job training in financial and production management through the assistance of Mr Parr marked a turning point in the history of the co-op. According to Ms Maramba, FSC produced a net surplus of Z\$ 49 000 during the six months from May 1989 to November 1989. The Balance Sheet dated 1 April, 1989 to 31 March, 1990, shows a net profit of Z\$ 34 700. Although the size of the profit indicated differs, there is some evidence that a surplus was produced in the year 1989. When considering the loss brought forward for this year, however, Z\$ 377 577, the co-op was still making a cumulative loss of Z\$ 342 856 (Balance Sheet, 31 March, 1990)

During 1989, the co-op raised the salaries and wages of its members. The first increase in members' remuneration occurred in 1985 and for three to four years thereafter, salaries and wages remained stagnant. Hence by October 1989, after about four months of relatively better operations at the co-op, the general members staged a work stoppage in an attempt to pressurise the management committee for a wage increase. By the end of November 1989, the co-op introduced an across the board increase of ten percent on all members' salaries and wages.

November 1989 also marked the decision on the part of the management committee, with the assistance of Ms Maramba and officials at Zimbank, to begin to pay Z\$ 12 000 per month towards

its major creditors. Should this decision be carried out, Mr Makoni has projected that the co-op will have settled most of its debt by May 1990.

In the discussion below we attempt to enlighten the reader on the combination of factors which contributed to this significant change in the financial situation at FSC. We also return to the workstoppage, a significant indication on the one hand of the power of the general members, and on the other, of particular organisational weaknesses in the enterprise.

5. A Crisis Situation

At the time of research, January 1990, the co-op was in a crisis. It was dealing with problems relating to the marketing of its products. One of these problems was that the co-op did not predict a significant increase in the price of raw materials, while the other results from the fact that its supplier, Lancaster Steel, is one of its major competitors in the market and the only other manufacturer of barbed-wire.

In June 1989, President Mugabe announced a lift on the price freeze. This meant that economic enterprises could apply for price increases on their products. FSC and the Management Assistant at CSFS did not, however, incorporate the possibility of price increases on raw materials in the cash-flow projections for the co-op. Furthermore, since October 1989, Lancaster Steel had been disrupting the supply of raw materials to the co-op.

According to Ms Maramba, Management Assistant at the CSFS, Lancaster Steel did not supply the co-op with its order of raw materials due in October 1989. Instead, the supplier, also a competitor, produced huge amounts of barbed-wire at the old price. In December 1989, after having flooded the market with barbed-wire produced and thus being sold at the old price, the supplier delivered three delayed orders of raw material (for the months October, November, and December 1989) at once and demanded cash-on-delivery payment for all the orders, valued at a total of about Z\$ 114 000.

Since the co-op did not have this much money in cash, it had to extend its bank overdraft to Z\$ 150 000 in order to pay for the deliveries in two instalments. In addition, because the co-op did not predict a price increase it was now forced to pay the new increased price for its raw materials. According to Mr Makoni, chairperson of the co-op, the price of a 50 kilogram roll of galvanised wire was increased from Z\$ 65 per roll to Z\$ 108. The price of raw materials thus increased by 66 percent for FSC. Furthermore, the co-op had been selling such material at Z\$ 99 per roll while the cost price was now Z\$ 108. The fact that the co-op was caught unaware of this dramatic price increase resulted in significant problems in the marketing of its produce and costly disruptions in its production plan.

Firstly, by January 1990, the co-op had over 400 rolls of barbed-wire in stock, and about 10 tons of galvanised wire. In the face of its competitors' old selling price and in an attempt to prevent tying up capital in the form of stock, the co-op had to calculate a break-even price for its barbed-wire. This meant that FSC was not going to make a surplus on the production achieved during the festive season. In addition, it had to terminate the production of barbed-wire until the available stocks were sold. This in turn meant that its barbed-wire machines were idle.

Secondly, the co-op had lost some of its customers to Lancaster Steel who was selling barbed-wire at the old price. Furthermore, with other customers it experienced difficulty selling barbed-wire at the new price. Towards the end of January 1990, however, the Management Assistant had found a customer who was prepared to purchase all the barbed-wire in stock at FSC. The break-even price for the 400 rolls of barbed-wire came to Z\$ 60 000. At the termination of the research period this possible transaction was still in progress. The author thus does not provide any information on the outcome.

C. Summary and Discussion

It is clear from reports on the negotiations to challenge liquidation that the Ministry of Labour played an important role in preventing the liquidation and facilitating the eventual worker take-over. As mentioned before, however, the take-over meant that the workers were responsible for the accumulated debt

of the firm which amounted to about one-half million Zimbabwe dollars. In addition to this enormous debt, the workers were in fact taking over a firm that had been stripped of its major liquid financial resources.

Regarding the role of the executive committee in the history of FSC, the organisational problems experienced by the co-op, for example, unclear selection procedures, point to some of the difficulties confronting workers-owners who have been wage-labourers most of their working lives and thus inexperienced in cooperative organisation. It is important to recognise, though, that the co-op members learnt from their initial mistakes and acted on the basis of these experiences in their enterprise. This is illustrated by the changes in the organisational structure of the co-op and the clearly defined rules and controls devised to deal with all members who act against the interests of the co-op. This process of learning from experience and of organisational development at play in FSC confirms our assumption that cooperative development involves 'learning by doing'.

The fact that the co-op started off with no working capital and no form of collateral for the purposes of obtaining credit, that it developed a bad credit record due to the malpractices of the initial executive committee and consequently had to buy raw materials on cash basis, contributed a great deal to undermining the economic success of the enterprise.

Notwithstanding, the experience in FSC of a rather extended financial crisis (five years and some months) and of closed doors at all financial institutions including development organisations provided a base for the beginning of a process of self-reliance within the co-op. This was marked by the establishment of the CSFS. It is important to note, however, that this point of self-reliance was attained only after much struggle. We address this process of struggle in the section on the history of the CSFS.

With regard to the turning point in the history of FSC, it is important to recognise that a combination of factors have been at play in contributing to this process of change. Firstly, and in no particular order of importance, access to an overdraft facility to the value of Z\$ 100 000 meant that the enterprise could effectively finance the costs of its production. Secondly, a relatively skilled management committee which has been undergoing further training continuously since June 1989, reasonably clear disciplinary codes and controls over the practices of the managers, and a general manager and chairperson who is experienced and clearly dedicated to the success of the co-op as an economic unit has facilitated the effective management of the overdraft.

Thirdly, with a membership bent on securing their current jobs in the face of growing unemployment in Zimbabwe and motivated also by the new possibility of making a success of their venture, FSC is able to harness their labour power in the long-term interests

of the enterprise. With the overdraft serving as working capital and thus enabling the co-op to produce surplus revenue, and with the effective management of this overdraft in the eight months since its availability the co-op has also been able to re-establish its credit worthiness. Hence, its ability to extend this overdraft by Z\$ 50 000 in the crisis which ensued over the months from November 1989 to January 1990.

As mentioned earlier, however, the positive changes towards actual economic viability in the co-op have not come without complexities. In the section dealing with organisational structures in the co-op we deal with these in detail.

Furthermore, accumulated debt resulted in a loss in 1989, making it very difficult for the co-op to progress towards economic success.

The crisis in FSC in the marketing of its products and in the partial disruption of its production which manifested itself to the full in January 1990, points to the difficulties confronting a co-op operating in a capitalist market without first-hand experience at the rules of the game. It also points to the importance of forward planning in any economic enterprise, including a cooperative, and of the ongoing need for developing alternative products in the event of the need to diversify production in the face of changes in the market.

The work stoppage organised by the general members in October 1989 in an attempt to pressurise the management committee to raise wages is a clear indication of the failure of the co-op to deliver material goods to its members after their sacrifices over the past seven years. Furthermore, the workstoppage points to important organisational weaknesses within the enterprise specifically in relation to the lines of communication between the management committee, the executive committee, and the general members. In addition, it raises important questions with regard to the lines of communication between the general members and the CSFS.

As we proceed with the description and analysis of this study and that of the CSFS several factors contributing to weak lines of communication in these areas will become evident. These include among others, an extreme disparity in the level of education of the general members and the member-managers, possible effects of class differences between the field staff of the CSFS and the general members, and a significant overlap of co-op members involved in management and in the executive committee of the co-op, and in serving as representatives of the co-op on the CSFS.

Finally, the accumulated debt with which this enterprise has been saddled is a major obstacle to its viability.

III. Organisational Structures

A. Working Structure

The working structures of FSC consist in separate but interrelated ownership, management and administrative, and production structures.

Each member of the co-op is a shareholder on the basis of his/her financial contribution towards the share-capital of the enterprise. Upon formation of the co-op, each member bought shares to the value of Z\$40. The constitution of the enterprise requires that each member holds at least one share in the co-op. Shares are valued at Z\$10 each. These shares must be fully paid up on one's admission to membership. No member is permitted to hold shares exceeding five percent of the value of the subscribed capital of the co-op (Constitution: 2).

FSC's management structure consists in three main sub-divisions: financial, entrepreneurial, and production management. The production structure is divided into departments according to the various activities undertaken by the enterprise: barbed-wire, diamond-mesh wire and wrought iron gates and posts manufacturing, and the erection of fences. The manufacturing of wire, gates, and posts take place on the shopfloor while fence erection is done on work-sites.

Since all members of FSC are shareholders, all of them participate in FSC's ownership structure. Specifically, member-shareholders comprise the General Assembly (GA), which meets both monthly and annually. At the Annual General Meeting, the GA elects from its members a Chairperson, Treasurer, Secretary, and four committee members to sit on the Executive Committee (EC). Until May/June 1989, these two bodies were the only structures in operation in FSC. Hence, during the first six years of its existence the EC performed the managerial and administrative tasks of the enterprise.

This situation has changed. Since its formation, FSC has had four chairpeople and two EC's (Interviews 4.1, 4.5). As explained above, the initial EC and Chairperson did not come into office through a democratic election process. Instead, this EC was essentially self-instated. The second, third and fourth chairpeople were, however, elected on the basis of their popularity among the membership. These executive members were not chosen for possession of skills and experience required for their managerial tasks. Indeed, in most cases they had no managerial skills and experience. This led to problems in FSC's economic viability.

As we have seen, under the direction of the third chairperson of the first EC, financial mismanagement occurred at FSC. Upon receipt of a bank overdraft through the CSFS, FSC agreed to undergo training by a volunteer experienced in management. This

led to a change in the organisational structure of the enterprise which entailed the introduction of a two-tiered structure consisting of both an Executive and a Management Committee (MC).

With this change, the EC was given power to appoint a Management Committee (MC) from among its members on the basis of skill and experience in management. Importantly, appointment of the MC is in accordance with FSC's constitution, which specifically provides for the appointment of sub-committees by the executive for business purposes (Constitution 9: by-law (vii) (n)).

The EC consists of a Chairperson, Secretary, and Treasurer, while the MC consists of the General Manager and Sales, Factory, and Contracts Managers. Furthermore, each production department has a departmental head.

Both the Management and Executive Committees meet weekly. At the weekly MC meetings managers are required to report to the General Manager on developments in their respective spheres. The General Manager (MC) and Chairperson (EC) are in turn required to give reports on the state of the enterprise at monthly meetings of the General Assembly. In theory, the EC is accountable to the General Assembly, and the MC to the Executive Committee, while departmental heads report directly to managers responsible for their respective departments. The latter two accountability structures exist in practice. There are, however, practical constraints to the accountability of the Executive Committee to

the General Assembly. We deal with these later in the dissertation.

FSC has a constitution with a set of by-laws, and a statement of disciplinary regulations and rights and duties of members. These documents serve as guidelines for codes of behaviour for and mechanisms of control over all its members. The FSC structures discussed above serve as mechanisms whereby tasks and responsibilities are divided and lines of communication and control are maintained in an attempt to develop an organisation which is both economically efficient and democratic.

B. Management

There is a clear division between managerial, administrative and production tasks in FSC. Managerial tasks are further divided into financial, entrepreneurial, and production management. Administrative tasks are divided into accounting, bookkeeping, and reception. The General Manager is responsible for the financial management of the enterprise, while the bookkeeper and the accountant do the associated administrative work. The General and Sales Managers are responsible for entrepreneurial management and the Contracts and Factory Managers for production management.

Production tasks are divided into shopfloor production (manufacture) and site-production (erection of fences on work-sites). Shopfloor production falls under the direction of the Factory Manager, while site-production falls under the Contracts

Manager. In addition, each department has a head who is expected to ensure that members in that department act according to the work-regulations decided upon by the co-op. For example, departmental heads check on late-comers and idlers. Such behaviour is supposed to be reported by the head of department to the appropriate manager.

As already mentioned, managerial tasks at FSC are executed by a Management Committee of member-managers who are appointed by the Executive Committee on the basis of skill and experience. The committee consists of the General Manager, and Sales, Factory, and Contracts Managers.

The General Manager is responsible for the efficient running of all departments, and receives weekly reports from the other managers and the bookkeeper about developments in their respective departments. He is also, in theory, responsible for presenting the general membership with monthly and annual reports on the general state of the enterprise and on decisions made by the MC.

The Sales Manager has two assistants. Together, this Sales team is responsible for marketing the co-op's products and services. This team is also responsible, in theory, for the effective and timely collection of debts.

The Factory Manager is responsible for efficient production of goods and timely completion of orders. He is assisted by a despatch clerk who records dispensing of raw materials to the factory floor, and a costing clerk who calculates the cost of production for the enterprise. The Contracts Manager deals with all fence erecting contracts and is responsible for timely and efficient completion of such jobs. These two managers are expected to prepare all the requirements for the daily work schedule.

The Contracts Manager spends most of his time outside the factory gates on work sites across the country. The Sales team also often work outside the factory. The Factory and General Managers, on the other hand, tend to remain on the shopfloor and in the office, respectively.

There is a great deal of continuity in management at FSC. The Sales Manager and bookkeeper did the same jobs in M & D Enterprises; while the General Manager (also Chairperson), who is presently FSC's accountant, did the accounts at M & D. Most of FSC's managers have thus had some experience in their field of work.

1. Mechanisms Ensuring Managerial Accountability

All FSC managers are members of the cooperative with rights, duties, and obligations like any other member. These member-managers obtain their salaries from the cooperative. Their

material well-being thus rests on the success of the enterprise in marketing its products and services and in producing a surplus. In addition, FSC has disciplinary measures which augment this positive inducement to good performance. The by-laws and work-regulations provide guidelines for decisions about appropriate disciplinary measures. Each member has a copy of these regulations and is expected to be aware of possible consequences of his/her action.

In the event of slack performance on the part of any manager, the person concerned will first be disciplined by the Management Committee. Depending on the nature of the offence, discipline usually involves suspension from rights and benefits from the co-op; for example, one week's work without pay. Should there be no improvement in a manager's performance, the matter is referred to the General Assembly at the monthly meeting. Here further disciplinary procedures are collectively decided upon and, if necessary, the person will be recalled from his position by a two-thirds majority vote. The General Manager is also subject to suspension and recall by the membership.

The co-op members' power to recall managers is intended to ensure management committee accountability. As we have seen, this power has already been exercised in recalling the initial EC and expelling members who embezzled funds. The General Manager's obligation to produce monthly and annual reports on the financial state of the enterprise and on decisions made by the MC is an

additional factor intended to make this management accountable to general members. Failure to produce such reports is subject to a suspension which entails one week's work without pay.

Furthermore, general members can vote to change any decision taken by the MC.

Significantly, however, general members' inability (due to lack of skill and education) to effectively assess and criticise reports presented by the General Manager often makes this form of accountability simply a formality.

2. Tensions in the Management-Producer Relationship

The appointment of skilled people onto the MC has introduced a complex management-producer relationship into the cooperative. The complexities arise mainly from (a) the introduction of a relationship of technical authority based on skill; (b) the existence of extreme disparities in skill and education between member-managers and general members and (c) the perpetuation of these disparities through the present management structure. This results in relationships of social inequality between general and manager members.

The tensions in this relationship are manifested mainly in struggles around surplus distribution, for example, wage *versus* salary levels and the payment or non-payment of commissions to members in the sales team. At the time of research, monthly remuneration was approximately as follows: members in management

and administration were earning Z\$ 532, those on the factory floor were earning Z\$ 254, while those engaged in fence-erection were earning Z\$ 276.

Other manifestations of such tension include struggles around unequal distribution of social benefits, sometimes referred to as the 'social wage' of the co-op, and issues relating to general conduct of the MC. We proceed by giving examples of such struggles.

Firstly, the work stoppage staged by producers in October 1989 in an attempt to pressurise management to raise wages is an example of struggles over wage levels. The fact that producers had to resort to this measure in order to get their message across to management is a clear indication of a tension in the management-producer relationship. This tension points to a weakness in communication between managers and producers.

Secondly, information gathered from the few interviews with worker-members reveals some dissatisfaction among these members with differentials between wages and salaries. Three of the four worker-members interviewed expressed dissatisfaction in this regard, while one thought that these differentials were "a good thing". Furthermore, two of these worker-members thought that the difference between management's salaries and worker-members' wages should be reduced by raising worker-members wages:

...the ones who work in the offices [are] getting a higher salary - very high...I'm earning \$70 [per week]. If I can get \$30 more, then it will be better. If the other workers are getting \$60 [per week] and they get another \$30 to [bring their wages to] \$90 they will be happy; even [with an increase of] \$20 they will be happy (Interview 4.6).

Management [is] not good [because they do] not give any money. Management get more wages. [I] don't like this. [A] \$6 or \$7 difference [between management's and worker-member's remuneration] is o.k.. [A] \$100 difference is not o.k.. [My] wages [are] too low for six children. ...[With] no increment people work weakly. The power [to work] is from money - no money, no power (Interview 4.7).

The latter quotation points to a lack of understanding on the part of the worker-member of the need for differential remuneration in a cooperative enterprise in the light of the ever-present market value of different skills, and the high demand for skilled people in co-ops, especially in management. If the member-managers were to earn only Z\$6 or Z\$7 more than the worker-members, the co-op would soon be without a management committee since these skilled people could easily find better paid employment in the private sector. Experiences among co-ops both in South Africa and in Zimbabwe have shown that the failure to provide skilled members with reasonable incomes leads to a loss of such members which, in turn, reduces the potential to produce surplus revenue and hence to provide all members with an income.

Despite this lack of understanding, however, the above quotations do indicate dissatisfaction about low wages. This is an indication that the co-op is not altogether successful in providing for the material needs of its members.

Furthermore, the work-stoppage could also reflect worker-members' lack of knowledge about the viability of the co-op. Tensions in the management-producer relationship can thus be attributed to a combination of various factors.

A further example of such struggle is related to the commission paid to salespeople. According to Ms Maramba (Management Assistant, CSFS), from mid-1987 to the beginning of 1989 individuals in the sales team were paid commissions on the amount of debt collected and the value of the transactions made with customers (Interview 4.1). The value of this commission as a percentage of the sale or debt collected is unknown.

Nevertheless, according to both Ms Maramba and Mr Makoni, the collection of debts improved during that time because the commission served as an incentive for sales people. This is confirmed by Graph 'A'. At the beginning of 1989, however, the commission was withdrawn for two reasons. The first was that some worker-members disagreed with the payment of commissions to sales people. One such incident was explained by Mr Makoni, chairperson of Fencing Services:

I would go to the lowest common man and try to explain to him [why the sales people are paid a commission]...because they would say 'I also want the commission. I have welded the gate that you put there, but are you giving me commission? No. I also want commission' (Interview 4.5).

The second reason for the withdrawal of commissions was related to conflict about these payments among sales people and between these and the general manager. As explained by Mr Makoni:

The reason for cancelling the commission was because the sales people could not agree among themselves [about sharing the jobs which accompanied a commission]. They were scared that the [sales] manager would get more commission...[Furthermore, the sales manager] could start doing his own jobs and not do the other ones so that [he] can get more commission [that is, pressurising the factory floor members to complete the commissioned transactions made by him]. The other [sales people] started complaining [about this].

Not all jobs have commission. If one [sales person] gets a job today with a commission he wants it done today. Now in the factory we have a line of production where we are doing jobs three, four, five, six, seven. We can't do this job fifteen today. Then they [the sales people] are up in arms with me again: 'Buy me materials to do this today'. Now where can I get money to buy materials for that job [fifteen] and yet these other jobs are lying; of which it is you [the sales people] who have brought in those jobs; they are not yet paid for. You've got to control your \$ 100 000 [overdraft]; don't go beyond [it].

Now I had various things to do [at the time], the lawyers [and] paying the creditors. So, instead of sitting down and do[ing] that little thing [settling the struggle with the sales people], which they [were] causing themselves, I said, well, at the moment we can't waste our time doing that [settling the struggle]. We have to stop it [the commission]....if you [the sales people] can't understand the situation at that minute then I have to suspend it [the issue around the commission] till later (Interview 4.5).

The above quotations illustrate the struggles both between managers and worker-members and among managers and sales people over the payment or non-payment of the commission.

One worker-member's comment illustrates clearly the struggles within the co-op around the unequal distribution of social benefits:

[This is a] co-op for [the] management committee. They [the managers are] drinking tea [in the offices]. [There is] no tea here. This is a cooperative? This is not a cooperative (Interview 4.7).

The fact that member-managers drink tea at the expense of the cooperative while worker-members do not have this social benefit has been observed by the author and verified by a comment made by the chairperson:

...if you explain to the people that this is a cooperative and it is our business....they would think well, why don't we also go in the office and drink tea. Then you have to explain to them why...[they will not] win on this place [win the opportunity to drink tea in the offices]. Otherwise the government has to come in and intervene [to explain to them why they cannot sit and drink tea in the office (ZE)] (Interview 4.5).

The struggle over managers' benefits of drinking tea is one manifestation of the unequal distribution of social benefits. Co-op provision of further education for member-managers and no such benefits as yet for worker-members is a further manifestation of such inequality. The rationale for providing member-managers with further education is that it would enable them to be of better service to the co-op as a whole. We would argue that general members are equally entitled to further education to enable their more effective understanding of enterprise operations, control over management, and efficient work. Education of general members is equally significant as managers' education in making members of better service to the co-op as a democratic organisation and economic unit.

This acclamation, however, sounds much simpler than is possible in practice. The reality of illiteracy and innumeracy among a small minority of members, and of a lack of conceptual skills

among most of members regarding operations of their enterprise makes educating them a difficult, though not impossible, task.

Further tensions arise from general conduct of member-managers.

As expressed by one worker-member:

The co-op is good but we in the cooperative are not cooperating. We've got a difference between the one[s] who work in the offices and the one[s] who work on the shopfloor]. We are not the same...people [on the shopfloor] are not happy with what they [the managers] are doing. They [the managers] make a segregation [with] the people; they say they are the top people (Interview 4.6).

This is an indication that the relationship between member-managers and worker-members is hierarchical with worker-members being in a subordinate position.

Furthermore, at the time of research the CSFS organised an 'Enterprise Workshop' for discussion with general members about the concept of a cooperative. This workshop was scheduled to take place on a Saturday morning. All member-managers but only eleven worker-members turned up for the workshop which was subsequently postponed. The general manager attributed this low attendance on the part of worker-members to the fact that schools had just re-opened and thus members had to pay school fees and buy uniforms and therefore may not have had any money for busfare to come to the workshop. Another reason given for the low turn-out was that the workshop was announced at too short notice.

In an interview with one worker-member, however, it was revealed that general members deliberately did not attend the workshop in an attempt to indicate to the CSFS that they were dissatisfied with the present management committee:

People didn't come [to the workshop] on Saturday to show [the] Scheme [CSFS] that there is something wrong with [the] committee (Interview 4.6).

This information was later confirmed by the Factory Manager. Similar to the work-stoppage of October 1989, this action on the part of general members further indicates lack of effective communication between management and general members.

In the above sub-section we have attempted to reveal tensions in the management-producer relationship and how these are manifested in the form of struggles around various issues such as wages and salaries, commissions, and, tea. We have also indicated issues around which social inequalities are emerging in the co-op, for example, education. The latter points to FSC's priorities and the balance of power in the enterprise at the time. It is important to recognise, however, that these tensions and struggles are an important part of the development of management-producer relationships in the enterprise. In the following section we attempt to evaluate FSC's management in these terms.

3. Evaluation

Taking into account historical experiences of mismanagement in FSC and considering managerial practices over the last ten

months, it is safe to say that the present management committee is working towards the improvement of the FSC's previous record of operation. There is, however, a tendency towards technocratic management in the co-op. A comment by Mr Makoni, the chairperson, accountant, and general manager, when asked whether there had been any conflict between the Executive and Management Committees, confirms our particular characterisation of this management:

[There has] not [been] much [conflict] because I've got full control. I am conversant on both sides (the political and the economic). My side is more technical than this other side [the 'political' sphere]. So, if this other side [the 'political'] wants to overreach that one [the economic/technical] and yet I am the chairman, I stop them and explain [to] them really what it is and what is business so that they don't overreach the other side [technical/economic] (Interview 4.5).

This quotation leads one to believe that FSC's management is technocratic. Technocratic management and the resultant centralisation of power over decision-making in the hands of a few skilled member-managers raises important questions about the degree to which management is democratic. Management's centralised power is further facilitated by the overlap between members on the Executive Committee and those on the Management Committee. This blocks critical consideration of implications of this management style and inhibits economic and democratic development of the enterprise.

The above quotation also points to a tension in the enterprise between economic viability and democratic participation. The 'technical' refers to the economic viability of the enterprise.

The 'political' refers to (a) democratic participation of members and (b) whether the distribution of both material and social benefits is in the interests of democratisation. With regard to social benefits, we have noted that the distribution of education perpetuates an unequal balance of power in the co-op, a factor hindering democratisation.

Information gained from Ms Maramba, the Management Assistant at the CSFS, confirms our observation that economic viability was a priority in the enterprise at the time of research:

In FSC, if a decision is a technical one and it is good for the co-op, they [the management committee] make that decision even if it is something that the members would not take very well. They seem to appreciate...that you cannot mix the two things. You can't run a cooperative on the feelings of the members. O.K., they have to be considered to a certain extent, but they should not be the major force in determining a decision. So, they [the management committee] focus mainly on the viability of the co-op as an economic enterprise (Interview 4.1).

The author would agree with Ms Maramba that a co-op is first and foremost an economic enterprise and that its success depends entirely on its economic viability. This, however, does not mean that processes of participation and democratisation should be put on hold. This begs the question about who is to take care of members' 'feelings' or interests if these are to be considered 'to a certain extent' in decision-making? Furthermore, it is not a matter of *considering* members' interests; instead, it is one of finding the appropriate balance between a form of democratic participation that maximises the firm's ability to be

economically viable. These aspects of a co-op are not separable, but rather intricately interrelated.

Literacy, numeracy, and the distribution of and access to knowledge within the co-op affect levels of participation and democracy. If general members are unable to effectively evaluate and challenge member-managers' actions, there can be no democratic control over decision-making. In order for FSC to proceed along the path of cooperative development, it needs to address this tension by educating its general members. Failure in this regard will lead to one of two outcomes: either technocratic management will continue with the majority of members simply following their 'skilled leaders', or resistance from general members will lead to continual changes in management leading to instability. Such a situation could lead to enterprise disintegration or possibly transformation into a capitalist firm, or an employee-owned firm managed in the conventional way.

The emphasis placed on economic viability may be a stage through which the co-op needs to pass on its way to a more democratic form of organisation. Movement out of this stage, however, is by no means automatic. Co-op members have to act on organisational problems in order to gain greater democracy.

C. Division of Labour in Decision-Making

The Executive Committee (EC) makes decisions about social relations of production in the enterprise. These involve

decisions about long-term policy and terms and conditions of employment, for example, rules regarding members' duties, rights and obligations. Furthermore, this committee co-signs agreements with the bank on behalf of the co-op.

The Management Committee (MC) is responsible for the firm as an economic unit. It takes daily and short- to medium-term economic decisions. This committee is, however, accountable to the EC which is ultimately responsible for any loss incurred by the co-op contrary to the law and to the by-laws (Constitution, p. 10). The MC makes decisions about the duration and cost of specific jobs, about whether to extend the overdraft or not, and about feasible areas for diversification of production (product development), among other issues.

All member-managers gained experience in their specific tasks in the former M & D Enterprises. For example, the Sales Manager did sales in M & D, the bookkeeper did the books, and the accountant did the accounts. In addition, some managers are undergoing formal training to improve their performance. The Sales Manager is doing a course in Marketing Management while the General Manager is involved in further studies in Accountancy. This training is financed by the cooperative. Provision was made for such training with the application for the bank overdraft from Zimbank granted in May 1989.

The General Assembly decides on the election, removal, and suspension of members of the management and executive committees. Furthermore, in theory, it considers the annual statement of accounts, the balance sheet, and the auditors' report as presented by the General Manager. The lack of skills among general members to make such considerations, however, makes this impossible in practice. Moreover, the general assembly makes decisions about surplus distribution, amendments to by-laws, expulsion of members and approval of new members. Supreme authority rests with the General Assembly. All matters brought before a general meeting are decided on by a two-thirds majority vote with each member having only one vote and provided that seventy-five percent of the total membership is present (Constitution, pp. 5, 6).

D. The Labour Process

1. Organisation, Division of Labour, Decision-Making

On the shopfloor, both wire manufacturing sections are mechanised. For barbed-wire manufacturing the co-op has eight manually-operated machines. For diamond-mesh-wire manufacturing it uses two automatic and one manually-operated machine. The following is an account of production of diamond-mesh wire.

The manual process involves about four workers, each of whom performs a specific task. For example, once the dispenser of the manually operated diamond-mesh wire machine is loaded with a roll

of galvanised wire and set by workers, one of them feeds the wire into the machine, another bends it so that evenly shaped diamonds are created, another cuts the wire after production of one row of diamonds, and yet another rolls the wire as it is fed out of the machine. The pace of the process is set by workers themselves.

Since each worker in the manual process is responsible for a part of the task, they must work in harmony with one another in order to ensure a smooth flow. The rectangular shape and relatively small size of the machine require that workers be in close proximity to one another. This facilitates smooth flow of production: since each worker is able to see when his co-worker is about to complete a task, he is able to prepare for his own specific task.

The automated version of the diamond-mesh wire production process consists of two automatic machines, each of which is operated by a single worker, who loads the dispenser with a roll of galvanised wire, sets the pace of the machine, cuts the wire as a row of diamonds has been completed, and carries the automatically rolled wire to the stock area. This automated process is cheaper in terms of labour costs.

Manufacturing of posts and wrought-iron gates is organised on an assembly-line. The metal is cut to appropriate sizes at one point of the line using a manually operated machine. At another point, pieces for gates are welded together to form different parts of a

gate, these are assembled at another point and painted with rust-protector at the final point. The cutting, welding, and assembly are done by individual male members while the only three female members paint gates and dip posts. These members also carry uncut metal to the cutting point of the assembly-line, and painted gates and dipped posts to a point where the completed products are left to dry.

With regard to fence-erection, teams of workers, some of whom are hired labour and not co-op members, are transported to work-sites. These workers are supervised by the department head and contracts manager.

The description above of diamond-mesh wire production processes indicates that the manual process involves a more socialised form of labour while the automated process, though cheaper, is essentially individualised. Furthermore, the assembly-line form of production of posts and gates and fence-erection essentially involve cooperation among workers. Workers at one point of the assembly-line have to work in rhythm with those at other points in order to ensure smooth flow of production. In the case of fence-erection, some workers have to erect posts while others fit the fencing. Both these production activities also involve a form of socialised labour. In the discussion below we attempt to draw out some of the implications of these phenomena for cooperative production.

Significantly, not only is the clear division of labour in production FSC a continuation of that in the former enterprise, but that people executing specific tasks are mostly the same, too. For example, workers who operate the automatic and manual wire making machines, those involved in the production of gates and posts, and those who erect fences did the same work in the former M & D Enterprises.

E. Summary and Discussion

The constitution, by-laws, and work-regulations formulated by the cooperative are important for providing guidelines for members' behaviour, and for stipulating their rights and duties towards the enterprise. In addition, these rules and regulations provide guidelines for appropriate disciplinary measures in the event of members' acting against the interests of FSC.

Furthermore, FSC's working structures, namely, ownership, managerial and administrative, and production structures, serve to effectively divide activities of the enterprise for the purposes of efficiency. The fact that no member is permitted to hold shares exceeding five percent of the value of the subscribed capital of the co-op provides an important safeguard against control by a few relatively wealthy members. This is in the interests of collective ownership and fits the formal definition of a cooperative as an enterprise owned by the people who work in it. Moreover, the clear division of labour in FSC provides for relatively clear lines of responsibility and control. More

specifically, the division of labour in production involves mainly socialised forms of labour thereby facilitating cooperative production.

Considering that the material well-being of all members rests on FSC's success in marketing its products and services, the sales people have a significant role to play:

Sales is one of the major components of the business. If the sales are low, it means that the overdraft is affected and it means that certain financial decisions have to be made which might affect the members. For example, they have an overdraft of \$ 100 000 and if the overdraft is at \$99 000, and people have to be paid, they do not get their wages. And, usually the reason for the overdraft being so high is because the sales team has not collected money from debtors. They [may] have slackened or made unreasonable agreements with customers (Interview 4.1).

In the light of the importance of sales for overall success, the commission given to sales people as an incentive makes sense economically. Such practices, however, are generally frowned upon by cooperatives without considering the economic implications.

Struggles in FSC around differential wages and salaries and the payment of commissions to sales people point to difficulties faced by co-ops in terms of general members' lack of ability to conceptualise the needs and functions of their organisation, for example, the importance of reasonably paid skilled members in a co-op and of material incentives for people performing significant functions.

With regard to the division of labour in decision-making, it is clear that this aspect of the co-op has undergone a process of development towards greater democracy and efficiency. FSC's experiences of financial mismanagement under the direction of the initial EC points to some of the problems that arise when decision-makers are chosen without any rules regarding their methods of decision-making; there is a tendency to make decisions in the interests of perpetuating their positions of power in an organisation.

FSC's experiences over the last ten months under the direction of the appointed Management Committee can be seen as an improvement on the co-op's previous managerial and financial record. This points to the importance of skill and experience as a criterion for choosing managers in any economic enterprise, including a co-op.

The appointment of managers on the basis of such criteria, however, has its own problems. One of these is the tendency for technocrats to take control of the firm. Organisations such as co-ops usually characterised by an extreme disparity in education, literacy, and skill between those members likely to be managers and those more likely to be manual labourers, are especially vulnerable to such technocratic control.

It is our view that a tendency toward such control is visible in FSC. The main reason for this tendency is the immense disparity

in levels of education and skill between general members and member-managers consequently making the former unable to control managers effectively. In addition, this disparity is further widened by exclusive access of member-managers to further education.

Furthermore, the overlap of members on the Executive and Management Committees facilitates technocratic control since there are no other members besides managers themselves who ensure that their decisions are not just business decisions but also in tandem with democratic goals of the co-op. This overlap makes little allowance for effective representation of the interests and grievances of general members and, instead, provides for centralised control and decision-making in the hands of a few skilled members. Moreover, member-managers' exclusive access to further education facilitates and perpetuates centralisation of knowledge and information in the enterprise. These factors contribute to the unequal balance of power in the co-op.

Technocracy can be partly overcome through struggles by members. The constitution can only provide guidelines for mechanisms through which such struggles can be fought.

One way, and possibly the most important one, to counter technocracy in FSC is the enskilling and empowering of general members in such a way that they can effectively challenge and evaluate decisions by the Management Committee. In addition to

this, FSC needs to provide for more effective representation of general member' interests. This could be done by having the Executive Committee represent only worker-members. This body would then be responsible for appointing a Management Committee that is accountable to the worker-members. The EC would 'negotiate' with the MC about wages and working conditions and could serve the role of a trade-union.

Formally, the Executive and Management Committees are separate bodies, however, in practice, it is mainly the same people who constitute these two structures. Decisions about democratic goals tend to take second priority in the context of managers' emphasis on economic viability.

Furthermore, since EC members are the MC, in their capacity as the Executive, and considering that they are more articulate and educated, these members can sway decisions in a general meeting to suit their requirements. Hence, in the context of an organisation characterised by a high disparity in knowledge and information between managers and general members, technocratic type managers (managers appointed on the basis of their skill and experience) are just as susceptible and able to perpetuating their power positions on the basis of their knowledge and skills as are managers chosen for reasons other than skill (those elected on the basis of their popularity). A shift to skill-based election thus brings with it more effective management, but does little to prevent managers from managing in their own interests.

These issues raise important questions about mechanisms for ensuring democratic control over decision-making.

The development of technocratic control in the co-op and the resultant neglect of democratic goals such as the interests and needs of members, may be a result of separating economics and democracy/participation in the enterprise in the interests of economic viability. Such a separation is false and misleading. For example, the CSFS is an organisation established to provide for co-ops financially. Its structure and methods of providing access to finance, however, embody concerns about both economic viability and democratic participation. We proceed to examine the nature of the CSFS and its relationship with FSC.

IV. FSC: Relationship with the Collective Self-Finance Scheme (CSFS)

A. Brief Introduction to the CSFS

The CSFS is a non-governmental development organisation and an independent finance scheme established, organised, and democratically controlled by cooperatives which are members of the Scheme. Through the CSFS cooperatives attempt to finance their own development through mutual support and a bank loan system. The CSFS was launched in September 1988 by eight potentially viable cooperatives in Zimbabwe.

The purpose of the Scheme is to provide these enterprises with effective financial assistance and to develop the financial management capacity of its member co-ops in preparation for their obtaining bank loans guaranteed by the CSFS. The eight founder member-cooperatives each operate in different sectors of the economy including the agricultural, manufacturing, retailing, and service sectors. Today, however, the scheme boasts a total of twenty-three member co-ops operating in these sectors of the economy (CSFS Newsletter, No. 1, October, 1988; Brecker, October, 1989:1).

The specialised services of the CSFS are designed to serve cooperatives who have already established within their enterprise a sense of cohesion among members and who are *potentially* viable, that is, capable of producing a reasonable surplus. Such co-ops which still lack the capacity to access development capital on the open financial market are eligible for membership and assistance from the CSFS (Brecker, August, 1988: 4). The CSFS does not serve pre-cooperatives.

B. Brief Historical Overview: The Emergence of the CSFS

The nine year history of the Zimbabwean cooperative movement is characterised by a disjuncture between government policy and practice with reference to co-ops. As already pointed out in this work, this disjuncture should be seen in the context of the balance of class forces in society, of these forces as expressed in the state, and of the subordinate position, in relation to

these forces, of those involved in the cooperative movement. The particular social forces at play and the lack of government support for co-ops, in practice, facilitated (and still facilitates) the provision of aid to co-ops by foreign donor agencies.

This aid mainly takes the form of grants, and loans which are channelled through locally based non-governmental organisations (NGO's). Other forms of aid include skills training and provisions of machinery and equipment. The disbursal of aid generally leads to relationships of dependency between co-ops and donor agencies, albeit unintended. This results in an unequal balance of power between co-ops and donors with the former being in a subordinated position as the recipient of aid. According to Brecker (October, 1989: 9), it is

[t]he dispensing of grants and soft loans which are not received as inputs to production of a surplus from which it [grants and soft loans] is replaced [which] bred a debilitating dependency [of co-ops on donors] (Interview 4.10).

Historical experience has shown that this dependency has done nothing but weaken the cooperative movement in Zimbabwe. For example, OCCZIM has "failed to develop into an influential, representative, and conscious political voice of the collective co-op movement" (1989: 9). One of the reasons for this failure being its heavy reliance on donor funding. Today, the majority of co-ops, including founder co-ops of the CSFS, still suffer from the consequences of this dependency. The CSFS emerged as a

response to dependency and donor control within the cooperative movement in Zimbabwe.

The emergence of the CSFS, however, does not mark a move towards the complete rejection of donor aid *per se*. Instead, it marks a move towards shifting the balance of power between co-ops and donors in favour of the former, and using donor funds in ways that empower cooperatives. To make this strategy a reality rather than simply a 'vision' required "the conscious intervention" (Breckner, 1989: 4) of the co-ops. This has entailed a difficult struggle between founder co-ops of the CSFS and donor agencies mainly around *control of the organisation receiving funds* from donors, in this case, the CSFS. During the course of this struggle founder co-ops of the CSFS rejected all donor aid not controlled by them (1989: 3). This marked the beginning of a process in which co-ops were taking responsibility for their own development.

Furthermore,

[The] CSFS concluded [from the lessons it learnt through its member co-ops' experiences] that collectives can only grow under conditions in which the cooperators could remain in effective control through the production of a *sustaining surplus*. [The] CSFS therefore turned its back on free hand-outs not related to production, which for so long has been the order of the day (Breckner, October, 1989: 10).

This meant, firstly, that the co-ops had to understand aid and the donor-recipient relationship as essentially political and that they had to use these insights to strengthen their position

in this relationship so as to assist co-ops in determining the terms, forms, and methods of donor assistance to such enterprises (Breckner, 1989: 15, 16).

The establishment of the CSFS and its success in the struggle for cooperative determination of the terms, forms, and methods of donor assistance point to some of the outcomes of this learning experience. Today, the CSFS is funded by donor agencies on *its* terms and in the interests of self-reliance of its member cooperatives. We return to these terms when we address the relationship between the CSFS and its donors.

C. CSFS Cooperative Development Policy

The following is a summary of some of the key CSFS principles:

- Real development requires the conscious involvement of the people concerned.
- The CSFS determines the content and form of its own programme. This cannot be influenced or interfered with by donors in exchange for their support.
- Co-ops are enterprises whose primary task is to generate surplus to raise the living standards of members and provide investment funds for development.
- The CSFS is open in principle and national in scope. Prospective members must meet CSFS membership criteria and show that they have reached the necessary level of development.
- Members must pay an equity contribution, agree to a six month waiting period before presenting projects for loan finance and retain their membership at the scheme for at least two years.
- The CSFS cannot admit pre-co-ops (which it sees as the responsibility of the Ministry of Cooperative Development) nor 'start-up' co-ops which it defines as having a subsistence level of operation and income. These are catered for by Zimbabwe Project (ZIMPRO).
- Member co-ops must be able to put forward planned projects which have taken into account labour allocation and reward and the cost of management as well as costing inputs,

forecasting returns, and the careful use of credit to generate a surplus.

- The Technical Support Team (TST) offers the skills to help co-ops formulate such plans and monitor the use of credit but under no circumstances should it replace the CSFS decision-making processes.

- All projects put forward for loan finance must meet the stringent project formulation requirements of CSFS before they are passed on to the bank.

- These projects must be part of an overall development plan of each co-op with more than one source of income, each with a different risk element. The development plan focuses on the total viability of the cooperative.

- Co-ops should be able to repay credit from future production surplus. The financial security of the co-op lies principally in strong projects presented as part of an overall development plan. This is what makes a co-op credit worthy. Credit must generate a surplus otherwise the co-op falls into a debt trap and is left worse off than it was before. Default on the part of a member co-op cuts off all access to credit and leaves the co-op dependent on welfarist assistance (Analysing the CSFS and the CFS, points from Brecker, August, 1988).

Broadly, CSFS's development policy emphasises the need for donor assistance. The forms, methods, and terms of this assistance, however, should facilitate the development of cooperatives towards complete self-reliance. The CSFS's approach is that development assistance for empowering cooperators requires their conscious involvement in determining the futures of their enterprises as both separate units of production and as a socio-political force in society.

The CSFS views cooperative development as a process involving struggle; essentially a terrain of struggle with the actors, in order of power in this particular historical conjuncture, being the state, donor agencies, NGO's and co-ops. In the context of this struggle, and considering that co-ops are organisations in

formation, these enterprises can at this stage of their development only opt for forms of assistance least harmful to their autonomy.

Furthermore, CSFS policy stresses democratic and grassroots control over all forms of assistance rendered to co-ops and the importance of considering how assistance facilitates production of a sustaining surplus - the primary function of a cooperative enterprise and the key to its success. At the core of its approach is a belief that given appropriate organisational structures and the required managerial skills, cooperators are capable of decision-making regarding the organisation of their productive activities and resources so as to produce a surplus.

In addition, the CSFS does not only see *cooperatives* as democratic organisations in formation; instead, it also sees *itself* as such an organisation with a responsibility to respond to changes as a result of its development alongside the co-ops which it serves. This entails learning from its experiences and from those of its member co-ops. Furthermore, the CSFS recognises *cooperatives* as unique forms of production organisations requiring similarly unique forms of assistance in order to facilitate their success (Brecker, October, 1989; August, 1988; June, 1988).

D. Ideology Underlying its Activities

From the above description of CSFS policy one can define the ideology underlying CSFS activities as follows: an ideology of co-op autonomy with their primary function being production of a surplus adequate to workers' needs; of co-op development as a process of struggle; of grassroots control over and democratic participation in determining the future of co-ops; and of the empowerment of cooperators through their conscious actions (Breckler. October, 1989; August, 1988; June, 1988).

We now proceed to illustrate the reflection of this cooperative development policy and ideology of the CSFS in its practice. For this purpose we turn to its aims and objectives, structures, method of operation, and relationships with donor agencies and co-ops.

E. CSFS Aims and Objectives

The objectives of the CSFS are, firstly, to provide a source of credit for its members at reasonable interest rates; secondly, to receive and hold shares and annual subscriptions of its members; thirdly, to enable member co-ops to use and control their financial resources for their mutual benefit and with minimum risk; and, lastly, to provide loans for its members which are administered by the Bank of Zimbabwe (CSFS Newsletter, No. 1, October, 1988; CSFS Rules: 1).

In the light of their negative experiences with donor assistance and recognising the limits of donor and government funds for co-ops, CSFS member-cooperatives aim to achieve three inter-related objectives. These are, firstly, to introduce cooperatives to the commercial finance market, secondly, to determine for themselves the form and scale of credit required, and thirdly, to continue using donor funding to assist them to these ends and to eventual self-reliance (Breckler, August, 1988: 4).

These aims and objectives are realised through CSFS rules, structures, methods of providing credit through its Loans Sub-Committee (LSC), services to member co-ops through its Technical Support Team (TST), and agreements with Zimbank and donors.

F. Operational Structures of the CSFS and Functions of each Structure

1. The Council and the Board

At the top of the CSFS organisational structure is the Council which comprises one nominated representative from each member co-op. The Council thus represents CSFS member-cooperatives. The term of office for Councillors is one year. The Council meets three times a year with a fourth meeting being a delegates Conference. This Conference makes policy decisions and elects a minimum of seven co-op members from its midst to the Board. Further responsibilities of the Council include making amendments to CSFS rules, determining annual programmes, confirming new

member co-ops, and accepting resignations, suspensions and expulsions. All matters decided upon by the Council require a simple majority vote.

The Board elects from its members a chairperson, treasurer, and secretary. The chairperson of the CSFS is Andrew Nyathi. The Board is accountable to the Council, it meets monthly and is responsible for overseeing all activities between Council meetings and for directing the affairs of the CSFS. More specifically, the Board authorises and supervises the use of CSFS funds, and awards, monitors, and administers, loans to member co-ops in consultation with the bank. Further duties of the Board include maintaining all records and reports necessary to effective management and administration of the CSFS, presenting such information to the Council, and determining the grade of a member co-op using the grading system devised by the CSFS. All decisions taken by the Board require a simple majority vote. Board members who fail to attend three consecutive Board meetings without explanation lose their office. Furthermore, members receive no payment for their responsibility as Board members.

At least one-third of the Board is subject to re-election each year while both Councillors and Board members are subject to recall by cooperators at all times (Breckner, June, 1988: 5; Breckner, October, 1989: 1; CSFS Project Proposal - Funding for Administrative Costs and Training, 1989; CSFS Rules: 5).

2. The Loans Sub-Committee

From among its members the Board appoints a Loans Sub-Committee (LSC) of three people to receive and consider loan applications from member-cooperatives. The LSC is responsible to the Board and is required to provide a detailed report containing recommendations from the sub-committee. On the basis of the Board's consideration of these recommendations it finally decides whether to approve the application for submission to the bank or not (Breckner, June, 1988: 15a).

The rate of interest to be charged on loans is fixed by the Board. This interest rate, however, does not exceed the minimum overdraft rate in Zimbabwe at the time the loan is granted (13% p. a. in January, 1990). Furthermore, the Board decides whether interest charged on loans can and should be subsidised from CSFS funds. A grading system is used to regulate the size of loans and subsidies on interest for which member co-ops are eligible. This grading system is based on strict criteria relating to the quality of financial management in a co-op, its level of organisational development, effectiveness of its production planning and the level of production performance, and the degree of democratic participation of its members in decision-making processes (Breckner, June, 1988: 5; CSFS Document on Grading Criteria; CSFS Rules: 8).

All loans are secured by the promissory note of the borrower. In the event of money being used for purposes other than those for

which it was borrowed, repayment of the loan becomes immediately due. In the event of the borrowing member not paying a loan or a loan instalment on the due date, and without an extension for this debt, the Board and the bank are empowered to terminate the debtor's membership and recover the debt (CSFS Rules: 8).

3. The Tribunal

The Tribunal is the legal arm of the CSFS responsible for dealing with all legal issues affecting the CSFS. Such issues include judging any disputes which might arise among member-cooperatives, between the structures of the CSFS itself, and between CSFS and outside agencies, for example, the bank, and dealing with co-ops who default on loan repayments. The Tribunal has assisted the CSFS with its registration and with the staff contracts of the TST.

The Tribunal consists of private individuals who are appointed by the Board. These include volunteer academics, lawyers, and a representative from the Ministry of Co-operative Development (CSFS Newsletter, No. 4, July, 1989).

4. CSFS Coordinator and Technical Support Team

The Board appoints the Co-ordinator of the CSFS who is immediately responsible to the Board and who supervises CSFS staff comprising the Technical Support Team (TST). Carl Brecker is the Coordinator of the CSFS. The TST consists of primarily office-based staff: an Office Manager, Receptionist,

Administrator, and an Accountant; and primarily field-based staff: a Training Officer, Management Assistant, Agricultural Assistant, and a Social Organiser. The TST staff is employed by the CSFS and, under the Co-ordinator's supervision, it carries out decisions of the Council, Conference, and Board to whom it is accountable.

The TST's central task is to assist cooperatives in formulating three year Development Programmes, Annual Plans, and Projects.

A *Development Programme* broadly outlines the path to be taken by the cooperative over a period of three years to achieve growth and development in all aspects of its organisation. When developing this Programme, the TST considers the existing state of the co-op and its aims and objectives as stipulated in its constitution. The Programme outlines major steps to be taken by the co-op to achieve growth and serves as a guide for preparing detailed annual plans. An *Annual Plan* is a detailed description of all work to be done, all resources (material, financial, human) needed to execute work, and all measures required to facilitate smooth production during the year.

A *Project* is a detailed description of a particular part of the Annual Plan indicating resources required to execute the project and its place in relation to the overall plan. It must indicate resources already available as well as those sought (finance, credit, training, or other) for the project. The Project must

also indicate how, in the event of receiving assistance, it will be utilised to generate sufficiently increased production for both repaying the credit and contributing to the overall Development Programme (CSFS Document - Programmes, Plans, and Projects).

In the process of providing assistance to co-ops with the formulation of Programmes, Plans, and Projects, important tasks of the TST are to evaluate the productive capacity of a co-op, to advise it on how to improve performance, to ensure that it meets basic requirements for eligibility for loans and interest subsidies and to transfer skills to it through formal training and extension services. Furthermore, the tasks of the TST field-staff include visiting co-ops, identifying their problems and needs, including training needs, offering advice, and seeking possible solutions to any problems.

In addition, these staff ensure that CSFS cooperatives receive maximum services from all available institutions offering services to co-ops, including government services. In this way the TST serves as a link between the range of services available to co-ops in Zimbabwe and CSFS co-ops. Moreover, the TST is required to identify additional services required by co-ops and to organise that such services are delivered to the enterprises. These TST services are designed to empower cooperators to effectively control production of a surplus.

The TST also services the Board by making available to it any information relating to cooperative development and by assessing possible implications of any such information. (Breckner, June, 1988: 11, 12; Breckner, October, 1989; CSFS Project Proposal - Funding for Administrative Costs and Training, 1989).

G. Financing the CSFS

The Scheme obtains its funds from four sources. Firstly, the member co-ops pay annual subscriptions to and buy shares in the CSFS. The annual subscription for each member is Z\$ 100 while shares are Z\$ 200 each. Subscription shares are limited to Z\$ 1 500 while share capital is limited to Z\$ 4 000 per co-op (CSFS Newsletter, No. 1, October, 1988; CSFS Project Request, April, 1989: 2; TST Report, September, 1989: 3; Breckner, June, 1988: 7). This money serves, in part, as security for loans from the bank.

Secondly, a consortium of foreign donor agencies have agreed to make deposits of sizeable amounts of money to the CSFS bank account and to sign Letters of Guarantee for the CSFS which serve as further security for loans from the bank. The latter arrangement provides financial resources without donors paying money directly to co-ops or the Scheme. The third source of finance comes from the Zimbabwe Bank, and the fourth is in the form of a development grant from donors for financing CSFS overhead expenses and its Technical Support Team (CSFS Newsletter, No. 1, October, 1988; Breckner, June, 1988: 7, 8).

Donor funding in the form of deposits with the bank serve two major purposes. One of these is to serve as collateral enabling the bank to advance loans to CSFS co-ops, and the other is to generate a necessary source of income for the CSFS. This income derives from interest earned on donor deposits and enables the CSFS to subsidise co-ops who cannot afford the commercial interest rate, to generate its own capital base, to cover costs arising from its growth, and to serve as buffer funds against the depletion of donor deposits in the event of covering bad debts.

Donor funding in the form of Letters of Guarantee serve as collateral in the event of bad debt risks. This form of funding, however, does not generate interest (CSFS Project Request, April, 1989: 7). It is a long-term aim of the CSFS to diminish its reliance on development grants once it has begun to establish an increasing capital-base of its own thus enabling it to earn its own income and become completely self-financing (Breckner, August, 1988: 4).

1. CSFS Conception of Self-Financing

According to Breckner (June, 1988: 7, 8), the self-financing aspect of the CSFS refers mainly to two outcomes of equity capital holdings by member-cooperatives in the scheme.

The first of these is that loan capital is seen as an advance on productive surplus to be generated by the project needing finance. Such capital is advanced only once it is ascertained

that the project to be funded is either able to generate sufficient funds to repay its own loan, or that it enables the cooperative as an entire unit to improve its economic performance to such an extent that it is able to repay the loan requested. This means that all projects must fit into the cooperative's general development plan.

The second is that the project loans system is based on a finance matching scheme related to the size of CSFS funds. Each member co-op must contribute some equity capital (subscriptions and shares) towards building the mutual funds of the CSFS. It is against these funds that the bank advances loans to member co-ops. These mutual funds may consist of subscriptions, shares, earned interest, grants and donations to the Scheme (not to the co-ops), and other sundry income. This means that member-cooperatives have a sound interest in generating funds for the CSFS and in ensuring that no member defaults as this will restrict loan funds through the depletion of mutual collateral.

A further self-financing feature of the CSFS is that it does not provide free grants nor interest-free loans. The only free service offered by the CSFS to its members is the technical assistance financed by its development grant. In addition, self-financing in the case of the CSFS implies that member cooperatives recognise that it is only through their own performance and development as economic units that they will

progress towards becoming viable cooperatives able to obtain funds on the commercial financial market.

Thus, in the case of the CSFS, self-financing does not mean that the Scheme relies solely on funds from its member cooperatives. Nor does it mean that financial assistance from non-cooperative sources such as the state and foreign donor agencies will not be employed. Instead, the view is that the development of cooperatives into viable enterprises is a process, and a lengthy one, too, to which donor agencies and the state can best contribute by offering surety for loans rather than handing out free emergency grants which tend to perpetuate dependency relationships (Brecker, June, 1988: 7, 8).

2. CSFS Conception of Credit

For the CSFS "[g]iving credit to a cooperative means to give to them, in advance, a portion of their future incomes" (Brecker, August, 1988: 10). This requires member co-ops to plan on repaying credit out of the surplus to be produced on a daily basis. For this reason the CSFS provides credit to co-ops for specific projects within an overall development programme. CSFS credit facilities come with technical assistance aimed at transferring needed skills thereby facilitating the ability of its member-cooperatives to realise their respective development plans. In this way the CSFS provides credit for development and for the purposes of empowering cooperators to take full control of their enterprises.

One of the ways in which the CSFS has succeeded in empowering members of its cooperatives is through the provision of specially designed training for co-op member-managers. A further significant feature of the CSFS credit system is that all its credit operations are based entirely on bank finance (Brecker, August 1988: 10, 11, 16). No free grants or donations in the form of either money or machinery and equipment are administered to member-cooperatives of the CSFS.

H. CSFS Relationship with Donor Agencies

The CSFS has entered into a legal agreement with foreign donor agencies which help fund it. This agreement states that funding by all agencies shall be in the form of a block grant stipulating the amounts allocated for collateral investments, capital expenditure, and recurrent costs. Such grants can cover any part of the CSFS total budget for the first four years of its development. Any funds received by the CSFS from other agencies, however, shall be for purposes other than those stipulated in the CSFS-donor agreement. Furthermore, Letters of Guarantee and of Contract from each agency must stipulate its involvement over the whole four year period of the CSFS Project.

The CSFS is required to submit annual progress reports to donors following the annual audit of the organisation. A final report at the end of the four year period is also required by each donor. In addition, the CSFS is required to keep accurate financial

records; to submit audited annual accounts illustrating how contributions to the scheme have been spent, and at the end of the four years it must submit a full audited review of the financial affairs of the CSFS.

Donor agencies reserve the right to suspend payments under certain conditions. These are, firstly, if their financial contribution is not being used in accordance with the description of the CSFS Project and, secondly, if the annual progress and financial reports have not been submitted by the CSFS within three months after the end of its financial year (Terms of Agreement between CSFS and Funding Agencies, January, 1989).

Furthermore, part of the CSFS agreement with donors is that the CSFS is to have a separate formal agreement with the Zimbabwe Banking Corporation Limited (Zimbank). This agreement between the CSFS and Zimbank concerns the investment or holding of deposits made available by donors as collateral for bank loans advanced to CSFS member-cooperatives. The terms of agreement are as follows:

a) that deposits invested shall not be available to the CSFS for use other than as collateral for a period of four years.

b) that the interest earned on such deposits shall be available to the CSFS but only for those purposes as stipulated in the CSFS Project Document.

c) that the deposits are a capital grant from the funding agencies to the CSFS and are not repatriable.

d) that after the initial four years have expired the CSFS is free to utilise the collateral deposits in any other ways it sees fit but which are beneficial to the member-cooperatives as whole (Terms of Agreement between CSFS and Funding Agencies, January, 1989).

In the section immediately below we further deal with the CSFS relationship with the bank.

I. CSFS Relationship with ZIMBANK

The CSFS has chosen to work with Zimbank for various reasons. These include that there is no cooperative development bank in Zimbabwe and that Zimbank is a local bank and the only one prepared to offer both support and financial services to cooperatives. Moreover, the Zimbabwean government holds the controlling shares in this bank - it has direct investments in Zimbank of about 60% (Stoneman and Cliffe, 1989: 151). Hence, according to the CSFS (Project Request, April, 1989: 8) this bank is most likely to be sympathetic to the aims of government policy on co-ops, and/or at least more open to persuasion in this regard than most other banks in the country. Furthermore, this bank offers facilities required by the CSFS such as, a banking facility, an Agribank facility for its agricultural co-ops, and a hire purchase facility (CSFS Document - Relationship between Zimbank and CSFS; CSFS Project Request, April, 1989: 8, 9; Brecker, June, 1988: 9, 10).

Zimbank offers a range of services to CSFS co-ops. These include the provision of overdraft facilities and loans, monitoring co-op projects together with the CSFS, paying regular visits to the cooperatives to ensure that they are successfully managing their finances, and training cooperative financial managers in banking

procedures, among others (CSFS Document - Relationship between Zimbank and CSFS; CSFS Project Request, April, 1989: 8, 9; Brecker, June, 1988: 9, 10).

The procedure for co-ops to receive loans from the bank is as follows. Once the co-op, with the TST's assistance, has worked through its Programme, Plan, and Projects and has detailed the project for which it requires financial assistance, a loan application is submitted by the co-op to the Loans Sub-Committee which submits it to the Board of the CSFS for approval. Once approved, the Board submits the application to the bank which considers it on its own merit applying the usual banking procedures (CSFS Document - Relationship between Zimbank and CSFS; CSFS Project Request, April, 1989: 8, 9; Brecker, June, 1988: 9, 10).

The application of usual banking procedures implies that as a commercial bank, Zimbank advances its own funds for loans to CSFS co-ops. CSFS funds in the form of donor deposits thus serve as collateral *only*. This gives the CSFS the opportunity to invest its donor funds with other banks as well, as long as such funds can serve as collateral for loans from Zimbank for CSFS co-ops. In the process of advancing loans to CSFS co-ops, the amount of bank funds to be used depends on the requirements of the project, the amount of CSFS mutual funds available as security, and the amount of guarantee funds available as surety from donors.

Furthermore, Zimbank is required to charge a commercial rate of interest for CSFS use of its funds in order to provide the bank with income to cover the costs of administration among other costs. The bank supervises its own loans including those to CSFS co-ops. The bank thus does not treat cooperatives any differently from other types of enterprises when assessing loan applications (CSFS Document - Relationship between Zimbank and CSFS; CSFS Project Request, April, 1989: 8, 9; Brecker, June, 1988: 9, 10).

There are, however, some advantages to working with Zimbank. Firstly, this bank offers the CSFS interest rates of 14% while it charges conventional enterprises 16%. This significant concessionary interest rate for CSFS co-ops has been granted by the Reserve Bank of Zimbabwe. CSFS won this concession through negotiations with the Ministry of Cooperatives which in turn approached the Reserve Bank. Furthermore, Zimbank has several branches all over Zimbabwe especially in growth point areas. This facilitates the opening of accounts by each of the CSFS co-ops (CSFS Document - Relationship between Zimbank and CSFS; CSFS Project Request, April, 1989: 8, 9; Brecker, June, 1988: 9, 10).

Zimbank requires that co-ops open accounts with it and that the enterprises cooperate with the bank in centralising all CSFS co-ops' accounts by using certain branches of the bank. This facilitates the bank's ability to manage and monitor the loans of these co-ops. The cooperative members, on the other hand, require quick and efficient service from the bank when processing loans.

In addition, the cooperatives expect to be treated like viable businesses and require the bank's financial advice on the efficient management of their transactions (CSFS Document - Relationship between Zimbank and CSFS; CSFS Project Request, April, 1989: 8, 9; Brecker, June, 1988: 9, 10).

In the process of approving loans for CSFS co-ops, the bank's decision is final. Furthermore, the bank considers only those loan and project applications submitted to it by the CSFS Board. In the event of the bank's rejection of any such application, its reasons for rejection are discussed with the CSFS Board and the cooperative concerned (CSFS Document - Relationship between Zimbank and CSFS; CSFS Project Request, April, 1989: 8, 9; Brecker, June, 1988: 9, 10).

J. CSFS Relationship with OCCZIM

The CSFS as an autonomous organisation has a relationship of cooperation and support with OCCZIM. This relationship is manifested in CSFS's willingness to service co-ops referred to it by OCCZIM, provided these enterprises meet CSFS membership requirements as stated in its rules. OCCZIM is a much broader organisation and its member-cooperatives include enterprises at all levels of development. CSFS, on the contrary, restricts its membership to potentially viable enterprises and is thus a more specialised type of co-op organisation.

The CSFS does not perceive itself to be in competition with OCCZIM nor does it espouse to substitute the representative role performed by OCCZIM for the entire co-op movement in Zimbabwe. Nevertheless, the CSFS sees its specialised services to potentially viable co-ops as benefitting the co-op movement as a whole by providing practical examples of successful cooperative enterprises (CSFS Project Request, April, 1989: 25).

K. CSFS Relationship with the State

In this section we deal with CSFS relationship with the state in the form of the Ministry of Cooperatives.

The Ministry provides to CSFS co-ops all its legally enacted services such as the registration of co-ops, supervision, training, and auditing services, among others. In addition, the CSFS has established close relationships with senior officials in this Ministry who show an interest in the CSFS as one component in the establishment of a cooperative development bank in Zimbabwe (CSFS Project Request, April, 1989: 10).

Furthermore, the Ministry extends special training facilities, as defined by the CSFS, to this organisation. In the light of CSFS's needs for special courses for its TST, Board and Council members, and co-op members such training facilities beyond the standard training offered by the Ministry is important for the development of the CSFS. In addition, this state department provides for special training equipment which the CSFS cannot afford. The

Ministry has also indicated a willingness to organise and finance educational visits to Cooperative Banks in other countries such as Spain, Botswana, Kenya, and Mauritius. Such visits will provide the CSFS with valuable insights and will assist in familiarising the Zimbabwe Bank with the special requirements of cooperative enterprises (CSFS Project Request, April, 1989: 10).

Moreover, the CSFS requires the support of the Ministry of Cooperatives in negotiating concessions for cooperatives on bank interest rates. Such support is also needed in the form of permission from the Ministry for importing CSFS capital equipment on a duty free basis. Furthermore, in the event of CSFS participation in international conferences dealing with cooperative credit provision the support of the Ministry is required (CSFS Project Request, April, 1989: 10).

In sum, the CSFS relationship with the Ministry of Cooperatives is related to the provision of training and services and facilitating the CSFS relationship with the state as a broader entity. Significantly, the Ministry also negotiates for economic concessions to CSFS and its co-ops.

L. CSFS Relationship with Local NGO's

Much the same as its relationship with OCCZIM, the CSFS has a reciprocal relationship with some NGO's, for example, Zimbabwe Project (ZIMPRO), while its relationship with NGO's in general is mainly mutually supportive. For example, CSFS and ZIMPRO

introduce each other as organisations to cooperatives requiring their respective specialised services. ZIMPRO deals mainly with 'start-up' co-ops while CSFS deals with potentially viable co-ops. Such mutually supportive relationships among all NGO's are meant to maximize and refine the services and support provided to cooperatives in the movement as a whole.

Furthermore, its emphasis on mutually supportive relationships with other local NGO's enables the CSFS to gain access to various kinds of facilities provided by other organisations, for example, training equipment and training centres (CSFS Project Request, April, 1989: 25). Zimbabwe Project (ZIMPRO); Glen Forest, Mostrud, Zimbabwe Foundation for Education with Production (ZIMFEP), Co-operation for Research, Development and Education (CORDE) in Botswana, and The Institute for Technology and Development (Tecnica), are among the local NGO's with which the CSFS has developed mutually supportive relationships.

The CSFS relationship with Tecnica has been especially significant. Tecnica is an organised network of skilled volunteers "committed to social justice" (CSFS Newsletter, No. 4, July, 1989: 4). This NGO is based in Zimbabwe and shares premises with the CSFS. Tecnica finds and places skilled volunteers in organisations requiring specific services. Such volunteers are placed for short periods ranging from one to three months, depending on the availability of the volunteer and the needs of the organisation requiring the skills. Placements are for short

periods firstly, because volunteers do intensive training for the purposes of transferring skills and then leave, and secondly, because these people finance their own placements. The short periods prevent the host organisation from becoming dependent on skills provided by volunteers (CSFS Newsletter, No. 4, July, 1989: 4).

By July, 1989, Tecnica had placed with the CSFS three computer specialists to train its staff and assist in establishing a database, a retired investment banker to advise the organisation on the best ways to invest their collateral and guarantee donor funds, and a manager to transfer managerial skills to member-managers at Fencing Services Co-op (CSFS Newsletter, No. 4, July, 1989: 4). By now you will have read about the effects of placing a volunteer manager in this enterprise.

M. CSFS Relationship with its Member-Cooperatives

Members of the CSFS are selected on the basis of its criteria for servicing potentially viable cooperatives. Members are admitted after selection by the Board, subject to approval by the Council. On becoming a member of the CSFS a co-op is required to make an equity contribution to the CSFS in the form of the payment of subscription fees and the purchasing of shares. This money forms the basis for determining the member's liability for any debts of the Scheme. In addition, the enterprise is required to wait for a period of six months before receiving funding from the CSFS in the form of a loan.

During this period project appraisals are undertaken and technical assistance is provided by the CSFS. This is followed by at least two years of further membership during which the CSFS delivers its development and credit services to the co-op. In the event of resignation or expulsion from the Scheme liability of a member to the scheme extends for a further two years beyond its minimum membership period (CSFS Rules: 2, 3; Brecker, June, 1988: 5).

Democratic control of the CSFS is rendered possible by each member-cooperative electing a representative to the Council which makes general policy decisions and elects the Board to manage the Scheme. This allows for the direct representation of each member-cooperative in policy making. It also means that all members of the Council and the Board receive training in project appraisal, which enables them to deal with bank financing, one of the aspects of operating an economic enterprise. Board members do not receive any payment for their responsibilities as Board members and are subject to recall and replacement for any misconduct.

(Brecker, June, 1988: 5; Brecker, August, 1988: 10, 16; CSFS Rules: 2, 3, 5).

The CSFS provides for its members mutually supportive finance and technical assistance for their development from potentially viable to viable enterprises. 'Mutual support' in the CSFS implies that each of its member-cooperatives has an obligation to

its fellow members to be successful. In the event of a member co-op's failure to meet its obligations to the Scheme, for example, to repay its loans, it is penalised. "The success of one is seen as the success of all, just as the failure of one becomes the responsibility of all" (Breckler, June, 1988: 5).

Furthermore, this mutual support is reflected in the system used when issuing loans and subsidising the interest payments on such loans. Poorer co-ops receive the smallest loan provision while relatively more wealthy co-ops are eligible for larger loans. Poorer co-op's, however, are eligible for a larger subsidy on interest than wealthier enterprises. Through their subscriptions and shares the more wealthy CSFS co-ops contribute to subsidising their poorer fellow members (Breckler, June, 1988: 7). The size of the loan and interest subsidy is determined by the grade of the cooperative.

The grading system devised by the CSFS allows for five grades. It stipulates the maximum loan (arranged through Zimbank) and the maximum subsidy on interest (provided by CSFS) for each grade provided that the total amount borrowed does not exceed total funds, guarantees, and securities held by the CSFS. The grades are as follows:

Grade	Maximum Loan
1	Z\$ 2 500
2	5 000
3	10 000
4	20 000

5

50 000

Grade**Maximum Subsidy**

1	75 %
2	50 %
3	25 %
4	10 %
5	5 % (Breckner, June, 1988: 5; CSFS Document on Grading Criteria).

In sum, the CSFS member-cooperatives are obliged to make a financial contribution to the Scheme in order to have access to credit and technical services. This initial financial contribution in combination with the initial six month waiting period and a minimum membership period of two years helps to ensure membership commitment to the Scheme. Furthermore, CSFS member-cooperatives have effective control over the Scheme through their representation on the Council. The relationship between the CSFS and its members is essentially a mutually supportive service relationship under the direction of the cooperators themselves.

1. Political and Economic Implications of this Relationship

In this section we attempt to assess at a general level the costs and benefits to co-ops of their relationship with the CSFS. In this regard we consider the extent to which this relationship facilitates democratisation, economic viability, and self-reliance within the enterprises by focussing on both the political and economic aspects of this relationship. This assessment also refers to overall costs and benefits of FSC's

relationship with the Scheme. This co-op is one of the founder member-cooperatives of the CSFS.

The relationship between the CSFS and its members is generally beneficial to the co-ops both politically and economically. Politically, member co-ops are in a position of power in the Scheme by virtue of their control over it - the CSFS is *their* finance scheme. Such control is vested in member-cooperatives' direct representation on the Council and the Board of the CSFS, and in the nature of their agreements with the donor agencies and the bank. The various organisational structures of the Scheme generally comprise of cooperators themselves, and when not, such structures are made clearly accountable to the cooperators through enforced rules and procedures. This was emphasised in the section addressing operational structures of the CSFS.

Furthermore, the CSFS's theoretical and, more importantly, its practical approach to cooperative development and democratic organisation as ongoing processes gives its members the opportunity and incentive to consciously proceed along planned paths of development instead of operating aimlessly and on the basis of *immediate* needs and solutions. This enables the enterprises to evaluate effectively their progress towards economically viable democratic organisations. The processual approach of the CSFS also ensures its potentially viable members of support throughout their transformation into viable enterprises.

Some of the political implications of the CSFS practice of having the bank advance loans to co-ops rather than relying on donor grants, are that co-ops have complete responsibility for their financing and the repayment of their loans. In addition, they also learn through their experiences with the bank procedures and requirements for eligibility for such loans. The procedures required when applying for financial assistance through the CSFS, for example, the assessment of the feasibility of a project proposal by both the bank and the Board, helps to refine the business acumen of co-op members.

In addition, the methods used by the CSFS and the bank when financing co-ops facilitate financial independence of the enterprises. Such independence in turn facilitates a more realistic evaluation of the success of the enterprises as economic units. On the contrary, the availability of donations and grants to a co-op complicates assessment of its operation as an economic unit. These are significant experiential factors for co-ops in the process of gaining self-reliance.

Economically, the co-ops benefit a great deal from their relationship with the Scheme. Membership of the Scheme entitles a co-op to credit facilities and skilled technical assistance; services which are very hard for co-ops to come by on the open market. With specific reference to FSC, the overdraft credit facility of Z\$ 100 000 obtained by FSC in May 1989 through the

CSFS marked a turning point in the history of this enterprise and has had important implications for the improved performance of the co-op, with specific reference to management.

Furthermore, the need to control the overdraft through efficient financial management has given FSC an opportunity to learn what financial management entails. The placement of a skilled volunteer manager in FSC for the months of May and June 1989, by the CSFS through its relationship with Tecnica, greatly facilitated the process of learning financial management. The placement of the manager in the co-op assisted member-managers of FSC in effectively managing this credit facility.

Moreover, membership of the CSFS opens up opportunities for the co-ops to survive the transition from potentially viable to viable economic enterprises. This is made possible through the ways in which services are rendered to co-ops by the CSFS. Firstly, these services are not provided randomly and mainly in cases of emergency. Instead, CSFS financial and technical support is ongoing and is defined by the detailed agenda and the needs of the co-op as formulated and expressed by its membership in its Development Programme.

The Development Programme of a cooperative is a guide to its broad planning process in its attempts to reach its objectives, the primary one being the production of an adequate surplus. The CSFS requires that its members be able to formulate such a plan

and in cases where this capability is absent, the TST assists and trains member co-ops in formulating such plans. The obligation on the part of member co-ops to produce relatively feasible three year Development Programmes, Annual Plans, and Project Proposals is significant in serving as mechanisms by which the scarce resources of a co-op can be allocated in the best long term interests of the enterprise and the membership as whole.

In this way these general and specific plans serve as guides to decision-making thus providing the enterprise with a clear management control system. Such detailed guides are valuable in the light of the urgent need for forward planning in any enterprise. They help to prevent crisis management and aimless management and facilitate emergency decision-making in the interests of the enterprise as a whole when this is deemed necessary.

Furthermore, the CSFS policy and practice with reference to its methods of financing its members assists these enterprises in gaining credit worthy reputations. With specific reference to FSC, the co-op's substantiated request to the bank for an extended overdraft from Z\$ 100 000 to Z\$ 150 000 and its receipt of this extension has illustrated to the members of the enterprise the importance of building a good credit record.

Moreover, the CSFS recognition of the primary function of cooperatives as the production of a surplus adequate to members'

needs has far reaching implications for the success of its member co-ops in their provision for the material requirements of their members.

In sum, the nature of the relationship between the CSFS and its member co-ops as practiced through its operational structures and procedures facilitates the political self-determination and economic self-reliance of the enterprises.

N. Summary and Discussion

The CSFS is a unique form of organisation. It is the only known self-finance scheme in Southern Africa established, organised, and controlled by cooperatives for the benefit of such enterprises. Furthermore, it is one of the few finance schemes for cooperatives in Southern Africa which stresses the importance of recognising that a co-op has to be a viable economic unit, and emphasises self-reliance in cooperatives. In addition, it is one among few such schemes which (a) employ skilled people for the purposes of dealing with economic, training, managerial, and social problems facing co-ops; (b) which has formal financial agreements with a recognised commercial bank; and (c) which provides the necessary services required by co-ops entering loan agreements with the bank.

It is important to note that these notions of economic viability and self-reliance as priorities in CSFS policy and practice have developed as a response to historical experiences of dependency

and donor control among cooperatives in Zimbabwe. Furthermore, the relative independence of the CSFS from donor agencies is clearly a result of a long and difficult struggle.

The CSFS was born out of the learnt experiences of those few relatively successful cooperatives who were/are still the recipients of donor assistance. CSFS reflects their heightened consciousness and determination to use credit for development, rather than continue to request wanted assistance (Breckler, 1988: 2).

Processes involved in the birth of the CSFS as expressed in this quotation confirm our assumption that cooperative consciousness develops through experience. It is necessary to note, however, that the birth of the CSFS was facilitated not only by the heightened consciousness of its members but also by the particular material conditions prevailing in its founder co-ops. The fact that the CSFS founder co-ops are relatively more successful economically than other co-ops in Zimbabwe points to the interrelationship between economic success and the development of cooperative consciousness.

The CSFS is a relatively young organisation and is presently experiencing some birth pains. One of these is the need to ensure that the TST takes into consideration worker-members' interests, and not only those of member-managers. Others include recruiting TST staff with both appropriate skills and an interest and concern for issues confronting co-ops.

With regard to consideration of both worker-members' and member-managers' interests, we refer to some brief field experiences

with two TST staff members. The Management Assistant and the Training Officer tended to liaise mainly, if not only, with member-managers of FSC. These TST staff members had little direct contact with co-op members on the shopfloor. Consequently, these TST members developed relationships with and obtained information from only member-managers.

This situation has serious implications for the CSFS as represented by the TST. Firstly, there is a danger that co-op members on the shopfloor will come to identify the TST as acting in the interests of manager-members rather than in the interests of the members as a whole. Secondly, the information which the TST receives from member-managers is likely to be biased and this may result in overlooking serious problems in the co-op, such as grievances about managers' behaviour. In the event of the TST being identified as acting in member-managers' interests only, and of a failure to identify serious problems in the co-op regarding the management-producer relationship, the CSFS is failing to serve the cooperators.

It is true that the Social Organiser in the TST is responsible for identifying social issues in CSFS co-ops. It is also true, however, that the Management Assistant and Training Officer's work cannot be separated from dynamics of social relationships in the co-op - management consultancy and training functions in a co-op do not exist in a vacuum. In order to provide effective assistance, all TST field staff should always be aware of these

dynamics and consider them when collecting information and actively working with the enterprise.

One way of learning about such dynamics is to speak to both member-managers and members on the shopfloor. Furthermore, in order to develop a relationship with shopfloor-members and to win their trust the TST should have contact with the shopfloor before consulting member-managers. After all, the majority of cooperators are on the shopfloor and not in the offices. Further, if cooperative management is seen as a relationship, both parties to it should be consulted.

With regard to the structure of the CSFS, there tends to be much overlap between co-op members who sit on the CSFS Council and Board, and those involved in managerial and executive structures within the co-ops. The table below illustrates some of this overlap.

<i>Councillors</i>	<i>Board Members</i>	<i>Co-op Managers</i>	<i>Co-op Execs.</i>
A. Nyathi	A. Nyathi		A. Nyathi
P. Kadzima	P. Kadzima		P. Kadzima (ex-chairperson)
B. Chirochierwa	B. Chirochierwa	B. Chirochierwa	
K. Tshuma	K. Tshuma		K. Tshuma
R. Mlilo			
N. Mavule			
R. Dube	-	-	R. Dube
R. Zenda			
F. Munjeni			
N. Mabhiza			
S. Dube	-	-	S. Dube
A. Mathe			
P. Maduda			
-	B. Mlauzi		B. Mlauzi
-	M. Nyoni		M. Nyoni

This table illustrates that six out of the seven CSFS Board members are managers or executive members in member co-ops. In combination with the overlap in co-ops of members of the executive and managerial structures, as illustrated in the study of FSC, these members are involved in decision-making processes in the CSFS. In the light of these overlaps in decision-making and representative structures in both the co-ops and the CSFS, it is important for the Scheme to develop mechanisms which operate in practice to prevent decision-making at the level of the CSFS from being controlled by management and/or executive structures of the co-ops.

One reason for these overlaps is the lack of education and skill among general members of CSFS member co-ops. The prevention of control over the CSFS by technocrats and/or executives and for cooperators to have equal opportunities to be involved in CSFS decision-making structures, the general members need to acquire specific skills. This highlights the importance of training general members in skills which enable them to participate more effectively in both their enterprise and the CSFS.

The conceptualisation of the CSFS and its structure, role and relationships with co-op members and donors are unique. We have discussed these aspects and highlighted the intentions behind them. We have also provided limited examples of how this organisation works in practice, thereby providing a limited

critique of the Scheme. Possible flaws in its conceptualisation, however, still remain to be seen.

Continuing on the subject of FSC's relationships with other organisations, the following section deals specifically with its relationship to the state.

V. FSC's Relationship with the State

A. State Involvement in the Formation and Development of FSC

FSC was formed at a time when cooperatives ranked high on the political agenda of the Zimbabwean government. By 1983 the government had updated its policy of promoting co-ops in its Cooperative Policy Paper. Furthermore, with the first post-independence elections scheduled for 1985, it was in the interests of the party (ZANU PF) to indicate its support for cooperatives. In the context of supportive state policy towards co-ops and the ensuing elections, the workers of M & D Enterprises received full state support in their endeavours to save their jobs.

The Minister of Labour met with the workers when they refused to go home on orders from officials of this government department. It was at this meeting that the idea of forming a co-op originated. In addition, the Ministry of Labour played a significant role in preventing liquidation of the enterprise and

facilitating the worker-takeover. This process lasted ten months. The conditions of agreement reached between the liquidator and FSC reflect strong negotiating power on the part of the latter. The basis of this power lay in state legal representation in support of the co-op.

In initial developments in the enterprise the state played an important advisory role. More specifically, SEDCO and the IDC conducted feasibility studies of the co-op. Both parastatals suggested a considerable reduction in membership to facilitate economic viability. The co-op followed this advice and reduced its membership from 143 in 1983 to 49 in 1984. In addition, the then Department of Cooperatives facilitated the process of registration of FSC in 1983. The government also tendered for buyers for the liquidator's premises and eventually borrowed money to the CMCU to enable this cooperative union to make the purchase.

In 1985 SEDCO assisted FSC financially by providing it with credit facilities to the value of Z\$ 70 000 for the purposes of obtaining raw materials from its supplier, Lancaster Steel. In the face of FSC's incapacity to effectively manage this credit, SEDCO has transformed this credit into a long-term loan. With the termination of this credit the Ministry of Co-ops assisted FSC with their investigation into managerial malpractices in the enterprise. The outcome of this investigation facilitated

members' decision to recall the initial management committee and expel those managers who had embezzled funds.

Furthermore, in the first half of 1989, the Ministry of Cooperatives intervened in the liquidator's attempts to have the co-op incorporated into Lancaster Steel by arranging to sell its unpaid machinery to this semi-parastatal. This state intervention was in tandem with cooperative policy and in support of those co-op members who resisted being incorporated as wage labourers into Lancaster Steel. The argument presented by the Ministry of Co-ops was that Lancaster Steel could not purchase the machinery from FSC since the co-op had not followed any legal procedures for liquidation or deregistration.

Ultimately this struggle resulted in the Ministry settling FSC's remaining debt with the liquidator and entering into a long-term loan agreement with the co-op for this amount of debt. FSC was now indebted to the state rather than the liquidator for its machinery. This arrangement rid the co-op of its obligations to the liquidator which entailed paying off its debt in monthly instalments at an interest rate of 12% per annum. Essentially this debt was transformed into a soft long-term loan with the state.

Later in 1989, with Lancaster Steel's disruption of supplies to FSC, the state again intervened on the request of the CSFS. This

time the state issued Lancaster Steel with a directive to supply FSC with its raw materials.

This brief examination of the role of the state in the formation and development of FSC indicates on the one hand, a supportive and almost protective/cushioning role, and on the other hand, a sense of ineffectiveness and inexperience in dealing with cooperatives. Some examples of the former aspect of the state's role are the significant participation of the Ministry of Labour in challenging the liquidation of M & D Enterprises and thus facilitating the worker take-over, and the intervention on the part of the Ministry of Co-ops in the possible incorporation of FSC into Lancaster Steel. The fact that the co-op started off with no working capital and debt for the machinery to be paid within four years, however, is an indication of inexperience on the part of the Ministry of Co-ops in setting up cooperative enterprises.

Furthermore, the protective role of the Ministries of Labour and Co-ops as opposed to the hostility of Lancaster Steel, a semi-parastatal, towards FSC is a clear example of the state's contradictory role in the development of cooperatives. It points to the harsh reality of cooperative development as a process of struggle during which specific enterprises and/or cooperative movements are often caught between forces at play within the state apparatus.

That the state can be faulted is not in dispute. When considering the amount of money invested in establishing the co-op to save but a few jobs (forty nine), and the fact the enterprise was marginal to start with and has made a steady loss since then, one could argue that it has been lenient with FSC. Significantly, however, the state's role is indispensable in the very existence of FSC, since without it, there would be no co-op and the workers would have no jobs. If the state had set as stringent criteria as those of the CSFS, FSC would probably have been liquidated already.

B. FSC and State Policy on Cooperatives

FSC, like any cooperative society, in Zimbabwe, has to fulfill certain requirements and is eligible for a range of services as stated in the Cooperative Societies Draft Bill, 1988. Among the major requirements are that the co-op must be registered, it must keep financial records and have these auditted annually by an official of the Ministry of Co-ops employed for this purpose, it must follow the guidelines for organisational structuring as set out in this Bill, and it must set aside part of its surplus revenue for the purposes of creating a general reserve fund.

Among the government services available to FSC are access to loans and/or grants, education and training facilities, auditing and other financial and advisory services, and legal representation in the case of disputes between the co-op and any outside party.

FSC has fulfilled the requirement of registration and it does keep financial records to which government officials have access. In addition, the co-op does follow the guidelines on organisational structuring in its election of the executive committee, and, its balance sheets indicate that, though limited, it has general reserve funds to the amount of Z\$ 2 000. With regard to government services available to the co-op, we know from its history that it has benefitted specifically from the services of legal representation.

Through its formation and membership of the CSFS, however, FSC, in its relationship with Zimbank, has been able to commence a process of becoming less reliable on direct state funding. In addition, the CSFS provides the co-op with specialised financial and business advice on a daily basis. This advice is given with an eye on the growing potential viability of the enterprise and its specific needs as a cooperative in formation and at a particular stage of development. In this regard, FSC obtains more specialised services suited to its needs than the Ministry of Co-ops is able to deliver given the shortage of co-op officials and their general lack of experience with such enterprises.

Furthermore, the complementary and mutually supportive relationship between the CSFS and the Ministry of Cooperatives has facilitated FSC's access to concessions for co-ops on bank interest rates. Hence, through the CSFS relationship with the

Ministry of Co-ops, FSC and all other CSFS co-ops are able to facilitate their relationship with the state as a broader entity.

VI. Economic Viability of FSC

A. Introduction

The evidence indicates that FSC's members took over a firm that had been stripped of all its liquid financial resources: the balance sheet of M & D Enterprises as at 31 March, 1980 indicates that Z\$ 98 000 was paid out in dividends from a retained profit of Z\$ 102 000. This stripped the enterprise of a substantial amount of liquid capital. Furthermore, graph B (see graphs at end of chapter) shows a dramatic drop in current assets from 1983 to 1984 indicating further evidence that the firm was stripped of its working capital before the co-op started operations in 1983/4. In addition, graph C indicates a dramatic decrease in the level of fixed assets from 1983 to 1984. In the light of this and further evidence, we proceed to identify the key obstacles to FSC's viability.

B. Major Obstacles Against Viability

The major obstacles against FSC's viability over the years 1984 to mid-1989 include a severe lack of working capital, no access to effective loan finance and financial advice, no credit facilities, a bad credit record, financial mismanagement due, in part, to a lack of managerial skills, and an enormous accumulated debt figure. Also important is that the firm was stripped of its

liquid capital before takeover. In addition, as indicated by graph D which shows net profit before tax since 1979, the firm was marginally viable up to 1983, but thereafter made steady losses.

Nevertheless, in the light of the demand for wire fences, FSC's position as one of two local fence manufacturers, and its relatively advanced technology as compared to that used in Lancaster Steel, its major competitor, this enterprise was, in the eyes of the CSFS, *potentially* viable. With access to (a) overdraft facilities for providing working capital to continue production, and (b) managerial skills in the spheres of financial and production management, this enterprise had the potential to succeed in the long run. In the light of this potential the CSFS assisted FSC in obtaining access to such finance and skills, and to the appropriate services required to secure such access.

Since its link with the CSFS, there has been a relative improvement in FSC's performance, specifically regarding financial management, as shown by its management of the overdraft and its **regular** payments on debt (CSFS correspondence, 15 October, 1990). This is an indication that the co-op is *potentially* viable and that it can manage its finances effectively so as to build a good credit record. The accumulated loss of Z\$ 342 856 recorded for the year ending March, 1990, however, indicates that FSC's inherited debt burden is a major obstacle to realising viability.

C. Sources of Finance

The major sources of finance in FSC include long-term loans, a bank overdraft, and members' share capital. With share capital representing a very meagre total amount (Z\$1 960 in 1989), FSC is left entirely dependent on long-term loans. Graph E which indicates the debt ratio. It shows the relationship between total debts (long- and short-term) and total assets. The optimal situation is to have this ratio below one. If above one, total debts are larger than total assets. This is an indication that the co-op is using borrowed money to finance its operations and that it is insolvent in that it owes more than it has.

The history of FSC confirms that the co-op has been financing its operations mainly from borrowed funds. The credit facility to the value of Z\$70 000 granted by SEDCO in 1985 for buying raw material was lost through financial mismanagement. This has since become a long-term loan to SEDCO. Additional long-term loans include a loan from the Agricultural Finance Corporation (AFC) of about Z\$13 000, and one from the Sales Tax Department for Z\$170 000. Furthermore, in May, 1989 the Ministry of Co-ops settled FSC's debt with the liquidator. This amount of Z\$269 000 has since become a long-term loan to the Ministry of Co-ops. This loan is to be paid over ten years at Z\$3 000 monthly starting at the end of 1990. In addition, FSC was granted a bank overdraft through the CSFS to the amount of Z\$100 000.

The sources of finance in FSC from 1984 to 1989 can thus be tabled as follows:

Long-Term Loans

AFC.....	Z\$ 13 000
Ministry of Co-ops.....	269 000
Sedco.....	70 000
Sales Tax Department.....	170 000

Other Credit Facilities

CSFS / Zimbank overdraft facility...100 000

Share Capital (1989).....1 960

D. Trends in Economic Performance at FSC

In this section we concentrate on the years 1983, 1984, 1988 and 1990.

1. 1983 and 1984

During the process of negotiations around liquidation from March, 1983 to January, 1984, factory production was maintained at a limited pace. Consequently, sales of fencing products and contracts for fence-erection dropped (Chiwaya, Brief History of FSC, CSFS Library Source). This explains the dramatic drop in sales (referring to income from fence-erection) for the year ending March, 1984 as illustrated on graph F.

More importantly, however, a report by Mr Chitsiga, an official of the Ministry of Co-ops responsible for auditing and accounts, states that some of the co-op's finished products, for example, barbed-wire, had been sold below cost thus contributing to a low sales revenue. This is attributed to the lack of knowledge in

cost accounting among the FSC committee members (Annual Report, 1984: 3).

Furthermore, according to this report, the loss incurred by FSC during this financial year was partially due to FSC's continued provision of high salaries and fringe benefits such as company cars to white employees from the former company. FSC was responsible for financing and maintaining a fleet of thirty motor-cars some of which were company cars to these employees (Annual Report, 1984: 2). This explains the high vehicle maintenance figure for this financial year (Z\$ 36 666) (Balance Sheet, 31 March, 1984). In addition, statistical evidence indicates a drop in wages and salaries from March, 1984 to March, 1986 by about Z\$ 140 000 (FSC Balance Sheets 31 March 1984; 31 March, 1986). This dramatic reduction results from the retrenchment of most members and the voluntary departure of others, mainly whites. The departure of white high salaried staff contributed a great deal to this reduction in salaries and wages (Annual Report, 1984: 2; Balance Sheets 31 March, 1984, 31 March, 1986).

Mr Chitsiga's report further indicates that the debtors of FSC are mainly member debtors (Annual Report, 1984: 2). This results from members having paid themselves wages in the form of raw materials and finished goods since there was no cash available to pay wages. These payments then became debts to the co-op (Interview 4.1). In addition, the 1:47 ratio of cash to

outstanding debts indicated in this report reveals serious liquidity problems in the enterprise (1984: 3).

The major recommendations of this report include that the co-op requires an injection of working capital in order to survive, technical advice on cost accounting, management, marketing, and administration, and assistance in preparing and using operating budgets. In addition, it is noted that member education is required (Annual Report, 1984: 4, 5).

2. 1988

By January, 1989, FSC's debtors' control account was at Z\$116 000 with Energo Project being the largest debtor, owing the co-op 25% of this amount. FSC's credit terms are 30 days. Despite this, some of its 1988 debtors had not paid the co-op since December, 1987 and the co-op had not made any efforts to recover this money. Furthermore, the bad debts figure was Z\$30 700. In this regard FSC requested its lawyers to take action to recover these bad debts.

Moreover, the creditors control account at the end of January, 1989, stood at Z\$ 180 000. The largest creditors included Lancaster Steel, its supplier, (more than Z\$65 000), Zisco Steel (more than Z\$ 37 000), Baldwins Steel (more than Z\$34 000), and Bold Aids (more than Z\$18 000). The creditors' figure for 1988 (Z\$ 180 000) was thus above the debtors' figure (Z\$116 000) by 35,5% (FSC Profile, 13 February, 1989, S. Mutematsaka, CSFS TST).

In addition, the table presented earlier showing sources of finance indicates that FSC's long-term liabilities by May, 1989, were approximately Z\$ 624 000. The share capital of the co-op amounted to a total of only Z\$ 1 960 (FSC Balance Sheet, 31 March, 1989).

This skewed relationship between the amount of money owing to FSC plus its share capital, and the amount of money it owes over both the short- and long- terms indicates a serious liquidity problem in the enterprise and heavy debt. Furthermore, the figure for debtors shows that FSC did not collect debts effectively.

Graph A shows a dramatic deterioration in the debt collection period from 20 days in 1984 to 52 days in 1988. This high average debt collection period indicates that debts have not been effectively collected resulting in the co-op's liquid capital being tied up in debts owing to the enterprise.

Furthermore, due to a lack of control on expenditure and costing FSC had been trading at a loss during 1988. Its products were sold below cost resulting in trading at a loss, and its prices were 20% below those of other fencing-making companies (FSC Business Plan, S. Mutematsaka, CSFS TST, 5 May, 1989). The figures on 1988/89 balance sheet compared to those on the 1987/88 balance sheet indicate a downhill trend in the economic performance of FSC. Among the reasons for this decline is the

severe lack of working/liquid capital in FSC, ineffective collection of debts, and the fact that the co-op had been trading at a loss (FSC Balance Sheets, March 1988, March 1989; FSC Business Plan, S. Mutematsaka, CSFS TST, 5 May, 1989).

In the business plan of FSC, Mr Mutematsaka recommends the following: firstly, that FSC improves its costing and pricing systems, the management committee controls expenditure more tightly, the co-op sells its products on a cash basis only, and that co-op members be encouraged to buy more shares in the enterprise to raise its share capital.

E. Brief Summary of Economic Viability of FSC

1. Profitability

Graph G which indicates the level of value added for each year can be used as a rough economic indicator of the level of economic activity of the firm - the more value added, the more economically active the firm and so on. A serious limitation of this graph, however, is that it does not tell one whether it is rising/falling prices, changing volume of sales, or changing productivity which accounts for the changing value added. It does, however, roughly indicate a dramatic drop in value added from 1983 to 1984 showing a low level of economic activity during the period of negotiations around liquidation. Further, the graph shows that FSC has not subsequently returned to the level of economic activity in 1983.

This drop is followed by a downward trend from 1984 to 1986, an upward trend from 1986 to 1988, and a downward trend from 1988 to 1989. One possible explanation for this general downward trend in the economic activity of the co-op is its severe lack of working capital to finance continued production and underpricing.

Furthermore, graph D shows a negative profit since the formation of the co-op indicating that the enterprise is not economically viable. One reason for this is that the co-op is using borrowed money to finance its operations which are, in turn, earning less than the interest it is paying to borrow that money. This graph shows the marginality of the company before 1984 and the consistent loss since 1984. This demonstrates that an unprofitable company has been turned into an even more unprofitable co-op. This indicates the danger of taking over a company that is in liquidation without adequately studying the cost problems beforehand and planning measures to overcome them.

In sum, the evidence indicates that FSC has been neither profitable nor economically viable since its formation.

2. Liquidity

Graph H shows the liquidity for FSC. The current ratio should never be lower than 1 since this means that current liabilities are greater than assets. This graph shows that for FSC the current ratio has been below 1 from 1985 through to 1989. This

shows that in general, since its formation, the co-op's liabilities have been greater than its assets. This is an indication of serious liquidity problems and of the precarious state of the enterprise.

In addition, Graph E, which indicates the debt ratio, shows that since its formation, FSC's total debts have been far above its total assets. Graph A which shows a high average debt collection period indicates that most of the little liquid capital available to FSC is tied up in debts owing to the enterprise. This means that FSC has always been in a liquidity crisis.

The major reasons for the non-profitability of FSC and its lack of liquid funds are derived from both its history and the weaknesses within the co-op. Firstly, the fact that M & D Enterprises was stripped of all its liquid resources before the take-over has had important implications for the profitability and viability of the firm. Secondly, the fact that the co-op took responsibility for debt to the value of one-half million Zimbabwean dollars without having any working capital with which to produce in order to generate sufficient revenue to pay back these debts, has had serious implications for the profitability and viability of the enterprise.

Thirdly, the three month disruption of raw material supplies to FSC has contributed to its poor economic performance. Weaknesses in the operation of the co-op such as financial mismanagement,

inefficient debt collection, failure to sell at competitive prices - essentially a lack of effective managerial skills and of organisational controls for the purposes of accountability - have contributed to its generally poor economic performance. Finally, since FSC has been operating in an environment economically hostile and politically ambiguous to cooperative development, it has had little effective support towards building an economically viable enterprise. The CSFS, however, has begun to provide such support since May, 1989.

F. Distribution of Revenue and Benefits

FSC's revenue represents all its income obtained from the sale of its goods and services. Income is used to pay expenses some of which are fixed, for example, rent and interest, and some of which are subject to members' decisions, for example, wages and salaries, shares, and commissions. After the costs of raw materials, overheads, interest, and other such 'non-human' costs have been paid, an amount of income remains to be distributed among members on the basis of their collective decision. It is the distribution of this remaining income which is the subject of discussion in this sub-section.

Wages and salaries are scaled based on differential skill and experience. This scale is continuous with that use in M & D Enterprises. Worker-members on the shopfloor and work-sites are paid weekly wages while the member-managers receive monthly salaries. There are three levels to the scale. Member-managers

earn the most, Z\$ 532 per month, the contracts worker-members (those who do site-work) fit into the next scale down and earn Z\$ 276 monthly, while worker-members on the shopfloor earn the least, that is, Z\$ 254 monthly (FSC Profile, 13 February, 1989, S. Mutematsaka, CSFS TST; 10% increase in November 1989 added to these figures).

Due to the inability to interview a representative sample of worker-members, we are unable to provide a representative perception among general members of this wage and salary scale. We have, however, already noted some evidence, though not representative, of dissatisfaction among some members. This dissatisfaction, however, is not necessarily with scaled remuneration, but with differentials between member-managers' salaries and worker-members' wages.

Furthermore, sales people receive a commission as an incentive for them to collect debts and market goods and services. As mentioned earlier, this commission was in operation from mid-1987 to 1989 and was terminated at the beginning of 1989 due to conflict among sales people. During the research period, however, this commission was reinstated. The reason was that debt collection had deteriorated during 1989, that is, after the withdrawal of the commission. Moreover, during the period from mid-1987 to 1989, the period during which the commission was in operation, debt collection had improved. Hence the decision to reinstate the commission.

In the light of the deterioration in debt collection over 1989, the decision to reinstate the commission is in the long-term interests of the enterprise. Furthermore, the state of debt collection in 1989 is an indication of the need to provide sales people with incentives to collect debts timely, and market goods and services effectively. Commissions are in the interests of the firm as a whole.

A further portion of the co-op's income is used for paying the permanently hired employees of the enterprise and for the hiring of casual labour during peak periods of production, that is, for about three months of the year (Interviews 4.1, 4.5). According to one of the worker-members, the co-op has three permanently hired employees, namely, the receptionist, a mechanic, and a costing clerk. These are not members of the co-op. Furthermore, at the time of research the co-op hired four casual labourers to assist with fence erection (Interview 4.6). The co-op hires, at the most, ten to fifteen casual labourers over a year (Interviews 4.1, 4.5).

Mr Makoni, the chairperson, mentioned reasons why the co-op hires casual labour during peak periods of production. These included the fact that the enterprise was still in the process of paying its creditors and battling with the deficit from its accumulated loss. In the light of these financial obligations, according to Mr Makoni, the recruitment of new members would result in an

increased wage bill leaving less funds for debt payments. Once debts have been settled, however, "the idea is to recruit members" (Interview 4.5).

Furthermore, when fences are erected far from FSC's location, about three skilled people are authorised by management to hire labourers in that area or province to assist with the completion of the contract. This prevents a reduction of working members on the shopfloor and on local work-sites allowing local production to continue as usual (Interview 4.5).

6. Provision of Members' Material Needs

The history of FSC shows that the enterprise has experienced serious financial difficulties during the five years of its existence. These have been mainly as a result of a severe lack of working capital and enormous accumulated debt. During the first few months after its formation members sometimes had to do without wages for up to one month (Interviews 4.1, 4.5, 4.8, 4.6.). Furthermore, during the extended period of financial difficulty wages were generally paid from the little working capital available to the co-op (Interview 4.5). This working capital was provided mainly by sales of products manufactured with funds available through the credit facility obtained through SEDCO in 1985.

In 1985 the members of FSC received their first increase in pay and for three to four years thereafter, salaries and wages

remained stagnant. In October, 1989, the general members staged a work stoppage in an attempt to pressurise the management committee for a wage increase. By the end of November, 1989 the co-op introduced an across the board increase of ten percent on all members' salaries and wages in response to worker-members' action. The work stoppage and information obtained from the few interviews with worker-members of FSC indicate an inability on FSC's part to effectively provide for the material needs of its members.

Further correspondence with the CSFS after the research period, however, indicates that in March, 1990 FSC gave its members a wage increment of 30 % (Letter, April, 1990). In addition, with the assistance of the TST FSC introducing a medical aid programme and pension scheme.

In relation to other benefits accruing to the members of the co-op we have already pointed out that education and training and the provision of tea at work are presently only available to member-managers. We have also expressed the importance of worker-members' access to education for FSC's development as a democratic organisation in formation. Our argument is that an educated general membership which understands the functions and objectives of the enterprise is more capable of participating effectively in the co-op.

Furthermore, FSC's participation in the founding of the CSFS and the struggles involved in establishing the Scheme has had important implications for its ability to provide for the material needs of its members. Without the CSFS it is highly likely that it would not have gained access to credit facilities with the bank and to services and assistance required to facilitate its eventual development into a commercially viable enterprise. It is also likely that without CSFS support the co-op would not have been able to build a good credit record.

Furthermore, in the absence of FSC's access to credit facilities with Zimbank the members will not have been able to raise their wages in November, 1989 and March, 1990 nor would they have been able to obtain medical aid and pension services. FSC's participation in the formation of the CSFS thus marks the first step towards potential viability.

In the light of FSC's enormous debt and its unprofitability, it is questionable whether the co-op can afford the wage increases introduced thus far. There is as yet little evidence in this regard, however, information up to the end of 1989 shows that FSC is in financial crisis. Despite current wage levels, it is too early to tell whether FSC will continue to afford its wages.

H. The Market

FSC is situated in Msasa, Harare. It produces barbed-wire, diamond-mesh wire, wrought iron gates, stakes, and poles, and

erects fences with the wire products it manufactures. Barbed-wire is its main product and fence-erection, its second major economic activity. The co-op's main customers include farmers and forest rangers who usually need to enclose large portions of land; industrial companies which require security fencing; wholesalers and retailers; and, to a lesser degree, individuals who enclose their property with fencing (Interview 4.5).

Moreover, information obtained from CSFS library suggests that the market for fencing in Zimbabwe is relatively lucrative:

competitors are not able to fulfill the market requirements and thus do not pose much of a threat (CSFS Document, FSC Background History).

Although the market is competitive....[the co-op] needs to segment the market in order to exploit areas that are not sufficiently served by the larger companies (TST Summary Report, 20 February, 1989, CSFS Library Source).

The market for the co-op's products seems or appears to be unlimited (S. Mutematsaka, CSFS TST, Business Plan for FSC, 5 May, 1989).

In addition, FSC is one of only two barbed-wire manufacturing enterprises in Zimbabwe, the other being the semi-parastatal, Lancaster Steel. Hence, the co-op is engaged in economic activity for which there is a niche in the market. With reference to fence erection and the making of diamond-mesh wire, there is also a market niche. The co-op, however, faces competition from various other firms such as Afgate and National Fencing.

In the light of difficulties faced by FSC in the market, the chairperson is investigating the possibility of producing garden

furniture. With reference to diversification, however, FSC's machinery is technologically specific, that is, its major machinery is designed for fence-making only. This places limits on its ability to diversify.

I. Entrepreneurship

The skill of entrepreneurship in FSC is obtained from various sources. Firstly, management committee tasks, specifically, those of the sales team and general manager, include entrepreneurial tasks. For example, the sales team is responsible for marketing FSC's products and services. In this regard, these members choose specific marketing strategies depending on the customers they deal with and the product to be sold. The general manager, on the other hand, initiates innovative activity in the spheres of product development and investment, and he also keeps an eye on market trends. These members are, however, ultimately answerable to the general membership for the decisions they take.

With regard to investment strategies, both Zimbank and the CSFS play an important role. For example, the bank and the CSFS are jointly responsible for advising FSC on effective use and investment of its finance. It is these organisations which assess the economic viability of projects proposed by co-ops. Such assessments consider the long-term viability of the enterprise as a priority. Moreover, the CSFS sets the conditions necessary for the most productive use of financial resources obtained by its members. These conditions focus on a co-op's growing ability to

produce a sustaining surplus and, ultimately, its capacity to raise the living standards of its members.

In addition, the co-op has access to various other forms of entrepreneurial skills through the CSFS. The TST constitutes an important source of such skills, for example, skills in project appraisal, formulating development programmes, predicting possible trends in the market, assessing the viability of particular economic activities, assessing the most beneficial medical aid and pension schemes, among several other skills. Essentially, by employing the TST the co-ops, through the CSFS, have institutionalised various entrepreneurial skills. In this way member-cooperatives of the scheme have collective and continuous access to these skills on a daily basis.

Considering the high market value of such skills due, partially, to their scarcity, and the urgent need for such skills in cooperatives, the formation of the CSFS and hence the employment of the TST proves to be an innovative solution to the severe lack of entrepreneurial skills in co-ops.

Furthermore, these enterprises have control over the scheme and the TST through their representation on the Council and the Board of the CSFS and through the accountability, in practice, of the TST to these cooperative structures. This prevents the TST from making decisions for the co-ops, a practice often adhered to by service organisations and which contributes to eroding the

process of cooperators learning about decision-making from experience and in this way eventually taking control over their productive lives.

J. Discipline and Efficiency

Various aspects of the organisational structures in operation at FSC are intended to contribute to work discipline and efficient production. Firstly, a clear division of labour in production with a distinction between managerial and productive tasks is meant to facilitate the effective allocation of skills available in the enterprise thereby contributing to efficiency. In addition, managerial functions are further subdivided into financial, administrative, entrepreneurial, and production management. These specialised functions facilitate effective and coordinated management. Productive tasks, in turn, are divided into departments according to the various activities undertaken by the co-op, thereby facilitating efficient production.

The inclusion of a general, sales, factory, and contracts manager, and department heads in the organisational structures of the co-op makes way for clear lines of authority and responsibility in the enterprise. These positions of authority facilitate the implementation of disciplinary rules compiled by the members of FSC. Thus, when member-managers' weekly reports, presented at management committee meetings, reflect unfulfilled tasks, the general manager enforces discipline according to guidelines in the rules. Similarly, when members working on the

shopfloor and on contracts arrive at work late, work sloppily, and/or dawdle, department heads report such behaviour to the production and contracts managers.

Discipline is enforced according to measures provided in the rules. Examples of disciplinary measures include a suspension from work for one day without payment for dawdling while others work, a suspension from work for two weeks without payment for members who refuse to execute tasks allocated to them, a punishment of two days' work without payment for managers who fail to prepare all requirements for continued daily production, and a punishment of one week's work without payment for failure of the management committee to report to general members and shareholders any financial problems facing the enterprise.

Member-managers' responsibility to present weekly reports to the general manager on the progress of their tasks and the general manager's obligation to present monthly and annual reports on the state of the enterprise to general members contribute to efficiency. In the event of such reports indicating low productivity, marketing problems, problems with the collection of debts, and/or financial decline, measures can be taken in time to prevent any serious problems arising in the medium- to long-term. In addition, the positions of authority in the co-op allow for timely discipline thereby preventing the development of growing problems with regard to work discipline.

Furthermore, a system of jobcards for each order taken by the co-op serves as an additional mechanism by which work discipline is ensured. Jobcards also facilitate efficient production by providing for time allocations for each job to be completed. This assists in planning and effectively organising the production process thereby contributing to efficiency. In addition, a kardex filing and recording system used by the despatch clerk facilitates efficiency. Such a system is useful when ascertaining the amount of raw materials already used and that which needs to be purchased for stock to ensure continued production on a daily basis.

Furthermore, the task of the costings clerk, that is, to calculate the cost of production adds to efficiency. Costing production is an important function since it facilitates decision-making about price determination, resource allocation, and possible ways of cutting costs. The accounting books and records of FSC, that is, its petty-cash book, sales and purchases journals, cash book, bank reconciliations, and general ledger are all well written up and correctly completed (FSC Profile, 13 February, 1989, S. Mutematsaka, CSFS TST).

There are some factors, however, which contribute to inefficiency in production. Firstly, the production of wrought-iron gates and posts is organised on an assembly-line. Two of the production points on this line, however, are not in proximity to the other points. The three female members of FSC have to carry the raw

material to the cutting point where the metal parts of gates are cut, from the assembly point to the dipping point where the women dip the completed products in rustproof paint, and from there to a drying point. Bringing the raw material storage place closer to the cutting point, and the dipping point closer to the assembly and drying points, could increase efficiency in production by reducing the time taken to carry raw material and completed goods to and fro.

This streamlining of the assembly-line would require some thought about efficient space allocation. Considering that monthly rent amounts to Z\$ 2 000 to Z\$ 2 500, the cost efficient allocation of space both on the shopfloor and outside in the factory yard is an important consideration.

Gathering from the section on trends in economic performance, costing, pricing, debt collection, and market projection are areas contributing to inefficiency in the overall performance of the enterprise. Clearly, these areas of management require attention.

Furthermore, an examination of the relationship between the level of technology and scale of production may prove to be useful in assessing the need for more appropriate and cost efficient technology. This will entail, among other activities, comparing the estimated weekly and monthly productive capacity of both manual and automatic barbed-wire and diamond-mesh wire machines

with the actual capacity reached on these machines. Considering that FSC was not making barbed-wire in January, 1990, and that these machines were idle, in this way indirectly contributing to a loss, such an examination will be informative.

K. Skills and Education

A significant feature of FSC is that well over half its membership (36 of 49 members) is either skilled or semi-skilled. FSC's skills register indicates that about thirteen members are skilled, working in management, metalworking and machine maintenance. About twenty-three are semi-skilled, engaged mainly in fence-erection and machine-operating. Only five members are listed as unskilled.

This skill configuration is inherited from M & D Enterprises. This skill profile is relatively significant, considering the generally low level of skill in most co-ops in both South Africa and Zimbabwe. FSC 'inherited' specific skills which enable the continued production and erection of its main product, fences. These skilled members came with the co-op in its transformation from a capitalist firm. On the other hand, most co-ops elsewhere in the region do not have this advantage, having been built from 'scratch' and comprising mainly unskilled members.

Although in general they are an advantage to FSC, skills and education are unevenly distributed throughout the co-op. The worker-members tend to have little or no education and mainly

manual skills, such as operating a machine. The member-managers, on the other hand, are relatively well educated, with experience mainly in 'professional' skills such as accounting.

Most member-managers and the bookkeepers have had secondary education; three of them have Junior Certificates. Some skilled and semi-skilled members have had primary school education. Three members have not had any education at all, while that of about half the membership is not specified.

L. Training

Since FSC's skilled and semi-skilled members came with its transformation from a capitalist firm, training in manual skills has not been necessary. In addition, the co-op's managerial staff is 'inherited' from M & D Enterprises. Earlier in the chapter we pointed to continuity in members' tasks. Management training in FSC thus entails the improvement and expansion of existing managerial skills rather than basic training. These are added advantages to FSC and significant considering that most co-ops in the region are in dire need of both skills and management training often requiring large amounts of financial resources.

Opportunities for further training, however, are unequally distributed in FSC. Member-managers enjoy opportunities for further training in accounting, marketing, and bookkeeping financed by the enterprise. Worker-members, however, are not yet receiving any form of general education nor any specific

education related to the operation of cooperatives. We have argued that access to such education is as important to the co-op as managers' training.

VII. Cooperative Consciousness in FSC

A. Introduction

We know from its history that FSC is a 'phoenix' co-op taken over by workers in an attempt to secure their employment in the face of liquidation. The workers' knowledge of growing unemployment in Zimbabwe the threat to their jobs were important factors facilitating their decision to take over M & D Enterprises. One 'ideational' factor involved in the incentive to form a co-op was workers' common experience of the threat of unemployment.

Furthermore, members' shared experiences of labouring in a capitalist firm has had a marked influence on their initial frame of reference to cooperation. This experience has significant implications for the development of a cooperative consciousness in FSC.

B. Members' Previous Work Experiences

All the members of FSC were employees in M & D Enterprises Private Limited. Most of the worker-members do the same manual work they did in the capitalist firm; the same applies to member-managers. Worker-members were, however, wage labourers while the member-managers were mainly salaried clerical staff in

M & D Enterprises. Today, this pattern continues. All these members are, however, shareholders in the co-op and are thus not employees/wage labourers. FSC's members have no previous experience of work in a cooperative organisation.

C. Worker-Members' Understanding of the Concept 'Cooperative'

The following quotations indicate worker-members' perceptions of a co-op:

A co-op is where you can work either not paying any money [not receiving wages]. The next week you can get money to survive (Interview 4.8).

A co-op is a good organisation. If you form your co-op you come to be rich quicker. If you work united you never breakdown (Interview 4.6).

To work for yourself is better than to work for someone (Interview 4.9).

The following quotations indicate manager-members' perceptions:

A cooperative is a company. But it is different from a private company because it is cooperatively owned. The decisions are participative. If you people are doing a job one can say 'No, that is not right work, let's try and do this'. Regardless of a manager being there, you can listen to someone else's ideas. Unlike in a private company where the boss is the one who can make decisions, here we have to make decisions together. So that if I send someone to collect a cheque, he feels it's his cheque. There is no reason why he should steal it (Interview 4.5).

A cooperative is just like a company where workers work together to make their own things. They are the employer and the employees. It's just like socialism (Interview 4.3).

The co-op is a group of people working under one umbrella; people working together doing one thing. FSC is a co-op (Interview 4.2).

Worker- and manager-members' perceptions differ significantly.

Worker members' emphasise the idea of 'working together', even sometimes for no pay, is better than working for someone else.

These views are, however, not representative, hence we cannot

make any generalisations. Manager-members, on the other hand, emphasise the idea that a co-op is an enterprise like any other with the exception of its organisational, ownership and decision-making structures. These differences are, like in the other enterprises studied, related to members' specific positions in the co-op structure. Managers' perceptions are, in this case, in tandem with the general managerial emphasis on economic viability in FSC.

D. Conclusions

The Zimbabwean state has played a significant role in FSC's formation. Considering the amount of state loan capital invested in FSC, it can be argued that the state has been too lenient in the light of the co-op's deteriorating economic performance. Though generally the state has not supported co-ops as promised, FSC's case is indicative of some such support.

In the context of its dependence on state loans and its general financial and managerial difficulties, FSC's active involvement in establishing CSFS is indicative of its attempts to become financially independent. This is an indication that the members do not intend to be dependent on state aid. FSC's role as a founder of the CSFS, a unique self-finance scheme for co-ops, can be seen as a first step towards economic viability and self-reliance.

Despite its attempts to become economically viable, FSC faces major obstacles, the key one being its high accumulated debt, most of which is 'inherited'. All the evidence indicates that the co-op has not operated profitably since its formation. Steps have, however, been taken towards becoming profitable. In this regard, FSC's managerial practices at the time of research in comparison to previous years in its history, reflect an improvement in managerial performance. Although improvements at this level are not yet reflected in figures on balance sheets, they cannot simply be ignored when examining FSC's development wholistically. It is in this light that we regard the co-op as potentially viable. It remains to be seen, however, whether actual economic viability can be attained.

Abell's (1981) principles of democratic organisation are relevant in FSC. Firstly, the principle of political equality whereby all members have the right to participate directly in decisions affecting the co-op is manifested in the role of the General Assembly as supreme authority over enterprise decisions. Secondly, the election of an Executive Committee and the appointment of a Management Committee are indicative of practices of representation in FSC. The authority delegated to the Management Committee consisting of skilled managers shows a recognition on the part of the co-op that particular decisions, in this case managerial, require specialised skills. The key obstacle to effective implementation of these principles,

however, is the extreme disparity in education among members resulting in limited producer participation and control.

In the light of the emphasis on economic viability in FSC, one can argue that the enterprise clearly recognises this aspect of cooperative organisation as its primary goal. This emphasis is reinforced by the CSFS policy which regards the production of a sustained surplus as the key goal of a co-op. In this regard, FSC can be seen as an enterprise with clearly set priorities in terms of its long-term goal to become a viable co-op.

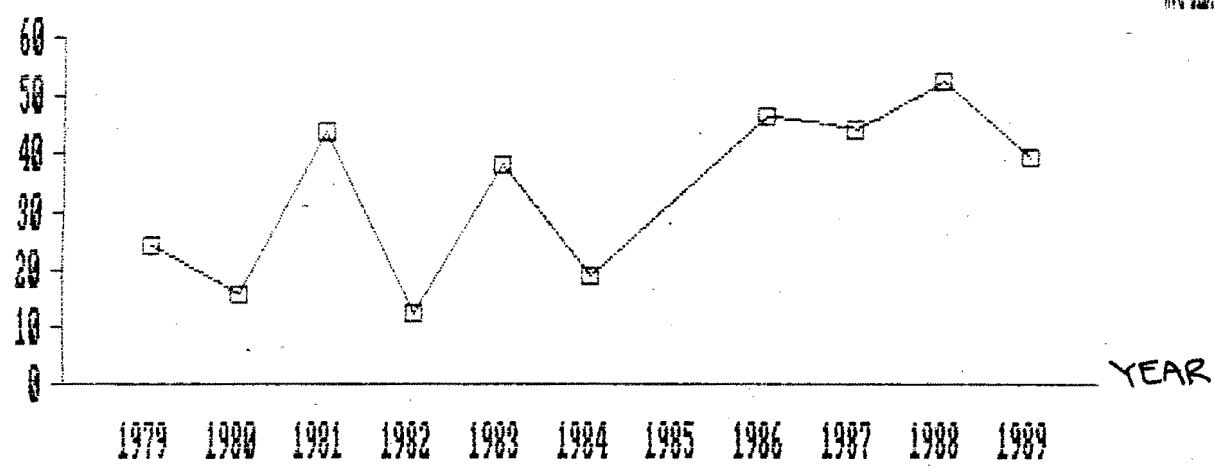
In terms of Bernstein's minimally necessary conditions for sustained democracy, the disparity in education among members is a key factor hindering effective participation and full-sharing of management information. FSC is also characterised by ineffective representation of worker-members' interests. Furthermore, the technocratic nature of management points to limits in the type of consciousness required by managers according to Bernstein's conditions, namely a consciousness of both 'educators' and 'democratisers'. Considering the precarious economic state of the co-op at the time of research, however, it is understandable that the emphasis among managers has been predominantly on economic issues. This suggests that, depending on the stage of co-op development and on the specific experience of a co-op at a particular time, management's emphasis will shift from a focus on 'bread and butter' issues to concerns for member-education and democratisation.

Further, though members' wage increases can be seen as feedback of FSC's economic results, it remains to be seen whether the enterprise can afford this expense.

In the light of these observations, we conclude that FSC faces significant constraints to sustained democratisation and that the co-op practices a limited degree of participative democracy. Among the constraints and the reasons for limited participation are (a) the disparity in education between managers and general members; (b) the need to prioritise economic issues at this stage of the co-op's development and (c) the lack of effective representation of general members. When viewed as a process, however, there is, some space in FSC for progressing towards increased and sustained democratisation. The education of general members, and the introduction of a representative body to balance the management committee's emphasis on viability could shift the enterprise towards greater democracy. Such a shift would, however, depend on FSC's economic performance. Unless member education is financed through grants, the co-op will need to generate sufficient revenue to set aside resources for member education.

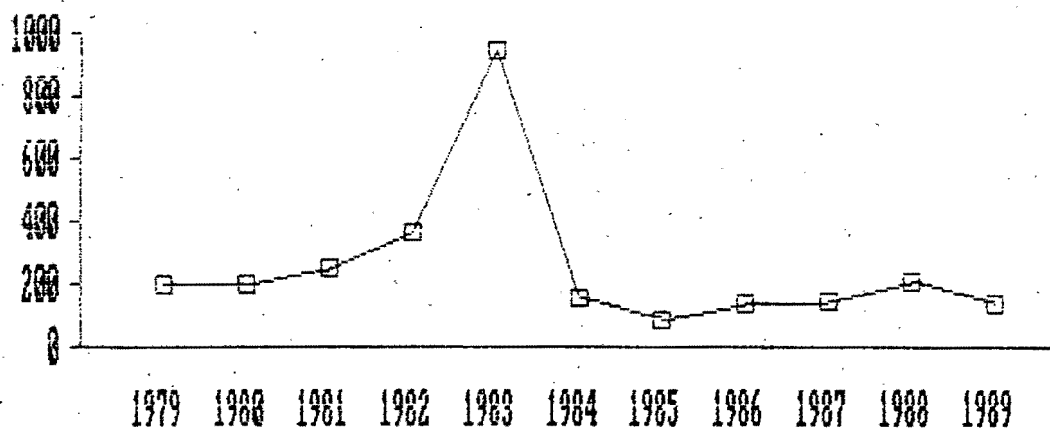
A.

DAYS



AVG. DEBT COLLECTION PERIOD

(Thousands)

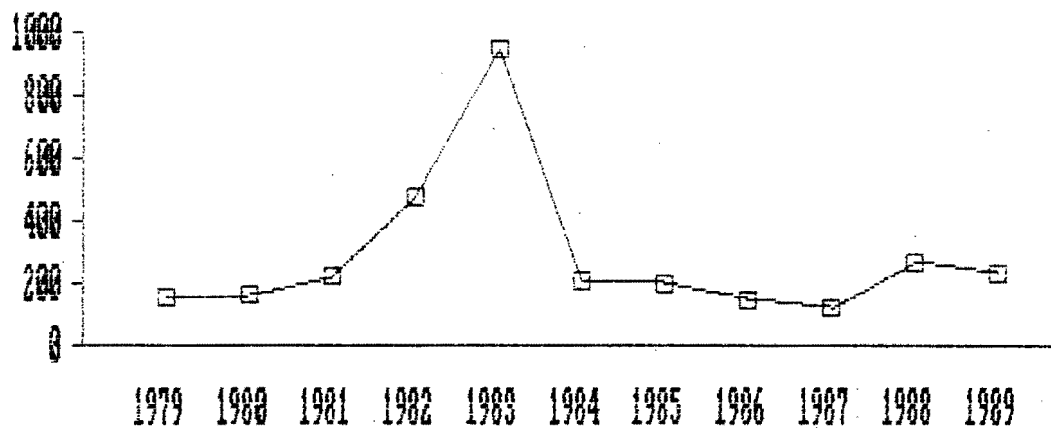
 CURRENT ASSETS

CURRENT ASSETS

C.

(Thousands)

FIXED ASSETS

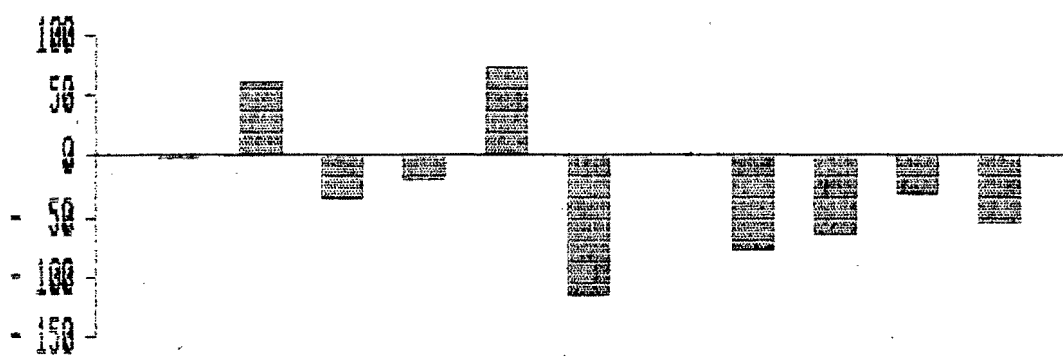


FIXED ASSETS

D.

(Thousands)

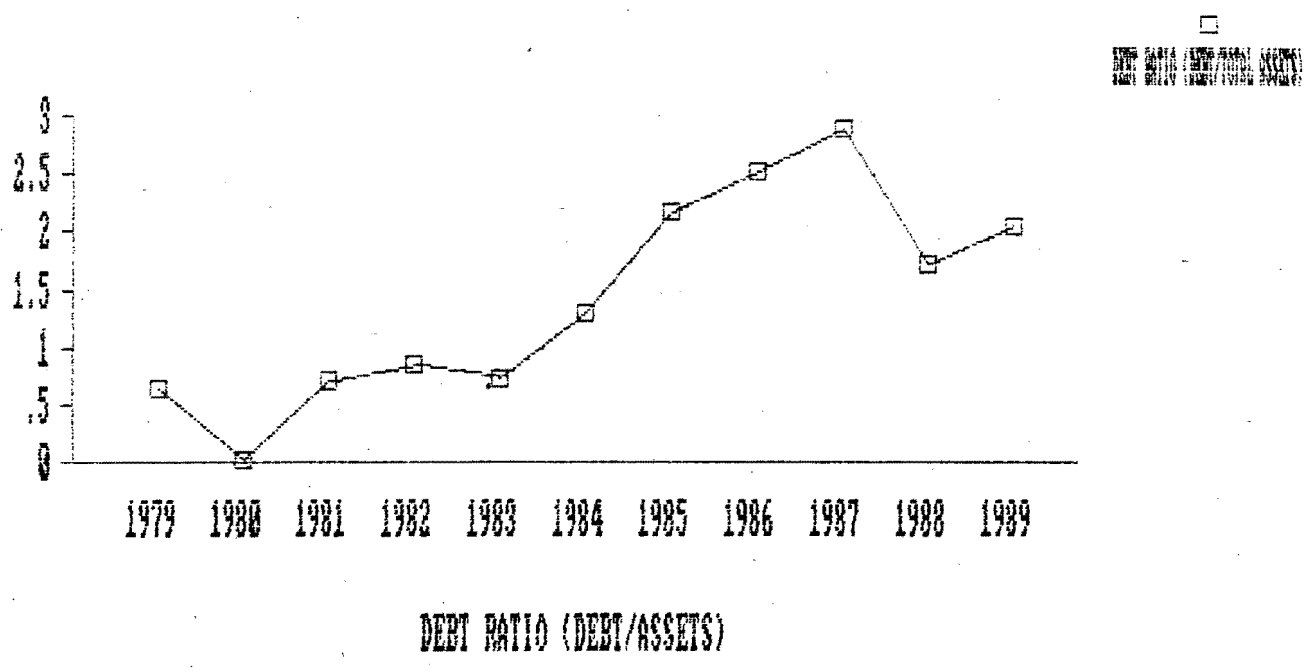
1979 1980 1981 1982 1983 1984 1985 1986 1987 1988 1989



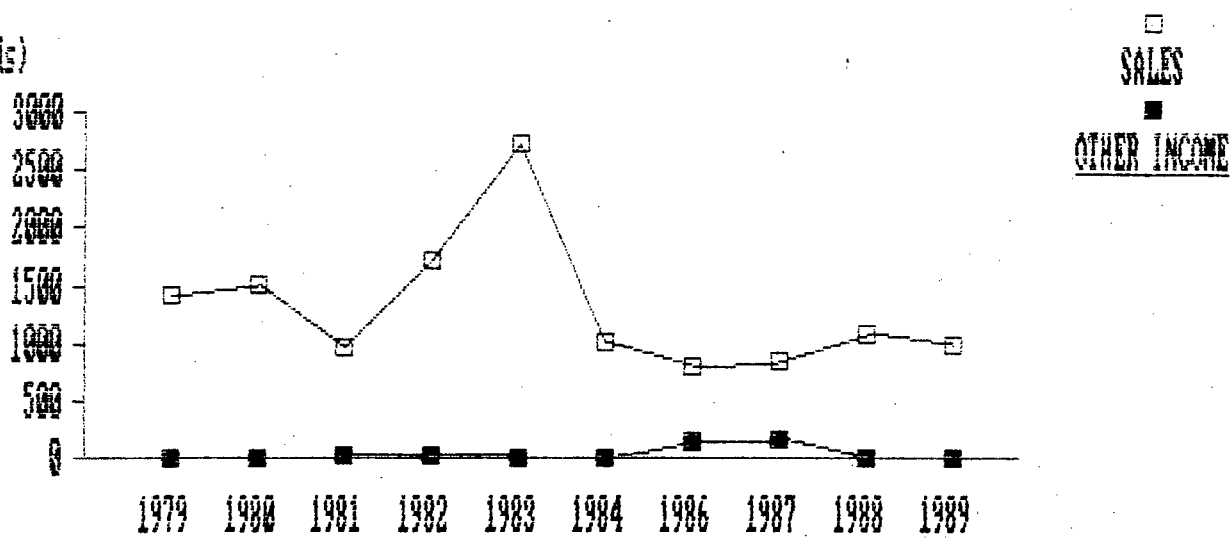
1979 1980 1981 1982 1983 1984 1985 1986 1987 1988 1989

Year

E.



(Thousands)



Sales & Other Income

G.

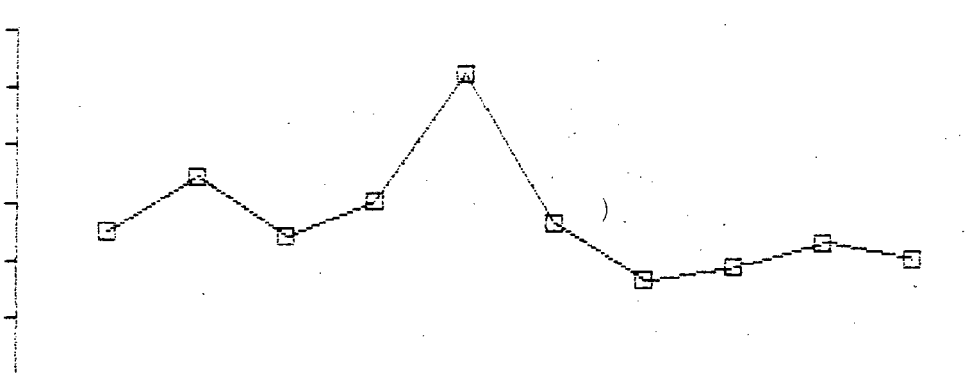
(Thousands)

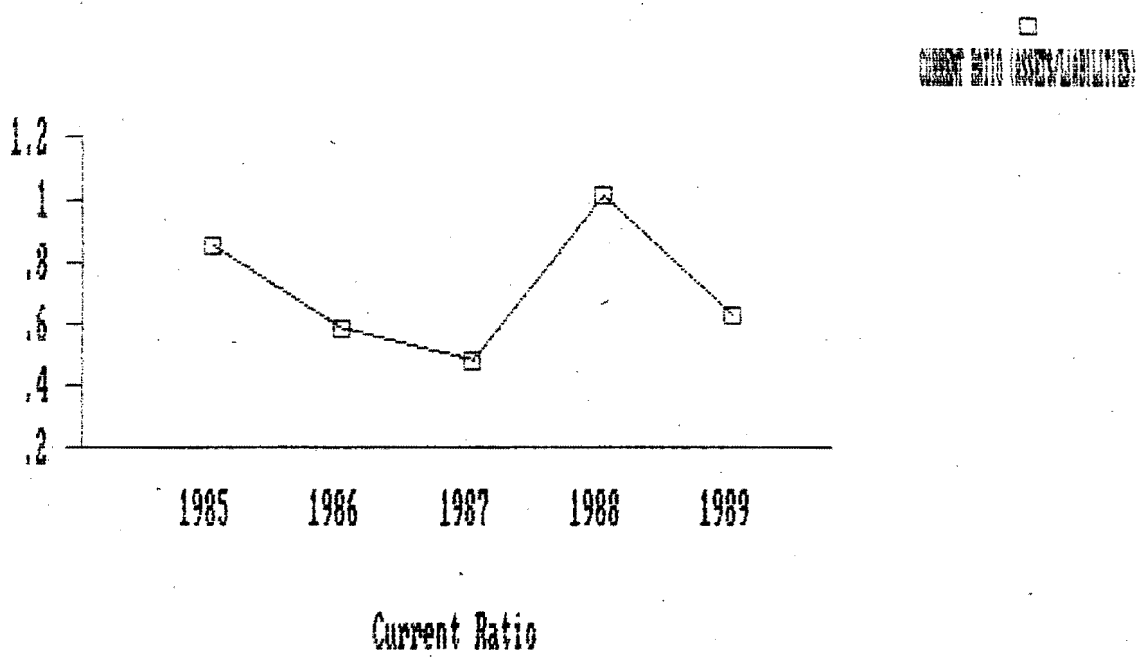
600
500
400
300
200
100
0

1979 1980 1981 1982 1983 1984 1986 1987 1988 1989

Year

1979 1980 1981 1982 1983 1984 1985 1986 1987 1988 1989





Chapter Seven

A Comparative Analysis of the Cooperatives under Study

I. Introduction

This chapter attempts a comparative analysis of the enterprises under study. We begin our comparison at a very general level by looking at similarities and differences in the contexts in which the enterprises operate. The contexts are important in giving an indication of (a) the historical and socio-political aspects influencing cooperative development and (b) the specific constraints faced by such enterprises. These factors affect the development of cooperatives into economically viable democratic organisations. We then point to broad similarities and differences among the enterprises, focusing on general characteristics and constraints. The general differences identified suggest that the enterprises are at different stages of development. We continue to highlight more specific similarities and differences. For this purpose we have chosen the same themes as those used in the case studies. These include (a) internal organisational features; (b) relationships with other organisations; (c) economic viability and (d) cooperative consciousness.

A focus on the same themes provides for continuity in the dissertation. In addition, as pointed out in the introduction, these themes are significant. Firstly, the specific nature of cooperative organisation calls for some focus on internal

organisational features; secondly, relationships between co-ops and other organisations indicate the type of support rendered to co-ops, methods employed when providing support and the effects of support, whether beneficial or detrimental to the enterprise. Thirdly, considering that cooperatives are essentially economic units formed and joined for material reasons, their economic viability is a fundamental priority. Finally, the development of a cooperative consciousness among cooperators is an integral part of cooperative development.

II. The Contexts

In some ways the Zimbabwean context is similar to that of South Africa while in others it is very different.

A. Similarities between SA and Zimbabwe

1. Economic Environment

South Africa and Zimbabwe can be characterised as capitalist economies in which the bulk of productive property is in private hands with production being for private interests, in the pursuit of profit, through the employment of wage labour. Self-managed cooperative activity plays a marginal role in these economies. Moreover, a capitalist economic and institutional environment imposes similar practical constraints on co-ops. Such constraints have been dealt with in detail in chapter one.

2. Historical Background

Further similarities include (a) the legacy of colonialism and capitalist domination; more specifically, the impact of this historical experience on the actions and consciousness of cooperators and on their position in broader society; (b) the severe lack of experience among cooperators of cooperative work and organisations; (c) their low levels of literacy, education, and skills (with the exception of MCC); and (d) their subordinate position in the economy and in society. These factors form the core of internal constraints to cooperative development in both South Africa and Zimbabwe. In addition, the predominant forms of social relations (class, race and gender relations) in SA are similar to those in Zimbabwe. In this regard, the socialisation processes which cooperators undergo is similar. This implies, firstly, that cooperators, both in Zimbabwe and South Africa, face the challenge of unlearning old ways of doing things, and secondly, that support structures in these countries face the challenge of facilitating this process.

3. Social Problems

South Africa and Zimbabwe are the two most industrialised economies in the Southern African region. Both countries, however, have been experiencing escalating processes of urbanisation and unemployment - social problems directly related

to peripheral industrialisation. Unemployment in Zimbabwe is of a similar scale to that in SA - approximately 30%. Both economies are characterised by slow growth, especially in formal sector employment. The formation of cooperatives should be seen in the context of these high levels of unemployment and slow growth.

4. Profile of Co-op Movement

Just as in Zimbabwe, there are two strands of coop activity in SA: established farmers' marketing and consumers' co-ops on the one hand, and on the other, consumer and producer co-ops among the marginalised and unemployed. Furthermore, in both countries most contemporary co-ops are engaged in clothing manufacture involving mainly women.

B. Differences between SA and Zimbabwe

Some of the major differences include (a) the stage of cooperative development; (b) the relative weakness of working class organisation in Zimbabwe in comparison to SA and (c) the role of the state in relation to cooperatives. We proceed to discuss each of these differences briefly, considering the implications for cooperative development.

1. Stage of Co-op Development

Unlike Zimbabwe, SA has little historical experience of comparable co-ops to draw from. Co-ops in SA are essentially in formation and organisationally relatively undeveloped. Though the majority of co-ops in Zimbabwe share similar features, co-ops in this country are a few steps ahead of those in SA. Unlike South African co-ops of the 1980s, Zimbabwean collectives have a slightly longer history of organisation manifested in the founding of OCCZIM in 1983. Despite OCCZIM's organisational weaknesses, it has played a significant role in the historical development of the contemporary cooperative movement in Zimbabwe. The lessons learnt from OCCZIM have had relatively significant influence on the establishment of the CSFS as a first step towards a self-reliant co-op movement in Zimbabwe. This is an indication that though the co-op movement in Zimbabwe is itself embryonic, it is at a further stage of development than that in SA. Although one can identify major clusters of co-ops across SA, there is as yet no formally established progressive co-op movement in this country.

2. Relation to the Workers' Movement

South African cooperatives and cooperative organisations have a potentially strong support base from which to start - a well established workers' movement. Such a social force is and has long been absent in Zimbabwe. The history of working class organisation in SA is likely to have a significant impact on

cooperative development and broader cooperative organisation. Recent developments, including organising the unemployed and trade union support for cooperatives, are indicative.

It is important to note, however, that a strong working class movement has to be aligned with relatively successful cooperative enterprises in order to form the base for cooperative organisation. In SA today, there are very few successful cooperative enterprises. The absence of a cooperative movement is in a sense a reflection of the current state of co-ops in SA.

3. Role of the State

Unlike its South African counterpart, the Zimbabwean state has made some commitment to support co-ops. We have noted the disjuncture between Zimbabwean state promises and practices in this regard, and have explained this in terms of the balance of class forces in Zimbabwean society. Our conclusion is that the absence of strong working class, peasant, and/or cooperative organisations makes it difficult for the relevant parties to demand action on state promises. Nevertheless, we should not lose sight of developments in the field of state policy on co-ops, such as the effects of the Cooperative Societies Bill of 1988. We should also bear in mind state support for FSC in the form of (a) legal representation in preventing liquidation of the firm; (b) advice in the initial developments of the co-op; and (c)

financial support. In the current situation in SA, such general and specific forms of support are a long way off.

The legal position of cooperatives differs in the two countries. Although legislation governing co-ops in Zimbabwe today dates back to the colonial period, steps are being taken to draft new legislation. The latest legislation, the Cooperative Societies Bill 1988, specifies conditions for registration with the Ministry of Co-ops and sets out clear provisions for organisational structure and duties within co-ops. Although informal, unregistered pre-coops are found both in SA and Zimbabwe in rural and urban areas, a large proportion of Zimbabwean collectives are registered. Because no relevant legislation exists in SA, the vast majority of co-ops in SA have no specific legal status.

4. Additional Differences

Further differences in the features of co-ops in these countries are that (a) co-ops in Zimbabwe are predominantly engaged in agricultural activity while those in SA are found mainly in services and manufacturing and (b) unlike co-ops in SA, collectives in Zimbabwe generally include in their organisational structure an elected management committee and general manager. In addition, in Zimbabwe, collectives are financed by the ~~government~~, by contributions from cooperators in the form of

demobilisation funds, by donor agencies and through the CSFS. In SA, such ventures are mainly financed by donor agencies.

In sum, the key similarity between co-ops in Zimbabwe and SA are that they face similar internal and external constraints. Among the key differences are that (a) Zimbabwean co-ops have access to state support, a factor which is absent in SA; (b) these co-ops have a slightly longer history of organisation than in SA and (c) some Zimbabwean co-ops, specifically those involved in establishing the CSFS, have taken significant steps towards self-reliance while South African co-ops are generally locked into dependency relationships with donor agencies.

III. General Similarities among the Co-ops

All, but one, of the South African co-ops under study, have been initiated by the people for whom the enterprises were intended. It is only the Spinning Project which was initiated by the CWB. In SA, co-ops are generally initiated by cooperators themselves, by community leaders, trade unions and service organisations. This pattern of initiation is very different from that in the rest of Africa:

African cooperatives, unlike similar organisations in industrialised nations, did not emanate from the people for whom they were intended, but rather in response to active encouragement and financial assistance from

governments, because they were considered instruments of development (ILO, 1988: 10).

The absence of government assistance and encouragement for co-ops in SA has resulted in a different pattern of initiating co-ops. These initiatives have been partly in response to available financial assistance from donor agencies, rather than from government. Moreover, such ventures have been undertaken mainly as strategies of survival and political mobilisation, rather than as instruments of development.

At a general level, the co-ops under study are relatively similar. For example, all the enterprises are small-scale with memberships ranging from eleven to fifty-seven people. With the exception of some members of the MCC, for example, the manager, the producers are generally drawn from among unemployed and marginal populations. All the enterprises are engaged in manufacturing while LE and FSC also provide primary services. The co-ops were initiated with the aim of creating and/or saving jobs. For this reason, a major concern for the producers is material survival. With the exception of MCC and FSC, the enterprises are essentially engaged in informal economic activity for the purposes of survival. The co-ops under study are essentially marginal to the economies in which they operate.

The enterprises face similar constraints. Among these are a weak capital structure; a highly competitive market; lack of and/or

limited access to credit; lack of skills, more especially management skills, and education; the absence of an appropriate legal structure in which to operate; and non-democratic habits and values on the part of the membership.

A further similarity is that each enterprise has a particular power structure around which revolves conflict within the co-op. The bases of power and conflict in each enterprise are, however, very different. Related to this similarity, is another; namely, that people in different roles and positions in each enterprise have different perceptions of the co-op. Furthermore, each of the enterprises are linked to a support structure(s) of some kind.

IV. General Differences among the Co-ops

The enterprises differ in the products they make and the markets for which they produce. The SP produces hand-spun yarn for a very specific and limited market, and virtually for one customer, the Sheep Shop. The LBC makes cement bricks and blocks with its market being mainly small-scale building contractors engaged in constructing low-cost housing. MCC produces up-market furniture while FSC makes and erects fences and gates mainly for farmers, forest rangers, industrial companies, wholesalers and retailers.

Although all the co-ops under study lack managerial skills, some are worse off than others. In this regard, LBC is worse off than the SP, MCC and FSC who have access to relatively skilled

managers. Similarly, with regard to financial resources and member-education levels, some co-ops are worse off than others. In terms of access to credit, for example, LBC is financially worse off than SP, MCC, and FSC. In terms of debt, FSC is worst off because of its inherited accumulated debt. Member-education levels tend to be lower in SP and LBC than in MCC and FSC. With regard to economic viability, the SP and LBC are unviable while MCC and FSC are potentially viable. As a result, economic problems differ from one enterprise to another. Furthermore, the co-ops differ in the type of service organisations to which they are linked. These differences will be dealt with in detail later.

A. Significance of these Differences

These general differences, more especially the fact that some enterprises are worse off than others in particular respects, indicate that the co-ops under study are at different stages of development. Along a continuum of stages of development, the SP and LBC are in the early stages of development with LBC slightly ahead of the SP, while MCC and FSC are further along the continuum, at later stages of development, with FSC slightly ahead of MCC in certain respects, and *vice versa*.

These differences in stages of development among the enterprises are reflected in their levels of organisational development, their relationships with other organisations, their viability, and members' consciousness. We proceed to highlight more specific

similarities and differences among the enterprises by focussing on the above-mentioned aspects.

1. Internal Organisational Features

In comparison with the other enterprises studied, the SP has a relatively simple and informal organisational structure. The organisation of the labour process is also relatively simple with the major division of tasks being that between management and production tasks. There is little technical division of labour in the SP. The producers are engaged in the single-faceted task of spinning. The structure of the LBC itself is also relatively simple. It differs from the SP in its more complex organisation of the labour process: in addition to the major division between management and production tasks in LBC, there is a technical division of labour in this enterprise reflected in the production of bricks along an assembly-line. Further, the broader structure of LE, of which LBC is an integral part, is organisationally more complex than that of the SP. Although more complex, the key problem arising from the weaknesses in LE's organisational structure, namely, that it is inconducive to organisational efficiency, democracy and economic viability, suggests that LE and LBC are organisationally relatively undeveloped.

When considering the organisational features of MCC and FSC in relation to those of the SP and LBC, it becomes clear why we perceive the latter enterprises as being in early stages of

development. Firstly, the organisational structures of MCC and FSC are more complex than those in the SP and LBC. In addition to a clear division between management and production tasks in these enterprises, there is a relatively well developed technical division of labour reflected in the division of production into departments with department heads. Furthermore, there is a sense of progress in organisational development in both MCC and FSC - a process absent in the other enterprises. This is especially visible in developments in the organisation and control of production in MCC, and in the separation of the Executive and Management Committee tasks in FSC. Moreover, this differential in organisational complexity is not a function of size, as the SP and MCC are similar in size while LE and FSC are similar in this regard.

Similar to LBC, MCC forms part of a network of enterprises. Unlike the case of LE, however, co-ops in the Overberg region are *structurally independent* and only *functionally interdependent*. These organisational linkages allow for supportive relationships among the co-ops, rather than exploitive relationships as in LE. Moreover, the organisational structure of FSC is more advanced than that of either of the other co-ops. Unlike the other enterprises, FSC has an ownership structure in addition to a management structure subdivided into financial, entrepreneurial and production management. In this regard, FSC is the most developed organisationally.

a) *Management*

In the paragraphs immediately above we compare the basic profiles of the cooperatives' internal organisational features. This begins to show differences in the stages of organisational development of the enterprises. Considering, however, the importance of management as an institution and organisational feature in any economic enterprise, including a cooperative, a comparative analysis of management structures is likely to reveal more about stages of organisational development. It is thus in order to proceed with such an analysis. For this purpose we focus on the following related aspects of management:

- a) who recruits/elects/appoints and hires management;
- b) criteria used to introduce management;
- c) the form which management takes;
- d) the material and social base of management;
- e) the power and accountability of management;
- f) producers' power in relation to management and levels of participation in decision-making and
- g) the quality and effectiveness of management.

We proceed by dealing with each of these criterion in the above order and point to some of the sociological insights which these comparisons provide.

(a) ***Recruitment.*** Management in the SP is recruited and hired from outside by the service organisation (CWB) for the enterprise. The spinners did not choose their manager. In this regard, the

situation in the SP is very different from that in the other three enterprises where management is either elected or appointed by the producers. In LBC the producers elected Mr Langa as manager. In MCC the producers appointed the manager, while the Management Committee of FSC is appointed by the Executive Committee which is elected by the General Assembly. In this respect, contrary to practices in the SP, those in the other three enterprises are more in tandem with the cooperative principle of control, through elections, by the producers. Hence, we regard these three enterprises as relatively more developed.

(b) *Criteria*. In the case of the SP, the criteria used to introduce management were both the need for such skills in the enterprise and the skill of the person recruited. These criteria were, however, set by the CWB and not the producers. In LBC the following attributes were considered when electing the manager: his experience, though limited, in business operation; his position as both community leader and elder; his relative proficiency in English and access to donor agencies for funds. The manager of MCC was appointed on the basis of his previous performance as acting coordinator doing managerial tasks, and of the need for skills in the enterprise. Similarly, in FSC the management committee was appointed on the basis of their skill and previous managerial experience in M&D Enterprises.

In the latter two enterprises skill and experience formed the basis for appointing management. In the light of the severe lack

of such skills in co-ops, such appointments are in the interests of the development of the enterprise. Although the manager of the SP was similarly chosen, the key difference is that she was not chosen by the producers, a practice which relinquishes control by the producers thereby hindering the development of the project into a cooperative. With reference to LBC, election of the manager on the basis of his personal power has proved to be detrimental to both the organisational and the economic development of LBC.

(c) *Form*. The general scarcity of managerial skills among cooperators and of managers who want to work in cooperatives indirectly affects the form of management in co-ops. People in this capacity often have to be hired from outside the enterprise. In addition, a general lack of financial capital in co-ops makes it difficult for them to have more than one skilled manager.

In the SP the manager is a single person hired by the CWB from outside the project. She is not a member of the SP. In the case of LBC, the manager is a single person assisted by an administrative committee. Both the manager and the committee members are not members of LBC, however, they are members of LE. In MCC the manager is assisted by one administrative assistant and both these people are members of the cooperative. The Management Committee of the FSC consists of the general-, sales-, financial-, contracts-, and factory-manager all of whom are members of the co-op.

In the light of the general definition of a cooperative as an enterprise in which the members are simultaneously the owners, workers and managers, having member-managers is an indication of developments along the lines of cooperative organisation. In addition, a clear division of labour within management as in the case of FSC is more conducive to efficiency than, for example, the heavy load of tasks carried by the manager in MCC. This contributes positively to the organisational development of the FSC in terms of task specialisation and efficiency.

(d) *Material Base*. The membership position of management has implications for its material base, that is, the source of its remuneration. In the case of the SP, the material base of management is located outside of the enterprise with the manager obtaining her salary from the service organisation rather than the enterprise. Considering the absence of accountability mechanisms between the CWB and SP, this feature places unlimited power and control in the hands of the manager. This leaves the producers dependent on and powerless in relation to management, a situation clearly indicating the prematurity of this enterprise.

In LBC, this base is, in theory, only partly located within the enterprise. This is so because management's base is spread over all the enterprises in LE. Though, in theory, management is paid by all the enterprises, our account of practices in this case clearly indicate the contrary. When funds are available, LBC pays

management; when not, management is not paid. Contrary to the circumstances in the SP and LBC, the material base of management is located wholly within both MCC and FSC with managerial salaries drawn from the revenue of the respective enterprises.

In comparison with the position of management in the premature enterprises (SP and LBC), this institution is more solidly based within MCC and FSC.

(e) *Managerial Power and Accountability.* The skill levels of management in relation to the producers, its form and the location of its material base have direct implications for its power in decision-making and its accountability to the producers.

In the SP all such power is in the hands of the manager. No accountability is practiced, and there are no mechanisms to ensure/facilitate accountability. Similarly, management in LBC is all powerful with very little accountability. Mechanisms available to facilitate accountability are weak. In MCC managerial authority is in the hands of the manager, however, the power of management is regularly checked by relatively strong mechanisms. Management in FSC also holds full authority with each manager being overseen by the General Manager. Accountability to the General Manager and the Executive Committee is practiced through weekly reports in committee meetings. In theory, managerial power is checked by the General Assembly in monthly general meetings. In practice, however, this is simply a

formality because of the disparity in education and expertise between management and general members, and the consequent inability of producers to effectively challenge management.

With regard to managerial accountability, the SP and LBC are at the bottom of a rung of increasing accountability, with FSC falling towards the centre, and MCC located beyond the mid-point. It is important to note that relatively more complex managerial structures in FSC do not necessarily imply greater accountability. In comparison to MCC, the larger size of FSC, the greater disjuncture in expertise and education between management and producers, and the absence of effective representation of the producers hinder greater accountability.

(f) *Producers' Power and Participation in Decision-making.* The power and accountability of management in turn has implications for the power of producers in relation to management and the extent of member participation in decision-making. In this regard, there is no participation on the part of producers in decision-making in the SP. The spinners are powerless in relation to their manager. Member-participation in decision-making in LBC through practices of "non-opposition" is essentially symbolic rather than real leaving producers powerless in relation to their more articulate manager. In comparison to the circumstances in the former enterprises, there is a relatively high level of member-participation in daily management and some, though limited, participation in medium- to long-term decisions in MCC.

Though limited, the latter sphere of participation is real rather than token and takes place by simple majority voting. Producers in MCC are thus relatively more powerful. Member-participation and power in FSC is hindered by the education disparity mentioned earlier and the lack of effective representation of producers' interests.

In this respect, on a continuum of increasing participation, the SP and LBC rank lowest, with FSC placed about one quarter of the way up, and MCC placed slightly above the mid-point.

(g) *Quality and Effectiveness.* The above analysis combined with the knowledge gained from the case-study material, enables one to characterise management in the SP as centralised in the hands of one person and imposed on the producers. The manager is ineffective in empowering the producers although the process of transformation of the SP into a co-op can be seen as a start. Further, it is too early to evaluate managerial effectivity in improving economic performance in the SP. Similarly, management in LBC is centralised and ineffective both in empowering the producers and in improving economic performance. Managerial authority in MCC is also centralised. The key differences in relation to the former enterprises, however, are (1) that management is accountable to the producers and (2) that the manager has been relatively effective in facilitating the empowerment of the producers and the improved economic performance of the co-op. In the case of FSC, managerial

authority is centralised in the management committee resulting in technocratic management. The management committee of FSC is not working towards empowering the producers. It is, however, working towards improving the economic performance of the enterprise. Results, however, with reference to improved economic performance still have to be seen.

b) Implications for Cooperative Management

These comparisons suggest that factors (a) to (f) above have significant implications for the role and effects of management on cooperative development and organisation. On the basis of these comparisons with regard to cooperative management, we conclude that

- (a) skilled and experienced management is a necessary component of successful cooperative development;
- (b) management should be chosen by the producers;
- (c) managers should be co-op members remunerated from co-op funds and
- (d) there are three prerequisites for accountable management:
 - 1. practicable accountability mechanisms;
 - 2. an educated general membership and
 - 3. effective representation of producers' interests.

Furthermore, the comparisons suggest a relationship between (a) methods of recruitment and appointment of management; (b) its form and material base and (c) its accountability. There is a further relationship between the level of education and degree of effective representation of producers, and managerial accountability. The contrasting experiences of the SP - characterised by management recruited and paid from outside the

co-op, and by unskilled membership - and MCC - with skilled membership and a member-manager - are indicative of these relationships.

2. Relationships with other Organisations

a) Differences among the Service Organisations

Each of the SO's in this study are different in nature. The CWB is a welfare organisation; the MAG, a community development organisation; the UWM a political organisation for the unemployed and the CSFS, a self-finance scheme for cooperatives. Unlike the latter two, the former have a religious orientation. The CWB and MAG are more established compared to the UWM and CSFS which are younger organisations in formation. With specific reference to cooperative development, however, the CWB and the UWM are inexperienced compared to the MAG and the CSFS. Furthermore, the UWM, CSFS and MAG have a more grassroots base than the CWB. In this regard, the unemployed organised by the UWM (with the exception of the cooperators in LE and BC which were in the process of struggling for such representation at the time of research) have direct representation on its decision-making structures. In the CSFS, the cooperators served have direct representation on decision-making structures. Similarly, in the MAG, the community served is directly represented.

Significantly, with the exception of the CSFS, none of the service organisations have a clearly defined policy *specifically* on cooperatives and their activities in the development of such enterprises. Although the MAG has a clearly defined development policy, it is general rather than specifically concerned with co-op development. The CWB and UWM, on the other hand, have neither a clearly defined general development policy nor such policy on co-op development. Also significant, is the fact that the CSFS is the only organisation established by co-ops for co-ops.

b) Relationships with Funding Organisations

Due to a lack of information on the CWB's relationships with funders, this section focuses mainly on the MAG, the UWM, and the CSFS. The MAG, being a relatively established SO, has access to various sources of funds thereby enabling it to seek and choose funding on terms which suit its development policy. On the contrary, at the time of research, the less established UWM was dependent on a single source of funds through SCAT. Its relationship with SCAT was such that it had little, if any, power to influence the terms of funding. Consequently, when SCAT withdrew its support for the unemployed due to changes in its aims and policies, the UWM was left in financial crisis.

The CSFS stands out as *the* most powerful SO in relation to funders. This is reflected in its legal agreement with the funders and its relationship with Zimbank. The CSFS is one among

few SO in Southern Africa engaged in formal financial transactions with a recognised commercial bank. All the evidence indicates that the CSFS is by far the most advanced service organisation in the sphere of cooperative development and services.

c) Relationships with Co-ops and their Implications

In their relationships with the co-ops concerned, the MAG and the CSFS emphasise self-reliance and see cooperatives as essentially economic enterprises which compete in a market. This philosophy is reflected in the actions of these SO's. Both the MAG and the CSFS do not provide financial grants to co-ops; instead, they provide and/or facilitate access to loan finance. In addition, such financing is accompanied by skilled financial management services. On the contrary, the practices of the CWB and the UWM of providing and/or facilitating access to grants/aid without skilled services to accompany such aid contradict the notion of co-ops as self-reliant, primarily economic enterprises. The key difference in policies and practices of the MAG and the CSFS, however, is that the practices of the CSFS are based on clearly specified policies on cooperative development and cooperative self-finance. Our exposition of these policies clearly indicates that those of the CSFS are by far more advanced than the development policy of the MAG.

In the case of the CWB, its continuous financial support for an unviable enterprise; the top-down management relationship, particularly in the process of transformation into a co-op; and its essentially employer-employee relationship with the spinners has created a dependent enterprise. This has effectively disempowered the producers, a situation inconducive to building self-reliance. Similarly, the UWM's practice of providing grants and its inexperience and lack of skill in servicing co-ops has had a detrimental effect on the development of the LBC into a viable, democratically organised enterprise. On the contrary, the approach to co-op development of both the CSFS and the MAG, their practices of providing only loan finance, and their provision of services by skilled people have had positive implications for both economic development and democratisation in the enterprises concerned. Of particular importance is the significant role of the CSFS in promoting self-reliance in co-ops.

These comparisons suggest that there is a direct relationship between service organisation policy and practice, and cooperative development.

3. Economic Viability

In this section we attempt to further our comparative analysis by focussing on the criteria used in this work to define an economically viable enterprise: such an enterprise

(a) performs competitively in the marketplace;

(b) controls its costs and

(c) effectively manages and invests its resources over the short-
. medium- and long-term (ICOM: 1987: p. 1).

In addition to these criteria, we focus on

(d) sources of finance;

(e) major obstacles to economic viability and

(f) enterprise ability to provide for members' material needs.

The latter criteria indicate degree of financial independence,
the nature of economic problems, and enterprise ability to pay
living wages.

a) Defining Criteria (a, b, and c)

In the light of these criteria, the SP is economically unviable.
Firstly, it depends on one customer and produces unmarketable
yarn - indicating little competitive performance. Secondly,
accumulated stock of badly spun yarn for which the spinners were
paid is indicative of ineffective cost control. Thirdly,
purchasing bad quality raw wool and paying the spinners for badly
spun wool without taking action to improve spinning skills
reflects ineffective management of both financial and skill
resources. This situation has, however, changed with the
introduction of quality control.

LBC operates in a highly competitive low-cost housing construction market dominated by large contractors who obtain supplies from large firms. This limits its customers to owner-builders and small building contractors. In this market context, a lack of working capital and of a specific marketing strategy results in non-competitive performance. Furthermore, all the evidence given in the relevant case study material indicates ineffective cost control and resource management in LBC. Much the same as the SP, LBC is unviable according to these criteria.

On the contrary, MCC performs competitively in a specific market-niche for upmarket goods. Its competitiveness results from the high skill level of its members, the consequent good workmanship reflected in high quality products, and the unique features of the product itself. These factors are generally absent in the other enterprises. In addition, MCC was one of the first enterprises to enter the futon market, a significant factor in its competitive performance. Moreover, this enterprise has been relatively effective in cost control and resource management. MCC thus meets the criteria for an economically viable enterprise. In the light of the economic problems faced by MCC at the time of research we regard this enterprise as *potentially* the most viable among those under study.

Our evaluation of MCC is clarified when considering the situation in FSC. Considering (a) FSC's antagonistic relationship with Lancaster Steel, its key supplier and sole competitor and (b) its

history of underpricing products in relation to its major competitor, FSC is not performing competitively. In relation to cost control and resource management, this enterprise is beginning to take steps towards more adequate practices. The outcome of these steps, however, are still to be seen.

On a continuum of increasing economic viability on the basis of the definitional criteria used, SP and LBC rank lowest, with FSC placed towards the midpoint and MCC ranking highest.

b) Implications

These comparisons suggest that the following factors are among key components for economic viability in co-ops:

- (a) access to more than one customer and supplier;
- (b) strict cost control;
- (c) technical skill among members;
- (d) the production of quality goods;
- (e) the availability of working capital and
- (f) a specific marketing strategy.

Furthermore, they suggest a relationship between technical skill, the quality of products, the kind of market likely to be attracted, and economic viability. The experience of MCC - specifically, the high skill level of its members, the uniqueness and high quality of its products, and the upmarket niche in which it operates - is indicative of this relationship.

c) Sources of Finance

The SP obtains its revenue mainly from loans and grants from the CWB and from sales. The relative proportions of these sources of revenue are unknown. Revenue in LBC is derived mainly from financial aid and unpaid loans with the contribution from sales being minute. Similarly, FSC is financed mainly from long-term loans and other credit facilities. Payments on loans were planned to commence in 1990. As yet, little revenue is derived from sales. On the contrary, MCC obtains its revenue mainly from sales with a loan, being repaid on the terms agreed, as starting capital.

In terms of financial independence, the MCC is potentially the most economically viable of all the enterprises under study. In the light of developments in the FSC, namely, its membership of the CSFS, this enterprise is potentially more viable than either the SP or LBC. The LBC is clearly unviable. In the absence of quantitative information on the SP, we cannot provide a definite evaluation of its viability; we do, however, suspect that it is not viable. Further, the latter two enterprises show little potential for progress.

d) Key Economic Problems

Significantly, at the time of research, the enterprises under study were each in economic crisis. The reasons for and natures of each crisis were, however, very different.

The key problem in the SP is the continuous production of bad quality yarn due to a lack of spinning skills resulting in an accumulated stock of unmarketable yarn. In LBC, the key problem is financial mismanagement. The central problem in MCC is related to marketing and cash flow, while that in FSC is related to a history of unprofitability, serious liquidity problems and inherited accumulated debt. These differences indicate that some of these enterprises are worse off than others thus having a longer road to travel towards economic viability. In this regard, among the co-ops studied, the SP and LBC are furthest away from being economically viable, with FSC being slightly closer to potential viability, and MCC being potentially the most viable enterprise.

e) Key Economic Problems: Reasons and Obstacles to Solutions

The SP: The major obstacles include (a) a failure to test the feasibility of hand-spinning; (b) a lack of both production and management skills; (c) frequent changes in management and the employment (until recently) of inexperienced people in this capacity; and (d) the absence (until recently) of an economic development plan for the enterprise.

LBC: In this enterprise the major impediments include (a) a lack of financial resources; (b) the mismanagement of already scarce resources; (c) a lack of managerial skills and inexperienced

management; (d) ineffective support services; and (e) an organisational structure inconducive to economic viability.

MCC: At the time of research, the major constraints to viability in this co-op were (a) undercapitalisation and (b) a lack of specific management skills, namely, marketing skills.

FSC: In this co-op, the main stumbling blocks include (a) a lack of financial resources; (b) no access, initially, to effective loan finance, credit facilities and financial advice; (c) a bad credit record partially due to financial mismanagement because of an absence of managerial skills; and (d) an enormous accumulated debt figure.

In essence, the obstacles in SP amount to ineffective support services on the part of the CWB for the purposes of building an economically viable enterprise. The impediments in LBC are embedded in various sources. One of these is lack of capital among the unemployed and financial dependence fostered in a context of easily available financial aid. Another is the power dynamics among the members of LE in the context of conflict over scarce material resources, and an organisational structure unable to interrupt such conflict. The constraints in MCC derive from the growth and development of the enterprise, while those in FSC are embodied in the consequences of a worker takeover of an already unprofitable firm stripped of its liquid finance.

These comparisons suggest the following:

1. that the key constraints to economic viability in the co-ops are lack of finance and managerial skills;
2. that the kinds of economic problems faced by the enterprises differ depending on the stage of cooperative development;
3. that there is a relationship between organisational structure and economic viability and
4. that constraints to economic viability are both contextual and internal to the enterprises, although the latter probably dominate.

f) Provision of Members' Material Needs

The ability of an enterprise to provide its members with living wages is a further factor determining its viability. Philip (1988: 145) estimated the average wages in South African co-ops at R144 monthly, with R280 being the highest wage. On the basis of this evidence, she notes that co-ops have "limited potential to provide an economic alternative to wage labour" (ibid.). In the light of this evidence, we proceed to examine the wages paid in the co-ops under study.

Wages in the SP range from R80 to R200 monthly; in LBC wages are between R40 and R160 monthly. Wages in MCC range from R200 to R400 monthly, with the manager's monthly salary being just over R1 000. Monthly wages in FSC range from Z\$ 254 to Z\$ 532, the latter being member-managers' remuneration.

In relation to the average wage in South African co-ops as estimated by Philip (1988), wages in the SP and LBC fit into the average wage category for co-ops. In comparison with this

estimation, however, MCC's average wages are almost three times as much. This suggests that like most co-ops in SA, both the SP and LBC are not providing for their members' material well-being and, in this respect, are economically unviable. MCC, on the other hand, is much closer to providing for its members materially making it potentially viable.

We do not have figures for living wage levels in Zimbabwe at the time, nor do we have an average figure for income in co-ops. Nevertheless, compared to the minimum wage level in the industrial private sector in Zimbabwe at the time of research, namely, Z\$ 150 monthly (Interview 4.1), wages in FSC compare favourably. In addition, compared to wages in agricultural co-ops, namely, Z\$ 80 monthly (Interview 4.1), FSC's wages once again compare favourably.

In the light of these favourable comparisons, FSC is relatively successful at providing for members' material needs. Furthermore, considering the regular wage increases in this co-op, FSC is working towards improving its members' material well-being. Considering, however, the precarious economic state of the enterprise, we would argue that it is economically better off than the SP and LBC, but generally worse off than MCC.

4. Cooperative Consciousness

a) Introduction

In this section we use our attempts in the case study material to suggest possible implications of particular perceptions within the co-ops studied, to compare levels of consciousness.

A significant similarity among the co-ops studied is the occurrence within enterprises of different perceptions of a co-op. We have attributed these differences to variations in people's positions in broader society as well as in the co-op. When considering the latter variations, managers differ from producers in their perceptions. Furthermore, in FSC, there are variations among producers' perceptions which can be attributed to different types of consciousness among producers. We proceed by comparing, firstly, producers' perceptions and the implications for co-op consciousness and development, and secondly, managers' perceptions and the implications.

b) Producers' Perceptions of a Co-op

Most producers in the SP and LBC were unemployed and formed and/or joined the enterprises because they needed income for survival. This similarity has resulted, firstly, in the absence of a frame of reference to cooperation among these producers. Secondly, it has resulted in a close resemblance in the consciousness among these producers. In both the SP and LBC,

producers' understandings of a co-op are based on their material need for survival irrespective of the organisation of the work environment. These perceptions imply (a) that these co-ops are simply one survival strategy among others and (b) that in the event of materially more rewarding strategies, the cooperative can be sacrificed. We have argued that such consciousness places limits on the development of the enterprises into economically viable, self-sustaining, cooperative economic units able to provide relatively secure employment.

Although FSC was formed to save jobs for survival in the face of unemployment, these producers, unlike those in the SP and LBC, have their immediate experience of work in M&D Enterprises against which to compare their situation in the cooperative. This gives them some frame of reference to co-operation. Varying perceptions among producers in FSC, however, indicate different types of co-op consciousness: (a) for some the enterprise is a survival mechanism; (b) for others it is seen as an organisation with the potential to provide job security. We have already suggested the limits placed on co-op development by the first type of consciousness. The second type of consciousness may, on the other hand, imply a commitment on the part of producers to the long-term viability of the enterprise as an economic unit.

With regard to FSC, however, we have not interviewed a representative sample of producers. This means that we cannot make any firm conclusions regarding the state of co-op

consciousness in this enterprise. We can, however, speculate that should the majority of producers see the enterprise as a survival strategy, this implies little, if any, commitment to its long-term economic success. On the other hand, should the majority of producers see the enterprise as potentially able to provide job security, this implies some commitment to its long-term economic success. Should there be a balance of producers with each type of consciousness, tensions are likely to arise. For example, producers with a view to long-term success will be more inclined to invest in the enterprise than those without such a view. In this regard, those who see the co-op as a survival strategy will want to increase their immediate material rewards rather than invest funds in the co-op. So, in comparison with types of consciousness in the SP and LBC, some producers in FSC have similar consciousness while others do not.

Unlike in any of the other co-ops studied, members in MCC joined the enterprise not only for material reasons, but also because of its particular form of organisation. This is clearly reflected in the relevant quotations in which the central idea is that MCC is different from other enterprises because of the absence of 'baasskap'. This common central idea is based in the producers' common work experiences characterised by power relations based on interlinking class and race relations. These common experiences form a relatively firm basis for an initial frame of reference to cooperation in MCC. The presence of such a frame of reference has had positive implications for the development of the enterprise.

One such positive effect is reflected in the continuous negotiation around authority in the sphere of management and the consequent refining of this relationship to suit the needs of the co-op.

Significantly, from producers' points of view, the basis for tensions around the management relationship differs in MCC and FSC. In the former enterprise the tension revolves mainly around the negotiation of authority, while in the latter it is about the distribution of surplus and benefits. These significant qualitative differences show that the struggles around management in MCC reveal more advanced member-consciousness than in FSC.

Along a continuum of levels of producers' cooperative consciousness, and on the basis of the suggested implications of types of consciousness, we rank the SP and LBC lowest, with FSC following closely ahead of them in the lower ranks, and MCC placed just above the mid-point.

c) Significance of these comparisons

These comparisons suggest, firstly, that there can occur different types of consciousness among producers. Secondly, they reveal a relationship between the type of consciousness of producers and the long-term development of the cooperative. In this regard, a consciousness which is self-centred in the short-term is likely to be detrimental in the long-term. By contrast, a

consciousness which is organisation-centred and concerned with long-term self-interests is likely to have positive effects on co-op development. Furthermore, there is a relationship between producers' consciousness and the stage of cooperative development. The experience of MCC is indicative.

d) Managers' Perceptions of a Co-op

The general perception among managers in all the co-ops, with the exception of Mr Langa in LBC, is that cooperatives are similar to privately owned enterprises in that they are economic enterprises, but different in their organisational, decision-making, and ownership structures. This recognition on the part of managers, more especially member-managers, of the economic function of a co-op as fundamental has positive implications for their long-term commitment to the development of the enterprises. The position of managers in the cooperative as a whole, however, specifically their ultimate responsibility for the economic success of the enterprise, and the consequent emphasis in their perceptions on the economic function of the co-op can conflict with democratic organisation in the enterprise. This is evident in the development of technocratic management in FSC, for example.

This suggests a tension between the two key goals of a cooperative: economic success and democratic organisation.

Further, the difference in managers' and producers' perceptions suggests a tension between these two constituencies in a co-op.

V. Conclusions

Our comparison of the contexts in which the co-ops operate lead us to conclude, firstly, that the enterprises face similar constraints. Some of these are reflected in the constraints identified in chapter one. Some of the key constraints, however, namely, (a) illiteracy and severe lack of education and (b) the impact of the legacy of colonialism on cooperators' actions and consciousness are specific to a 'third world' context and do not appear among those listed in chapter one. These specific obstacles to cooperative development have significant implications for both theory and practice in the field.

Secondly, we conclude that cooperative development in South Africa is embryonic compared to the relatively more advance movement in Zimbabwe. The struggles of OCCZIM and the CSFS offer significant lessons for co-ops in SA in relation to the organisation of cooperatives in society. Specifically, the struggles of the collective co-op movement in Zimbabwe highlight the importance for co-op organisation of (a) a well-organised co-op movement independent of both the state and aid organisations and (b) an integrated cooperative service organisation such as the CSFS.

Despite this state of the South African cooperative movement, however, there is some basis for its future development. Firstly, the history of a strong working class movement in SA provides a solid base for a growing co-op movement; and secondly, in the light of new political developments in SA, the current absence of state support for South African co-ops is likely to change in the future. Among the key challenges of a future South African state would be to counter dependency among co-ops.

When comparing the co-ops at a general level, we find among the key similarities a major concern with material survival. This feature of cooperative activity is very different from activities which form the basis for the theory presented in chapter one. In the latter ventures, ideological reasons for cooperative formation are paramount. This particular feature of cooperative activity in Southern Africa has significant implications for both theory and practice in the field. We have pointed to some of these implications in the sections on cooperative consciousness.

Our examination of general differences among the enterprises indicates that some are worse off than others in certain respects, for example, education, financial resources and managerial skills. This leads us to conclude, firstly, that cooperative development is a process involving various stages of development.

In the next and final chapter we present the research findings and conclusions of this work.

Chapter Eight

Cooperative Development: A Process Research Findings and Conclusions

I. A Reminder: Objectives of this Work and Questions Asked

The objectives of this work as stated in the introduction are

- (a) to assess the degree of participatory democracy in each of the enterprises studied and
- (b) to explore whether cooperative development is a process involving various stages of development with different degrees of democracy.

Corresponding to the first objective we asked the following questions:

- (a) To what extent are the co-ops under study democratic in their practices?
- (b) Are these enterprises progressing towards democratisation?
- (c) Do the cooperatives under study have the potential to develop into effective and sustained PDOs?
- (d) Is there a relationship between the specific organisational structure of an enterprise and its economic viability?

Corresponding to the second objective we asked the following questions:

- (a) Is cooperative development a process involving different stages of development?
- (b) If so, what are the stages of development of the enterprises under study?
- (c) What are the criteria which characterise these stages of development?
- (d) What are the implications for cooperative organisation, development and services?

Thus far we have presented a case study of each enterprise in our attempt to assess (a) its degree of participatory democracy; (b) its potential to develop into a PDO in the long-term and (c) its stage of development. The purpose of this chapter is to briefly

present the research findings and conclusions. Furthermore, in this chapter we attempt to show how the empirical work for this dissertation enhances Brecker's (1988) insights regarding cooperative development as a process.

II. Significant Findings and Conclusions

1. A significant finding of the case studies is that material factors are primary in the formation and cohesion of the co-ops studied. This challenges Rothschild and Whitt (1986) who maintain that material incentives are secondary while ideological factors are primary in the formation of co-ops. Our conclusion in this regard is that co-ops in 'third world' contexts characterised by low levels of education and skill, poverty and unemployment are formed primarily for material reasons in people's attempts to survive. This has significant implications for the types of constraints faced by co-ops.

2. Among the most common internal constraints to cooperative development in the enterprises studied are similar to those identified in chapter one and include

- (a) a **lack** of managerial and technical skills;
- (b) a **severe** lack of financial resources and
- (c) the **absence** of democratic norms and procedures.

The following more specific constraints are especially

significant findings:

- (d) a severe lack of basic education among general members;
- (e) relationships of dependency between co-ops and service organisations and
- (f) a 'survival consciousness' among most co-op members.

With regard to (d) above, we conclude that the lack of basic education is a key constraint to effective participatory democracy in the co-ops studied. Considering that cooperators' level of education has direct implications for (a) their effective control over delegated management; (b) their effective participation in decision-making and (c) the maintenance of such control and participation, this constraint can have severely debilitating effects on the development of cooperative organisations. The specific experiences of LBC and FSC provide evidence of such effects.

Thus, Szell's assertion is confirmed by our findings: that the right consciousness is not sufficient for participation, workers' control, and self-management; instead, a *general level of competence among participants* in combination with the right consciousness is necessary for effective cooperation (1989: 12).

3. A further significant finding is that the relationship between co-ops and supporting service organisations has important implications for the development of both democracy and viability in recipient cooperatives. These implications have been dealt with in detail in chapter seven. This relationship, the experience of service organisations in co-op development and their practices have a significant influence on the future development of the enterprises.

The diverse implications of the cooperative-service organisation relationships discussed in this work lead us to conclude that the CSFS provides a useful model from which service organisations can draw significant lessons. The CSFS experience suggests, firstly, that service organisations should strive for relationships with donor agencies which are in the interests of cooperative autonomy. Secondly, cooperators should exercise control over the activities of service organisations. Furthermore, the CSFS embodies some of Cornforth's (1989) suggested solutions for dilemmas facing service organisations. These include (a) building links between co-ops with a view to developing mutual assistance and (b) institutionalising cooperation between co-ops.

4. We further find that when co-ops are formed as strategies of survival, the long-term success and development of the enterprise as a cooperative is not a key goal for producers'. This is a major obstacle to cooperative development and suggests that the cooperative form of organisation may not be suitable in a context of material desperation and low skill and education levels. The experiences of the SP and LBC are indicative. These enterprises were formed for reasons of material survival and are characterised by little potential for development into cooperatives over the long-term.

5. In addition, there is a relationship between organisational structures of the enterprises and their economic viability and efficiency. This relationship gives rise to a tension between

democratic organisation and economic viability. In this regard we suggest that there is a threshold of participation at which these two aspects of co-op development can be balanced. The system of delegated authority and of clearly practicable accountability mechanisms practiced in MCC provides an example of such a balance.

This leads us to conclude that

(a) economically efficient democracy requires some hierarchy and
(b) efficient cooperative management relies on delegated authority which is regularly checked through practicable accountability mechanisms. In this regard, Abell's (1981) conceptualisation of organisational democracy is useful and relevant. He notes that "there is no reason to suppose a democratic organisation will operate with a consensus" (1981: 263) and that one should not equate democratic organisation with the demise of hierarchy (1981: 264).

6. Lastly, we find that members in different positions in the cooperatives studied have different conceptions of cooperation. From this we conclude that cooperative consciousness is not a homogeneous objective entity. Instead, it is essentially subjective and influenced by experience both within the enterprise and in broader society. Furthermore, members' consciousness is one among many factors which influences cooperative practice.

III. Conclusions in Relation to the Theory

In terms of Abell's (1981) five principles of democracy and Bernstein's (1976) minimally necessary conditions for sustained democratisation, we find that the SP and LBC exhibit low degrees of participatory democracy with little sign of progress towards increased democratisation. FSC is also characterised by a low degree of participatory democracy. In the case of this co-op, however, there are signs of beginnings of progress towards increased democratisation. This is manifested in its role in establishing the CSFS and in its improved managerial performance, specifically with regard to management's accountability to the enterprise.

In the light of FSC's emphasis on economic viability and the development of technocratic management, democratisation can be seen as second priority in FSC at this time of its development. When viewed as a process, it is, however, too early to assess whether democratisation will continue to take second place. In the light of its close links with the CSFS, and the latter's emphasis on the relationship between viability and democracy, we would argue that FSC is more likely to confront its obstacles to increased democratisation than is possible in LBC. By contrast, MCC shows a relatively higher degree of democracy with definite signs of movement towards building increased democracy.

Furthermore, when considering Bernstein's (1976) minimally necessary conditions for effective and sustained participatory

democracy, none of the enterprises studied, with the exception of MCC, reflect these conditions. This leads us to conclude that none of the co-ops studied, excepting MCC, are likely to develop into sustained PDOs unless they work towards creating an environment in which the necessary conditions exist.

In the light of Brecker's (1988) identification of stages of development, we conclude that the SP is a pre-cooperative, the LBC is non-viable, while MCC and FSC are potentially viable.

IV. Cooperative Development: A Process

Brecker (August, 1988) in his writings on the Zimbabwean experience, identifies four stages of cooperative development:

- (1) the pre-cooperative stage;
- (2) the non-viable stage;
- (3) the potentially viable stage and
- (4) the completely viable stage.

Each of these stages of development is characterised by different economic, organisational, ideological, and political features.

In the following paragraphs we attempt to show how the empirical work for this dissertation enhances Brecker's (1988) insights. Specifically, using the case studies, we attempt to expand on his characterisation of each stage of development. In addition, we distinguish between the essentially abstract stages of co-op development and the reality of this process. Finally, we suggest some practical implications of these stages for service organisations and cooperatives.

A. The Pre-cooperative Stage

The SP exhibits features of a pre-cooperative. On the basis of this case study we suggest the following additional characteristics of a pre-cooperative in a 'third world' context.

A co-op at this stage of development usually involves a small group of people producing goods on a small scale. In most cases in SA these people are poor, unskilled, unemployed, black, and often illiterate and innumerate. Their socio-economic position in society contributes largely to the lack of material resources such as money and equipment in pre-coops. Often low skill levels result in the production of products of poor quality which are unable to sell competitively on the market.

The previous work experiences of such people are usually in capitalist firms as unskilled wage-labourers under the authority of white (and in some cases, classified Coloured) supervisors. In some cases these people have been involved in trade union activity, while in other cases they have been continuously unemployed and sometimes involved in organisations for the unemployed. In the case of black women, their previous work experiences are predominantly as domestic workers and/or 'housewives'.

Typically, in societies with histories of colonial / racial domination the membership of pre-coops is characterised by a sense of powerlessness rooted in their historical position of subordination in society. In the context of high and rising unemployment in such societies, co-ops often serve as means of survival. People from the marginalised and unemployed population are most likely to form or join co-ops in SA.

Considering their previous work experiences, the people involved in pre-coops thus have little or no understanding of cooperative production, ideology, and organisation. In addition, they have little or no experience of operating an economic enterprise and of managing any such venture. They are thus unable to conceptualise the functions of a co-op as an economic organisation. Furthermore, a preoccupation with material survival in co-ops of the unemployed hinders the development of a conceptualisation of the cooperative form of organisation. Cooperative consciousness is thus highly undeveloped at this stage of development.

Such enterprises are sometimes voluntary associations and other times initiated by people and/or organisations other than the members themselves. On the one hand, political leaders and/or elders in the community initiate cooperatives. On the other hand, political, religious, and community development organisations and/or organisations with social responsibility programmes are also actively involved in initiating such ventures.

The basic cohesive factor in pre-cooperatives is usually the need for employment. The major concern among members of pre-cooperatives is the need for material survival. The small scale of such co-ops combined with the lack of experience among members of such forms of organisation usually contributes to their relatively simple level of organisational development.

B. The Non-Viable Stage

Brecker's (1988: 8) characterisation of non-viable co-ops includes that they have insufficient management skills and material resources in the form of assets and reserves; are characterised by subsistence levels of income and are not yet capable of generating a surplus sufficient to both sustain members and reinvest in expanded production.

In addition, the experience of LBC suggests that the basic factors of cohesion in such enterprises include, firstly, access to employment even though remuneration is meagre and sometimes non-existent and, secondly, the hope that 'things will eventually work out'. The major concern among members of non-viable co-ops is how best to meet their need for survival. In non-viable co-ops the members usually contribute long hours of hard work, often for little or no pay, in the hope that some day in the near future they will benefit from their sacrifices. These sacrifices, however, are usually made in a context where the members do not

have a conception of the broader factors which have an impact on the operation of their enterprise.

Organisationally, such enterprises are relatively undeveloped. Often one person dominates and makes decisions and/or the enterprise is controlled by the organisation funding it. Thus, non-viable co-ops are often characterised by a 'leader-follower' syndrome - a situation which perpetuates powerlessness among the members. Such enterprises usually barely survive on the crisis management techniques used by the 'leader' and the 'contacts' / 'connections' the leader may have when the co-op needs help.

C. The Potentially-Viable Stage

According to Brecker (1988: 8), cooperatives at this stage of development have overcome the basic weaknesses of pre-coops and non-viable co-ops. Such co-ops are characterised by a capacity for planning towards producing a surplus because they have the minimally necessary managerial skills. Furthermore, such enterprises are actively engaged in production for the market with their major problems being enterprise growth and discrimination from conventional financial institutions.

In addition, such enterprises are usually relatively versatile in their ability to survive. The major concern among members of potentially viable co-ops is, however, 'in what form do we survive?'. .

D. The Completely Viable Stage

Completely viable cooperatives are economically competitive enterprises. They are equipped with the required level of managerial skill of which forward planning is an integral part. Such enterprises have established and well coordinated organisational and production structures which contribute to economically viable and efficient productive activity. Viable co-ops have secured a gap in the market and are able to sell their produce at competitive prices. They have passed the initial stages of enterprise growth and are financially secure in terms of both liquid and fixed capital resources.

As noted by Brecker (1988: 9), cooperatives at this stage of development are capable of obtaining financial assistance on the open money market in the form of credit, loans, and/or bank overdrafts. Furthermore, such enterprises have continuous access to the required technical assistance and are able to budget for the cost of such assistance. Such assistance may be available in various forms, for example, by the presence of co-op members with specialised skills, and/or by access to a secondary cooperative specialised in rendering such services to co-ops.

Viable co-ops are thus organisationally well-developed enterprises with an established support network. With regard to cooperative consciousness, members of viable cooperatives have a

clear understanding of both the primary economic goals and functions of their enterprise, and of the goal of democratisation. Furthermore, members proceed to engage in constant evaluation of the fulfillment of these goals in relation to the continued growth of the enterprise and the changing needs of its membership.

With reference to the case studies, our observation that MCC is potentially more viable than FSC points to variations within the potentially viable stage of co-op development. This indicates that in reality, co-ops do not fit perfectly into any one of the above stages of development. This leads us to distinguish between the abstract characterisation of stages of development as presented above, and the 'real' process of cooperative development as experienced by existing enterprises.

V. Abstract Stages *versus* 'Real' Process

It is important to note that the stages of cooperative development as described above represent only theoretical constructs for the purposes of enhancing our understanding of cooperative development as a process. In reality this process is not as smooth as these stages appear to suggest. This means that no one cooperative will exhibit all the features of a particular stage of development (as described above) at one time. Some co-ops may have the organisational and economic characteristics of the later stage(s) but political or ideological characteristics

of the earlier stage(s) of development. This 'uneven' development results from the fact that cooperators learn through experience and their conscious reflection and action on the basis of this experience. It is through this process that a cooperative form of organisation, consciousness and ideology develops over time. Such forms of organisation, consciousness, and ideology grow or develop with differential experiences of success in cooperative production and organisation.

Uneven development also results from the various factors at play during the initial formation of the enterprise. For example, a co-op formed through taking over an established capitalist firm, for example, FSC, is more likely to have immediate access to forms of organisational and productive structures than a co-op formed by a group of people who have been retrenched and thus have to build an enterprise 'from scratch'. As indicated in the previous chapter, however, access to more complex organisational and production structures as in the case of FSC, for example, does not necessarily imply greater degrees of democracy and/or accountability.

Despite the phenomenon of uneven development, however, there are real categories of co-ops and transitional phases in co-op development (Brecker, August, 1988: 9). This is manifested in the existence of cooperatives with different needs and requirements for continued survival and/or growth as spelt out by Brecker (1988) and presented in chapter one.

VI. Practical Implications of this Theory

Like all theory, this theory of cooperative development as a process has important implications for the practices of both service organisations and co-ops themselves.

A. Implications for Practice: Service Organisations

Brecker (August, 1988: 7) writes that "no two co-ops are the same...they grow at different paces, require different levels of inputs, and reach "take-off" at different times". This implies that service organisations need to recognise that different co-ops have different requirements by virtue of their stages of development. In addition, this implies that cooperatives require assistance throughout their development and not just in the initial stages of formation. For service organisations this implies a long-term commitment to provide the services required by co-ops during their development and to respond timely and effectively to the changes in these requirements.

Such a commitment is necessary to the process of building successful cooperative enterprises capable of contributing to a strong cooperative movement. Such commitment, however, does not imply the continual dependence of co-ops on such services and/or organisations. The method of providing services is of importance

in this regard - either this method creates dependency or it facilitates self-reliance.

Brecker (August, 1988) in his writings on the Zimbabwean experience points to some practical implications for service organisations with specific reference to the stages of cooperative development as described above. These have been dealt with in chapter one.

In sum, the practical implications for service organisations of the theory of cooperative development as a process are that co-ops at different stages of development require services and assistance suited to these stages. This implies that either all types of organisations in this capacity must provide all the different services required by various co-ops, or that such organisations themselves engage in cooperative activity aimed at spreading the varied service tasks. In the case of service organisations which initiate(d) co-ops the implication is a continued responsibility to support the enterprises throughout their development with a continuous sensitivity to their changing requirements due to this development.

In addition to the implications for service organisations, this theory of cooperative development as a process involving stages and transitional phases, has practical implications for cooperatives.

B. Implications for Practice: Cooperatives

The practical implications for co-ops of the perception of cooperative development as a process relate to the ways in which co-ops at different stages of development can learn from each other. In this regard, it is important for cooperatives to recognise that they cannot simply take practices utilised in one co-op, implement these in their own enterprise, and expect the same results. Instead, for pre-cooperatives to learn most effectively from potentially viable co-ops, for example, it would be important to trace the path of development required by a specific pre-coop in relation to the specific development of a co-op at a later stage of development.

Essentially, co-ops in formation need to set aims and objectives in planning their development. Learning from more experienced co-ops can be useful in setting these aims and objectives. In addition, learning from more experienced co-ops in itself contributes towards building cooperative organisation and consciousness. Thus, the practical process of cooperative development when accompanied by the conscious reflection and action of cooperators themselves represents a praxis. People learn the tools and skills needed to form a successful co-op at the same time as they work towards building a successful co-op. Experience, both past and present, and conscious reflection and action on the basis of this experience are important components of the learning process involved in building a successful co-op.

VII. In Sum

The case studies and comparative analysis presented in this dissertation have attempted to address the objectives set and the questions developed for examination as presented in the introduction. We conclude that cooperative development is a process involving stages characterised by various degrees of participatory democracy, economic viability and organisational development. In addition, different stages of co-op development are characterised by different levels and types of cooperative consciousness. Brecker's (1988) identification of these stages as (a) pre-cooperative; (b) non-viable; (c) potentially viable and (d) completely viable is useful when conceptualising cooperative development.

From our analysis and observations in the field and following Brecker (1988), we have characterised each stage of co-op development by referring to the most likely qualities of co-ops at each stage of development. Significantly, we point out that no one cooperative perfectly fits all the criteria listed for a particular stage of development. This observation is supported by the empirical work presented in the case studies and analysed in the comparative analysis. Finally, and importantly, we note some of the practical implications for cooperatives of the view that cooperative development is a process involving various stages of development.

Bibliography

Secondary Sources

- Abell, P.: 'A Note on the Theory of Democratic Organisation' in *Sociology*, VOL. 5, pp. 263-264, 1981.
- Abell, P.: 'Hierarchy and Democratic Authority' in *Work and Power*: eds. Burns, T. R., Karlsson, L. E., and Rus, V.: Sage, London; California, 1979.
- Anonymous: 'Organising the Unemployed: Interview with the UWCC', *SALB*, Volume 12, No. 2, 1987.
- Anonymous: 'A Report on Tiakeni Textiles Cooperative Ltd.: Workshop on Cooperatives, FEP, Botswana, 1983.
- Anonymous: 'Some Issues on Cooperatives and South Africa': Unpublished paper.
- Anti-mass: 'Anti-mass - methods of organisation for collectives' in *Re-inventing Anarchy*: eds. Ehrlich et al: Routledge and Kegan Paul, London, 1979.
- Archer, S., Bromberger, N., Natrass, N., and Oldham, G.: 'Unemployment and labour market issues - a beginners' guide' in *The Political Economy of South Africa*, Natrass, N. and Ardington, E. (eds.), Oxford University Press, Cape Town, 1990.
- Attwood, D. W.: 'Does Competition Help Cooperation?' in *Journal of Development Studies*, Vol. 26, No. 1, 1989, pp. 5 - 27.
- Avasthi, A.: 'The Prospects of Industrial Democracy in the Context of the Proposed New Educational Policy in India' in *The State, Trade Unions and Self-Management - Issues of Competence and Control*: Szell, G., Blyton, P., and Cornforth, C., (eds.), Walter de Gruyter, Berlin & New York, 1989.
- Bailey, J.: *The British Cooperative Movement*: Hutchinsons University Library: 1955.
- Bailey, K.D.: *Methods of Social Research*: New York, Free Press, 1982.

- Balawyder, A. (ed.): *Cooperative Movements in Eastern Europe*: London, Macmillan Press, 1980.
- Bate, P. and Carter, N.: 'The future for producers' co-operatives' in *Industrial Relations Journal*, VOL. 17 (1), pp. 57-70, 1986.
- Baumann, T.: 'Class, Crisis and Hegemony: A Critique of Saul and Gelb's *The Crisis in South Africa*: Unpublished Paper, UCT, 1989.
- Baumann, T.: 'Zimbabwe Ten Years On: a Critical Survey of Social and Economic Policy': Paper presented to Assa Conference, Stellenbosch, July, 1990.
- Bernstein, J. and Ross, K.: 'The Ikhwezi Woodworkers: Problems and prospects for co-operative production in Grahamstown': unpublished research paper, October 1987.
- Bernstein, P.: *Workplace Democratisation - Its Internal Dynamics*: Transaction Books, New Jersey, 1983.
- Bernstein, P.: 'Necessary Elements for Effective Worker Participation in Decision Making' in JOURNAL OF ECONOMIC ISSUES, VOL. X (2), pp. 490-522, June 1976.
- Blasi, J., Mehrling, P., and Whyte, William F.: 'Environmental influences on the growth of worker ownership and control' in *International Yearbook of Organisational Democracy (IYOD)*, Ch. 15, Vol. 2, 1984.
- Blyton, P.: 'Introduction - Education and Competence' in Szell *et al*, 1989.
- Blyton, P.: 'Introduction - The State and Self-Management' in Szell *et al*, 1989.
- Bonnin, D.: Class, consciousness and conflict in the Natal Midlands, 1940-1987: the case of the BTR Sarmcol workers: Unpublished Thesis, University of Natal, Durban, 1987.
- Bottomore, T.: *Dictionary of Marxist Thought*
- Brecker, C. T.: 'Collective Self-Finance Scheme - An Appraisal': Unpublished paper, Harare, June, 1987/8.

- Brecker, C. T.: *The Impact of External Assistance upon the Collective Cooperative Movement in Zimbabwe*: M. Sc. Dissertation, Department of Economics, University of Zimbabwe, 1987.
- Brecker, C. T.: 'Credit for Development - A Comparison of Two Schemes': A CSFS Discussion Document submitted to MCCDWA and COPLA, August, 1988.
- Brecker, C. T.: 'NGO's in and within Transition in Southern Africa - Case Study: The Collective Self-Finance Scheme': Unpublished paper, October, 1989.
- Brecker, C.: 'Credit For Development - A Comparison of Two Schemes': A CSFS Discussion Document submitted to MCCDWA and COPLA: 1987/8.
- Cable, J. R. and Fitzroy, F. R.: 'Efficiency, Incentives, and Employee Participation' in KYKLOS VOL. 33, 1980.
- Cassim, F.: 'Economic Crisis and Stagnation in South Africa' in *South African Review Four*: SARS (eds.), Ravan Press, Johannesburg, 1987.
- Cooperative Development and Marketing: Cooperative Development and Marketing, Annual Report, 1986.
- Central Statistical Service: Statistical News Release: Statistically Unrecorded Economic Activities of Coloureds, Indians and Blacks, October, 1989: South African Government Publication, March, 1990.
- Chitsike, L. T.: *Report on the Review, Study and Effective Co-ordination of Co-operatives*: Zimbabwe Government Publications, 1986.
- Cobbett, W. and Cohen, R. (eds.): *Popular Struggles in South Africa*: 'Introduction: Popular Struggles or One Struggle: Dilemmas of Liberation': James Currey, London, 1988.
- Cobbett, W.; Glaser, D.; Hindson, D.; and Swilling, M.: 'A Critical Analysis of the South African State's Reform Strategies in the 1980s' in *Popular Struggles in South Africa*: Cobbett, W. and Cohen, R. (eds.): James Currey, London, 1988.
- Cockburn, C.: *Machinery of Dominance* : Preface, Introduction, Chapters 1, 8 : Pluto Press, London, 1985.

- Collins, A.: 'Producer Cooperatives in the Northern Region of South Africa. 1978-1987': SALDRU Working Paper No. 77: February, 1990.
- Cormack, G.: "The SACTWU Co-operative" in in Anstey, M. (ed), *Worker Participation: South African Options and Experiences*, Juta and Co., Ltd., Cape Town, 1990, pp. 213-224.
- Cornforth, C.: 'The Role of Support Organisations in Developing Worker Co-operatives: A Model for Promoting Economic and Industrial Democracy? in *The State, Trade Unions and Self-Management - Issues of Competence and Control*: eds. Szell, G., Blyton, P., and Cornforth, C., Walter de Gruyter, Berlin; New York, 1989.
- Collective Self-Finance Scheme: 'Co-ops confront finance problems - Organising a self-finance Scheme' in *Workteam* 7, pp. 27-29, 1989.
- Collective Self-Finance Scheme: *Newsletters*, Nos. 1 to 4, October, 1988 to July, 1989.
- De Leon, D.: 'For democracy where we work: a rationale for social self-management' in *Re-inventing Anarchy*: op. cit.
- De Moraes, C. S.: *Notes to a Theory of Organisation*: Gaborone Printing Works: Undated.
- Dominelli, L.: 'The Impact of State Intervention on Workers' Control: A Case Study of Autogestion in Algeria' in *The State, Trade Unions and Self-Management - Issues of Competence and Control*: eds. Szell, G., Blyton, P., and Cornforth, C., Walter de Gruyter, Berlin; New York, 1989.
- Ehrlich, H. J.: 1979a: 'Anarchism And Formal Organisations - Some Notes On The Sociological Study Of Organisations From An Anarchist Perspective'
- 1979b: 'The Logic of Alternative Institutions' in *Re-inventing Anarchy*, eds. Ehrlich et al: Routledge and Kegan Paul, London, 1979.
- Employment Law: 'Singing For Their Supper - Life In A Union Factory' In *Employment Law*, Vol. 6, No. 2, 1989, pp. 40-42.

- England, R.: 'Zimbabwean Co-ops and Class Struggle' in *SALB*, 1987.
- Etkind, R.: 'Co-operatives and Socialism - Some Perspectives on Co-operative Management' in *Transformation* 9, 1989, pp. 51 - 65.
- Etkind, R.: 'Cooperatives and Socialism - Some Perspectives on Co-operative Management' in *Transformation* 9, pp. 51-65, 1989.
- Financial Mail*: 6 July, 1990: 'Another Week', p. 6.
- Fitzroy, F., Kraft, K. and Wilson, N.: 'Producer Co-operatives and Worker Participation in International Perspective' in *International Yearbook Of Organisational Democracy Vol. 2*, pp. 215-231, 1984, eds. Wilpert, B. and Sorge, A.
- Fencing Services Cooperative: 'Keeping a finger on the financial pulse - Management controls at Fencing Services' in *Workteam* 8, p. 11, 1990.
- Gamson, Z. F. and Levin, H. M.: 'Obstacles to the Survival of Democratic Workplaces' in *Worker Cooperatives in America*: eds. Jackall, R. and Levin, H. M., University of California Press, Berkeley; L. A.; London, 1984.
- Gashumba, C. H. et al: *Regional Co-operative Development Decade 1985 - 1995: Progress Towards Self-Reliance*: ICA, Tanzania, March, 1988.
- Gauldin, S.: 'Women and the Co-operative Movement: An Analysis of "Free Space"': Unpublished paper, Independent Project, CSA Zimbabwe, December, 1989.
- Gelb, S.: 'Making Sense of the Crisis', *Transformation* 5 (1987).
- Gelb, S.: 'Democratising Economic Growth: Alternative Growth Models for the Future' in *Transformation* No. 12, 1990, pp. 61-89.
- Gelb, S.: 'South Africa's Economic Crisis: an overview' Chapter 1 in Gelb, S. (ed.): *South Africa's Economic Crisis*, David Philip, Cape Town, 1991.
- Gov't of Zimbabwe: Co-operatives Societies Bill, Fifth Draft, 21 Jan., 1988: Government Publication, 1988.

- Gov't of Zimbabwe: *Zimbabwe Government Policy on Co-operative Development*, Ministry of Lands Resettlement and Rural Development, Harare, Oct., 1983.
- Greater London Enterprise Board (GLEB): *A Strategy for Cooperation: Worker Co-ops in London*, GLEB: London.
- Green, P.: 'Sarmcol Co-ops' in *SALB* Vol. 11, No. 4, 1986.
- Greenberg, E. S.: *Workplace Democracy - The Political Effects of Participation*: Chs. 6, 7: Cornell University Press, London, 1986.
- Hacker, S.: 'Gender and Technology at the Mondragon System of Producer Cooperatives' : in *Economic and Industrial Democracy*, Vol. 9, 1988, pp. 225 - 243.
- Hindson, D.: *Pass Controls and the Urban African Proletariat in South Africa*: Ravan Press, Johannesburg, 1987.
- Hofmeyr, J.: 'Black wages: the post-war experience' in *The Political Economy of South Africa*, Natrass, N. and Ardington, E. (eds.), Oxford University Press, Cape Town, 1990.
- Holmen, H.: *State, Cooperatives and Development in Africa*: Research Report no. 86: The Scandanavian Institute of African Studies, Uppsala, 1990.
- Houghton, D.: *The South African Economy*: Oxford University Press, Cape Town, 1967.
- Hudson, P.: 'The Economy - Introduction' in *South African Review One*: SARS (eds.), Ravan Press, Johannesburg, 1983.
- Industrial Common Ownership Movement: *No Single Model - Participation, Organisation, and Democracy in Larger Co-ops*: ICOM, Leeds, 1987.
- International Labour Office: *ILO Report 3 - Co-operatives - A review of co-operative development in the African region: Scope, impact and prospects*: Seventh African Regional Conference, Harare, Nov./Dec., 1988: ILO, Geneva, 1988.
- International Labour Office: *Women at Work, No. 1: Women's Participation in Cooperatives*, Geneva, 1987.

- International Labour Office: *The Dilemma of the Informal Sector*: Report of the Director General, Geneva, 1991.
- Innes, D.: 'Monetarism and the South African Crisis' in *South African Review Three*: SARS (eds.), Ravan Press, Johannesburg, 1986.
- Innes, D.: 'Monopoly Capitalism in South Africa' in *South African Review One*: SARS (eds.), Ravan Press, Johannesburg, 1983.
- Innes, D.: 'Privatisation: The Solution?' in *South African Review Four*: South African Research Service, Ravan Press, Johannesburg, 1987.
- Irvine, B.: 'The Psychological Effects of Unemployment: an exploratory study': Carnegie Conference Paper No. 126, Cape Town, 1984.
- Jaffee, G.: *Building Worker Cooperatives in South Africa*: LERC, Johannesburg, November, 1988.
- Jaffee, G.: "Worker Cooperatives: Their Emergence, Problems and Potential" in Anstey, M. (ed), *Worker Participation: South African Options and Experiences*, Juta and Co., Ltd., Cape Town, 1990, pp. 191-212.
- Jaffee, G.: 'Co-operatives: Facing the challenges of the future' in *Weekend Mail*, pp. 3, 4; supplement to *Weekly Mail*, August 17 to August 19, 1990.
- Jaffee, G.: 'Successes and Failures of Thusanang Co-op' in *SALB* Vol. 13, No. 3, 1988.
- Jaffee, G.: 'The Fight to Save Jobs: Union Initiatives on Retrenchment and Unemployment' in *South African Review Three*: SARS (eds.), Ravan Press, Johannesburg, 1986.
- Jaffee, G.: 'The Thusanang Workers in Brits: Lessons from Building a Cooperative': Paper presented to the Second Biennial Labour Studies Workshop, October to November, 1987, University of the Witwatersrand, Department of Sociology, Sociology of Work Programme.
- Jaffee, G.: 'Women Commuter Workers of the Thusanang Sewing Project: Their Group Identity, Households and Consciousness': Paper presented to the History Workshop, University of the Witwatersrand, 1987.

- Johnson, E. G.: 'Notes on the re-classification, coding and status update of all registered co-operatives in Zimbabwe, December, 1987': MCCDWA, Research, Planning and Evaluation, May, 1988.
- Johnstone, F.: *Class, Race and Gold*: University Press of America, Lanham, 1976.
- Kamdem, E.: 'The Possibilities and Limits of Self-Management in Cameroonian Enterprises: The Case of an Artisanal Co-operative in the Building Trade' in *The State, Trade Unions and Self-Management - Issues of Competence and Control*: eds. Szell, G., Blyton, P., and Cornforth, C., Walter de Gruyter, Berlin; New York, 1989.
- Kaplan, A.: 'Evaluation for Development: Principles and Methods': Unpublished paper.
- Kaplan, A.: 'Wupperthal - Thoughts and projections in rural development': Carnegie Conference Paper No. 232, Cape Town, April, 1984.
- Kaplan, D.: 'Beyond the Indicators: A Perspective on the South African Economy' in *South African Review Four*: SARS (eds.), Ravan Press, Johannesburg, 1987.
- Kaplan, D.: 'South Africa's Changing Place in the World Economy' in *South African Review One*: SARS (eds.), Ravan Press, Johannesburg, 1983.
- Kaplinski, R.: 'A Policy Agenda for Post-Apartheid South Africa' in *Transformation* No. 12, 1990, pp. 42-52.
- Kaplinski, R.: IS, and what is Post-Fordism?: Background Paper for Seminar Series on *Technology and Industrialisation*, University of Cape Town, March, 1990.
- Keenan, J.: 'The Recession and Its Effects on the African Working Class' in *South African Review Two*: SARS (eds.), Ravan Press, Johannesburg, 1984.
- Keenan, J.: 'Trickle Up: African Income and Unemployment' in *South African Review One*: SARS (eds.), Ravan Press, Johannesburg, 1983.
- Khosa, M.: 'The black taxi revolution' in Nattrass, N. and Ardington, E. (eds.): *The Political Economy of South Africa*: Oxford University Press, Cape Town, 1990, pp. 207-216.

- Lacom: 'On the Role of Service Organisations: Some Ideas' in *SALB* 12 (8), pp. 20-28, October, 1987.
- Lammers, C.: 'Competence and Organisational Democracy: Concluding Reflections' in *The State, Trade Unions and Self-Management - Issues of Competence and Control*: eds. Szell, G., Blyton, P., and Cornforth, C., Walter de Gruyter, Berlin; New York, 1989.
- Legassick, M.: 'South Africa: Capital Accumulation and Violence', *Economy and Society* 3(3), 1974.
- Leger, J. and Webster, E.: 'Introduction: Labour at the Crossroads' in *South African Review Five: SARS* (eds.), Ravan Press, Johannesburg, 1989.
- Lewis, D.: 'Unemployment and the current crisis' Chapter 11 in Gelb, S. (ed.): *South Africa's Economic Crisis*: David Philip, Cape Town, 1991.
- Lupton, M.: 'Worker Producer Cooperatives: Restructuring for Capital or for Labour' Ch. 25 in Rogerson, C. and Preston-Whyte, E. (eds.): *The South African Informal Economy: Past, Present and Future*: Oxford University Press, Cape Town, 1991, forthcoming.
- Majome, K. R.: 'Co-operative Development in Zimbabwe 1956-1985': Department of Co-operative Development, Zimbabwe, Harare, 7 October, 1985.
- Maller, J.: 'Employee Share Ownership: Co-option or Co-operation?' in *South African Review Five: SARS* (eds.), Ravan Press, Johannesburg, 1989.
- Maller, J.: 'Perspectives on Productivity in South Africa' in *South African Review Four: SARS* (eds.), Ravan Press, Johannesburg, 1987.
- Maree, J. and Torres, L.: 'The Democratisation of Capital: Collective Capital formation in South Africa': Africa Seminar Paper, Centre for African Studies, UCT, May, 1990.
- Marx, K.: Theses on Feuerbach in *Marx and Engels: Basic Writings*: ed. Feuer, L. S.: Anchor Books, New York, 1959.
- Mathema, C.: *Co-operatives - What about them?*: Ministry of Education, Zimbabwe, Harare, 1985.

- McIntosh, A. and Friedman, M.: 'Women's Producer Groups in Rural Kwazulu: Limits and Possibilities': ASSA conference paper, 1988.
- Meth, C.: 'Class Formation: Skill Shortage and Black Advancement' in *South African Review One*: SARS (eds.), Ravan Press, Johannesburg, 1983.
- Moll, T.: Output and Productivity Trends in South Africa: Apartheid and Economic Growth: Doctoral Thesis, University of Cambridge, 1990.
- Moss, G.: 'Total Strategy' in *Work in Progress*, 11 Feb., 1980.
- Motsumi, M.: 'What is member Education and Training' in *Workteam 6*, 1988.
- Murray, M.: *South Africa: Time of Agony, Time of Destiny*: Introduction, Chapters 1, 8; Verso, London, 1987.
- Naidoo, J.: 'Adress by Comrade J. Naidoo' in *SALB 12* (3), pp. 33-35, May/June, 1987.
- Nasson, B.: 'Opposition Politics and Ideology in the Western Cape' in *South African Review Five*: SARS (eds.), Ravan Press, Johannesburg, 1989.
- Natrass, N.: 'The small black enterprise sector - a brief note of caution' in *The Political Economy of South Africa*, Natrass, N. and Ardington, E. (eds.), Oxford University Press, Cape Town, 1990.
- Natrass, N.: 'Post-War Profitability in South Africa: a Critique of Regulation Analysis in South Africa', in *Transformation*, 9, 1989.
- Nattrass, J.: *The South African Economy - its Growth And Change*: Oxford University Press, Cape Town, 1981.
- Nyathi, A.: CSFS Official Opening Day Speech, 24 Feb., 1989.
- Occzim: *The Formation of the Organisation of Collective Co-operatives in Zimbabwe*: OCCZIM, Harare, 1983.
- Pateman, C.: *Participation and Democratic Theory*: Cambridge University Press, Cambridge, 1970.

- Petre, S.: *Producer Co-operatives and Community Development With Particular Reference to Manenberg, Cape Town: Honours Dissertation, School of Economics, UCT, August, 1987.*
- Philip, K.: 'NUM Explores Models For Job Creation In Rural Areas' in *Weekend Mail*, pp. 2, 11; supplement to *Weekly Mail*, August 17 to August 19, 1990.
- Philip, K.: 'The Phalaborwa printing co-op: born out of war' in *SALB* Vol. 14, No. 7, 1990.
- Philip, T. K.: *Producer Cooperatives in South Africa: Their Economic and Political Limits and Potential: Honours Dissertation, Department of Sociology, University of the Witwatersrand, 1988.*
- Philip, T. K.: *Producer Co-operatives in South Africa: Their Economic and Political Limits and Potential, Honours Dissertation: University of the Witwatersrand: 1988.*
- Phimister, I.: 'Zimbabwe: The Combined and Contradictory Inheritance of the Struggle against Colonialism': Photocopy, 1988.
- Pillay, P.: 'Worker Control of Enterprises: Some Theoretical Considerations': Unpublished paper, School of Economics, UCT.
- Pillay, P.: 'Ownership and Control of Worker Co-operatives' in Jaffee: *Building Worker Co-operatives in SA* : Lerc, 1988.
- Posel, D.: 'Rethinking the Race-Class Debate in South African Historiography', in *Social Dynamics*, 9(1), 1983.
- Rogerson, C. M. and Hart, D.M.: 'The Struggle for the Streets: Deregulation and Hawking in South Africa's Major Urban Areas' in *Social Dynamics*: 15 (1), 1989.
- Rogerson, C.: 'The State and the Informal Sector: A Case of Separate Development' in *South African Review Four*: SARS (eds.), Ravan Press, Johannesburg, 1987.

- Rogerson, C.: 'Late Apartheid and the Urban Informal Sector' in *After Apartheid: Renewal of the South African Economy*: Suckling, J. and White, L. (eds.), James Currey, London, 1988, pp. 132-145.
- Rogerson, C.: 'Policies for South Africa's Urban Informal Economy: Some Lessons from the International Experience' Ch. 12 in Rogerson, C. and Preston-Whyte, E. (eds.): *The South African Informal Economy: Past, Present and Future*: Oxford University Press, Cape Town, 1991, forthcoming.
- Rothschild, J. and Whitt, J.: *The Cooperative Workplace: Potentials and Dilemmas of Organisational Democracy and Participation*: Cambridge University Press, Cambridge, 1986.
- Rothschild-Whitt, J.: 'Conditions Facilitating Participatory Democratic Organisations' in *Sociological Inquiry*, 46 (2), pp. 75-86, 1976.
- Ruiters, A.: An Overview of the Development of Black Cooperatives in South Africa: Unpublished Paper, 1990.
- Rus, V.: 'An Inter-Organisational Analysis of Competence' in *The State, Trade Unions and Self-Management - Issues of Competence and Control*: eds. Szell, G., Blyton, P., and Cornforth, C., Walter de Gruyter, Berlin; New York, 1989.
- South African Labour Bulletin: 'A Place to Work: Sarmcol Workers Co-ops' in *SALB* Vol. 11, No. 4, 1986.
- South African Labour and Development Research Unit: 'Owenism and the Workers' Cooperative Movement in Britain 1800-1900': Library Resource.
- Samuels, S. J.: 'Pre-cooperative Education and Training': LERC Conference Paper, 1988.
- Saul, J. S. and Gelb, S.: *The Crisis in South Africa*: Revised Edition: Ch. 1: Monthly Review Press, New York, 1986.
- Saul, J. S., and Gelb, S.: *The Crisis in South Africa*: 2nd ed. Monthly Review Press, New York, 1986.

- Sekulic, D.: 'Organisations and Society: On Power Relationships' in *The State, Trade Unions and Self-Management - Issues of Competence and Control*: eds. Szell, G., Blyton, P., and Cornforth, C., Walter de Gruyter, Berlin; New York, 1989.
- Stadler, A.: *The Political Economy Of Modern South Africa*: Ch. 3, David Philip, Cape Town and Johannesburg & Croom Helm, London, 1987.
- Stoneman, C. and Cliffe, L.: *Zimbabwe - Politics, Economics and Society*: Printer Publishers, London, 1989.
- Swilling, M.: 'Introduction: The Politics of Stalemate' in *State, Resistance and Change in South Africa*: Frankel, P., Pines, N, and Swilling, M. (eds), Croom Helm, USA, 1988.
- Szell, G.: 'The Role of Competence in Participation, Workers' Control, and Self-Management' in *The State, Trade Unions and Self-Management - Issues of Competence and Control*: eds. Szell, G., Blyton, P., and Cornforth, C., Walter de Gruyter, Berlin; New York, 1989.
- Terreblanche, S. and Natrass, N.: 'A periodisation of the political economy from 1910' in *The Political Economy of South Africa*, Natrass, N. and Ardington, E. (eds.), Oxford University Press, Cape Town, 1990.
- Teulings, Ad W. M.: 'The social, cultural, and political setting of industrial democracy' in *IYOD*, Ch. 13, Vol. 2, 1984.
- The Zimbabwe Project: *The Zimbabwe Project and Collective Co-operatives - Rural Credit and The Revolving Loan Fund*: Zimpro, Harare, 1988.
- Thornley, J.: *Workers' Co-operatives - Jobs and Dreams*: Heinemann Educational Books, London, 1981.
- Van der Merwe, J. D.: 'An Introduction to Producer Cooperatives', SBDC Working Paper No. 1: June, 1987.
- Van der Westhuizen, W.: 'The Definition of a Progressive Cooperative Movement' in Jaffee: *Building Worker Co-operatives in SA* : Lerc, 1988.

- Van der Westhuizen, W.: 'Worker Managed Cooperatives and Income Distribution: Questions of Finance and Ownership' : Paper delivered to Workshop on Income Redistribution, Association of Democratic Economists, July, 1990.
- Van Niekerk, J. A. S. : *Co-operative Theory and Practice*: South African Agricultural Union, Pretoria, 1988.
- Vanek, J.: 'Education for the Practice of Self-Management' in *Democracy in the Workplace - Readings on the Implementation of Self-Management in America*: Strongforce, Inc., Washington D. C., 1977.
- Von Holdt, K.: 'The Economy: Achilles Heel of the New Deal' in *South African Review Three*: SARS (eds.), Ravan Press, Johannesburg, 1986.
- Walters, S.: 'The Role of Service Organisations - a response' in *SALB* 13 (4,5), pp. 117-120, June/July, 1988.
- Webster, E.: '"Band-Aid" or Feasible Alternative to the Traditional Firm? - The Case of the Self-Managed Firm' : Paper presented at the Workshop on Strategies of Opposition, Centre for Intergroup Studies, UCT, 1987.
- Wilson, H. B.: *Democracy and the Work Place*: Black Rose Books, Montreal, 1980.
- Wolpe, H.: *Race, Class and the Apartheid State*: James Currey, London, 1988.
- Wolpe, H.: 'Capitalism and Cheap-Labour Power in South Africa from Segregation to Apartheid', *Economy and Society*, 1, 1972.
- Woodworth, W.: 'Consulting for Second Order Change' in *The State, Trade Unions and Self-Management - Issues of Competence and Control*: eds. Szell, G., Blyton, P., and Cornforth, C., Walter de Gruyter, Berlin; New York, 1989.
- Workteam: 'Zenzeleni - Towards Worker Control' in *Workteam*, No. 10, 1990, pp. 6-10.
- World Bank: *Zimbabwe Agricultural Co-operatives - Sector Review*: Worldbank, Southern Africa Department, Agriculture Division, Feb. 9, 1989.

Zille, H.: 'Restructuring the Industrial
Decentralisation Strategy' in *South African
Review One*: SARS (eds.), Ravan Press,
Johannesburg, 1983.

Zimbabwe Banking Corporation: *Zimbabwe in Figures*, 1988.

Zimbabwe *Herald*: 'State launches plan for co-ops recovery': 20
Jan., 1990.

Primary Sources: Documents

Chitsiga, M.M.: Annual Report, FSC: Co-op Officer (Audit and Accounts), Mashonaland East Province, 1984.

Chiwaya: 'Brief History of FSC'.

Collective Self-Finance Scheme Document - FSC Background History.

Collective Self-Finance Scheme Document - Programmes, Plans and Projects.

Collective Self-Finance Scheme Document - Relationship between CSFS and Zimbank.

Collective Self-Finance Scheme Document on Grading Criteria.

Collective Self-Finance Scheme Project Proposal - Funding for Administrative Costs and Training: 1989.

Collective Self-Finance Scheme Project Request: April, 1989.

Collective Self-Finance Scheme Rules.

Collective Self-Finance Scheme, Legal Agreement with Funding Agencies: Jan., 1989.

Collective Self-Finance Scheme, Technical Support Team Report: September, 1989.

Collective Self-Finance Scheme, Technical Support Team Summary Report: 20 Feb., 1989.

Fencing Services Cooperative Balance Sheets and Income and Expenditure Statements, 1979 - 1989 (excluding 1985).

Fencing Services Cooperative Constitution.

Fencing Services Cooperative, Legal Agreement with Mr Beasley and the Management Committee: 1984.

Launisma Enterprises, 'Preliminary Statute', April, 1987.

Montagu Carpentry Cooperative, Application for Loan, July, 1989.

Montagu Carpentry Cooperative, Income and Expenditure Statements, 1988, 1989.

Montagu Carpentry Cooperative, Rules and Regulations.

Mutematsaka, S.: 'Fencing Services Cooperative Profile': 13 Feb., 1989.

Mutematsaka, S.: Fencing Services Cooperative Business Plan: 5 May, 1989.

Unemployed Workers' Movement, Cooperative Advisor's Report, 1989.

Western Cape Unemployed Workers' Union Constitution.

Zimbabwe Herald: 'MPs call for more support for co-ops': Undated article.

Primary Sources: Interviews

Launisma Enterprises and the Unemployed Workers' Movement

Interview 1.1	Mr Langa, Chairperson.
Interview 1.2	Ms Matee, Brickmaker.
Interview 1.3	Ms Qhumba, Brickmaker.
Interview 1.4	Mr Chilibe, Foreman, Launisma Brickmaking.
Interview 1.5	Mr Elijah, Launisma, Motor Repairs.
Interview 1.6	Mr van der Westhuizen, Co-op Advisor, UWM.
Interview 1.7	Mr Mohammed, Secretary of WECUWU.

Langa Spinning Project and the Catholic Welfare Bureau

Interview 2.1	Ms Walker, Project Organiser.
Interview 2.2	Sister Alfreda, Supervisor.
Interview 2.3	Mr Templeton, Head of CWB.
Interview 2.4	Spinner.
Interview 2.5	Spinner.
Interview 2.6	Spinner.

Montagu Carpentry Cooperative and Montagu Community Services

Interview 3.1	Mr Taylor, Co-op Coordinator, Director, MAG.
Interview 3.2	Mr Grutter, Manager, MCC.
Interview 3.3	Ms Scheepers, Manager's Assistant.
Interview 3.4	Mr De Koker, Coordinator, Light Machinery.
Interview 3.5a	Mr Conradie, Coordinator, Spray-Painting.
Interview 3.5b	Mr Deelman, Assistant, Spray-Painting.
Interview 3.6	Mr Selani, Coordinator, Assembly Dept.
Interview 3.7a	Ms Touw, Coordinator, Sanding Dept.
Interview 3.7b	Ms De Bruin, Sanding Dept.
Interview 3.8	Mr Swarts, Production Coordinator.
Interview 3.9	Mr Du Toit, Light Machinery Dept.

Fencing Services Cooperative and the Collective Self-Finance Scheme

Interview 4.1	Ms Maramba, Management Asst., CSFS.
---------------	-------------------------------------

Interview 4.2	Mr Masunda, Treasurer, FSC.
Interview 4.3	Mr Kapishe, Factory Manager, FSC.
Interview 4.4	Mr Chirochierwa, Sales Manager, FSC.
Interview 4.5	Mr Makoni, General Manager, FSC.
Interview 4.6	Mr Samson, Worker-Member.
Interview 4.7	Mr Nicholas, Worker-Member.
Interview 4.8	Ms Loile, Worker-Member.
Interview 4.9	Mr Morris, Worker-Member.
Interview 4.10	Mr Brecker, Coordinator, CSFS.
Interview 4.11	Mr Mawere, Agricultural Asst., CSFS.
Interview 4.12	Mr Timba, Trainer, CSFS.
Interview 4.13	Ms Cecilia, Social Organiser, CSFS.
Interview 4.14	Ms Nyathi, Field Coordinator, CSFS.
Interview 4.15	Mr Nyathi, Chairperson, CSFS.
Interview 4.16	Mr Manyanya, Ministry of Co-ops, Zimbabwe.

Appendix A

Research Methodology

Introduction

In this work we have chosen to begin with an overview of developments in the theory of participatory-democratic organisation and of cooperative development as a process. The reasons for this starting point relate to questions of methodology and epistemology.

The process of producing knowledge necessarily involves abstraction. This is because the evidence before one is not self-explanatory. In order to interrogate the evidence it is necessary to formulate specific questions to ask. It is impossible, however, to ask all the possible questions one could ask about a situation. Thus, one has to choose the particular questions to ask out of all the potential questions. Further, the questions one asks will influence the evidence one chooses to answer those questions. The process of choosing questions, and thereby choosing evidence, cannot be arbitrary. One has to have some criteria for selecting questions and evidence. The only way to develop such criteria is through processes of abstraction and providing a theoretical framework.

Such processes involve developing concepts which express, at a theoretical level, qualities which are common to a range of objects, processes, or situations. This process of formulation of concepts is itself a process of dialogue between conceptual

development and empirical studies. The abstractions one develops thus do not come out of one's thumb. They are based on previous engagements with empirical material. The theory referred to in this work has developed in a dialectical process of interaction between theoretical and empirical work. This work is in itself essentially part of this dialectical process. Through this work, we are thus engaging both with existing theoretical material and with a new body of empirical evidence. In this way we hope to contribute to the process of producing knowledge, specifically, knowledge related to cooperative organisation.

With reference to contextual issues, we recognise that the level of capitalist development in a society will influence the political, economic, and ideological context in which cooperatives emerge. Co-ops in Western Europe, Britain and the USA have thus arisen in different political, economic, and ideological contexts to those in Eastern Europe, or South Africa and Zimbabwe. For this reason one cannot uncritically 'apply' theory based on the practical experiences of cooperatives in the West to co-ops in Eastern Europe and/or Africa. Co-operative theory must incorporate categories and variables which can handle significant *differences* in the overall context, as well as the general similarities.

In the light of the significance of the social context of cooperatives, we have chosen a specific method in approaching cooperatives in South Africa and Zimbabwe. Before going into the

field, the researcher was equipped with knowledge, both theoretical and empirical, of co-ops in Europe, Britain and the USA. The researcher thus had a general awareness of issues facing co-ops. Recognising the importance of the specificities of the South African and Zimbabwean contexts, however, field experience was allowed to inform the theory. This particular approach has enabled us to highlight some of the weaknesses of existing theories of participatory-democratic organisation.

The in-depth case studies presented in this work are useful in providing rich qualitative information. The examination of generally similar enterprises which exhibit specific differences is enriched by the comparative analysis. Furthermore, the similarity in themes selected for examination in both the case studies and the comparative analysis provides for continuity in the dissertation.

In the paragraphs below we provide an exposition and reflection of the research methods used in examining each enterprise. The key research techniques used include in-depth interviews and observation.

The Langa Spinning Project: Research Methods

Exposition

Due to the SP's experience of transformation into a co-op at the time of research, fieldwork took place sporadically over the period November, 1988 to May, 1989. During this time the researcher visited the project several times, attended three meetings of the group, and conducted a total of eight interviews. Four of the interviews were with spinners; one with Sister Alfreda, the supervisor; one with Mr Templeton of the CWB; and two with Ms Paddy Walker, the manager of the project and an employee of the CWB. During project visits the researcher engaged in informal discussion with several spinners about various aspects of production, their perception of the CWB and its role, changes in the process of production, and the role of Sister Alfreda, their supervisor. Perceptions expressed during such discussions were generally confirmed in interviews.

Reflection

Due to the researcher's lack of proficiency in Xhosa, the language of the spinners, an interpreter assisted with interviews. This may have resulted in a loss of information. The interview with the supervisor who was proficient in English, however, complimented for of this loss. A major limitation of this case study is the absence of quantitative information. This is especially problematic in attempts to evaluate the economic

viability of the project. In this regard, we have relied only on interviews and have no figures to confirm or substantiate the information in the relevant section.

In addition, the specific focus on the SP as part of a broader economic structure may provide a fragmented picture of the processes at play in the project. In this regard, the writer has indicated the links between the SP and other activities of the CSK. This gives the reader an idea of the position of the SP within CSK as a whole. Details of the implications of such links are dealt with where relevant.

Despite these limitations this case study gives one an idea of the issues involved when projects are initiated and later transformed into co-ops by service organisations.

Launisma Brickmaking Cooperative: Research Methods

Exposition

The fieldwork conducted in LBC extended over a period of five months from mid-September 1988 to mid-February 1989, with the month of April 1989 used for conducting interviews with various members of the co-op. The fieldwork conducted in BC extended over a period of four months from mid-September 1988 to mid-February 1989. The researcher was unable to conduct interviews with the membership of BC due to political problems which arose during the

research process. These problems have been dealt with in the text in the section 'Relationship between UWM and Co-ops'.

During the period mid-September 1988 to mid-February 1989 the researcher visited each of these co-ops on a weekly basis. These weekly visits entailed attending meetings held by co-op members in which issues relevant to the research topic were discussed, and observing activities in the co-ops. In addition to these weekly visits several special meetings called to deal with specific issues and problems relating to the co-ops, and weekend workshops on co-operatives were attended. Discussions at these meetings and workshops raised important issues which were relevant and useful to the research process as a whole.

The research techniques used included the observation of work processes on the shopfloor in each co-op, and of organisational processes and power relationships within these enterprises. Furthermore, six in-depth interviews were conducted with members of LE. One of these interviews was with a founder member of the co-op who plays an important managerial role in LE as a whole, four were conducted with members of LBC, and one with a member of the panel-beating section, also a founder member. Several attempts were made to no avail to conduct interviews with two more members of LE, a founder member involved mainly in building construction and administration, and the foreman in the mechanical repairs section. Nevertheless, important information about the relationships of these enterprises to the LBC was

obtained in general meetings and from interviews with brickmakers. Furthermore, regular informal discussions and an in-depth interview with a voluntary co-op advisor to the UWM, Mr Van der Westhuizen, yielded valuable insights and information with regard to the LBC.

Reflection

Gaining Access

BC and LE were the first co-operatives to which the researcher was able to gain access. An active process of investigating possible access to producer co-operatives for the purposes of the dissertation commenced in May 1988. By the time research began, there had developed an increasing emphasis on the relevance of research to the current political struggle in South Africa. On the one hand, since the researcher had no formal links with any community organisations at the time, the difficulty of gaining access to producer co-operatives was compounded. On the other hand, in the event of the researcher having had already established links with a community organisation, political credibility of that organisation would have either prevented or facilitated access to only particular producer co-operatives thus placing limitations upon the scope of the research. Furthermore, when this particular study commenced, research on co-operatives seemed to be in fashion. In some ways the novelty of the research seemed to facilitate contacts with people doing work in the same

field, while in other ways competition among researchers and organisations engaged in research seemed to hinder possible avenues of access to co-ops.

Despite these difficulties the researcher managed to gain access to producer co-operatives by mid-September 1988 through contacts made with the UWM at a workshop on co-operatives held in Johannesburg. This contact with the UWM proved to be valuable in facilitating access to LE and BC, in contributing to the learning process about the natures of relationships between co-ops and different types of service and/or political organisations, and in providing an avenue through which this academic work on co-ops could reach co-operators and activists.

Petty-Politics and 'Objective Research'

Having gained access to BC through the UWM, however, and later being excluded from the co-op during a crisis between the co-op and this organisation on the assumption that the researcher was employed by the UWM, highlighted the contradictions involved in seemingly associating oneself with a particular organisation. In a sense organisational affiliation or association is required to gain access to co-ops for the purposes of research. In times of conflict between the organisation and the co-op involved, however, researchers and voluntary service workers who are not necessarily affiliated to or employed by the organisation are excluded along with the service/political organisation.

The kinds of political struggles into which one is drawn as a researcher on co-ops thus raise important questions about the possibility of 'objective' research in the social sciences as defined in research methods books. Furthermore, the legitimate demands for research relevant to the political struggle in South Africa and for accountability on the part of researchers to the organisations and people being studied puts to question the possibility of engaging in 'objective' research.

Some Limitations

The regular weekly visits to the co-ops over a period of four months enabled the researcher to follow some developments in the enterprises over a short period of time. However, limits on the time available for the research process as a whole prevented the follow up and identification of whole processes and possible changes in such processes in the organisational development of the enterprises. The weekly visits proved to be useful for learning about the issues and problems confronting the co-ops and about the internal dynamics of the enterprises. Special meetings and weekend workshops helped to place these issues and problems in broader perspective. Regular contact and in-depth informal discussions with the voluntary co-op advisor to the UWM and the co-ops in discussion proved to be valuable in gaining some historical perspective on the problems and internal dynamics of both the enterprises and the political organisation involved. The

in-depth interviews with the core membership of the brickmaking co-op yielded much valuable information.

The need for an interpreter due to the inability of the researcher to speak Xhosa probably resulted in some loss of information. Choosing and finding an effective interpreter whose presence would interfere as little as possible with the interviewees' responses to questions was not an easy task. Furthermore, financial constraints placed limits on access to more experienced interpreters. Nevertheless, the interpreter chosen proved to be helpful in the interviews since she had experience of interviewing people with broadly similar everyday life experiences. Moreover, similarities in cultural experiences facilitated a relatively relaxed and safe relationship between the interpreter and the interviewees which enabled the latter to share with the researcher some valuable information. The difficulty in organising further interviews with the membership of LE proved to be relatively insignificant since confirmation of information was obtained through other sources such as interviews with the co-op advisor and attendance at general meetings.

In contrast to the research conducted in the Montagu Carpentry Co-op (presented below), an anthropological touch to the research on the co-ops in Crossroads is lacking. Since people's everyday experiences outside of the co-op are intricately linked to their perceptions of the enterprise, some knowledge of co-operators' everyday life experiences is necessary. In the case of the study

of LBC the researcher was able to gain some insights into the daily experiences of the members through informal discussions with them in rudimentary English, through the in-depth interviews, and by accompanying the co-op advisor on giving co-op members rides home.

A further limitation of the research has been the difficulty in gaining access to financial records of the enterprise and the unavailability of clearly recorded and important qualitative information. As a result, several significant figures are unknown. We have, however, attempted to knit together tightly the qualitative and limited quantitative information in order to give the reader a clear idea of the processes at play in the enterprises.

Montagu Carpentry Cooperative: Research Methods

Exposition

The study of the MCC was done over a period of two weeks during which the writer stayed with the family of one of the members of the co-op. These were two weeks of intense fieldwork. One of the research techniques used was participant observation during which the researcher participated in the production process by working in the sanding department. Other techniques included observation of the work process, in-depth interviews lasting from two to four hours with each of the co-op members, and informal discussions

and questions with members on the way to work and back, and during lunchtimes. In addition, minutes of general meetings recorded from November 1986 to July 1989, minutes of production coordinators' meetings recorded from March to July 1989, and weekly production and financial reports from January to July 1989 were examined. A document stipulating workshop regulations, a financial analysis of the enterprise, and an application for a loan supported by a motivation were also examined. Furthermore, two general meetings of the co-op were attended.

Reflection

Staying in the community in which most of the co-op members lived and being hosted by the family of one of the co-op members greatly facilitated the learning process about the co-op itself and especially about the people who predominantly constitute the co-op. Since the host was an active member of the church and of church based organisations responding to particular needs (for example, creches) and problems (for example, alcoholism) in the 'Coloured' community, some valuable insight was gained, through informal conversations, about the issues facing the community and the main perceptions which constitute the consciousness of most people with whom contact was made. This insight was further enriched by conversations with the hostess while assisting with daily domestic chores in the evenings after work.

Furthermore, since most co-op members lived in close proximity to each other some contact outside of production time was made with various members. Such contact proved to be useful in building open and trustworthy relationships with most of the members which, in turn, facilitated their ability to share with the researcher their experiences in the co-operative workplace. A further factor which facilitated the gathering of information and the gaining of insight was the researcher's ability to speak Afrikaans (the home language of most members of the 'Coloured' community in Montagu) and to understand the idiomatic expressions sometimes used.

Fencing Services Cooperative: Research Methods

Exposition

In discussions with people experienced in cooperative development in South Africa, the researcher discovered that the producer co-op movement in this country is embryonic and that the experience of Zimbabwe would offer many lessons for South Africa.

Discussions with Allan Kaplan of the Community Development Research Association were especially useful in providing both the impetus for investigating the possibilities of doing research in Zimbabwe, and the initial contacts with people involved in the cooperative movement there. Thus, by the end of June, 1989, after some inquiries about possibilities of conducting research in Zimbabwe, the author contacted the CSFS in writing requesting the

scheme to facilitate access to an organisationally well-developed manufacturing cooperative. By the end of July, 1989 a reply from the CSFS confirmed such access for the month of January, 1990. The researcher was hosted by the CSFS. Access to FSC was gained through the CSFS and research was undertaken in both the CSFS and FSC.

The research techniques used included literature surveys of both the CSFS and FSC (using material in the CSFS library) and in-depth interviews with the field staff, coordinator and chairperson of the CSFS, with member-managers and member-producers in FSC, and with a government official of the Ministry of Cooperatives of Zimbabwe. Additional research techniques included the observation of work processes undertaken by the staff of the finance scheme both in the offices and in the field (that is, with the member-cooperatives of the CSFS), and of work processes both on the shopfloor and in the offices of the cooperative.

Furthermore, one management committee meeting of FSC and one CSFS staff meeting was attended. Attendance at these meetings and observations outside of meetings enabled the researcher to get some idea of the organisational processes and power relationships within these enterprises. In general, observations made by the researcher served as corroboration of information gathered during interviews and literature surveys.

The first week was spent doing research on FSC in the CSFS library. Information on the history of the co-op and on economic developments within the enterprise was collected and examined. On the basis of this material, a questionnaire was developed in preparation for an in-depth interview with the Management Assistant on the Technical Support Team (TST) of the CSFS, Ms Maramba. At the time of research, Ms Maramba had been working closely with FSC over the past nine months and had an understanding of the problems facing the co-op and the processes involved in its development. An interview with this CSFS staff member was conducted towards the end of the first week in preparation for the work of the second week.

Fieldwork at the co-op commenced in the second week and involved observing the production process and conducting in-depth interviews with the member-managers. A total of four in-depth interviews, on average about two hours long, were conducted during this week. Towards the end of the second week library research on the CSFS itself, and in-depth interviews with the CSFS staff members commenced. By the end of this week two interviews with CSFS staff were completed and one CSFS staff meeting was attended.

During the third week of research a co-op management meeting was attended and interviews were conducted with four out of forty worker-members of the co-op. As a result of a lack of language proficiency in Shona on the part of the researcher and in English

on the part of the worker-members, and of the lack of finances to employ an interpreter, the researcher was unable to interview a representative sample of the worker-members of the co-op. Nevertheless, some valuable information was gained from these interviews.

A further four interviews were conducted during this week, three of which were with CSFS staff and one of which was with an officer of the Ministry of Cooperatives, Mr Manyanya. Furthermore, information on the history and the workings of the CSFS and on government policy regarding cooperatives in Zimbabwe was collected.

During the last few days of the visit general information on the cooperative movement in Zimbabwe was collected and an interview was conducted with another CSFS staff member, bringing the total number of interviews conducted to sixteen. A brief report was submitted to the CSFS stating observations and recommendations to the scheme on the basis of the research conducted at FSC and the CSFS during the month of January, 1990.

Reflection

The study of FSC provides useful insights into the changes, continuities, and specific problems faced by workers who take over a capitalist firm and form a co-op for the purposes of securing their employment. This study highlights both the

importance and the possible political implications of having effective management structures in cooperative enterprises. In addition, it points to some of the harsh realities faced by cooperatives in a capitalist market characterised by monopolies.

One of the limitations of this case study is that very little information was obtained from the worker-members. Only four out of forty worker-members were interviewed and, moreover, these members were chosen, with the assistance of the factory-manager, on the basis of their proficiency in English for reasons explained above. This has resulted in interviews with an unrepresentative sample of worker-members.

Nevertheless, some valuable information was gained from these four interviews. This information indicates a range of opinions, although limited, on the part of the worker-members with regard to the workings of the co-op. It is on the basis of the information from these interviews that the researcher was able to provide constructive criticism of the operations both within FSC and the CSFS.

The problem of language proficiency and the lack of finances for an interpreter has resulted in interviews with mainly member-managers in the co-op who were proficient in English. The information on FSC is therefore in some way biased.

The study of the CSFS highlights the importance of self-reliance among cooperatives especially with regard to the provision of financial resources and managerial skills. Furthermore, this study provides a practical example of one possible method for self-reliance. Moreover, a closer examination of the CSFS reveals the degree of complexity involved in ensuring that not only the interests of the managerial structures in the member co-ops are served, but that the interests of the worker-members who are in most cases unskilled and inarticulate, are considered a priority.

The short time spent with both the CSFS and FSC has enabled the researcher to identify current processes at play in these organisations but has prevented the follow-up of these processes over time. Furthermore, legal restrictions on foreigners doing research in Zimbabwe, has limited further access to officials in the Ministry of Cooperatives, and to literature on co-ops in Zimbabwe.

Nonetheless, in general, the research conducted in Harare has been useful in providing both primary and secondary information on cooperative development. This information relates to cooperative development with regard to both individual cooperative enterprises and broader cooperative movements in socio-political contexts characterised by a history of colonialism and underdevelopment. Furthermore, an analysis of the role of the state in relation to cooperatives in Zimbabwe provides useful comparative material for the dissertation. In the

light of the latest political developments in South Africa, such an analysis is sure to shed some light on the possibilities and pitfalls in relationships between the state and cooperatives in Southern Africa.