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Cooperatives as Strategies of Local Economic Development in the City of Tshwane

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ABSTRACT

The purpose of this article was to examine the implementation of cooperatives as strategies of local economic development in selected communities of the City of Tshwane in Gauteng Province of South Africa. The article employs the case study approach derived from an interpretive paradigm where 25 semi-structured interviews were purposively administered to cooperative members, project managers, and community development workers among the three selected cooperatives in the City of Tshwane. The qualitative thematic analysis was used to analyse the data. The findings of the article revealed various factors affecting the success of cooperatives as strategies local economic development. These include poverty, unemployment, limited government funding, limited access to ready markets, lack of expertise, lack of monitoring and evaluation of cooperative projects. Implications of the article indicate that these challenges hinder the City's efforts to address the triple challenges of poverty, unemployment and inequality in communities. The article recommends the government to foster Multi-Stakeholder Partnerships (MSPs) with the private sector and instil creativity and innovation among communities which is crucial for the sustainability of cooperatives.

Key phrases

Employment regeneration; cooperatives; Local Economic Development and Poverty Reduction

1. INTRODUCTION

South Africa just like any other developing country is struggling with the triple challenges of poverty, unemployment and inequalities (Williams 2018). Developmental local government as enshrined in the White Paper on Local Government (1998) was introduced by the state to enable local government to work with citizens and groups in the community to arrive at a sustainable means to meet social, economic and related needs, in order to improve the lives of people in communities. To address these socio-economic disparities, the government implements cooperatives as local economic development (LED) strategies for enhancing the local livelihoods of the citizens (Berry & Bell 2018). Local economic development informs a community-based response for creating opportunities and harnesses the potential of the informal business sector, and cooperatives to generate revenue and employment creation at a local level (Ndabeni & Rogerson 2017). Cooperatives present an enabling platform for citizens to fully explore the resources of the country, reduce poverty, generate employment and enhance household income (Kasabov 2016; Nel & Rogerson 2005).

The International Labour Organisation (ILO) (2013) argues that cooperatives within a real economy promote territorial development since by definition they aim to satisfy the needs and inspiration of the people in a community they are embedded. A report by ILO (2014a) indicates that cooperatives employ more than one hundred million people globally with an estimated membership of above 800 million people. In many developing countries, cooperatives generate finances, promote gender equality, poverty alleviation which facilitates business ventures and promotes public-private partnerships (PPPs) (Rankin, Nogales, Santacoloma, Mhlanga, Rizzo & Italy 2016). The article assesses three types of cooperatives within the City of Tshwane to see if they generate employment and improve the living standards of the people. The article examines the challenges facing cooperatives and provides innovative strategies the government or stakeholders can use to mitigate high poverty levels in communities. The following objectives guided this article.

1. OBJECTIVES OF THE PAPER

- To determine if cooperatives can be implemented as strategies of local economic development in the City of Tshwane.
- To assess the challenges facing cooperatives as strategies of local economic development in the City of Tshwane.

2. PROBLEM STATEMENT

The triple challenges of poverty, unemployment and inequalities in the City of Tshwane led to the implementation of cooperatives among selected communities as strategies of LED and poverty reduction. Nevertheless, cooperatives were not a panacea to ending poverty due to socio-economic disparities in communities, limited skills among cooperative members and mismanagement of financial resources. The poor intra-governmental coordination within state departments coordinating operations of cooperatives hinder resource allocation which saw many cooperatives failing to sustain. Cooperatives as LED strategies in the City of Tshwane experienced poor leadership and management which make them unviable and unsustainable strategies to mitigate poverty and generate employment. Whereas LED derives its strengths from grassroots and integrated approaches that address community challenges, cooperatives have been widely used to mitigate poverty in the metro although many factors constrain the initiatives (Mensah, Kwame, Albert & Justice 2013).

Drawing from these perspectives, therefore; cooperatives have the potential to generate employment as part of LED programmes although limited public participation, corruption and financial mismanagement hinder the progress (Royer 2017). Cooperatives as Muthuma (2012) accentuates, provide an enabling platform for marginalised groups of people in communities to participate and earn their livelihood as LED tools cooperatives facilitate economic freedom and democracy that municipalities in South Africa can use to promote developmental local government in communities (Gibson 2005). Against this background, therefore; this article examines the role of cooperatives as strategies of LED in the selected communities of the City of Tshwane. Gaps that evolve from poor governance of cooperatives were addressed in this article to achieve the objectives of the National Development Plan (NDP) 2012-2030 where employment through cooperatives must be created to mitigate poverty and uplift the sustainable livelihoods of citizens in the City of Tshwane.

3. THEORETICAL FRAMEWORK

4.1 Principal-Agent Theory (PAT)

The Principal Agent Theory was developed around the 1970s (Ross 1973; Mitnick 1975). It assumes that principals (government) and agents (municipalities) have various conflicting interests. Their preferences and interests always differ as agents tend to make their own decisions neglecting the instruction from their principals. This often leads to disputes that may result in the termination of projects (Ross 1973). Principals in most cases avoid taking risks as compared to agents who are risk takers, thereby, pursuing selfish interests on behalf of the other party. The government of South Africa, as the principal, renders cooperatives to

communities as part of the LED strategy. However, the implementing agents (municipalities) as alluded earlier often fail to execute the mandate as cases of corruption, mismanagement nepotism in implementing cooperatives are often recorded. The diversity which is evident in the way the cooperative development policy is implemented is a challenge in achieving LED in South African local government (Ortmann & King 2007a).

The article identifies three differences between principals and agents such as the desire to work by agents who can be in direct conflict with the principal; agents usually like incentives and commissions different from principals and agents usually have first-hand information which they may not disclose to principals. Amirato (2018) argue that these differences often benchmark conflicts such as coordination and strategy and monitoring and evaluation. Nevertheless, the PAT is fundamental for this article as it encourages agents who are implementers of cooperatives to align their work with the aims of their principals which is crucial for realising local economic development.

The theory resonates well with the challenges facing cooperatives in South Africa as strategies for steering LED. The challenges of corruption, diversity in interests are rampant in cooperatives which cause dissatisfaction and limited participation by cooperative members (Ortmann & King 2007b). Richards, Klein & Allan (1998:32) affirm that the theory helps solve complex issues the government as a principal often faces in providing development projects to the poor.

4. COOPERATIVES AS STRATEGIES FOR EMPLOYMENT CREATION

Todtling (2010) argues that for cooperatives to flourish, there is a need for a policy shift towards addressing developmental challenges which include among them, growing small businesses that focus on entrepreneurship. Rogerson (2011) claims that it is the duty of local government to provide small enterprise development programmes (cooperatives) with adequate support to stimulate local economies. Cooperatives in South Africa are therefore being implemented as a way realising LED, generating employment and improving livelihoods of people in marginalised regions (Luviene, Stitely & Hoyt 2010:5). Cooperatives have been linked to rapid economic growth in some countries and have been influential in poverty alleviation and employment regeneration (Orr & Johnson 2017). Various studies (Nel 2011; Rogerson 2010; Turok 2010) acknowledged the changing role of LED as the main driver of cooperative development across the African continent.

Cooperatives as strategies of LED spearhead community development which is fundamental for empowering struggling citizens to earn a living (Khaki & Sangmi 2017). Within the

broader LED debate in South Africa, cooperatives have been identified as the key to enhance local economic development and uplift especially rural communities (Nel & Rogerson 2005). Cooperatives, therefore, enjoy the endorsement of government as highlighted in the NDP (2012-2030) where the South African government aims to stimulate rural economies by the year 2030 (Shava & Maramura 2017). The study of Zeuli and Raden (2005:35) argue that cooperatives enhance the sustainable development of their communities through policies approved by their members and hence recognise the link between cooperatives and community development. The researchers argue that cooperatives, as LED strategies are significant vehicles for job creation and promotion of the sustainable development of communities.

5.1 Cooperatives as drivers of economic growth

In South Africa, cooperatives have the capacity to redress gender inequalities and stimulate economic growth. A study by Thaba & Mbohwa (2015) revealed that micro, small and medium-sized enterprises have been recognised as a crucial way to promote economic growth while fighting against poverty and gender inequity. Cooperatives as argued by Birchall (2013) are more effective than other forms of local economic development programmes due to their inclusivity towards poverty alleviation. As alluded in the report by ILO (2014b) an estimated 100 million jobs around the world are found within the cooperative sector which portrays the significance of cooperatives as LED strategies in vulnerable communities.

Cooperative enterprises provide the organisational means for many people to create self-employment, breaking the cycle of poverty and enjoying social and economic integration (Imoisilli 2001). Results from the Report to the United Nations General Assembly shows that cooperatives are vehicles for local economic development and eradication of poverty as the poor people from marginalised backgrounds managed to enhance their standards of living and employment security through cooperatives (Ezekiel 2014). Based on these attempts we argue that cooperatives in South African local government can be used effectively as drivers for economic growth which municipalities can adopt to promote innovation and regenerate employment.

5.2 Cooperatives and access to markets

In South Africa, cooperatives as LED strategies are significant in creating access to markets that promote trade for income generation. Kanyane (2011) reiterates that cooperatives are essential in overcoming access barriers to assets, information services, input, and output markets. Hovhannisyan, Urutyan and Dunn (2005) provide an example of Armenian farmers

in milk cooperatives who were able to pool products of a specified grade and attracting large-scale buyers for their products in the process expanding their business to distant markets. Cooperatives in South Africa assist in increasing savings and investment by promoting and supporting cooperative banks and financial services cooperatives (Department of Trade and Industry (DTI) 2007:5).

Cooperative education is fundamental for ensuring cooperation among members through supporting the vertical structures of cooperatives as well as conducting awareness campaigns (Bijman 2018). The development of cooperatives as part of LED strategies is crucial for opening doors to local and global markets since they promote agglomeration of small economic activities (that is cooperative banks, consumer cooperatives etc.) into massive activities, increase market linkages with other big players in the international arena (Godfrey, Muswema, Strydom, Mamafa & Mapako 2015). Based on these arguments, LED in South Africa can be championed by cooperatives since they have access to unlock markets for local people and create sustainable livelihoods.

5.3 Democratic participation in cooperatives

The effective implementation of cooperatives as LED strategies rest on the willingness of citizens to participate in such development initiatives. Kamara (2017) argues that cooperatives as LED strategies have the potential to steer the economies of third world economies if they flourish in a conducive environment. Patel (2005:105) explains that, although the Constitution of South Africa (1996) contains a provision for democracy and public participation in the political arena, it also provides for an in-depth interpretation of democracy which is being manifested in the context of social sphere in a broader perspective such as school, workplace, family or community or other related institutions in the society.

Patel (2005:105) endorses citizen participation as a critical component for local economic development since it held government and civil societies accountable for their actions. The World Bank (2012) reiterates that community involvement means that people have the right to participate in problem-solving and have a greater responsibility in assessing their health needs, mobilising local resources, suggesting new solutions, creating and maintaining local organisation. The authors argue that if well-embraced cooperatives as LED strategies can regenerate employment and assist the poor around the world with the much-needed opportunity for self-determination and economic empowerment.

5. LEVELS OF COOPERATIVES

Drawing from the Cooperatives Act (No 14 of 2005) various categories have been discussed as follows:

6.1 Primary Cooperative

The Cooperative Development Strategy of the DTI (2004:5) states that there are two main types of cooperatives namely primary and secondary cooperatives. A primary cooperative is formed by a minimum of five natural persons whose object is to provide employment or services to its members and to facilitate community engagement. The Department of Trade and Industry (DTI) (2005:5) states that primary cooperatives are autonomous associations of persons united voluntarily to meet economic, social and cultural needs aspirations through jointly owned and democratically controlled enterprise.

6.2 Secondary Cooperative

This is a cooperative formed by two or more primary cooperatives to provide sectoral services to its members and can include juristic persons (DTI 2007:4).

6.3 Tertiary Cooperative

This is a cooperative whose members are secondary cooperatives and whose object is to advocate and engage organs of state, the private sector and stakeholders on behalf of its members and may also be referred to as a cooperative apex (DTI 2014).

6. PRINCIPLES OF COOPERATIVES

Various principles that govern the operation of cooperatives include inter-alia self-responsibility, self-help, self-management, equity and democracy and solidarity (Phillip 2003:3). The core principles of cooperatives as DTI (2004:4) holds, should act as universal guidelines as discussed below:

7.1 Voluntary and Open Membership

Cooperatives are voluntary organisations with an open entrance to all people who are willing to accept responsibility despite gender, social, racial, religious or political affiliations

7.2 Democratic Member Control

Cooperatives are regarded as democratic institutions which are controlled by their own members, of which they set their own agendas.

7.3 Member Economic Participation

It recognises that members must contribute equitably to, and democratically control the capital of their cooperative.

7.4 Education, Training & Information

It is expected that cooperatives should provide education and training to its members, elected representatives, project managers and employees so that they enhance effective service delivery.

7.5 Autonomy and Independence

This principle regards cooperatives as autonomous, self-help organisations largely controlled by their members. Any negotiations signed with other organisations or capital raised from external sources such as government, should not interfere with democratic control of the cooperatives by its members.

7.6 Concern for the community

This principle encourages cooperatives to work towards the sustainable development of their communities through implementing policies approved by their members.

7.7 Cooperation among cooperatives

It mandates cooperatives to serve their members effectively, thereby, strengthening the organisation through interlinking it with the national, provincial and local and international government relations structures (DTI 2004:4). The following section discusses the barriers facing cooperatives as strategies for LED and poverty reduction in the City of Tshwane.

7. BARRIERS FACING COOPERATIVES AS AGENTS OF LOCAL ECONOMIC DEVELOPMENT

Cooperatives as strategies for steering local economic development in South Africa have their own limitations. These can be categorised as ideological, organizational, historical and operational (Kanyane & Koma 2014). Satgar (2007:20) observes that, despite the demise of the National Cooperative Association in South Africa, cooperatives continue to emerge and shine in the local government. The National Co-operative Association of South Africa (NCASA) (2004:4) claims that cooperatives are being hindered by limited access to credit institutions, markets, start-up capital, technology and infrastructure. Khumalo (2014) reiterates the cash flow challenges experiencing cooperatives due to lack of equity capital from members and denial of loans by banks. Craft cooperatives as Westoby (2014) observe

had problems and frustrations such as lack of market contact, especially, for those living in isolated rural areas.

Kanyane (2011) observes that many cooperatives are situated in marginalised areas which hinder them from meeting the demand for products usually in economically visible areas. Kanyane's argument is drawn from the fact that, although skills training and development is necessary among cooperatives, their remoteness from economic hubs affects the success of cooperatives as profit margins remain low due to low demand and uncompetitive prices Kumar, Wankhede & Gena (2015) lament over the lack of autonomy among cooperatives in South Africa which makes them lose direction and picture on what they should achieve.

For instance, various institutions DTI, Department of Agriculture, Department of Social Development DSD) are government agents for implementing cooperatives which lead to duplications, misunderstandings, leadership challenges among other hindering factors (Twalo 2012; Wossena, Abdoulayeb, Alenec, Mekbib, Hailed, Felekee, Olanrewajub & Manyong 2017). The state of cooperatives in South Africa is therefore diluted, confusing the public on which department can spearhead local economic development in their communities. Therefore, formal and informal institutions therefore determine the failure or success of cooperatives as an LED mechanism in South Africa (Khambule 2014; Nel & Rogerson 2016). The following section discusses the policy imperatives for cooperatives as LED strategies in South Africa.

8. POLICY CONTEXT FOR COOPERATIVES AS STRATEGIES FOR LOCAL ECONOMIC DEVELOPMENT

The Constitution of the Republic of South Africa (1996) is one of the legal frameworks that guide the operations of cooperatives as LED strategies in South Africa. Sections 24 & 27 of The Constitution of South Africa (1996) provides for the establishment of a framework for the implementation of a Comprehensive Rural Development Programme (CRDP) which is part of the government's LED strategy to eradicate poverty in vulnerable communities. Section 24 of the Constitution (1996) states that everyone has the right to an environment that is not harmful to their health or well-being, also to have the environment protected for the benefit of present and future generations through reasonable legislative measures that prevent pollution and ecological degradation. It also promotes conservation and secure ecologically sustainable development and use of natural resources while promoting justifiable economic and social development.

The Cooperatives Act (No 14 of 2005) was developed to enable cooperative members to acquire a legal status just like registered companies. It ensures that cooperatives are governed in accordance with principles of good governance, proper accountability and transparency structures be exercised by members of cooperatives in their execution of duties. This is the main reason why a cooperative should comply with the regulations for running cooperatives as mandated by the Cooperatives Act (2005) (No 14 of 2005).

The Cooperative Act (14 of 2005) provides a clear strategic approach to government with respect to the formation, registration and establishment of cooperatives. The DTI in South Africa acts as the advisory board which ensures the development of support programmes to cooperatives across all three spheres of government. The DTI should take a leading role in leadership and ineffective coordination since it is held accountable for the development and operation of cooperatives in the country.

The Accelerated Shared Growth Initiative South Africa (ASGISA) was initiated by former Deputy President Phumzile Mlambo Ngcuka. ASGISA was launched in February 2006 with the aim of reducing poverty and unemployment in communities by the year 2014. The policy targets reduction in unemployment, poverty, skills shortages and problems faced by cooperatives, civil societies, SMME's and other macro-economic issues. The joint initiative on priority skills acquisition (JIPSA) was formed a month later to address the scarce and critical skills most needed to meet ASGISA objectives. ASGISA informs cooperative and rural development since cooperatives are tools used to enhance local economic development as well as poverty reduction. The following section presents the methodology adopted for this article.

9. METHODOLOGY

The article adopts a case study approach that was based on an interpretive paradigm to explore the role of cooperatives as strategies of local economic development in selected communities in the City of Tshwane. Creswell (2014) describes a case study research as a versatile form of qualitative inquiry most suitable for a comprehensive, holistic, and in-depth investigation of a complex phenomenon in a context where the boundary between the content and issue is unclear and contains many variables (Yin 2014).

The article employs a purposive sampling technique to draw 25 respondents consisting of 20 cooperative members, 3 project managers, and 2 community development workers in the selected three selected cooperatives in the City of Tshwane. The article supplemented its data collection by employing secondary sources that establish the existence and

implementation of cooperatives to bridge the socio-economic divide. These secondary sources include (policy documents, DTI primary documents, peer-reviewed articles, scholarly literature) that inform cooperatives and LED. These documents were used since they provide well researched official information on how cooperatives can be used to regenerate employment. Case studies which form part of cooperatives and LED were used to draw analysis on whether previous studies have managed to contribute to the advancement of cooperatives as strategies for LED in South Africa. The article used thematic analysis to analyse the data obtained from interviews. The following section presents, and analyses data collected from interviews and secondary sources.

10. FINDINGS AND DISCUSSION

This section presents the qualitative data and analyses the findings based on various themes that emanated from the article objectives. Poor infrastructure, intra-governmental coordination, limited investment, lack of monitoring and evaluation and poor management and leadership are the evolving themes discussed in the following sections.

11.1 Investment in good infrastructure

The success of cooperatives as strategies LED in South Africa require potable infrastructure that supports investment. Shabangu and Madzivhandila (2017) argue that poor infrastructure in various municipalities hinders the development cooperatives. Findings of the article revealed that deteriorating infrastructure in the marginalised communities negatively affects the development of cooperatives in the City of Tshwane. Participants from one of the cooperatives claim that their cooperatives do not have adequate machinery, warehouses for using especially in agricultural cooperatives. This is attributed to limited financial resources to purchase farm machinery among other necessities. One participant observed that

> *Our cooperative is located on the outskirts of town. The roads there have a lot of potholes and many delivery companies often complain about or make deliveries late. We do not have enough storage facilities where we put our produce and sometimes rain or heat destroy our products before they go to the market.*

Nagesso, Ayele, Nigussie (2018) support the findings when they argue that the development of infrastructure is fundamental for enlarging services with greater access to factors of production and productivity. Drawing from these assertions the researchers argue that, dilapidated infrastructure in the selected communities constrain cooperatives in the process reversing government efforts of alleviating poverty and improving household income.

11.2 Lack of intra-governmental coordination

The participants revealed that cooperatives in the City of Tshwane are being harmed by lack of intra-governmental coordination within the Gauteng Provincial government. As LED strategies, cooperatives receive little support in the form of funding, training and development which makes them mere development projects to improve people's lives in the marginalised communities. Political fights within government departments influence how cooperatives receive their funding. This corresponds well with PAT where poor communication and feedback can exist between principals and agents as both want to follow their own selfish interests. Satgar (2018) in his study found out that, lack of intra-governmental coordination harms the success of cooperatives as LED agents. Mhembwe and Dube (2017) in their study on cooperatives in Zimbabwe attest to the findings when they state that lack of coordination and managerial support hindered the development of cooperatives. The researchers argue that poor coordination within government spheres derails the success of cooperatives as LED strategies and this translate into poor service delivery in communities.

11.3 Limited investment in cooperatives

The implementation of cooperatives as strategies for LED is enabled through adequate funding. Majority of participants in the study expressed their discontent over the way cooperatives are being funded. Inequitable distribution, political interference and nepotism within government agencies that support cooperative development were described by participants as obstacles to the growth of cooperatives. The short lifespan of cooperatives in the selected communities is closely connected to insufficient funding. These findings correspond with a study conducted by Vaidyanathan (2013) which revealed that small scale entrepreneurial ventures such as women cooperatives have failed due to their failure to mobilise enough funding. Funding is the key to training and development so its scarcity hampered the ability of cooperatives to alleviate poverty and generate employment in communities (Nair & Moolakkattu 2015).

One cooperative member laments that

> *Ever since the formulation of our cooperative was having the problem of money to grow our programme. We approached the local government and they direct us to the Department which deals with small businesses. However, the funding we once received was too low to sustain us throughout the year. We are appealing to other concerned businessmen or organisations to assist us with funding so that we have food for our families and have money to send children to school.*

Drawing insight from the above assertion we argue that cooperatives in the City of Tshwane have the capacity to regenerate employment and improve the livelihoods of the people. Limited financial injections as affirmed by Lal (2018) act as barriers for cooperatives to be succesful as strategies of LED.

11.4 Lack of monitoring and evaluation

Findings of this article indicate that, due to low levels of education among many cooperative members, in the selected cooperatives, poor managerial decisions are being taken that have adverse effects on the functioning of cooperatives. Participants expressed limited knowledge on how to conduct monitoring and evaluation which is key to the sustainability of cooperatives. A study by Shava and Gunhidzirai (2017) attested to the findings when it revealed that, fish farming projects (part of LED programmes) were not successful due to failure among projects members to conduct monitoring and evaluation. Drawing from the findings of the article, cooperatives in the City of Tshwane are marginally succeeding as upcoming cooperatives often fail to sustain due to the economic challenges that are associated with poor funding. Despite the proximity of selected cooperatives to major economic hubs, poor management and lack of monitoring and evaluation hindered the expansion of cooperatives. The researchers, therefore, argue that great potential exists for cooperatives in the City of Tshwane although further mentoring and coaching is required to realise the benefits of cooperatives.

11.5 Lack of access to ready markets

One of the challenges facing cooperatives was their inability to access relevant markets in time to sell their products. This was attributed to failure by cooperative members to use modern technology to identity potential markets for selling their products. The agricultural cooperative whose members were interviewed encountered many challenges prior to harvesting, as ready markets were difficult to find which led to deterioration in the quality of their produce. These findings were corroborated by a study conducted by Jaka and Shava (2018) which revealed that rural women in the semi-arid region of Chivi failed to get ready markets to sell their products. Findings of the article revealed further that; the lack of transport facilities was another barrier to development of cooperatives as part of LED strategies.

The potential for cooperatives to mitigate poverty is evident although poor infrastructure and lack of technology hinder cooperative members to access to local and external markets. Bankole and Bankole (2017) affirm that using technology is imperative for socio-economic development and spurring economic growth. Therefore; the researchers observe that

stakeholder and government intervention is crucial to increasing access to ready markets through the provision of reliable information. Also improving the skills of cooperative members is imperative in order to embrace modern technology that is fundamental to accessing ready markets for their products.

11.6 Ineffective management and leadership

Findings of the article showed that cooperatives as strategies of LED are not sustainable due to the poor implementation of managerial decisions. One of the cooperatives for instance, is run by old people who often make poor decisions that do not steer cooperatives towards employment creation. Findings of the article revealed that the local authorities are not adequately supporting and playing an oversight role over cooperatives which lead to their failure. These findings were supported by Kanyane and Koma (2014) who argue that poor leadership that lacks knowledge on how cooperatives should function, and benefit communities is a hindrance to LED.

Van der Walt (2013) identifies conflict management challenges in Limpopo cooperatives which are a hindrance to LED and the sustainability of communities. Although the government assumes the role of local economic development using cooperatives, critics often raise eyebrows as they interrogate the lack of peoples' autonomy on how and what cooperatives should achieve (Rankin *et al.* 2016). Findings of the article indicate that the government has a tendency of imposing cooperatives on the people without conducting adequate research on whether cooperatives can improve the standards of living for a group of people or not. This is line with the PAT where principals and agents have diverse interests which often culminate into conflicts. The authors, therefore, argue that such preconceived actions on the part of government often lead to the demise of many cooperative projects which negatively impacts on people's their livelihoods.

11. CONCLUSION

Cooperatives in the City of Tshwane were implemented by the government as strategies for steering local economic development. Nevertheless, numerous challenges hampered the municipal efforts to regenerate employment and improve the living standards of the people in the selected communities. Drawing from the analyses of findings the researchers observe that lack of financial resources has been a hindering factor to the effective implementation of cooperatives. Many of these cooperatives remain small and fail to grow which is a setback to employment creation and economic growth. Most cooperatives lack collateral security which enables them to obtain loans from financial institutions. Limited funding of cooperatives disrupts the government's vision for generating employment as projected in the NDP (2012-

2030). The researchers observe the shortage of skills as a hindrance to successful development of cooperatives as LED strategies for regenerating employment. The inability of cooperative members to adopt modern technologies adversely affects the marketing of their products. The researchers observe further that, monitoring and evaluation in cooperatives was constrained by limited skills and knowledge which result culminates into a high failure rate. The article concludes that failure by cooperative members to obtain ready markets for trading affects their cooperatives since they struggle to export their products to generate income.

12. RECOMMENDATIONS

To ensure the sustainability of cooperatives the City of Tshwane stakeholder intervention is crucial to financing cooperative projects. Financial institutions and businesses should assist with cash injections to sustain cooperatives as part of the LED. The government of South Africa needs to provide vocational education to community members as a way of skills emancipation. Cooperative members need to be aware of the trends in the economic, political and technological environment. Infrastructure (warehouses and roads) should be improved to enable cooperatives to function properly and attract potential investors. In our opinion, we think there is a need to increase the monitoring and evaluation of cooperatives to ensure sustainability. The government of South Africa through relevant departments should increase access to information to enable cooperatives to have equal access to markets where they can export their produce. Cooperative members need to become innovators and entrepreneurs who adequately participate in cooperatives rather than depending on the government's social security system. Future studies can interrogate the viability of rural cooperatives as vehicles for employment creation and mitigating poverty in marginalised communities in South Africa.

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