PRODUCER CO-OPERATIVES
in the Northern Region of
South Africa. 1978-1987

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Preface

In South Africa, co-operatives, particularly in the agricultural sector, have developed primarily in the 'white' constituency since 1922, and enjoyed state support and subsidies. By the late seventies producer co-operatives were being established mainly in rural areas in communities that had been forced into 'homeland' structures. The beginnings of a broader co-operative movement has gradually taken root in this country as a response to high unemployment, exploitation of workers and conditions of extreme underdevelopment in many areas.

As the focus of this paper is producer co-operative development in a rural environment, it is noted that these enterprises are currently facing a unique situation as a result of the Central Governments 'homeland' policy, which has created unparalleled situations in their development.

In 1971 with Proclamation R117, co-operative legislation was introduced that made provision for the separate registration and administration of co-operatives that operate in so-called 'self governing states' and property of the South African Development Trust. As a result, the structuring and evolution of co-operatives is directly affected by the environmental, socio-economic and political aspects imposed on a region.

At present documentation is sparse and virtually no guidelines are available on the development of established producer co-operatives in South Africa. This paper originated in response to a proposal from SALDRU (Southern Africa Labour & Development Research Unit) that producer co-operative development in the northern region of the Republic, be recorded.

The study is based on the experience of people who constitute a rural co-operative network in the Northern Transvaal and include the observations, over an eight year period, of a founder member of Itsidu.
(Intermediate Technology and Small Industries Development Unit), a service organisation supporting this development in the region from 1980.

The first section of this paper locates the co-operative producer groups historically and physically. It gives an overview of the social, economic and political characteristics of the area, thus reflecting the conditions within which people have to organise their lives. The approach taken in establishing a co-operative service-base indicates the transition from job creation schemes to worker-controlled enterprises.

Section two details the process of co-operative development (1978 to 1987), through case studies of the four producer enterprises that constituted the rural co-operative network over this ten year period.

Interdependence within the network, and collective structures are emphasised in Section three and in the conclusion, broader issues that emerged are discussed, particularly in terms of the approach taken in establishing basic support structures that might ensure the future viability of co-operative income generation and organisation in rural areas.

This paper provides an insight into the long-term impact of community-based co-operatives by revealing the problems encountered, as well as showing the positive aspects of a co-operative approach to production in underdeveloped areas where basic services and job opportunities are minimal.

This information and the overall assessment of common themes that emerged from the four case studies, will hopefully, provide those involved in the co-operative movement with a useful reference in formulating and implementing their particular guide-lines.
INTRODUCTION

This paper focuses on four worker controlled enterprises; Tiakeni Textiles, Twananani, Sasekisa and Tlhari, which together with a co-operative service organisation Itsidu, constitute a rural co-operative network operating in the vicinity of Elim in South Africa's northern region. Elim is situated approximately 150 kilometres south of the Zimbabwean border and 30 kilometres south east of Louis Trichardt. (see fig.1 pg.6)

Tiakeni Textiles Co-operative was established on Shirley farm and is the first industrial producer co-operative to be registered, with the Department of Co-operatives in Pretoria. The two co-operative producer groups, Twananani and Tlhari are located in Mbokota Village and Sasekisa's sisal workshop is in Mphambo Village, in Gazankulu. Shirley farm lies 5 kilometres from Elim and shares a common boundary with Elim Farm. Both farms were purchased by central government in 1980 and finally incorporated into Gazankulu in 1987. (see fig.1 pg.6 & fig.2pg.8)

The 'homeland' policies form the backbone of central government's apartheid policy, whereby rural 'black' communities have been ethnically defined and separated from the 'white' minority population by prescribed boundaries between 'independent and non-independent states'.

Gazankulu is one of six so-called 'self-governing non-independent homelands' in South Africa. A total of ten 'homelands' in underdeveloped rural regions have been created, four of which (Bophuthatswana, Transkei, Ciskei, and Venda) have been declared 'independent states' and a further six (KwaNdebele, KaNgwane, KwaZulu, Gazankulu, Lebowa and Qwaqua) are said to be 'non-independent self-governing states'. Those ten 'homelands' constitute 13.8% (122 104 200 Ha.) of the country's total surface area.
Figure 1
'Homeland' Boundaries in South Africa and the Northern Region of the Republic
"Thirteen million people, more than one third of the total population, live in these areas ('homelands') because they were removed there or because they were not permitted to seek their survival elsewhere". 1

"Most of the revenue used to run the homelands is from South African (government) sources. These are channelled to a small and powerful ruling group that is able to use them in ways that entrench their power and support". 2

These areas reflect the role assigned to homelands by the planners of apartheid, and are characterised by:

- ethnic consolidation into artificial independent states resulting in the political and economic isolation of people;
- extreme poverty and unemployment due to overcrowding, the restricted movement of people and the breakdown of subsistence agriculture;
- tribal authorities, employed by and serving the interests of the leadership that is installed by Pretoria and not chosen by popular consent;
- dense concentrations of population living alongside a small privileged social strata of civil servants (government employees in local bureaucracies; teachers, nurses, military and police personnel).

Historically forced into the cash economy by the appropriation of land, various forms of coercion (often victims of forced removals), this rural population is primarily dependent on remittances from male heads of households who seek work as migrant labourers in South Africa's industrial centres. As industry mechanises in a climate of challenge from a work force organised in industrial unions (under conditions of economic recession) unemployment and underemployment represent the dominant reality).

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1. Black Sash; August 1988
2. TRAC 12 April 1989
Figure 2
Boundaries of Gazankulu Prior to Incorporation of Elim and Shirley Farms in 1987

Producer Co-operatives
In rural areas in South Africa, households are typically matrifocal, with women maintaining the village structure and bearing the financial responsibility of providing housing, food and the hidden costs of raising children and caring for relatives. Lack of job opportunities and laws that hamper the entry of women into the industrial sector, have forced an ever increasing number of people to seek an economic base in their communities.

In 1967, in the Northern Region of the Republic, three Territorial Authorities were established; the Lebowa for the Northern Sotho; the Matshangana for the Tsonga (Shangaana) tribes, and the Thoho Ya Ndou for the Venda people.

Proclamation 192/1967 had the effect of preventing Africans from taking up residence or residing on any privately-owned or tribally-owned land (as specified in subsequent proclamations) unless written permission was given by the Bantu Affairs Commissioner, or unless the person concerned was the registered owner of the land or occupied it prior to 24 August 1967.

"In these closer settlement areas families are allocated plots about 50x50 yards in extent, paying a nominal amount usually of R1 a year for 'services'. The plots are too small to enable people to be self-sufficient in mielies. One of the major difficulty in many cases is the limited availability of employment in the new area."

In 1969 the Bantu Homelands Citizenship Bill was passed in terms of which; "Those who will be citizens of a particular territorial authority area are 'Bantu' persons."

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4. ibid.
- who are born in the area, and/or domiciled there;

- who are in the Republic speaking any Bantu language or dialect thereof used by the 'Bantu' population in the area;

- in the Republic who are related to any member of the Bantu population in the area, or who have identified themselves with any part of such population by virtue of their cultural or racial background."

Venda received self-governing status on 26 January 1973 and Lebowa became a self-governing territory within the Republic in October the same year. Gazankulu was declared a self-governing territory in terms of proclamation R14 of 26 January 1983 and by 1986 the latter 'homeland' comprised 764 656 Ha.

The geographical area of Gazankulu was further extended with the incorporation of Shirley and Elim farms in April 1987, with the result that all the producer groups in the Co-operative Network, Tiakeni, Sasekisa, Twananani and Tlhari, including the pilot project, Vonani (see fig. 3 pg. 11) were subject to Gazankulu's administrative jurisdiction after this date.

The members of the co-operative producer groups in the Northern Transvaal were adversely effected by removals as 'homeland' boundaries were consolidated and extended through government purchase of 'white-owned' land.

These 'released areas' were administered by the South African Development Trust (SADT) through the Department of Co-operation and Development which is also responsible for the 'relocation' of communities to 'closer' settlement areas, for the purpose of greater control under a 'homeland' administration.
Figure 3
[a] Location of the Producer Co-operatives and Itsidu. [b] Resettlement in the Northern Transvaal Region.
1 Location of the co-operatives in the network

Tiakeni Textiles Co-operative: Tiakeni, meaning 'build yourself up' in Tsonga started with four women who acquired skills in designing and hand-printing fabrics and trained new members as a production workshop was established on Shirley farm (under 'white' ownership at the time).

With the purchase of the farms (Elim and Shirley) in 1980, the central government gained control over land, pending the hand-over to Gazankulu. Tiakeni's future seemed precarious and the co-operative sought recognition from official sources in Giyani, the 'capital' of Gazankulu, in anticipation of the eventual incorporation of the farms into the so-called 'self governing non-independent state'.

The consequences for the population (approximately 5200) living on the two farms was the imposition of restrictive legislation that began with residents being notified by the Magistrate's offices in Louis Trichardt that they were regarded as squatters. Households were numbered, the right to build or repair houses was withdrawn, and the keeping of livestock was made illegal.

The farm communities were faced with resettlement to two rural townships, Vleifontein (Venda residents), and Waterval (Shangaan residents), under construction from 1980 onwards. Vleifontein is situated 20 kilometres north of Elim (intended population 10 000), and Waterval is located on Elim farm (intended population 20 000).

The first influx of people to Vleifontein and Waterval townships were from Tshikota, a 'black' township adjoining the town of Louis Trichardt. This township was deproclaimed and the entire population of 6000 people resettled in dormitory townships in 'homelands areas' from 1983.
On the basis of ethnic divisions—the Northern Sotho's were sent to Indermark and Seshego villages located in Lebowa. The villages lie over 100 kilometres to the west of Louis Trichardt where many residents held jobs. The Venda's were relocated to Vleifontein and the Shangaan's were moved to Waterval township two years later (1985). The population of both townships continues to increase as residents of Shirley and Elim are forced off the farms.

The disruption to community and family life, a consequence of the government's resettlement policy, is evident in the following statements:

"...now we must leave our homes and go to live with 'skollies' from Louis Trichardt".5

"I grew up here, I'm happy with my home. I like to improve my dwellings but I cannot because of resettlement. I'm forced to....maybe we will be moved to townships one day. You see those police numbers on there, painted on the door? .....maybe we can be moved at any time, but we don't know when and we don't know why".6

"I myself am Venda speaking, my mother is Sotho and my father was Venda. But my father speaks Tsonga at home. People of different languages have lived together peacefully in this place. Some say that the government is going to take all the Tsonga people to one place and all the Venda's to another place. Then I'm not sure where I will belong."7

The incorporation of Vleifontein into Venda was gazetted on the 1st April 1986 and both Elim and Shirley were handed over to Gazankulu in April, one year later. As a consequence of this allocation to Gazankulu, Venda became divided by a finger of land that linked Elim to the rest of Gazankulu. This

5. Elim Farm Resident
6. Shirley Farm Resident
7. (Cited from video "A Lion is Other Lions". Documentary on Tiakeni 1983.)
division is much resented by the Venda Government who felt they had an equal claim to the land because many of the residents are Venda speaking and land adjoining Shirley and Elim was incorporated into Venda.

The implications of incorporation for those families classified as Venda who were moved to Vleifontein, as well as the 5000 people from Tshikota township, was loss of South African citizenship (they are now 'foreigners' with no legal rights to work, live or even enter South Africa).

Pensioners can not get their pensions without a Venda identity document, job seekers have to work on contract and all residents in Government service have to have Venda identity document to keep their jobs.

The legislation does not require that the people affected be consulted. The State President merely has to issue a proclamation that a particular area is no longer part of South Africa.

The people who were relocated to Waterval township have the right to live and work in South Africa, on condition that they have jobs and accommodation, because Gazankulu has not (yet) become an 'independent' state and influx control has been 'scrapped'.

Sasekisa Sisal Producer Group: The history of this sisal producer group is associated with the implementation of large scale removals that took place in the Northern Transvaal from the sixties onwards as boundaries for Venda were defined.

"From August 1973 onwards, the Shangaan (Tsonga) people living amongst the Venda's were removed to an area adjoining areas already inhabited by

other Shangaans—approximately 20,000 people have been moved under this scheme."

The members of Sasekisa originally lived in a fertile farming area called Borches, situated near Elim farm (see fig. 3 pg. 11). Their community was forced to move to Mphambo Village, located in a desolate low rainfall area some 80 kilometres into Gazankulu. The farms in the Borches area were prepared for incorporation into Venda, the residents were removed, and the land cleared to make way for tea estates, part-owned by the Venda government and Sapekoe (a South African company).

The presence of this resettled community, faced with integration into the existing Mphambo Village community, only served to increase the competition for limited resources such as water, fuel and land. The problems were addressed in various ways by agencies outside the community, particularly the church which instituted relief and training programmes.

A sisal project was initiated in an attempt to generate income for some women in the resettled community. For this purpose funds were provided, a workshop was built in the village and for a number of years, a group of women produced high quality sisal goods. These were generally marketed through support groups outside the community and later by a craft shop 'Vutchila', set up by the church on Elim farm. The resulting dependency on the church and individuals, culminating in the closure of the craft shop, led to the collapse of the group as this support was gradually withdrawn.

Members of the group came into contact with Tiakeni and Itsidu, with the result that a core group of women in Mphambo, initiated the re-establishment of sisal production in the village. The new group negotiated with the Mphambo Health Clinic which had taken over the workshop facilities, for use of the building, and began production in 1981, under the name Sasekisa.

meaning 'to make beautiful'. The choice of the name is an indication of the pride women still felt in their skills as producers, in spite of the disillusionment and resentment that had followed the closure of the project.

Sasekisa was guided by co-operative principles in solving problems stemming primarily from enforced isolation and deprivation, caused by restrictive legislation imposed on rural communities which have been relocated. Finance was required to cover the high transport costs to urban centres (Malamulele and Giyani) for raw materials and basic services (post office, bank, garage and stores), all of which are lacking in Mphambo Village.

The case study on Sasekisa covers the development of the sisal group whose members received training through the co-operative network. By working intermittently with Tiakeni and Itsidu from 1981 and more closely with Twananani (the second textile co-operative in the network) after 1983, new structures were assimilated and a small but measurable viability was achieved in the first two years of production.

**Twananani Textile Co-operative:** In 1983 the second textile co-operative was organised from Mbokota village, which lies approximately 5 kilometres from Tiakeni's workshop on Shirley farm (see fig.3 pg.11). A group of thirty women from the village established a training programme at Tiakeni and developed a unique textile printing technique that incorporated traditional and contemporary village wall patterns into fabric designs. The women of Twananani worked closely with Tiakeni whose members could offer invaluable skills, developed during their five years of co-operative experience.

For some years Mbokota Village has been a 'dumping ground' for communities which have been moved into Gazankulu from places where they previously lived. The village is described by residents as having distinct areas, these being defined in terms of the influx of
various communities who have been resettled around the 'old' village.

The forced expansion of Mbokota contributed to undermining support structures in the community and this factor to a large extent, defined the nature of the co-operative initiative. From the outset, attempts were made to strengthen networking in the community by recruiting members across these 'divides'. Twananani in particular was prominent in the community because resources were established around the production unit and members were responsible for introducing new organisational initiatives into existing social structures.

A statement made by a member of Twananani: "We want to work, we want to help with the money, by working together we can help each other", expresses the dominant issue for thousands of women in rural areas - the need to gain work experience and earn money merely in order to feed, clothe and educate their own and extended families.

**Tlhari Producer Group:** Towards the end of 1985 a group of women living in Mbokota village, who were skilled in beadwork, decided to work as a collective. The rapid growth of Twananani in the village bore witness to the potential of co-operative organisation, with the result that individual producers chose to work as a group and set up a working relationship with Itsidu and Twananani.

The case studies on Twananani and Tlhari indicate two different approaches to co-operative production within a social environment dominated by village tribal authorities (government employees) who have control over land allocation and commercial interests in the village. The two production units represent the first organised co-operative production in the Mbokota community, and have a combined membership of approximately sixty women.
Establishing a Co-operative Service-base.

Tiakeni's development mirrors that of the co-operative service organisation Itsidu on Shirley farm. Itsidu originated as a collective in 1978/9 with five skilled trainers on average, who were drawn from the community and recruited from further afield by a local steering committee who provided support and guidance to the service group.

The service organisation assisted in setting up infrastructure in the area (water, electricity and buildings) and worked mainly with Tiakeni throughout the formative phase of the co-operative. Redefinition of the role of the service group was a direct consequence of Tiakeni's registration as a Industrial/Workers co-operative in 1980.

This stage saw the formal constitution of Itsidu, whose broad objective was to extend the support-base for co-operative organisation in the area through skills training, education and participation in community issues.

The service organisation had established offices and accommodation on Shirley farm by 1980 when the farm was purchased by central government. The members were offered no security and were obliged to enter into temporary contracts with the Department of Co-operation and Development over the use of existing buildings on the farm and basic facilities that had been developed by the service collective and Tiakeni Co-operative (water and electricity supply).

In order to secure the buildings (textile workshop and the Itsidu General Workshop) that had been erected by the time the land was bought out by the state, Itsidu agreed to act as an umbrella organisation. The buildings of the co-operative were held in trust by the service organisation from this time and the contract was formalised by paying to Itsidu, a nominal annual rent payment which goes towards repairs and maintenance.
This contract provided the co-operative members with a broader base for negotiations were any of the following situations to arise:

- members rights to operate as a producer co-operative from the farm Shirley be challenged by local authorities;

- the pending incorporation of Shirley and the adjoining farm of Elim into Gazankulu, result in a rezoning of the land that could jeopardise Tiakeni's position;

- the co-operative failed financially and the buildings and assets revert to 'the community' in accordance with the co-operative principle of ownership-by-use.

On the strength of the co-operative developments in the area and the progress that Tiakeni had made towards economic viability, Itsidu was able to raise funds from a German Donor to cover their operating and servicing costs for an initial three year period (1980-1983).

Although the common themes that emerge from the case studies are discussed in the conclusion, the single most distinct feature of each co-operative producer group, is the establishment phase. Income generation in rural communities is associated with a process involving the intervention of outside agencies who are willing to effect changes in communities by giving access to resources and finance in a particular economic environment.

An important issue in addressing these problems initially, was seen by those offering services and resources to be the introduction of practical skills, while worker members set up organisational structures around production that were compatible with the social needs of the community in which they were operating.
Service Workshop: In order to develop support structures for co-operatives in an environment without services and resources, Itsidu raised funds to buy machinery and equip a Service Workshop that was built adjacent to Tiakeni's workshop. This service component was co-ordinated by a group of men, some of whom had skills and trained others from the community.

As Tiakeni established a production system from 1978, infra structure was designed to suit local conditions: basic services (water and electricity) were provided and local resources used as far as possible (trees from the forest were used for construction and a block yard was established for building materials).

From the outset, independence from commercial expertise and servicing was a goal of the co-operatives in order to cut down on unnecessary costs and time wastage between urban centres and the Northern Transvaal. The co-operatives have achieved this independence with the assistance of Itsidu, whose main objective was to provide appropriate support for co-operative development as the network expanded.

In order to promote the future viability of co-operatives the service organisation was required to adapt to different needs and become involved in broader issues around production. These areas included:

- a Production and Design Workshop (organised in 1981) that resulted in appropriate production systems emerging that were later to form the basis for future co-operative development, and

- a raw materials 'float' co-ordinated by the co-operative members from 1984 onwards.

2.1 Design and Production Workshop

Itsidu initiated and participated in a one year Production and Design Workshop in 1981, for which R6000 was raised to cover materials and equipment
needs. The concept of providing workshop space that individuals and co-operative members might use to explore ideas for new production techniques, was aimed at enabling new co-operatives to be formed. In this way the co-operative base in the community was extended and support structures reinforced.

The resources and skills developed by members over this year (1981) provided the basic expertise for various production systems that were established by co-operative producer groups after the workshop. Several benefits flowed from the workshop; Tiakeni's design department learned drawing skills, dyeing techniques and developed a photographic stencil system for reproducing the designs of local artists and sculptors.

Women from Mbokota Village originated a fabric wax-printing and dyeing process that was adapted and developed further by the co-operative 'Twananani' from 1983 onwards. The skills in fabric dyeing were extended to include a sisal dyeing process that was documented as a resource booklet during the workshop and used by various producer units in different parts of Southern Africa. In addition, new techniques developed for sisal production were introduced by a participant who offered training to the sisal producers (Sasekisa) in Mphambo Village from 1982 onwards.

The educational experience during the Production and Design Workshop provided participants with skills in product development and co-operative production that contributed to the expansion of the producer co-operative network (through the subsequent development of Sasekisa in 1982 and Twananani Textile Co-operative in 1983/4).

2.2 Raw Material 'Float'

In rural areas, access to raw materials and the additional costs of transport present problems that must be addressed if a producer enterprise is to
become viable. For those involved in consolidating the co-operative network, an appropriate response to the problem was to centralise the supply of raw materials as far as possible. To this end a grant was secured in 1984 to set up a raw materials 'float' for use by existing and developing co-operative producer groups. The motivation was to provide a system whereby:

- the reduced cost of raw materials bought in bulk are transferable to producer group users who are unable to finance bulk-purchasing costs;

- raw materials only available in bulk quantities from suppliers who serve the interests of large commercial firms, are made accessible. e.g., dyestuff in South Africa is imported and only available in minimum quantities that far exceed the monthly requirements of small co-operative enterprises.

This service is co-ordinated by co-operative members and remains operational due to a proviso in the funding agreement that a percentage of the fund be 'self replenishing'.

For example; a small percentage of raw materials for pilot projects are subsidised by the 'float' and stocks are replaced from payments made by established co-operatives.

The service organisation constitutes an integral part of the co-operative network. By assisting with skills training within the producer co-operatives, while also developing community-based services, members of Itsidu, along with the co-operative members, gained experience that equipped them to deal with practical problems and issues that affected the communities in which the co-operatives are based.

By establishing contact with the broader community members of the Itsidu collective have been required to develop skills to cope with the more complex problems that were exacerbated when Shirley and Elim farms were incorporated into Gazankulu in 1986/7.

22

Producer Co-operatives
This introduction to the co-operatives in the Northern Transvaal, provides an overview of the area in which the producer groups were organised, and the service component that was established as the network expanded. This section concludes with a brief history of income generating schemes in the area prior to the co-operative initiative in 1878/9.

3 Job Creation and Co-operative Organisation 1968-1978

In the Northern Transvaal the first attempts at income-generating projects in rural communities was through skills training programmes initiated by individuals and church groups who had moved into the northern region of the Republic. From 1968 onwards the church spread their evangelical influence by organising support structures for people who were placed in totally unprepared terrain where there were no houses, water points, sanitation or community facilities.

Initially famine relief was offered and agricultural schemes introduced, while women's clubs were organised in villages, to which an income generating component was added to provide women with some cash. Approximately ten projects were set up in the far Northern Transvaal for the production of beadwork, sisalwork, knitting, weaving and dressmaking. The majority of these groups were organised by supervisors who worked outside the community, where the management of raw material supplies, finances and marketing was controlled.

This early approach to income generation succeeded in equipping individuals with skills for production but simultaneously created a crippling dependency on people and resources outside the production groups. Most of these projects, three of which were in the Elim area (weaving group on Shirley farm, beadworkers and 'Vutchila' craft shop at Elim), had collapsed by 1978 when the co-operative approach to production was established at Tiakeni.
Unlike a co-operative undertaking, the aim of the church in setting up income generating projects, was to assist those who were sympathetic to their teachings: there was no clear aim for members to learn to organise and run a viable economic enterprise outside this sphere of influence. The problems inherent in what amounted to 'sheltered' employment were perceived as an inability by those involved in the projects, to move beyond a purely production orientation.

An example of such a situation was apparent in a weaving group which worked for a number of years from a mission station, situated some forty kilometres west of Elim, in Venda. In the mid-eighties, the church decided to close the project down as it was becoming an increasing burden to sustain.

By this stage the practical effects of co-operative production had been demonstrated in the area and the members agreed to attempt to reorganise the project along co-operative lines when assistance was offered by a service organisation based in the Witwatersrand area. Without going into the details of this development, the position of the group by 1987 was as follows; production had expanded, a workshop was under construction in the village, and the weaving group was supporting the development of a second co-operative who were spinning and knitting handmade jerseys from cotton (as with sisal, cotton is grown in the area as a cash crop).

The co-operative structure enabled members to take responsibility for organising and developing a broader skill base. Their previous position of isolation was changed (contact was made with the co-operatives in the Elim area, Itsidu provided some input; plans for the building and training in design and drawing skills), and a momentum was achieved as members were challenged to take control of the means of production.

The co-operative initiative is seen by those involved in the Elim area, as a serious attempt to promote a collective awareness within the community and develop
appropriate resources and practical skills through a production environment.

In 1978 when the co-operative option was introduced by Tiakeni, employment opportunities in Gazankulu had increased at the level of higher paid civil servants as positions in the 'homeland' bureaucracy expanded. The majority of people (mainly women), however, found themselves increasingly dependent on the cash economy, yet had no access to jobs.

For the population of Gazankulu (estimated at 600 000 in 1978 and 700 000 in 1987), employment opportunities are limited to low paid work offered to a few thousand people, (representing less than 5% of the total population) on sisal plantations, and short-term job-creation schemes, mainly road construction and building.

Hawking of fruit and vegetables provided some income for a few individuals, while the majority of women have never had employment opportunities, and are expected to work on a voluntary basis when the need arises, for example, if class-rooms are to be built or water-pipes laid in the community. A few women and men sell handmade articles and in households where there is no financial support at all, family members sell firewood and make soil bricks for neighbours (earnings in 1987, approximately R2 per day).

Under these conditions of high unemployment, dependency on migrant earnings and limited natural resources, a spirit of determination had emerged that ways be found to generate an income from a community-base. The experience of failed craft-based projects in the area left many people wary of the 'welfare' approach which offered short-term support without fostering worker control in the production groups.

Whereas job-creation schemes tend to equip individuals with limited skills while providing short-term finance, a co-operative approach to production, are seen to bring about long-term changes in:
the nature of work and education;

'traditional' status roles;

altered priorities in the control of money and resources;

community initiatives that stem from collective structures.

The co-operative initiative in the Elim area was not 'introduced', as such; but grew out of collective structures that are maintained in most rural communities, to assist people through financial crises that are an everyday reality for families who have little or no reliable income. Co-operative principles were seen to reflect many existing social values, as was the broader objective of establishing a resource-base to support the production initiative by providing training and services locally.

The intention of those working in co-operative structures in the Northern Transvaal was to establish economic units where the 'success' of a skills sharing process was judged in terms of the independence of co-operative members from the services of organisations and trainers outside the community.

By organising around the skills and resources that do exist in the community while integrating 'imported' skills offered by organisations that support the co-operative movement, a process has been set in motion in many rural areas, since the late-seventies, to establish appropriate local networks and links between rural and urban environments in South Africa.
Establishing a Co-operative Resource-base.

[a] A blockyard organised by Service Workshop members for building co-operative facilities [b] An Itsidu member assisting Andries Phutu from Tiakeni to make and cover a silk screen.
Twananani and Tlhari members assist with the construction of a water tank for use by the cooperatives and Mbokota community.
CASE STUDIES OF FOUR CO-OPERATIVE PRODUCER ENTERPRISES

The case studies presented provide an indication of the process of co-operative development through Tiakeni's history and the subsequent expansion of the network, that comprised approximately 136 people between 1978 and 1987. The following graph shows the membership trends in the co-operative Network.

**Figure 5**
4 Tiakeni Textiles Co-operative

One of the first members of Tiakeni, in talking about projects initiated by the church prior to the establishment of the co-operative in 1978, gives an indication of the welfare approach that had dominated production initiatives from the late 60's.

"The church started a beadwork group and built a craft shop at Elim. They came to Shirley farm and started a spinning and weaving group in 1973. Seventeen women joined the group and we worked in an empty farm house. Three of this group are now members of Tiakeni Co-operative. The farmer moved back into his house and the group did not have a place to work. We were not working any more, some ran away because the money was too little, sometimes R5 per month. The people were suffering and we could not go on."

The collapse, by 1975, of projects initiated in the Elim area and on Shirley farm is attributed to the fact that members did not earn sufficient income, nor did they have the opportunity to develop the necessary organisational skills to maintain and sustain production, as church support was gradually withdrawn. It is this approach to production that was challenged by the co-operative structures that came into being when Tiakeni was established on Shirley Farm in 1978.

"We asked for help with training and a place to work. Clothes were sent from churches in Holland and money was collected from jumble sales in the community. We found a place on Shirley farm and cleared the trees for the building."

"Trainers came to work with us and we talked to people who wanted to work. Everyone wanted to work and some understood that we must start slowly, others were angry because they could not

10. Member of Tiakeni
get 'jobs'. There were a few educated people so the first members trained others. When we started there was a steering committee with people from the community and others from outside."\textsuperscript{11}

The initial proposal for a production workshop on Shirley Farm, was that control be vested in the hands of the church board who had a strong influence in the area and saw the project as a vehicle for extending their influence in the community. This approach was challenged by community members and trainers who were invited to assist in establishing a textile workshop. By promoting the concept that control be vested in the hands of the workers, a new sphere of influence, emerged in the area.

The independent development of the production unit was secured when community members and skills trainers formed a steering committee. The committee operated in an advisory capacity, offering support to resource trainers and co-operative members, in setting up new organisational structures.

In this way a representative body was constituted and a forum created for dealing specifically with the issues of developing co-operatives, while the possibility of domination from groups outside the co-operatives was minimised to a large extent.

The formation of a co-operative was prompted by a number of factors but most important was compatibility with social patterns in the community, which were used to guide members in taking collective decisions. Other factors which contributed were:

- the recognition that the 'welfare' approach to income generation had had little success over a number of years;(see pg.23)

\textsuperscript{11} Ibid
- the fact that co-operative principles promote the servicing of community needs because the co-operative could only offer financial benefits to a limited membership in a community where the majority of people are unable to earn an income;

- co-operative structures offered broad based skills training and ensured that resources around production were spread beyond worker/members as far as possible.

Another principal contributory factor in the development of Tiakeni was the relationship between skills trainers and co-operative members. Those involved in the co-operative initiative were dependent on each other to fulfil different needs in terms of the direction the co-operative was to take, as well as in addressing the specific problems of production within the social, political and geographical constraints particular to the region.

Tiakeni began, in 1978, as a small production unit with a core membership that grew from two to twenty four in the two years preceding their registration as an industrial/ workers' co-operative in 1980. Its founder membership consisted of some of the women who had been members of the craft group on Shirley farm, mentioned earlier. It was a determination on the part of women in the community, to organise a viable production system, that led to the co-operative initiative in the area. A comment made by one of the founder members after four years of organising at Tiakeni -"We did not think our work would come to this", indicates that many of those involved at an early stage in the co-operative, had not anticipated that Tiakeni would continue to expand in the way that it did.

The first phase of co-operative development entailed practical skills training, product development, establishing contact with raw material suppliers and setting up marketing outlets. Tiakeni's building was gradually equipped and extended over a three year period with the assistance of the Service Workshop.
(see pg.20). Tiakeni's members worked with locally-based skills trainers who were accountable to the co-operative members and were guided by a steering committee which gave support and direction in the production initiative.

4.1 Recruitment and Membership

In communities where the majority of people are unemployed, the process of recruiting members must necessarily be carefully considered. The founder members were aware that conflicts could arise in the process of bringing new members into the co-operative, particularly in a situation where lack of income dominates the everyday lives of families.

In order to ensure good relations with the community and minimise accusations that members might be 'favouring' some people over others, the principle of 'open membership' was applied in practical ways. Word was spread in the community inviting those who wanted to work to put their name on a list that was drawn on for interviews as the co-operative expanded and was able to absorb new members.

The following recruitment policy is currently in operation:

- a position is advertised locally, and an elected members committee interviews applicants;

- prospective members are invited to join Tiakeni for a three month 'trial' period so that the principles of co-operative organisation are experienced through the working environment;

- final decisions on recruiting new members are taken at a general meeting. Applicants are informed about the by-laws of the co-operative and must agree to abide by the conditions of membership if they wish to join the co-operative.
Criteria for the selection of new members include good working relationships and trust, coupled with the particular contribution that a person can make to the co-operative. On the whole, job applicants with no family income were given priority as most people have had no access to employment opportunities, thus past work experience was not seen to be a relevant selection criterion in the first phase of establishing the co-operative.

Each member joining Tiakeni learned a range of skills and trained new members who were only recruited when members felt pressured by increased workloads as monthly production level built up, along with the need to structure sewing, dispatch, administration, and marketing units to improve efficiency.

Members found it necessary to establish different criteria for recruiting members in the different spheres of work, for example:

- while creativity was an asset in the design department, the ability to transform design ideas into viable products required problem solving skills;

- possession of a sewing machine was a factor in bringing members into the sewing department initially as the co-operative had no sewing machines, with the result that older women tended to be recruited;

- as marketing, and administration involved record keeping and analysis, younger members were brought into the co-operative because they tended to be better educated. The younger members contributed new ideas to the creative side of production as they were more in touch with current fashion trends; an important factor because of the geographical isolation of the co-operative from their customers who buy into a textile market that offers new product ranges each year.
As social relations in many work situations are frequently dominated by those most familiar with the work environment, the successful 'absorption' of new members, posed a challenge. Tiakeni members recognised that, while younger members could bring vitality into the co-operative, they needed support and encouragement to share ideas in an environment that is 'traditionally' dominated by older members of the community. It was mainly the younger members who became frustrated by 'fixed' attitudes and were tempted to leave the co-operative because of greater mobility in terms of job opportunities and family responsibilities.

As the need for more sophisticated bookkeeping and negotiating skills for liaising with commercial companies became a reality, members were obliged, after some years, to recruit members who had held jobs and gained experience in certain areas. This challenged the position taken on equal pay for members, (skilled people were able to earn more in jobs outside the co-operative), and led to the co-operative adopting wage levels in a 1 to 3 ratio.

The decision to bring skilled people into the co-operative, also raised the gender issue as it was predominantly men who had had access to jobs. The importance of social co-operation for women in the community, as a means of survival, is evidenced in the organising of savings clubs, burial societies, women's groups and other support structures. The status of men, to a large extent absent from their homes for the greater part of the year, is seldom challenged, with the result that social positions, on the whole are maintained on the basis of gender discrimination.

After some years the all-woman co-operative decided to bring two men into the co-operative, although some members voiced their concern that the dominant role that men enjoyed, would effect the democratic functioning of the co-operative. To some extent the nature of meetings did change as some women were inhibited and contributed less in meetings. This challenged members to create a working environment
where information was fully shared and members were able to participate in decision-making in an informed way.

Over the years covered by this report, a total of thirty five people applied for membership at Tiakeni, of whom three did not enter the co-operative after the initial three months 'trial' period. In the case of one applicant, members felt that the person had not demonstrated that she could work co-operatively, while two applicants came into conflict with co-operative members and chose not to apply for membership. Tiakeni has had an average membership of around twenty-four every year and only six members have left the co-operative. They did so for the following reasons:

- one member who brought valuable bookkeeping skills into the co-operative, was forced to resign by her husband who felt that she was not fulfilling her 'traditional' role in his family's home;

- two younger members resigned when the skills they had gained at Tiakeni made them eligible for employment at Elim Hospital (where civil servants' posts offer long-term security);

- one of the innovative members of the design department and originator of the batik process that established Twananani as a viable project, resigned in order to organise a home industry in Mbokota village;

- two members retired when they reached the age of (approximately) sixty years. Both members complied with the regulations for leaving the co-operative and were eligible to receive their share capital plus a bonus of R250 after training new members.

Another founder member of Tiakeni was severely pressurised to resign after two years by her husband who was threatened by her new independence. With the support of co-workers she opposed him and won her right to work at the co-operative.
Tiakeni has managed to maintain a constant membership but has also faced the common problems associated with not expanding the membership. The long-term effects of a stagnant membership as experienced by Tiakeni, are twofold: members are required to leave their particular task in order to complete urgent orders, with the result that those involved in less visible activities, for example Tiakeni's Design Department, frequently support the immediate demands of production deadlines and forfeit time on long-term objectives that may ensure the future viability of the co-operative.

Tiakeni's growth is dependent on the ability of its membership (aged between 22 and 65 years) to acquire the range of business skills essential for organising the co-operative in on-the-job training. Only three members had any previous industrial experience, eleven members had been wage earners for short periods, while 18 members had no previous employment experience.

Tiakeni in comparison to the other producer units in the network, is at an advantage in terms of 'skilled' membership as only 6 members in the other three co-operative producer groups (Twananani, Sasekisa and Tlhari) who have a total of 75 members, had been 'employed' before, and none have any industrial experience.

4.2 Financing the Co-operative

In 1975/6 the starting capital (approximately R23 000) for Tiakeni was raised locally through a jumble-sale campaign (clothes were donated by church groups in Holland) and this enabled a workshop to be built and left a small reserve for launching the project.

In 1978 the formation of the steering committee established the independence of the service group and founder members of the co-operative from existing structures in the area. Subsequent funds were channelled through the steering committee until
Tiakeni was more formally constituted and members were able to raise funds for further development costs.

Tiakeni members subscribe to the principle that only member/workers are shareholders. The economic conditions prescribed the minimum contribution to share capital (approximately R100 per member), which was insufficient to finance the development costs of a textile workshop.

Whereas capitalist companies may rely on shareholders to finance a business, co-operatives that are organised in 'underdeveloped' areas tend to seek finance from donor agencies and similar organisations which are willing to support co-operative structures. This financial support is offered in an attempt to redress the unequal distribution of money and resources among South Africa's population.

The cost of developing the infrastructure for the silk screen workshop was financed over approximately three years (1978/1981). At various stages of co-operative development separate applications were made to donor agencies to meet specific costs.

| Equipment for silk-screen production | R 6 000 |
| Sewing machines and materials | R 5 000 |
| Extension of buildings installation of electricity/water supply | R 7 800 |
| Generator, water storage tanks | R 25 800 |

Over and above the money (R23 000) raised through the jumble sale campaign, funds raised to finance Tiakeni's development costs amounted to approximately R25 800. In addition various manufacturing firms

Producer Co-operatives
donated small amounts of raw materials to begin production (fabric, and building materials). Most of the funds however, went towards the costs of equipment and developing infrastructure so that the co-operative could function in an area lacking water, and electricity.

In 1983 the end of the funding period was marked by a soft-term loan contract (2% interest charge), for R10 000 to cover raw material costs (these were available in bulk quantities that far exceeded Tiakeni's monthly production needs). The loan was repaid from sales income by 1986, at approximately R3 500 per year.

Tiakeni members made a successful application to a firm in the motor industry which donated an old, second-hand bakkie. The members rely heavily on transport as orders are posted on a daily basis and raw materials must be collected on delivery at the local rail depot.

In 1985 and again in 1986 Tiakeni applied unsuccessfully for grants to cover purchase of a replacement vehicle. While most donor agencies are willing to finance development, implementation and training costs, the presumption is that an established producer enterprise should accumulate a capital reserve fund to cover expansion and maintenance costs. However there are few examples of rural producer co-operatives that are able to generate enough of a surplus to cover costs of inflation as well as 'additional' capital expenditure such as a vehicle.

Conditions in the commercial sphere led to a cash flow crisis developing at Tiakeni during 1986. The two major contributory factors were;

On the marketing side: discontinuance of a fabric used extensively by the co-operative, with the result that large customer orders could not be honoured;
On the supply side: a number of textile mills closed their credit agreements with small customers, including Tiakeni, and demanded cash before deliveries for goods that can take up to three months to reach the Northern Transvaal. This situation led to discussions between all the co-operatives and Itsidu, over the benefits and constraints of making provision for 'common' funds through a Co-operative Loan Account. (see pg.117).

Tiakeni has been described as a viable producer co-operative because all costs are met from sales, and there was no donor financing, apart from starting finance and a soft-term loan repaid over the required period.

In adopting a co-operative approach to capital a less exacting definition of 'viability' is appropriate. It is commonly recognised that, while worker controlled enterprises in rural areas are potentially self-sufficient, in a situation of development for basic survival there is little prospect of generating a large surplus.

This situation occurs because the majority of member workers are unskilled and finance their own development costs by working for low 'wages', initially, while subsidising the training of new members. Tiakeni has maintained member income levels which increase at 15% per year and applied co-operative principles to capital viz.:

- ideally a percentage of annual surplus is allocated to a community fund;

- a percentage of annual surplus is kept in a reserve fund to cover shortfalls in available income;
the co-operative pays members a double cheque representing an annual bonus when possible, with another payment at the end of each financial year, shared equally, representing a dividend. The latter payment is charged as an expense as it is preferable for community and staff benefits to be included as costs given that co-operatives are subject to company tax (50% of profits from 1978/79).²¹

Tiakeni's income and expenditure records (1981 to 1987) indicate that the co-operative continued to break even over the years though the odds are loaded against capital accumulation, given the constraints of operating in a remote rural area.

### Table 2
Annual Income and Expenditure 1981-1987
Tiakeni Textiles Co-operative

<table>
<thead>
<tr>
<th>YEAR</th>
<th>INCOME</th>
<th>EXPENDITURE</th>
<th>WAGES</th>
</tr>
</thead>
<tbody>
<tr>
<td>1981</td>
<td>R 88 376</td>
<td>R 87 836</td>
<td>R 20 604</td>
</tr>
<tr>
<td>1982</td>
<td>R 99 280</td>
<td>R 93 975</td>
<td>R 26 424</td>
</tr>
<tr>
<td>1983</td>
<td>R 110 737</td>
<td>R 101 108</td>
<td>R 28 824</td>
</tr>
<tr>
<td>1984</td>
<td>R 105 580</td>
<td>R 99 178</td>
<td>R 35 340</td>
</tr>
<tr>
<td>1985</td>
<td>R 128 929</td>
<td>R 121 160</td>
<td>R 36 120</td>
</tr>
<tr>
<td>1986</td>
<td>R 118 582</td>
<td>R 117 323</td>
<td>R 48 312</td>
</tr>
<tr>
<td>1987</td>
<td>R 175 669</td>
<td>R 174 094</td>
<td>R 53 964</td>
</tr>
</tbody>
</table>

The ability of Tiakeni's members to control and manage finance is indicated by annual turnover figures which increased steadily from R88 376 in 1981, R110 737 in 1983, and reached R175 669 in 1987. These turnover figures represent Tiakeni's ability to keep pace with

12. Only agricultural co-operatives enjoyed special status under South African co-operative law until 1960 when company tax laws were amended and these co-operatives were given a further 10 years 'tax holiday' before becoming liable for company tax in 1978/9.
the inflation rate rather than an increase in 'profit' margins.

Tiakeni's member earnings are based on income from sales and as a consequence, are determined by income levels set when the co-operative achieved a break-even point in 1981. It is the insecurity of operating a co-operative business where members rather than employers, are responsible for generating all income, that is described by members as a taxing consequence of organising co-operatively.

The achievement of maintaining the co-operative for the past ten years is a factor that cannot be underestimated given the constraints of isolation and the fact that the co-operative has survived without outside finance since 1980/1. The following quote from an article on the co-operative offers some insights;

"A remarkable feature of Tiakeni members is their optimism. While they talk about obstacles they are faced with, they never forget to remind you that things could be worse." A member of the co-operative offers reasons for this outlook. "Even if there are times when we can't pay ourselves salaries, the fact that we own this workshop gives us satisfaction." 13

4.3 Product Development and Marketing

The marketing process is the last stage of production and as such, successful marketing depends as much on developing products as on promoting products and maintaining customer networks. The problems of product development stem from the marketing aspect rather than from any lack of creativity among members.

The designs for the silk screen process originate in Tiakeni's design department where frequent meetings are held to discuss a work timetable and the progress of new designs and techniques. Here a group of women have become skilled in transferring local and

contemporary images onto fabric for specific products that make up a range of approximately 45 articles by 1985. The diversity of the products is extensive and for this reason there is a slow 'turnover' of new designs because established products continue to sell and the introduction of new designs involves practical problems:

- products that reflect reducing sales figures must be dropped from the range, information must go out to customers and amendments made to the catalogue;

- new designs involve time and costs for sampling and distribution to potential customers.

In Tiakeni's position with a turnover of approximately R15 000 per month from 1987, this poses a daunting task and feedback is a slow process, notwithstanding the fact that ultimately the continuing financial viability of the co-operative lies in satisfying current market trends.

The intention in the first year of production was to print fabric by the metre but it soon became apparent that customers wanted ready-made articles. At this stage members who had sewing skills were recruited (mainly older women who had hand-operated sewing machines). The sewing department constitutes the largest working group in Tiakeni and funds raised to purchase industrial machines, matched production needs as the co-operative entered more competitive markets.

Once Tiakeni had regular customers, printing was done to order i.e., printing schedules were drawn up from orders received by the Dispatch Department, and members were able to anticipate monthly sales figures and plan for production on the basis of a guaranteed income. Detailed record keeping systems were slowly instituted to control production flow and ensure that orders were efficiently processed and met the specification of customers.
Tiakeni elects two members to co-ordinate the broad functions of marketing and production, and it is their task to ensure that sufficient orders are placed and processed each month. Although this responsibility is shared by department heads who liaise with the co-ordinators, the co-operative has to deal with the common problem of discipline when work is not of an acceptable standard. Members feel strongly that they are accountable to each other and work for the good of the co-operative as a whole. Nevertheless an ongoing education process between members, is necessary to make this shared responsibility a reality.

Tiakeni has maintained a local market (printing T-shirts for organisations, and designs to order on 'micheka' clothes worn by women in the area) and continues to sell to customers who visit the co-operative. The broader concept of marketing to meet fashion trends has however presented difficulties for members. The reasons are various: members are not directly in touch with urban buying trends; they have little flexibility in introducing new fabrics (isolation from suppliers and unavailability of small quantities of fabric for sampling); and most hampering, the co-operative cannot afford to seek out markets in urban areas, for example Soweto, where there is a ready market for specific designs.

Marketing is done primarily through shops in urban areas, either directly or through agents who take responsibility for securing orders, delivering the goods and collecting the payments, for a fee of approximately 15 percent. In dealing with the problems of isolation from the market, Tiakeni found it necessary to established this system of agents who have, over the years, kept the co-operative informed on urban trends and developed markets in urban centres that would otherwise be inaccessible.

The resulting dependency on individuals outside the co-operative is a situation that cannot be avoided entirely and members have had to deal with problems in this regard, for example; an agent got into financial difficulties and was unable to reimburse the co-
operative for some thousands of rands accumulated from sales to customers and shops. Although the co-operative was put in a critical financial position, the attitude of members was to 'be kind' to the agent because of a mutually beneficial relationship that had been established over the years.

In dealing with retail outlets, the co-operative has prepared its own display material (posters, catalogue and information sheets), to ensure that customers are made aware of the distinction between a co-operative and a commercial company dealing in what has become the 'African art' cliche. This approach is important for marketing overseas where, in some countries there is resistance to importing South African products, and boycotts have been imposed.

The most useful marketing experience is gained through regular sales exhibitions that are organised in urban centres by members or outside organisations, throughout the year. An important educational experience is provided by Tiakeni's policy of electing different members, on a rotational basis (one member attends two consecutive sales exhibitions to 'train' inexperienced members), to co-ordinate these marketing events. Opportunities to observe customer reaction contributes to product development and planning for subsequent events, and members meet other producer groups from around the country.

Tiakeni has assisted other co-operatives in the network in taking part in sales exhibitions and in this way the co-operative aspect of marketing has been reinforced over the years, resulting in a regional marketing association in the Northern Transvaal (see pg.109).

4.4 Co-operative Working Principles and By-laws

Members collective experience of inter-dependency within the local communities provides the social background for democratic organisation in the co-operative. Practical and organisational issues,
resolved through consensus in meetings, formed the basis for the 'rules' or by-laws established by Tiakeni members. The by-laws are based on broad co-operative principles and cover the following areas: (see pg.141)

Open membership including conditions for joining and leaving the co-operative.

Shares the value of each share, how to buy shares, how to take the share capital out of the co-operative. Agreements on utilising share capital.

Organisational structures committees, office bearers, procedures for electing office bearers and committee representatives.

Meetings procedures, members voting powers.

Finance Policy guide-lines on allocation of income, (reserve fund, bonuses, community fund).

Education training for members, co-operative education.

Leave annual vacation, compassionate leave, maternity and sick leave.

Membership conditions of membership, responsibilities, practical issues and problem solving.

The by-laws are the foundation of a co-operative. By establishing working principles that are binding on the membership, Tiakeni has embarked on an ongoing process whereby issues are resolved through consensus in a general meeting and if necessary become new co-operative 'rules'.
By-laws may also pertain to social issues. An example of such a by-law at Tiakeni (passed in 1984), ensures that a member will be paid out R250 if their home is burnt down. (a relatively common occurrence in the area). This 'rule' was instituted when a Tiakeni member who assisted in the first stage of Twananani's development had her house burnt down by a jealous neighbour.

In democratic structures built on consensus of the majority, occasions will arise where individual needs conflict with collective decisions taken by the members. Working principles established in Tiakeni that were not resolved to the satisfaction of all members revolved primarily, around the critical issue of money; an example is the decision to deduct a day's wage when older members, who are obliged to collect pensions personally each month, are absent. The point is not necessarily that problems cannot be resolved, but rather that co-operative members are collectively responsible for coping with group dynamics.

4.5 Organisation in the Workplace

The co-operative members meet annually to vote in new office bearers and heads of departments, a policy that ensures shared responsibility and an ongoing learning experience for members. Tiakeni's organisational structure is based on general meetings, an elected production and planning group represented by heads of the 5/6 departments of the co-operative, department meetings and a number of committees.

Because Tiakeni adopted a system of revolving office-bearers and department heads, the two work areas, production and marketing have co-ordinators whose function is to provide continuity in the organisational structure. In 1985 Tiakeni members chose to discontinue the function of the production/planning committee, an indication that effective decision-making through this structure was breaking down. A founder members frustration in mooting the proposal, four years after joining the
co-operative that everyone must speak in the weekly general meetings, reflects the problem of shared responsibility that contributed to the undermining of the committee structures at Tiakeni.

Problems that emerged when the function of the Production/Planning Committee was discontinued led to discussions which focused on the following issues:

- by vesting all responsibility and decision-making powers in the general body of the co-operative, members were limiting their own growth and the growth of their co-operative, because there was no 'core' group to take the co-operative forward;

- while recognising that some members were more skilled than others in co-ordination activities, the co-operative was not providing these members with an opportunity to develop management skills;

- the twin issues of responsibility and accountability had not been worked though in terms of the role of the production/planning committee and this factor had undermined the management structure.

In 1987 a similar management committee was re-established, incorporating office bearers, heads of departments and a general co-ordinator (elected at an AGM). Different areas of responsibility were clearly defined, as was the support structure for the general co-ordinator who works through the heads of each department and with the management committee. Issues related to production and organisation are discussed after weekly report-backs from departments in the general members meeting, also held weekly. (The following Flow Chart indicates Tiakeni Textile Co-operative's revised management structure from 1986/7.)
In Tiakeni it was established that members were accountable to committee structures so that individuals did not carry the responsibility for the functioning of the co-operative. Achieving this goal involves a continual process of evaluation, particularly because individuals have worked together for many years and personal dynamics are fixed to some extent. Some of the issues that have been raised over the years serve to illustrate the difficulties in creating appropriate support and control structures in co-operatives:

**Figure 6**
Tiakeni Textiles Co-operative: Organisational Structures 1987
- as individuals do not wish to take on the role of 'supervisor' of co-workers, production problems are sometimes not raised in meetings, unless there is a collective structure around quality control;

- more experienced members who may see better ways of organising may find co-workers uncooperative and can become disillusioned by inefficiency in the work-place unless a forum in meetings is created to raise issues without personalising the problems that may exist between members;

- the importance of sharing information so that all members can participate fully in decision-making may be undermined by more skilled members who may not keep members fully informed about the work they do in the co-operative, unless an education component is integrated into on-the-job-training.

As a co-operative ideal is to create a working environment that is sensitive to the diverse needs of members, a broad level of skills was essential for members to identify and solve problems that were both interpersonal and work related. The value of accountability structures was recognised in Tiakeni's first two years when a social relations committee was established to deal with interpersonal grievances and community related issues in a small group.

Co-operative principles, while providing a basis for collective action, do not necessarily answer individual social needs. The social relations committee experienced difficulties in the implementation of their recommendations at times, as co-operative members found they lacked the 'courage' and experience to impose 'disciplinary procedures' in some cases.

This committee was less effective over the years and in 1987 was reconstituted as a social and education committee, responsible for literacy and education, contact between Tiakeni and other co-operatives, making information accessible and assisting with interpersonal problems that can not be resolved in the
departments concerned. The social and education committee will take issues to the management committee if necessary and the full membership will be consulted at a General Members meeting on any issues that affect the co-operative as a whole.

By adopting the principle of revolving office bearers and Department 'heads', the majority of the members have been elected into positions of responsibility at one time or another. The tendency in the last few years has been towards members becoming more specialised in particular areas for greater efficiency in co-ordinating the many aspects of training and expansion.

Tiakeni has attempted to deal with the problem of accountability by requesting people outside the co-operative to participate in meetings when conflicts are difficult to resolve. This approach has given members the experience of a workshop situation and has helped to depersonalise problems. However the members recognise that the survival of the co-operative depends on the collective experience of members in successfully maintaining and reinforcing co-operative practices in the long term, as much as it does on generating an income.

These issues are raised because they serve to emphasise the fact that in a co-operative environment members gain skills by dealing with social dynamics in order to organise production in the work-place, and in this way the organisational structures are adapted and strengthened by the members.

4.6 Registration

In 1980, the members (who at this stage were all women) registered Tiakeni as a Trading Co-operative with the Department of Co-operatives in Pretoria. The co-operative had reached a point where annual turnover exceeded R50,000 in the second year of production (a requirement for registration of a company or co-
operative), and members needed to fulfil certain legal requirements.

Their incorporation as a co-operative ensured that members were covered against individual liability for debts in the event of the co-operative not being able to meet financial obligations. Requirements that need to be fulfilled after registration include:

- submission of audited annual financial statements to the Department of Co-operatives as the Registrar has right of access to financial records of the co-operative. The co-operative may be put into liquidation if financial statements reflect a loss for two consecutive years;

- payment of Unemployment Insurance Fund (U.I.F.), and Workmen's Compensation contributions;

- company tax is paid to the Receiver of Revenue, and repayment of General Sales Tax (G.S.T.) is made to departments in Pretoria.

As Tiakeni was the first producer enterprise to apply for incorporation as a South African co-operative, the draft statute had to be substantially reworked to make the contract appropriate to the needs of a producer co-operative. The Offices of the Registrar offered assistance during the process of drawing up the constitution which cut down the legal costs of registration.

The Co-operative Act does not explicitly cater for producer co-operatives, but a trading co-operative may be formed 'to carry out any object', allowing producer co-operatives to be registered as trading co-operatives. Although Tiakeni was registered as a trading co-operative it was categorised as a consumer co-operative, a category specified for one singular type of activity e.g. distribution of food stuffs through a buying co-operative. The fact that minimum membership for a single purpose co-operative is 25 members, led to a state department questioning Tiakeni's status as a co-operative in 1986.
Tiakeni's annual financial report had indicated a membership of fewer than 25 and on this basis the department notified the co-operative that their business would be closed down unless sufficient explanation was provided. The members informed the Department that they were engaged in a number of activities (manufacturing and distribution) and thus qualified as a multi-purpose trading co-operative, under the Co-operatives Act 91. of 1981 for which membership requirements are seven or more persons.

Table 3
Definition of a Producer Co-operative

<table>
<thead>
<tr>
<th>PRIMARY</th>
<th>individual persons joining together in order to form a strong unit around a common resource-base.</th>
</tr>
</thead>
<tbody>
<tr>
<td>MULTI-PURPOSE</td>
<td>operates a number of economic activities such as manufacture, marketing and distribution of product or a commodity.</td>
</tr>
<tr>
<td>TRADING CO-OPERATIVE</td>
<td>can be formed for any purpose around manufacture, marketing and distribution of a product or a commodity.</td>
</tr>
</tbody>
</table>

Tiakeni's contention that they qualified as a primary multi-purpose co-operative that can be formed by fewer than twenty five (25) people but no fewer than seven (7) natural persons was accepted by the Offices of the Registrar of Co-operatives.

By acquiring a G.S.T. number through the process of registration, Tiakeni is able to purchase raw materials (fabric, and chemicals) at the same price as other commercial companies with whom they have to compete.

Access to a G.S.T. number has personally benefited members as the co-operative was able to purchase consumer goods in bulk at wholesale prices. A bulk-buying scheme was introduced and cheaper commodities became available to co-operative and community members. The buying and distribution is co-ordinated by Tiakeni members on a monthly rotational basis and
individuals in the community assist in co-ordinating the scheme for others outside the co-operative.

**Taxation:** The taxation of Manufacturing co-operatives had not been carefully analysed because this was a relatively new sphere in producer co-operative legislation. By 1987 Tiakeni was still the only registered producer co-operative and provided the only 'test' case in establishing guide-lines on the issue of taxation.

Tiakeni's auditors were unaware of various concessions granted to co-operatives (referred bonuses, 10% towards educational purposes, 17% to reserves if fixed production assets have been purchased). In 1986, due to poor representation from their auditors and insufficient information, the members were ordered to pay the receiver of revenue a sum of R6000, the larger percent of which fell within the non-taxable areas mentioned.

This situation had a detrimental effect on finances in the co-operative as there was no cash in hand at the time and this payment was only made by members sacrificing the small gains that had been made during the year.

### 4.7 Control and Ownership

Tiakeni's members have agreed to a share capital holding of R100 per member (payable over one year), and as the enterprise is registered as a co-operative society, liability is limited to the share capital that has not been paid up, by any member. Following normal co-operative practices, each member has one vote, so membership, hence control, is restricted to full time workers in the co-operative. A worker may not remain a non member for longer than the initial 'trial' period of three months.

The principle of ownership and control at Tiakeni ensures that members have:
- rights of control (the basis of control is one member one vote);

- benefit (surplus earnings to indivisible reserves. Share equity owned by members);

- transfer rights are restricted. i.e., upon dissolution fixed assets for production including workshop buildings, go to a community organisation or body with similar aims. This may be through dissolution, liquidation because of bankruptcy or state action against the co-operative.

Tiakeni does have preferential rights to the facilities provided that members comply with the regulations in the constitution. A distinction is made where assets have been purchased with donor funds or the co-operatives own capital, the latter is seen as member assets, in the event of the co-operative ceasing operations.

4.8 Tiakeni and the Community

The community around Tiakeni is involved in various ways with the co-operative. Water supply (pumped during the week and on weekends from a borehole) is co-ordinated through a water 'club'; a second telephone has been installed due to an overwhelming demand (absentee migrant workers communicating with families); a postal service is offered and the bulk food buying scheme gives co-operative and community members access to basic foodstuffs at wholesale prices.

Community Fund: Tiakeni established a community fund and in 1982 the co-operative provided funds for building basic toilet facilities for a school on Shirley Farm that catered for approximately 400 pupils. Itsidu was given the opportunity to test the design and materials (cement blocks and ferro-cement slabs from the block yard) that had been developed by the service workshop (see pg.20), in what constituted a pilot project.
This system was further implemented by members of the service workshop as a sanitation project through which training was offered in villages for on-the-site construction to groups who requested assistance.  

**Creche Facilities:** The second use of these funds was the provision of basic creche facilities for children of co-operative members and from families in the vicinity. This decision was taken when Tiakeni members agreed that young children would not be brought into the working environment. Tiakeni put up the capital to equip the creche which was situated in a church-owned building, adjacent to the co-operative's workshop.

It was further agreed that parents should contribute equally towards a salary for a child-minder and make provision for the daily food needs of the children. The decision that community members carry these costs rather than seeking outside finance, was a workable option while the original number of children was maintained or increased. However, economic constraints and changes in household situations resulted in parents withdrawing children for a number of reasons:

- when the basic fee was no longer affordable;
- once short-term job creation schemes terminated;
- when remittances from absentee family members were erratic or ceased altogether;
- when a family member was in a position to look after the child (often children of school going age who were unable to continue their schooling, lack of finance being the most common reason).

Because of the high unemployment in the area, children that were withdrawn were not easily replaced with the result that fewer parents were left to subsidise the

costs of operating the creche. This situation created tension between parents, some of whom were co-operative members and it was agreed that outside subsidisation was necessary in this situation and the creche closed down, having operated for a year.

**Development of Twananani Co-operative:** In 1983 Tiakeni was approached by members of the Mbokota community to assist in the establishment of a second textile co-operative. Tiakeni members agreed to provide skills training and facilities in support of the co-operative with the result that Twananani came into operation between 1983/4.

Whereas previously, Tiakeni had put up small amounts of cash to support community projects (school toilet facilities and a creche), in the case of Twananani, members offered another level of input: that of sharing facilities and offering support and training for co-operative production.

**Political Implications:** The role that Tiakeni played in influencing local 'politics' was limited at first because the policy was to go ahead and establish a strong co-operative base, and avoid legislation that was likely to be obstructive. In the early stages any signs of opposition to official policy would have resulted in government or police action against the co-operative. Over the years the continued presence of Tiakeni has brought recognition from many involved in co-operative initiatives, an indication that the members have, on the whole, successfully coped with many of the constraints in the beginning, by developing a strong co-operative base, independent of local officials and regulations.

Once Tiakeni was established as a presence in the community, more influence was possible and this took the form of passive opposition to schemes that did not have representative structures. For example the co-operative was asked to participate in projects to supply water to homes in the community, and at a later date a scheme to share the financing of electricity lines into the community.
By motivating for open meetings in the community and detailed information, it became clear that only those who were able to put up finance could be the beneficiaries. In both cases Tiakeni members, by not supporting these projects, succeeded in halting the process and at the same time ensured that accurate information on the proposed schemes was made available to those affected, in the community.

The fact that there has been regular security police surveillance of both Itsidu and Tiakeni's activities, culminating in a mysterious fire at Tiakeni in 1986, led to the conclusion that certain elements in the area equate the form of democratic organisation practised by the co-operatives, as hostile to their intentions in the region.

The damage when Tiakeni's workshop was broken into and diesel from the generator house used to set fire to the printing table and records, was measured more in terms of loss of morale than cash, though the long term economic effects are still being felt by the co-operative. The material losses entailed cancelled customer orders. Members also faced the formidable task of replacing and tracing destroyed records over a nine year period.

4.9 Assessment

This overview of Tiakeni's history (1978 to 1987) shows that members found a way to cope with the constraints and oppressive conditions in the society while demonstrating an alternative to mainstream economics. Tiakeni achieved financial viability by building on and expanding a small production base that was strengthened by each new member that joined the co-operative. The members continue to gain skills and these are diverse after ten years of organising all aspects of a business through a collective management structure.
"the complexity of the operation in opening up new market opportunities for production, at the same time launches the co-operative into a field of keen competition which makes its success even more significant".  

Possibly the most important consequence of the Tiakeni experience is the fact that the co-operative has been viable for many years, thereby demonstrating that producer co-operatives do constitute a workable organisational structure. The sense of progress and personal growth among members is high. This sentiment was expressed as one of the advantages of working in a co-operative by one of the founder members at Tiakeni;  

"Working in a co-operative has taught me to work with other people and to communicate better. I have learned skills that I would not have learned anywhere else"  

Many of the organisational problems encountered by the members have also been described by other producer co-operatives operating in very different environments. This in itself indicates areas where broader support networks within the co-operative movement, need to be developed.  

Tiakeni's contact with the producer groups in the network and co-operative structures in the region has altered their previous situation of relative isolation from co-operative developments. The experience of meetings and workshops in other areas is seen by the members as an opportunity to gain an insight into developments in the broader co-operative movement and identify with common problems experienced in a co-operative environment.  

The members have continued to develop skills to cope with increasingly complex financial and interpersonal constraints in order to maintain the co-operative. As a result of this long term commitment by members to making a democratic organisational form work, Tiakeni  

15. 'Report on Tiakeni Textiles Co-operative' 1984. R. Collins
has provided the incentive, directly and indirectly, for the establishment of the co-operative producer groups that at present constitute the co-operative network in the Northern Transvaal.

Martha Shimange from Tiakeni using photographs taken in Mbokota, for discussion during the formation phase of Twananani Co-op.
Figure 7
Tiakeni Textiles Co-operative.

[a] A founder member, Margareth Rhingani preparing photographic stencils in the Design Department. [b] Gladysa Mashimbe packing customer orders from the Dispatch Department.
Figure 8
Tiakeni Textiles Co-operative.

[a] Members of the printing department at Tiakeni Co-operative silk-screening one of their designs.  [b] Hand-printing the Product Catalogue at Tiakeni
5.1 Re-establishing a Producer Enterprise

The origins of Sasekisa, a co-operative producer group operating in Mphambo Village (see fig. 2 pg. 8), are traced back to a sisal group that had collapsed around 1980. The project had been established as a church initiative to assist women from a community that had been resettled from the fertile Borches area, in the Elim area, to Mphambo village in Gazankulu.

The history of the project was known to many people in the Shirley and Elim communities because there were family connections, and the group's main sales outlet, a church-based craft shop 'Vutchila', was located on Elim Farm until the shop's closure in the early 'eighties.

In 1981/2 Itsidu contacted individuals who had been members of this sisal group in Mphambo village, and a meeting was organised to discuss a large order for sisal mats that had come through Tiakeni's marketing structure. Over thirty women attended an open meeting in the village to discuss problems around the failure of the sisal project and existing conditions in the community.

During this and subsequent meetings it emerged that there was some confusion about the role of those who had supported the sisal project initially and were seen to have 'let the group down', when support was withdrawn. Furthermore no clear agreements seemed to have been made over funds, ownership of the workshop building, or equipment and raw materials that had been supplied by outside agencies.

The legacy of dependency that this approach to income generation had fostered in the community was expressed in two ways; people expected to be employed and the majority had no reason to believe that a viable business could be organised and controlled by member
workers. However a core group of 10 to 15 women continued to meet at a home in the village and gradually a new production group was constituted.

A request was put to Tiakeni and Itsidu (Elim area) for training assistance to enable members to acquire the skills that had been lacking in their previous work situation. The request posed serious problems for the service organisation, whose members anticipated difficulties in offering any real support to a production unit situated 80 kilometres from the co-operative resources on Shirley farm.

In addition, the isolation of Mphambo from basic services (post office, bank, raw material supplies), constituted very real constraints for a production group whose members would have to carry additional expenses in gaining access to urban centres and resources from the co-operatives in the Elim area.

5.2 Skills and Organisation

The issues to be addressed were seen to be firstly the education component; the group had no experience of democratic organisation or co-operative principles, and secondly, the isolation of the group had perpetuated a dependency on outside agencies that could be repeated unless the members became part of a co-operative network that was able to offer appropriate input.

As the women had a well developed skills-base, the approach to training was to build on existing skills within the group as well as offer training in other areas e.g. purchase of raw materials, developing and costing products, record keeping systems and financial management.

Others from the community in Mphambo Village supported the new initiative and individuals were drawn in to assist with training. In this way basic bookkeeping systems were slowly introduced along with procedures for operating a bank account as none of the members
had had the opportunity to learn English or obtain more than a rudimentary education.

5.3 Raw Materials

One of the immediate needs identified by the members was a system for the supply of raw materials. The group had previously relied on support structures outside the village for their supply of sisal and marketing of finished products. Over a number of months, members gained confidence in the potential of the project and by September 1983 a decision had been taken to collect money from group members to cover the costs of purchasing sisal to begin production.

A supply of sisal was located at a central depot some 20 kilometres from Mphambo village and the group was informed that they were eligible for a subsidised sisal scheme introduced by the Department of Agriculture. Through this scheme, medium and low grade sisal was made available to 'development' projects, at a reduced price. The members' successful application was, however, complicated by a contract condition stipulating that each purchase be accompanied by a form signed by a magistrate in the nearest urban centre.

The double burden of transport costs, first to collect papers authorising a reduced purchase price, and a separate trip to the sisal depot, meant that the members spent more money on transport, than they did on sisal (quantity being limited to what an individual can physically carry). Once production was under-way a temporary solution was provided when a worker at the sisal depot offered to deliver sisal that had been paid for through the scheme, to the workshop, at regular intervals.

At a later stage Sasekisa obtained sisal through the raw materials 'float' organised from 1984 (see pg.21) by the co-operatives in the Elim area, when transport could be arranged, either through the local bus
service into Gazankulu, or when Itsidu was involved in training sessions with Sasekisa members.

Sisal dyeing was attempted in the village to further improve new products. The costs, however, were disproportionately high as dyestuff is imported into South Africa and only available at inflated prices from commercial firms, while the constant shortage of water in the community further hampered the dyeing process. A community member from Mbokota village, who had attended the Production and Design workshop (1981) and developed the sisal dyeing technique, was asked by Sasekisa members to provide the group with dyed sisal, using the dye after fabric had been dyed at Tiakeni.

This system formed the basis for a dyed sisal service in the network. A long-term arrangement became possible in 1984 with the establishment of the second textile co-operative (Twananani). Sasekisa was able to buy ready-dyed sisal (a by-product of the batik dyeing process) from Twananani members in Mbokota village.

5.4 Product Development and Marketing

Sasekisa's products, though of a high quality, proved to be unequal to the competitive market that existed because sales outlets were flooded with a limited range of sisal products. This situation occurred because in many rural areas, sisal projects are set up as government job-creation schemes that tend to be heavily subsidised, thus goods are sold at unrealistically low prices that do not reflect real costs.

An appropriate response to the problem was to develop a product that would command a realistic price for this labour intensive form of production. In order to extend their product range Sasekisa requested assistance from individuals who had gained the necessary skills in the Production and Design Workshop mentioned. (see pg.20)
In this way a unique range of highly coloured sisal mats, (based on the traditional 'looms' used for grass mat production), was introduced through a collective effort between community members. These new products increased the viability of the producer group, while raw material (dyed sisal) costs were kept to a minimum because of the supply system based on recycling dye used by the textile co-operatives.

This 'servicing' between the producer co-operatives reinforced the working relationship and benefited the members of Twananani who found it necessary to organising a system and involve others from the community in the dyeing and supply process. The service was gradually extended and offered to community members who produced various articles from handmade sisal twine.

In 1985 when Tlhari (the fourth producer co-operative in the network) was established, the members made use of the sisal dying service and included articles made from sisal twine in their product range.

**Marketing:** Initially marketing was local as visitors and people living in the area found the products affordable and the loom mats were of practical use in the community and more durable than the local grass sleeping mats. As the relationship with the co-operative network was formalised, Sasekisa members gained access to the marketing structures in the Elim area and sold their products in a wider region.

By attending sales exhibitions held in urban centres throughout the year the members of Sasekisa test products and share a common experience with other producer groups who have found the means to remain viable in a limited market place.

5.5 Education and Training

Sasekisa organisational development was supported mainly by community members who provide practical skills training on request, while Itsidu assisted the
group in setting up bookkeeping systems for operating a bank account. In this way the co-operative initiative was becoming 'self-sufficient', in the sense that fewer resources were 'imported' and a range of skills were transferred between members in the network.

The 'centralising' of resources also gave community members who became trainers an opportunity to increase their skills to a point where they were able to set up their own production units, alongside the producer groups. A case in point was the development of 'Vonani' a sisal project organised in Mbokota village by the trainer who worked with Sasekisa in developing and improving their product range. (see pg.124)

Sasekisa's increasing contact with those in the network resulted in the members joining the bulk food-buying scheme and supplying cheaper basic food to the Mphambo community. This experience of working within democratic structures was extended through contact with the co-operative producer groups in the Elim area.

Sasekisa members' participation in marketing events, meetings and training sessions within the network and in other regions indicate their integration into the network to the extent that, in 1986 at Itsidu's Annual General Meeting, two representatives were elected onto Itsidu's Executive Committee, along with other co-operative members in the network.

5.6 Development Finance

While the limitations of the production technique have been circumvented as far as possible, the basic problem of viability remains for members of this producer group, as income levels are on average relatively low compared to Tiakeni and Twananani, for the following reasons:
- the isolation of the group resulted in high distribution costs; the loom mats were bulky and weighed a considerable amount, and the additional transport and postage costs absorbed some of the profits generated from sales;

- the demand for sisal goods was limited to a particular market and Sasekisa had, to a large extent, to rely on individual customers rather than shop outlets.

Capital costs incurred by members in establishing Sasekisa were minimal and involved no building and infrastructure development. Members took the initiative and negotiated use of the workshop that had been taken over by a clinic when the original producer group had collapsed.

Thereafter Itsidu covered minor costs; effecting the necessary repairs to the workshop building and assisted the women in making up the basic equipment for production. Consequently the group has not found it necessary to raise funds or request financial assistance. Other factors that served to reduce development costs are attributed to:

- capital costs were low as the equipment needed for work produced by hand under these conditions, is minimal;

- members contributed their own cash to buy sisal and made use of the raw materials 'float' in the network so that capital was not tied up in bulk supplies.

Costs of transport were very largely subsidised by the co-operative network (marketing and training). The members of Sasekisa managed to supplement their own transport costs for some time by selling salt (used for dyeing) in the community until local shop keepers raised objections.
It was these practical demands coupled with the need to solve each problem collectively within the group, that slowly led to member control and a co-operative approach to organising.

The production problems mentioned are visible on all levels in the Mphambo community and most stem from the socio-economic conditions that have been forced on the members of Sasekisa and the community of which they are a part. The reality of extreme poverty is clearly apparent in the area, and prolonged droughts tend to sap the last reserves of energy of those people who have been removed to inhospitable environments where infrastructure is non existent.

The fact that the women have persevered even when income for group payments is erratic (less than R50 in some months), is largely due to the fact that the co-operative initiative has freed members from their isolation. By participating in the activities through the larger producer network, members of Sasekisa have the means and motivation to establish contact with others involved in similar activities outside the confines of their community.
Figure 9
Sasekisa Sisal Co-operative Producer Group.

[a] A member of Mbokota Community Irene Khosa, preparing dye sisal for Sasekisa's production. [b] Maria Hlungwani, the founder member of 'Vonani' working at Twananani's workshop on samples for product development at Sasekisa.
Figure 10
Sasekisa Sisal Co-operative Producer Group.

[a] Members of Sasekisa in their workshop in Mphambo village.
Twananani (meaning 'working together' in Tsonga), a textile producer co-operative and the main focus of this case study, was initiated in 1983 and presently has 29 members who are all women resident in Mbokota Village. (see fig. 3 on pg. 11)

As outlined earlier, the members of Tiakeni Textile Co-operative and Itsidu were instrumental in the formation of Twananani, the second textile co-operative in the network. The origins of this producer co-operative are also linked to the Design and Production Workshop initiated by Itsidu in 1981. (see pg. 20) During this year women from Mbokota village perfected a production technique, and developed through trial and inspiration, a fabric wax printing process (based entirely on designs in village homes) that proved to be a financially viable venture.

A pilot project (organised by participants from the workshop) in a home in Mbokota Village, after the workshop, proved the viability of the project, because a regular income was generated for the producers from sales in surrounding communities.

The subsequent development of Twananani from an established co-operative base (Tiakeni) illustrates the positive aspects of extending a co-operative network. The consequences of relying less on "imported" skills and service organisations because members have access to another co-operative resource-base, further indicates the level of control and 'real' participation that become possible in this situation.

The economic and social development of Twananani is described in some detail as it provides an indication of the constraints and potential of co-operative development in rural areas. The process reflects new organisational initiatives that have served to reinforce a collective ideology, apparent in many
'marginalised' rural communities where job options are minimal and resources limited.

6.1 Formation Of The Working Group

On the basis of the information from the pilot project, Tiakeni members and Itsidu extended their contact with the Mbokota community to establish whether a larger production base in the village was feasible. As tribal authorities represent the first level of political hierarchy in 'homeland' structures the local authority or 'chief', was informed of the production initiative in Mbokota and thereafter contact was kept to a minimum as the project took shape.

The crucial first stage of a co-operative initiative, that of establishing a 'core' group of people committed to the co-operative approach, was undertaken through house visits to approximately 100 homes in the village over a six month period, from April to September 1983. In order to ensure that a wide cross-section of the community was involved, five community members from different parts of the village made themselves available on a rotational basis during the months that house visits were made.

Members of Tiakeni and Itsidu facilitated the process by attending open meetings held in the village over this period. The participation of co-operative members during this exploratory phase opened the way for a core of 30 women to make a formal request to Tiakeni, for assistance in establishing a textile co-operative in Mbokota village. Tiakeni's members agreed to provide working space in their workshop building over a six month period and further agreed to provide skills training on request.

6.2 Co-operative Training at Tiakeni

The skills training programme at Tiakeni was spread over six months (1983/4), requiring only two days a week from two groups of fifteen women so that the
basic village routine could be maintained, while the concept of collective production was incorporated into existing social patterns.

The experience was beneficial for both producer co-operatives; Twananani members needed structures so that information was accessible and appropriate, while Tiakeni members found themselves in the position of 'trainers' and were further involved as co-operative educators two years later when Twananani members took the decision to register as a co-operative.

Because Twananani was initiated by the members and grew from a community base, the women were in control of the production process, with no dependence on outside skills. Knowledge of co-operative principles was gained through contact with Tiakeni members in their working environment.

By the end of 1983 the producer group had been formally constituted, a bank account opened and some small profits generated from sales. At this stage Twananani members felt ready to continue production from Mbokota and certain agreements were entered into to ensure ongoing contact with Tiakeni. These included the following:

- shared ordering of and payment for raw materials until Twananani established their own supplier network;

- continued training in administration, costing and related areas;

- a similar training programme to be run in 1984, thus facilitating the training of members who had joined the group after the initial training programme was underway.
6.3 Organising Production in the Community

Production in Mbokota village was organised by fifteen women who were joined by the second group once the extended training programme at Tiakeni was completed early in 1984. It was felt that a more formal work site would only be feasible once the producer co-operative had been firmly established and the group's social structure within the community developed. As a result the members took the decision to locate production in the homes of four individual members in different parts of the village.

The responsibility for storing and co-ordinating the distribution of raw materials was shared between the four groups, thereby obviating the need for special storage facilities. The women operated in small working groups for the more individually oriented tasks (e.g. stamping designs on the fabric) but needed to come together for general production tasks (e.g. cloth dyeing). The former insured that individual members assumed greater responsibility as each person fulfilled different tasks which were duplicated over the four groups. Coming together (for general production tasks and weekly meetings) enabled members to maintain collectively an even production flow between the groups and establish working principles as the co-operative was more formally structured.

Because the women were working from their homes they were accessible to neighbours and friends and in this way the idea of co-operative organisation spread to a wider audience. The fact that production was visible to all did much to engender a sense of community pride and to demystify what had previously been perceived as an obscure process which took place behind the closed door of factories - the majority of community members and none of the women in Twananani had been employed in the industrial sector.

The organisational systems used in Twananani were built into the learning programme, so that each member was aware of the way the group maintained itself. For
instance, record-keeping evolved as a learning process rather than a control, since each woman initially kept her own records of raw materials used and costs involved. Those in the group who had no schooling became acquainted with systems previously seen as beyond their experience. This meant that when Twananani opened a bank account the group felt confident enough to draw on a number of members to co-ordinate finance and not necessarily those few women whose urban experience or status in the community would have automatically favoured them.

Thus the danger of a minority of the more educated members gaining undue influence over the co-operative was averted, and control and responsibility for issues outside the actual production process has been kept in the hands of all members.

By the end of 1984 (after one year of production from individual homes) the problems of storage space, working outdoors (dyeing was done at the river) and group co-ordination, prompted the members to apply for a business stand in Mbokota. In addition, a trading licence was required in order to operate legally as a business in Gazankulu and an application had to be submitted for this purpose. In a 'self-governing' state this is a laborious process but the women fulfilled the legal obligations in the following way:

1. representatives were elected to negotiate on behalf of the co-operative for a business stand in Mbokota village.

2. these members met the 'chief' who is the village tribal authority to request a stand allocation and inform him that the group was applying for a business licence.

3. the allocation, by the 'chief', of a picturesque stand between two hills on the edge of the village, was rejected by the members on the grounds that they would be isolated from village activities and vulnerable to robberies when the workshop was closed.
4. the location of the site was discussed by members prior to a second meeting with the chief and three possible sites were proposed and visited by all the members.

5. the members proposed a site near the centre of the village, and though the chief raised the possibility of vandalism from users of a shebeen bordering on the land, agreement was reached when the women vouched for the support of neighbours.

6. in time, the site was marked out and numbered by agricultural officers, and a surveyor. A rough draft of the proposed workshop building, as visualised by the members, was given to a local draftsman who drew up the building plan.

7. information on production (raw material etc.) was supplied to the Department of the Interior in Giyani with a written application from Twananani for a business stand.

8. a budget of estimated building costs was also submitted to the Department of the Interior.

9. on completion, the building plans were passed by health inspectors before being stamped by the tribal authorities, and submitted to Giyani.

10. cash payments were required at each stage, amounting to approximately R150 in all (excluding the cost of building plans).

During this period the members also applied for a business license which is required in order to operate any business legally in Gazankulu, including the hawking of fruit and vegetables. The following procedures were followed:

1. submission of a written application for a trading licence on prescribed forms, to central authorities.
2. placement of the application in the official Gazette.

3. advertising the application in a local newspaper for seven(7) days.

4. submission of recommendations from a Magistrate and the regional authority, to central authorities.

5. applicants must appear at the monthly meeting of the Licence Board for a case hearing, once a written notification of a hearing date is received.

6. a motivation for a business licence must be presented by those applying, to the board. The application is approved if official requirements have been met and no objections are raised contesting the application.

Numerous visits were made to Giyani throughout the negotiations and members attended the weekly Council of Chiefs meetings, when required to do so. In preference to going through the chief, the women departed from 'tradition' by sending elected members to present and/or defend their case when proposals ran contrary to the wishes of the members.

In the last quarter of 1985 the business stand was secured and the members were ready to begin building a workshop on their stand in the village centre. The process of 'legalisation' had taken twenty-one months to complete.

Twananani raised funds to finance building costs and the purchase of a soil-cement brick-making machine and members organised themselves into work teams, to make bricks on a rotational basis while the rest of the group continued production from the four homes in the

16. At the licencing board meeting attended by representatives of Twananani, a total of 50 applications were processed and of these 92% were hawkers licences granted to women and 8% for businesses and these were granted to men.
village. The building took approximately eighteen months to construct, during which time additional groups were formed to assist Itsidu's general workshop team in developing the infrastructure on the stand.

Once the basic structure was up, equipment was carried by members and friends, from different parts of the village and the formal occupation of the stand was celebrated with singing while the event was recorded by voluntary health workers in the village who were asked to make a video of the occasion.

6.4 Development and Finance.

Each member who joins Twananani contracts to buy R100 in shares, with payments being spread over a year. Whereas Tiakeni uses share money as operating capital when necessary, (refundable to members if conditions for leaving the co-operative have been met), Twananani perceives shares as a capital base to which members continue to contribute after the shares are paid up.

Twananani opened a separate savings account for share capital which is tied to conditions for joining and leaving the co-operative (a two month notice period must precede official resignations). Savings accumulated (at a rate in 1984 of R5/member per month) over and above the share capital was seen as members' funds, with contributions payable when members receive their monthly remittances. In this way Twananani has ensured some long-term security for themselves by using the share-base to establish a savings collective.

The following details of Twananani's development capital requirements between 1983 and 1986, provide an indication of the financial needs of producer co-operative enterprises operating in rural areas where basic services are lacking:
in 1983/4 the co-operative received a Donation-in-kind for canvas (printing surfaces) from a commercial company after a phone call followed by a letter requesting a specific quantity of fabric;

- donor finance (R6000) for the six month training programme at Tiakeni was raised by Itsidu to cover equipment and training costs;

- once production was organised from members' homes in Mbokota village, funds (R8000) for the purchase of sewing machines and equipment were granted by an Embassy after a visit to the co-operative;

- in 1985 when work on the building was begun the co-operative negotiated a donation of window glass and a further three applications to cover costs of buildings and infrastructure (R7000), water installation for the co-operatives and the community (R8000) and basic facilities in 1986 for Twananani and Tlhari (R12 000).

Twananani's fund raising policy over the three year period that outside funds were required, was for the co-operative to apply directly to donor agencies once specific needs and costs were ascertained. Itsidu was cited as a guarantor if and when necessary and a training component was built into the budget when outside expertise were needed.

Twenty-five per cent of the capital raised (R6000) to finance training and equipment costs in 1983/4 was used to purchase fabric. The sales during this period financed a second fabric purchase and the first shared income of R20 per member. Some capital was allocated for materials in the application granted to finance sewing training costs. Thereafter all direct production expenses were covered by income earned through sales.

The larger portion of funding was spent on developing infrastructure and service facilities that were shared by community members and a second producer group,
Tlhari, whose members began working from the same stand in 1985.

During the first year of production, costs of dyestuff were subsidised through the 'Raw Materials Float'. (see pg.21) The dye stuff in the 'float' was accumulated through donations-in-kind from a chemical manufacturing company (International Chemical Industry) in the commercial sector, and supplied over a three year period.

**Income and Expenditure:** The following Table indicates the economic growth of the co-operative over three financial years (1984 to 1987) as reflected in Twananani's monthly financial records (unaudited figures).

<table>
<thead>
<tr>
<th>YEAR</th>
<th>SALE INCOME</th>
<th>EXPENDITURE</th>
<th>MEMBER EARNINGS PER MONTH</th>
</tr>
</thead>
<tbody>
<tr>
<td>1985</td>
<td>R 18 080</td>
<td>R 17 630</td>
<td>R 20 to R 70</td>
</tr>
<tr>
<td>1986</td>
<td>R 37 695</td>
<td>R 35 162</td>
<td>R 70 to R 100</td>
</tr>
<tr>
<td>1987</td>
<td>R 54 171</td>
<td>R 53 631</td>
<td>R 100 to R 145</td>
</tr>
</tbody>
</table>

The fact that sales increased from an average of R1500 per month in the first year of production (1984) to an average of R4500 in 1986, indicate that the co-operative's capacity to cope with expansion and financial management increased steadily. Members earnings, however, while increasing at 25% per year, remain fixed at low income levels. This is a consequence of members subsidising their own development costs by supplying 'free' labour in order to develop their co-operative. i.e. low capitalisation and its effects on members earning potentials.
6.5 Registration

According to company law, any group of people who have come together to manufacture and sell goods, are required to register their business. Many small businesses operate in both rural and urban areas without registering under the Companies Act. In the case of Twananani, whose turnover had reached R50 000 by 1986 making them eligible for paying company tax, the process of legalising the co-operative culminated in the submission of documentation for their incorporation as a co-operative (constitution, by-laws and draft statute) to the Registrar of Co-operatives in Pretoria in 1986.

The application was referred to the Department of Black Co-operatives (Department Development Aid) in Pretoria, who passed it on to the Department of Agriculture in Gazankulu. The Registrar's explanation for his refusal to process the application was that the Producer Co-operative is operating from land in a 'self governing' state. The implication is that both so-called independent and non-independent states in South Africa fall under 'Bantustan' business legislation.

Two years after their application Twananani members were still waiting to register, as existing legislation while catering for agricultural co-operatives made no provision for Producer Co-operatives. Twananani members have unwittingly become a sounding board for the introduction of new co-operative legislation within a 'homeland' system and members are involved in a lengthy process of negotiation with officials in Giyani.

Ownership Contracts: Twananani subscribes to the principles that workers are members and, as equal shareholders, have control of the co-operative through their collective voting rights, exercised in meetings, where decisions are taken.
In 1985 Twananani supported the formation of Tlhari, the second co-operative producer unit to be organised on a collective basis by members of the Mbokota community. In 1985/6 Tlhari members negotiated with Twananani to share the business stand and facilities. Once Tlhari reached the stage where a workshop building was necessary, both producer groups entered a second phase of negotiations with departments in Giyani over two businesses operating from the same stand (no legislation existed to cover this situation).

Members of both co-operatives were aware of the problems that arise out of undemocratic practices being exercised over 'common resources' (borehole, water tanks and generator on loan from Tiakeni). New agreements were entered into around sharing and maintaining 'assets' including buildings.

Through discussions and workshops a process was set in motion that resulted in the formation of an 'umbrella committee' Khomenani. This committee developed the concept of co-operative ownership of resources. In addition, the committee, comprising representatives from all structures that organise around the resource-base, takes responsibility for co-ordinating the community services on the site, and provides a forum for discussing community-related issues.

6.6 Assessment

During the initiation and development of Twanananani, some factors emerged which may provide guide-lines for a co-operative approach to community intervention. These are:

1. The existing resources of the community were the base from which the producer groups grew. Examples are used to illustrate this point:
- Tiakeni through the support it gave to Twananani's development re-inforced the co-operative initiative in the area and provided a resource base for other producer groups;

- the creative potential illustrated in the floor and wall patterns designed and drawn in homes in the village, formed the basis for the development of a local textile industry (i.e. Tiakeni and Twananani);

- the members used their homes for production activities until the viability of the co-operative was established.

2. An appropriate level of technology was used that simultaneously extended the skills of those involved. The women could make their own equipment using simple hand tools and were familiar with the raw materials needed for production, but it was necessary to transfer the wall designs onto printing blocks and develop the basic skills for printing hot wax onto fabrics. In each phase of production the members controlled the production process and were not dependent on outside skills.

3. As far as possible available facilities in the village were used, with production systems, initially, being organised from participants' homes. The latter meant that the project was visible to all and became integrated into the community life in Mbokota.

4. Each member is involved in the total process of producing cloth and as a result specialisation is minimal. In addition the process is labour intensive so as to include as many worker members as is feasible.

5. Attempts were made to build the project around existing patterns of co-operation in the village. Women generally come together to assist each other in the building of a house, tilling of a
field, for example. In similar fashion Twananani members help each other by rotating the collective tasks among small groups (dyeing the fabrics, co-ordinating the petty-cash float, ordering and distributing raw materials) and work through larger committee structures to a lesser extent.

6. A concerted effort was made not to reproduce the political hierarchy of the community. By negotiating directly with officials outside Mbokota, Twananani members avoided the influence of the village tribal authorities (civil servants appointed as 'representatives' of the community) at all stages of the co-operative's development.

7. The co-operative provided support to Sasekisa sisal producers from 1984 onwards. (see case study 2.3.) who were able to purchase dyed sisal from Twananani thus increasing their range of colours and marketability of sisal products.

8. Twananani supported the development of Tlhari (a group of 30 women who began organising from Mbokota in 1985), by giving the group access to facilities on the stand and participating in the Khomenani collective (see pg.84) to establish contracts regarding shared resources and ownership of the buildings.

The momentum achieved in the four years covered by this case study can be attributed to the factors mentioned above and a comparison made with Tiakeni where a similar growth pattern was apparent between 1979 and 1981. While in Tiakeni's case the potential of co-operative development was uncharted, Twananani members had the advantage of working with Tiakeni's experienced membership and gained access to skills and resources in the community.

The financial 'success' of both Tiakeni and Twananani can, to a large extent, be attributed to the choice of products and technology that were adapted by members to create a unique place in the market for their
products. This impetus in the first few years is not uncommon in producer co-operatives which have established a viable product range. Different problems arise, however, in managing 'mature' co-operatives. Co-operators need to acquire skills to cope with social dynamics in the work-place. The case study of Tiakeni over ten years raises issues and conflicts, while Twananani has only recently entered the arena of real struggle for democratic control in the work-place.
Figure 11
Twananani Textile Co-operative.

[a] Members hand-painted fabrics with designs derived from decorations in their homes.
[b] Members of the sewing department working from the newly constructed workshop.
Figure 12
Twananani Textile Co-operative.

[a] A work-team making soil-cement blocks to build their workshop in Mbokota
[b] Fabrics drying in a home after dyeing at the river.
In May 1985 Tlhari, the fourth producer co-operative in the network, was organised by women in Mbokota Village who had beadwork and embroidery skills. Local initiatives consisted of making dresses worn by 'Sangoma's', beadwork and 'traditional' pleated and beaded skirts worn by many of the women.

As cash limitations frustrate the majority of entrepreneurs including individuals making products, the arrangement for an order from their producers in the past, was that the client supply the materials and pay for labour. The escalating costs of locally available beads, coupled with the fact that people in the area were buying less beadwork, (many had adopted the western style of dress), meant that individual producers were supplying a shrinking local market.

The difficulties experienced in financing production, led to a meeting between individual producers to discuss the possibility of working collectively, as the women had witnessed the development of Tiakeni and more directly that of Twananani in the area.

Representatives from Itsidu, and a field worker from Rivoni (an organisation working with blind people in Mbokota Village) were invited to attend meetings and assist the group in assessing their situation. Itsidu agreed to provide product development input and work towards developing a marketing strategy with the group members.

7.1 Community-based Production: Skills and Resources

Initially the focus of the production initiative was product development. The approach taken in this regard was to isolate existing designs that did not have a high labour component and then upgrade production through a process of improving or replacing less viable products. The goals of the group at this stage were oriented towards:
- developing and marketing a range of products and unearthing the history & function of 'traditional' beadwork;

- incorporating creative design elements and experimenting with new materials for selling in a wider market;

- co-ordinating and organising production through meetings;

- developing more efficient techniques for production i.e. designing a cutting machine to speed up production of beer can bangles that women made for their own use.

A limited variety of raw materials were available from local suppliers at inflated prices. This prompted the group to approach other producer groups in the co-operative network with the request that they join the shared vehicle scheme (see pg.109). In this way the group linked into the co-operative network and was able to buy cheaper supplies from retailers in Louis Trichardt.

Once the group had taken the decision to buy beads on a collective basis the members held discussions with Itsidu over the issue of raising the necessary capital to buy raw materials in larger quantities. The members themselves had no access to funds at this stage. Itsidu contracted to put up the capital (approximately R200) and an agreement over finance was entered into from the outset, namely; that all expenses incurred by the group were recorded as loans and further that members take responsibility for raising their own funds if expansion costs had to be met in the future.

Three months after production had begun members were accused of 'selective employment' by individuals living in Mbokota village. An open meeting was called, attended by those involved in the production initiative (members of the group, Itsidu and Rivoni) and community members. The members discussed co-
operative production and clarified their position, thus:

- they were not 'employed' by anyone;
- they were working together because it was better than working independently, in the circumstances;
- no member was guaranteed a regular income but relied on her own skill as a producer.

In subsequent meetings between members guide-lines on working together were discussed particularly around the issue of new members. Initially individual bead producers constituted the membership, but a new element was introduced when the original group was approached by a second group of approximately 15 women, skilled in sisal work, to join the group (sisal work is taught in the schools).

The principles of a working relationship were discussed as there was at this stage, no clear policy on the selection of members, an important aspect of setting up a co-operative business. By December 1985 (seven months since it's inception) the group had expanded to twenty-six members to incorporate the sisal producers. Earnings ranged from R60 for skilled producers to as little as R20 for new members in some months (based on an individual's production and sales).

The growing membership of Tlhari and the fact that women from other villages continued to approach the group in the hope of becoming members, was clearly an expression of the absolute need of women in rural areas for employment opportunities. In retrospect, however, it is possible that the rapid expansion of the group at this early stage was a case of enthusiasm outstripping capacity, as resources were limited and the service component overextended in some areas.
The transition from individual to collective production involved members in establishing a production-base, without the experience of a pilot project for identifying viable products and market potential. Those involved in the production initiative (members and service organisation) had to deal with the diverse needs of both skilled and unskilled individuals and simultaneously build cohesion in the group.

7.2 Formation of a Collective.

Difficulties were being experienced in co-ordinating production from members' homes and a request was made to Twananani to share their business stand and storage facilities. This was agreed to and by 1986, the group, comprising 30 members by this stage, began working from the stand, producing sisal and beadwork articles, embroidered cloths and metal bangles.

In general meetings the structure of a collective was formalised and the name Tlhari, meaning 'clever' was chosen for the producer group. The members, in recognising the vulnerability of their position; the pace of training being slow and resources limited, restricted membership until the group showed signs of financial stability.

Working principles that had been established were incorporated into committee functions and representatives were elected to facilitate planning, co-ordinate production and administer finance. An important decision was taken, based on co-operative principles related to income; members agreed to pool all income and share profits equally.

Though undoubtedly the members were influenced by the proximity of the co-operatives in the area, they had not taken the decision to establish a co-operative but were working towards integrating co-operative principles. This was an indication that the women perceived definite benefits that could be be achieved through co-operative organisation.
7.3 Funding and Finance.

Once a working group was constituted and income was being generated, the members were in a position to draw up a motivation for funds. Initial grant money seeking to fund training, tools and raw materials, amounting to R6000, was granted by a Bequest, which requires project members to motivate and apply directly for funds.

The fact that funds raised by Tlhari were administered by the members through their accounting system, from the outset, was an indication of the impact that co-operative organisation was having in the area. The established producer units offered visible and accessible resources to support developing co-operatives and as a consequence the reliance on service agencies was minimised.

At the end of 1986 (eighteen months from formation of the group) Tlhari members began the process of raising funds again, for the construction of a workshop building on the shared site (the group was working in the open without shelter from the elements). The issue of funding was worked through in terms of the direct financial needs of the group for detailing a budget of estimated building and equipment costs. A second application for funding was submitted to a donor agency to cover building costs. An amount of R12000 was granted in 1987.

Establishment costs for Tlhari were considerably lower than for both Twananani and Tiakeni for a number of reasons:

- the service areas on the stand were incorporated into Twananani's donor capital budgets; including costs of sinking a borehole, buying and building water storage tanks, ablution and toilet blocks;
- the production process does not require the use of expensive machinery, nor significant running costs as is the case in Tiakeni and to a lesser extent, Twananani;

- co-operative resources in the area were made available, for example; Tiakeni's contract with Twananani over the loan of a stand-by generator for use on the stand in Mbokota was extended to include Tlhari once the producer group began working from the stand. Whereas Tiakeni's start-up capital had included the costs of the generator, the producer co-operatives in Mbokota were able to establish an electricity supply and pump water without incurring these high costs;

- the brick-making machine purchased by Twananani, became a community asset and was made available to members of the Mbokota community and Tlhari when construction was begun on the second workshop building on the stand.

The members of Tlhari were involved in the fund-raising process on a practical level, and compiled a group profile (see pg.96) that was included in their application for funds to cover their development costs.

Information on the membership of the Tlhari Collective is summarised from a questionnaire that covered the following areas; previous employment, family income, and education levels:

- Of the thirty members of Tlhari, none had been employed outside their community. Some women earned cash intermittently, (average daily rate R2) by making bricks, cutting firewood, patching mud walls, washing clothes and cooking for neighbours who had a more regular income;

- Of the 30 members; five received money from other sources, two women received money at three monthly intervals, one woman shared an income with another
Figure 13
Thari Collective Information Profile

family on a fortnightly basis and two women were sent money at irregular intervals;

- Twenty-five out of thirty members had no income from other sources, and with few exceptions, were required to support families and dependants.

Although the group spends all of its earnings, (cash is put into the bank with one hand and taken out with the other) the members recognise the importance of recording financial transactions and maintaining a bookkeeping system. As Tlhari members had no experience of financial processes, Itsidu's support was requested when the members followed procedures for opening a current account;

- At a general members' meeting signatories to the account are elected and the minutes record these and office bearers in the co-operative;

- Minutes signed by the chairperson are submitted to the bank when the account is to be opened;

- The signatories are required to be present when the co-operative meets with bank officials to apply to open a bank account. Those who have signing powers sign signatory slips and complete forms to apply for the formation of an Association of members (forms supplied by the bank);

- The name of the co-operative (association of members, in this case), is supplied along with the names of the office bearers and signatories to the account.

- The account is opened when a sum of money is deposited (approximately R100, depending on the banking facility).

An appropriate financial and record keeping system was evolved and training continued with the assistance of members of the service organisation. The literacy training sessions (see pg.112) contributed to the learning process by improving numeracy skills and providing information relevant to production.
7.4 Income and Technology

As mentioned in the overview of the Network (pg.105) the nature of Tlhari's production, that is; extending the potential of 'traditional' skills for co-operative production, has an impact on the earning potential of the collective. Financially the turnover figures, detailed in this section indicate that while Tlhari members annual turnover was much the same as Twananani's in the first year of production, these figures increased marginally over the next year, while Twananani's turnover doubled in their second year of production.

**Table 5**
Annual Income and Expenditure 1985-1987
Tlhari Co-operative Producers

<table>
<thead>
<tr>
<th>YEAR</th>
<th>Income</th>
<th>Expenditure</th>
<th>Member Earnings</th>
</tr>
</thead>
<tbody>
<tr>
<td>1985/6</td>
<td>R14 479</td>
<td>R14 203</td>
<td>R10 to R65/month (individual)</td>
</tr>
<tr>
<td>1986/7</td>
<td>R17 737</td>
<td>R17 500</td>
<td>R40 to R60/month (collective)</td>
</tr>
</tbody>
</table>

Turnover for the financial year 1985/6 was R14 479 and expenditure on member earnings, running costs (minimal) and raw materials, was R14 203. Members earned between R10 and R65 per month in the first year of production. In 1986/7 income from sales increased marginally to R17 737 (expenditure R17 500) with monthly member earnings becoming more stable but still averaging between R40 and R60. Membership had dropped to 26 by 1986/7.

On more than one occasion the members of Tlhari had to consider whether it was worth continuing, because earnings were so low. Each time commitment to continue was absolute as the members believed they could improve the financial situation in the long term.
Some members of the group supplement income by selling fruit and vegetables from the workplace which because of its central location, provides a good venue for marketing for local consumption (foodstuff and articles used in the home). Community members visit and utilise the various services offered e.g. water, sale of second-hand clothes, raw materials (dyed sisal, and fabric).

7.5 Marketing

Tlhari markets products locally and has established a customer network for certain goods (etched aluminium bracelet, embroidered and beaded fabrics) through retail outlets. Participation in sales exhibitions in urban centres was facilitated by the other co-operatives who in effect 'subsidised' the transport costs to some extent by paying a larger percentage of costs until Tlhari was able to assess these markets and build up sales levels at these events.

Preparation for sales exhibitions is an important part of the learning experience as members need to assess each event in order to plan production for the next. This is particularly important for isolated rural co-operatives where poor judgement in the face of high transport costs can constitute a net loss for the group if products do not sell. This aspect is particularly relevant in Tlhari's case, where a diverse product range must needs rely on bulk sales because of the low return on beaded articles, and bangles, for instance.

7.6 Organisation of the Collective.

It has been suggested by those involved in the project that it would have been easier to work on a pilot project with a core group of skilled women, drawing in more members as production increased. The membership however, increased fairly rapidly, and this contributed to the relatively slow progress of the group.
The fact that experienced craft producers worked with less skilled group members meant that the quality of products varied and the most able producers had to forfeit production time in order to train others. The lack of facilities further aggravated the situation even after Tlhari began sharing the site with Twananani, because the group did not have a working space for the first two years of production.

Initially there was a lack of coherent organisational planning partly because members had not found it possible to meet regularly while working from members' home, and individuals did not wish to take leadership positions until specific areas of work were defined. Authority positions were retained by the older members who had more experience in production and this posed a problem for younger members who were in the minority and found 'traditional' social patterns replayed themselves within the group's structure.

The 'automatic authority' given to more senior members was balanced out over time as older members transferred valuable skills that were being lost in the community. The presence of Tlhari had engendered a new interest and pride in these skills, and demonstrated how a creative tradition may be extended. Simultaneously certain tasks involving reading and writing, were taken up by younger members who had had access to some education, as the need for more complex financial systems arose.

The fact that members continue to acquire more organisational and production skills is, however, a factor that has extended the benefits of co-operative production (in rural areas) beyond the incentive of income generation. Although the latter was the primary reason for the group's formation in the first place, it is no longer the only reason for members commitment to maintain the group, even when the 'going is rough'.

Although the broader skill-base around production took longer to organise, there were benefits in this slow pace of progress. Each advance was regarded as an achievement and demonstrated a confidence in
collectively controlling and making changes in a given situation. This attitude represents an important departure from the consciousness usually promoted in suppressed rural areas.

7.7 Assessment

Tlhari's development demonstrated the impact that co-operative structures have had in the area when individual members choose to come together at their own initiative to form a producer unit. By requesting assistance from existing co-operative structures in the community (Itsidu, and Twananani) the group indicated a confidence in the benefits of worker-controlled enterprises which were perceived to represent a viable means to generate an income in the community.

Definite benefits from working with the other co-operatives is the access to resources (bulk-food buying schemes, water and markets), but for the most part it is the members' integration into the co-operative network that constitutes the real change in their lives.

In the short history of this co-operative (1986 to 1987) which this case study records, a commitment by members to working collectively emerged despite the fact that income levels were low. The reason for this may be attributed to the fact that Tlhari had been built up primarily by it's members and this ongoing learning experience represents a tangible achievement on a collective as well as a personal level for those involved.

The main aim in providing selective histories of the producer co-operatives has been to establish the dominant issues for those involved in and supporting co-operative development, particularly in rural areas in South Africa. The next section assesses the impact of this development in terms of interdependence in the network, collective structures that were organised, and expansion into the broader community.
Establishment phase of Tiakeni Itsidu Textiles Co-op Service Co-operative Organisation and Community Fund School toilets.

1981

One year Production & Design Workshop, Community facilities and water supply.

1982

Training programme for Twananani members at Community fund: creche; Product development & education, Sisal dying/raw material supply.

1983

Skills training, education & training, shared supplier network.

1984

Sisal dyed at Twananani for Sasekisa; Raw Materials ‘float’/Bulk buying scheme co-ordinated by co-operatives.
1985
- Textile Design Programme at Tiakeni
- Education for Registration at Twananani
- Literacy Programme

1986
- Product development with Beadworkers in Mbokota village
- Fencemaking Pilot Project
- Training Programme for thirty women in the Mbokota collective
- Local Trainee Programme
- Technical Aid Services
- Shared stand and facilities

1987
- Representatives from co-operatives elected onto Itsidu's Executive Committee: AGM 1986
- Bulk-Buying Scheme: Community services, telephone, water, post, building materials
- Praparatory Phase for a Co-operative Revolving Loan Fund: Khomesani Committee 1986
- Collective Fund raising/shared Vehicle in Network. Co-ordinated by Transport Committee
- Marketing; shared costs, venues, & organising. Northern Transvaal Marketing Association
- Workshops; broad co-op issues, inter-personal co-op relationships. Conferences/meetings

**Figure 15**
Cronological Development of the Co-operative Network 1978-1987
Figure 14

Tlhari members making a range of products from a members home prior to the group joining Twananani on the site in Mbokota.
AN OVERVIEW OF CO-OPERATIVE DEVELOPMENT IN THE NETWORK

This overview of the co-operative network offers comparisons between the co-operative enterprises. Broadly speaking the issues raised show how those in the network responded collectively to problems caused by geographical isolation from South Africa's political and economic spheres, unemployment and the lack of basic resources in communities.

8 Orientation and Production

The organisational and financial needs of a producer co-operative are influenced to a large extent by the particular production techniques adopted. In the co-operative network, production systems evolved around; 'imported' skills for production (silk-screen printing), innovative production systems (wax printing and dyeing), and extending the potential of an existing skill-base in the community (sisal-work, beadwork, embroidery and jewellery-making).

Tiakeni and Twananani buy raw materials from the commercial sector and compete directly with other fabric producers in an increasingly competitive urban market. Sasekisa on the other hand uses locally available raw materials (sisal is grown in Gazankulu as a cash crop for export), and Tlhari members can purchase many of the raw materials from retailers in the area, and have the choice of using larger and cheaper suppliers in urban centres when they are able to finance the costs of ordering in bulk.

Seed money: Capital expenditure for the establishment of Tiakeni incorporated all infrastructure costs (installation of water systems, electricity, telephone, and buildings). Equipment for a silk screen process is costly and capital outlay high for a co-operative supporting twenty-four members. Tiakeni's silk-screen process requires a relatively complex and comprehensive 'business' structure which has served to
strengthen the group's resources and skills through dealing with capitalist companies (for raw materials) in urban areas and the demands of maintaining a high monthly turnover.

The capital requirements of the 'mass production' orientation of silk-screen printing are significant because of the cost of raw materials, most of which are 'brought-in' and only available in bulk quantities, thus capital is tied up in stocks for long periods.

Twananani on the other hand, has similar requirements to Tiakeni but does not have a 'mass production' orientation as each member designs and 'produces' fabric individually and the value added is in terms of higher mark-up per item, resulting in a lower volume and turnover.

Twananani's capital outlay was much the same as Tiakeni's in setting up infrastructure once building on the site began, with the exception of electricity costs (loan of stand-by generator from Tiakeni). The equipment costs, however, were considerably lower, an estimated R75 per member in 1983, was sufficient to provide equipment for production and members used their own sewing machines until the co-operative was getting orders on garments made up from their fabrics, thus capital costs for production were kept at a minimum.

By way of illustration, in 1987 Tiakeni required a monthly turnover of R15 000 (annual turnover R175 000) in order to remain viable while Twananani maintained the operation at a turnover of R4500 (annual turnover R54 000) per month, yet the members were earning about the same per month.

Sasekisa's starting-up costs were greatly reduced because the group used an existing building and members made up their own equipment. Operating costs constitute approximately 15 percent of turnover as dyed and raw sisal are the only essential raw materials (unlike Tiakeni, where up to seven fabrics
and over twenty raw materials and chemicals are regularly in use).

Tlhari, by moving onto the stand where resources had been established by Twananani, found it necessary to raise capital for buildings and did not have to bear the costs of infrastructure development (water, electricity, preparation of the stand).

**Expansion:** The expansion of the co-operative producer groups is to a large extent determined by the nature of production. Tiakeni is able, because of the flexibility and diversity of a silk-screening process, to increase production and turnover by gradually expanding its membership and placing new members in different departments as the workload increases.

Twananani, on the other hand, increased membership in direct proportion to the demand for their fabrics which are all individually produced. As Twananani has developed resources to suit its present operating levels with thirty members, and duplication of the project is relatively easy, members may consider supporting the development of a separate co-operative, were demand to exceed supply.

Sasekisa, by introducing a less labour intensive product (sisal loom mats) was able to increase individual earnings without necessarily increasing membership; while for Tlhari, as with Twananani, the production capacity is defined by the number of members producing goods.

**Product development:** The ability to introduce and adapt products to suit market trends is an ongoing challenge for any manufacturing unit, particularly so when fashion trends influence customer demand, as is the case in the textile industry. Each co-operative relies on a 'creative' core in the membership who perform this important function, and will request assistance from organisations or individuals outside the co-operative for the introduction of a new production technique or technology.
The one year Production and Design workshop during 1981 (see pg.20), provided co-operative and community members with the opportunity to explore appropriate production techniques and broaden the co-operative base in the community. Through the provision of facilities and materials by the service organisation, production techniques were explored and suited to local conditions. The results of this approach were apparent in Tiakeni's development and that of the producer units established after 1981. Tiakeni members, by learning more sophisticated skills for screen printing improved drawing skills, widened their product range and in this way, increased their market base. Tiakeni introduced fabric dying and by overdoing existing prints, was able to enter the garment market.

In Tiakeni's situation, with a diverse product range and market-base, designing new products takes time and involves costs (silk-screens and stencil materials), as does the administrative task of sending samples to a wide range of customers. For this reason Tiakeni, because of their isolation from the market, has relied on feedback from agents selling their products in urban centres and customer reaction at sales exhibitions.

Sasekisa's production system is labour intensive, the market is competitive, and profits are not easily increased. For this reason the group has only become viable by developing new techniques for sisal production and in this way it has been possible to set more realistic price structures, for products (loom mats) that were unique in the sisal market.

The wax printing technique explored in the workshop provided an appropriate system for creative expression in Twananani's co-operative development in a village environment. The documentation on dyeing fabric and sisal proved a useful resource when utilised by the co-operatives.
Twananani's fabric range has been extended according to market demand i.e. customer requests provided the basis for new products. As the skill levels increased, the more creative members began hand-painting pictorial formats onto cloths and a small range of more costly fabrics were made available (each cloth taking up to four days to produce).

Thhari, by requesting assistance with their aluminium bangle-making (made by hand from sawn-off beer can rims), had a simple cutting and clamping machine designed locally. Production in this area increased 100 percent and more time was available to work on other products. Thhari has dealt with a competitive market by diversifying products and introducing a number of different techniques (beadwork, embroidery, bangle-making, sisal work) in an attempt to reach more customers and maintain a more stable cash flow in an unpredictable market-place.

These examples indicate that the nature of the co-operative producer group is influenced (once basic skills for production have been mastered), by the choice of products. It is primarily through the introduction of new production techniques and design ideas, that turnover may be increased and the viability of the co-operative maintained.

9 Co-operation between Co-operatives

Limited resources that are shared in the network have necessitated working contracts between the co-operatives, the service organisation (Itsidu) and the community. Shared responsibility between co-operatives for collective structures began with the raw materials 'float' in 1984 (see pg.21). The maintenance of the 'float' gave members access to manageable quantities of raw materials at wholesale prices and contributed towards pilot project development in the area. Collective structures which continued to emerge to support the expansion of the network are discussed in some detail under the following headings.
9.1 Transport and Marketing.

Although the producer groups market goods locally and sell to customers who visit the co-operatives a wider market is essential for their economic survival. Tiakeni and to a lesser extent Twananani are dependent on orders from retail outlets for the bulk of their income. For the producer co-operatives, sales exhibitions, held at regular intervals in urban centres offer product exposure, contact with customers and provide the means for an injection of cash at different times during the year.

All the co-operative producer groups in the area, (including an association of individual producers (see pg.123) collectively marketing their products through the network) co-ordinate around transport to urban centres, thus sharing the high costs incurred in maintaining this exposure. The more established co-operatives like Tiakeni subsidise, to some extent, the costs of other producer groups who earn less at sales events.

By 1986 the co-operative network had reached a stage where a collective marketing strategy was possible. A committee was formed to acquire disused premises in the area to house a central training depot and shop. The intention was to give customers access to a range of products from all the co-operative producer groups, and provide marketing training for members.

An appropriate constitution (supplied by a marketing co-operative in Zimbabwe) was adapted and the application for incorporation was submitted to the Registrar of Co-operatives in Pretoria. As had happened in the case of Twananani the application was referred to the Registrar of Black Co-operatives on the basis that the shop was located on Trust land, (administered by the South African Development Trust). After months of organising, insurmountable problems were encountered with the result that the committee continued to develop the marketing structure without formal registration as a central co-operative.
The experience of co-operative members coming together to set up a marketing committee stood the co-operatives in good stead as the ground work had been laid for active participation in the initial meetings held in 1987, to discuss a regional marketing association in this Northern region. Nine producer groups and two service organisations had the opportunity of coming together to identify common problems, to establish a basis for a collective marketing strategy. The association is co-ordinated by a regional marketing committee and open to co-operative producer groups through elected representation.

**Transport:** Although transport represents an essential commodity in rural areas, most organisations involved in funding are unlikely to approve applications for vehicle finance because control and guarantees of responsible use of an expensive asset, can not easily be secured. Tiakeni's failure in 1985 and again in 1986, to raise funds (see pg.39) to purchase a replacement vehicle, bears testimony to the problem established co-operatives have in raising money for capital expenses.

With the expansion of the co-operative network the problem of transport was aggravated. Vehicles outside the network were hired and frequently the co-operatives were unable to pack sufficient stocks for sales in urban centres. The co-operatives resolved the problem by submitting a joint motivation to a donor agency for funds to purchase a vehicle within the network.

It took two years before the application was approved. During this time systems for controlling the use of the vehicle where discussed by members who anticipated problems over the equal distribution of running costs. Conflicts did arise once the vehicle was in use and a workshop was organised to reach agreement over contentious issues.
Contracts were drawn up covering maintenance and repairs and a system was instituted whereby each co-operative elected a transport co-ordinator to ensure that members had equal access to the vehicle. The contract is consulted and altered or expanded upon if necessary.

9.2 Education

The level of English literacy is higher among the membership of Tiakeni than in the other three co-operative producer groups. The reason is that the Shirley and Elim farm communities had had contact with 'progressive' farmers (the school on Shirley farm was the first to institute 'compulsory' schooling in the area), coupled with the influence of the church.

On average no more that two members in each of the co-operative producer groups established after Tiakeni, were able to communicate in English, which proved to be the dominant medium once the co-operatives increased production and products reach a wider market.

Many individuals in the co-operatives expressed their frustration at not being able to communicate adequately in English, the main reasons being: job limitation in areas that required bookkeeping and record-keeping, participation in courses and meetings in other regions where English is the dominant language, inaccessible information from the commercial sector and a reliance on other 'literate' members to relay information.

In 1986 a literacy trainer joined Itsidu's resource unit and worked with Tiakeni, Twananani and Tlhari in weekly sessions, aimed at improving the level of spoken and written English. Volunteers from the co-operatives were trained as trainers to teach Tsonga as the majority of members had limited or no reading and writing skills. Learning resources from service organisations in urban areas, offering skills training in literacy and numeracy were not available in Tsonga.
and this constraint left members responsible for having to devise their own literacy programmes.

In 1987 the English skills programme was temporarily suspended because the trainer (employed by Itsidu) left the area. Members of Twananani and Tlhari continued the reading and writing skills training (in Tsonga) in Mbokota, but were drawn into a government sponsored literacy programme that had had little effect in the village for some years. When approached by teachers from the local school to join the literacy programme, the co-operative members felt obliged to participate in weekly training sessions that were held at their workshop, as there was no alternative to offer at that stage.

The approach to training had little relevance as the courses offered (English, Afrikaans, Tsonga, Agriculture, Health Education and Mathematics), had limited orientation towards education with production. The members expressed dissatisfaction with the course and made a formal request for the subject range to be limited to English skills training exclusively, which was agreed upon.

In 1987/8 a literacy trainer again joined the Itsidu collective and the co-operatives were able to withdraw from the government programme and continue with a learning programme more appropriate to the demands of organising in a producer co-operative environment.

**Education:** Service and community-based organisations are seen to play a role in co-operative education because they have the resources to make educational material accessible and can share workshop skills. The long term aim of the co-operative education programme was to enable members to deal effectively with organisational and social issues collectively.

Tiakeni's experience of co-operative education in the first three years indicated some of the difficulties that are frequently encountered when education is 'brought' to members. Tiakeni used the services of a co-operative agency based in Johannesburg, for five
days twice a year and set up an education committee to co-ordinate members education.

This education committee found that they had insufficient skills to structure a workshop environment and maintain the programme in the absence of the service group with the result that the education committee became dormant after a time. This attempt at 'self-education' has shown that members need skills to co-ordinate their own education programme in order to deal with issues in a creative and meaningful way in the long term.

For the most part, Tiakeni members gained an understanding of co-operative principles from the practical experience of organising around production and establishing by-laws from issues that had been resolved in general meetings. Workshop sessions for drawing up appropriate constitutions also constituted an important part of the education process once a measure of viability was achieved and Tiakeni was preparing to register as a co-operative in 1979/80.

In Twananani's case members had the benefit of working at Tiakeni's workshop during the initial training programme and learned by observing, from the outset. From 1985 when the decision was taken to register Twananani, Tiakeni members were involved as educators and a series of workshops were organised over one year in Mbokota village. Tiakeni's members shared this responsibility equally by organising small groups who provided input on a monthly rotational basis.

Once the network expanded, negotiations between the co-operatives over shared resources increased, and members requested workshops to help resolve issues that were causing conflict. What materialised from a number of workshops held from 1986, were contracts between the producer co-operatives that facilitated the sharing of information and resources.

Workshops: An important workshop that took place in 1987 between approximately eighty members of the three co-operatives and Itsidu, dealt with 'Conflicts and
The following overview of a section of the workshop is useful as an indicator of a process of education between co-operatives in the network.

The question 'what is co-operation?' was answered with 'co-operation is an agreement between people'. Members of the co-operatives raised the issues that were causing problems and agreed that conflict arose when:

- agreement was not clear;
- everyone involved does not know about the agreement;
- agreements are broken;
- no agreement has been made;
- agreements were not written down.

The three issues upon which the workshop focused were: a generator lent by Tiakeni to Twananani (used by both Twananani and Tlhari), a vehicle (collectively owned in the network), and use of resources on the shared stand in Mbokota (Twananani and Tlhari).

The issue addressed was 'how do you make or change an agreement?' and the focus was 'communication', seen as; who makes agreements (committees, representatives, full membership), how are agreements made (meeting to talk and draw up contracts).

The workshop was used as a forum for dealing with problems by drawing up contracts that involved the full membership of the co-operatives concerned. The following guide-lines were used for discussion in the formulation of written contracts or agreements. An example of the contract between Twananani, Tiakeni, Thlari and Itsidu over the use of the generator was used to illustrate the process of negotiation. (see pg.116)
Figure 16
Workshop on: Stages in Drawing up an Agreement.
The workshop was spread over two days and agreements were reached between the co-operators involved over the three issues mentioned (generator, vehicle and shared resources in Mbookota), and other issues were raised for discussion at subsequent workshops. The contract with Itsidu over fixed assets and buildings was reviewed in an information session so that new members were fully informed of the role Itsidu played in securing fixed assets in the network.

This approach has given rise to structured debates over common problems, and provided members with the tools to resolve and clarify areas of conflict in a relevant educational experience in their own co-operatives and with members of other producer co-operatives.

9.3 Co-operative Loan Fund.

In 1985 the textile co-operatives found themselves in a crisis over supply of fabric. The resulting cash-flow crisis came about because the textile mills chose to withdraw credit facilities (usually set at 30 to 60 days from receipt of invoice). The mills were in a strong position as customer demand outstripped production capacity and they were not interested in supplying small 'high risk' enterprises.

The co-operatives were forced to hold back orders for fabric until the required finance was available. As a consequence, Twananani and Tiakeni ran short of raw materials, and customer orders were delayed. It was this situation that gave rise to discussions around the establishment of a co-operative loan fund.

In 1986 a series of meetings were held with Tiakeni, Twananani, Tlhari and Itsidu, to discuss centralising a revolving loan fund. The concept of instituting a loan facility within a co-operative structure may be utilised in a number of ways:
1. At the beginning of co-operative development in an area (or within a particular constituency), to ensure that finances are centralised and controlled by the members from the outset.

2. At a later stage when structures are established but financial constraints jeopardise the continued operation of individual co-operatives.

A revolving loan account if properly constituted (board of elected office bearers and recognised auditing systems) can also be offered as surety in negotiating for credit facilities with suppliers. Although it is not necessarily the case, a co-operative loan facility may offer interest rates on loans below those stipulated by banks and financial institutions.

For co-operatives who are unable to offer surety to commercial institutions to secure a loan, (assets and buildings being held in trust by an 'umbrella' body i.e. Itsidu in the co-operative network), such a facility may well provide a workable alternative. In addition a centralised loan facility controlled by user members constitutes a very valuable education component in offering support and financial management guidance to members.

A crucial issue was the organisation of such a fund, which if not controlled efficiently could become an unmanageable burden of debt for co-operatives. Discussions around establishment of a revolving loan fund within the co-operative network will continue until sufficient information is available and members have the confidence to institute the necessary controls over loan agreements. Issues that have been raised and are still under discussion have involved:

- legal structure; organising and operating a democratic association not for gain' (e.g.a trust fund, section 21 company), or registering a central/secondary co-operative (made up of two or more trading co-operatives);
- recommendations on the capital sum needed to answer the needs of members efficiently, and ceilings for sums borrowed by each co-operative, depending on the monthly turnover i.e. the sum borrowed by a member co-operative may not exceed the anticipated monthly turnover;

- guidelines on ensuring that member-user interests are protected i.e. information on finance is both available and accessible, and accounting systems accurately reflect the financial position of member co-operatives;

- 'fair' loan contract terms i.e. interest rates, repayment terms, and conditions for a co-operative entering into two loan contracts concurrently;

- guidelines on what constitutes a 'safe' loan (purchase of raw materials for a fixed order), and a 'high risk' loan (likelihood of defaulting on loan repayment terms).

A credit union structure offers a sound basis for understanding a range of issues around loan contracts. An important difference between a credit union and the proposed co-operative loan account is that of capital accumulation. In a credit union, member contributions make up the capital to be utilised for loan purposes, while in the proposed loan fund a small percentage of capital may be from member co-operatives, while the bulk of the capital sum will, of necessity, be accumulated either through donor funds and/or soft term loans from organisations who support the initiative.

The short term benefits of having access to finance for maintaining operating levels in the case of a cash flow crisis and unforeseen expenditures are self evident. The long term viability of organising a centralised loan fund, however, for a membership constituted of co-operatives that seldom do more than break even each month, has not been resolved although the process of developing an appropriate system is ongoing.
9.4 Bulk-Buying Scheme

As mentioned in the case study on Tiakeni, access to a G.S.T number made it possible for the co-operative to purchase raw materials from commercial suppliers at wholesale prices. The social value of this facility was realised through a bulk buying scheme that was co-ordinated by Tiakeni and later by all the co-operatives in the network as they were established.

The scheme was extended around 1981 by Tiakeni (see pg. 53) who set up an order-by-rail system between the co-operatives and an organisation in Johannesburg selling staple food in bulk at greatly reduced prices. Communities near the co-operatives benefited and, of the producer groups, members of Sasekisa in particular, gained financially from this scheme because of the inflated prices of local goods in remote areas (prices escalate in proportion to the distance that goods are transported).

Cheaper goods and foodstuff was bought in bulk at the end of each month from wholesalers in Louis Trichardt, thereby benefiting family and community members who were in contact with the co-operative. The responsibility for co-ordinating the scheme was shared by all members on a rotational basis and the elected members for each month were given a day off production to collect orders (amounting to approximately R3000 per month in 1987), do the buying, distribute goods and collect money at the end of the day.

9.5 Raw Materials Float

Pilot projects were seen as an important phase in assessing the viability and applicability of production techniques for community-based co-operative development. In 1981 the Production and Design Workshop contributed towards experimentation with various raw materials and techniques for production. (see pg. 20). This experience revealed the need for subsidising raw materials for those groups.
who could not finance the costs of developing and testing sample products in the market.

To this end, those involved in co-operative production submitted an application for funds to finance a raw materials 'float'. The capital (R6000) was raised from donor agencies by co-operative members and Itsidu, who submitted a joint motivation for funds to cover administration and purchases of raw materials in bulk (see pg.21). The raw materials in the 'float' have also accumulated through donations-in-kind from manufacturing companies in the commercial sector, and stocks are replenished through payments by established co-operatives.

The 'Float' provided a necessary resource for newly formed co-operative producer groups who were subsidised through the pilot phase. Thereafter the facility was utilised for small quantities of raw materials so that capital was not tied up in stocks that exceeded monthly production needs. The service was also offered to producer groups outside the network where this was possible.

By establishing structures that were initiated collectively and are currently collectively maintained, the producer co-operatives have demonstrated one of the important effects of building a secure base for co-operative organisation from which an influence can be extended into other areas.

10 Satellite Projects in the Community:

Wire Fence-making Project.
A pilot project was initiated by community members early in 1986 in response to the escalating dilemma of retrenched or unemployed workers who returned to the area and were no longer able to support their families. Meetings were held in Mbokota to discuss the feasibility of 'home' or family production units, with the result that two families in the village decided to create their own employment, by attempting to set up a wire fence-making project.
Itsidu's input was limited to locating equipment (boards for stringing the wire) for producing the fencing and liaising with Rivoni, an organisation able to supply wire at wholesale prices from stocks used in a wire coat-hanger project.

Arrangements were made within the network to co-ordinate transport when possible and co-operative members helped open up the local market by promoting the product, informing community members and keeping wire supplies at the workshops. Once the pilot project was under way basic record-keeping systems (invoice and receipt and order books) were introduced. Family members shared production time, gained skills that increased output, and were able to earn approximately R210 per month when all the wire fencing from one 'board' was sold.

The price was competitive and customers were supportive as the wire proved to be of a better quality than the commercial grade and in addition, it was available in the village and marginally cheaper. There is usually resistance to buying 'local' products and while this was a problem in the beginning, the wire sales continued.

During 1986 the Development Bank of Southern Africa embarked on a research project to test the viability of wire fence-making projects as a job-creation scheme. Various organisations including Itsidu were approached to take on pilot projects and supply the link with community-based structures.

Although the viability of the proposed scheme had been established (numerous projects were operating in the Transkei), the organisations in the Elim area chose not to participate. They took this decision on the basis that, while more people could be employed in a shorter time under the scheme sponsored by the Development Bank, it was apparent that the producers themselves would be dependent on structures outside their groups.
The likelihood existed that the project would do no more than generate an income for a limited number of people because of the dominant role of outside organisations. In effect the project proposal stipulated that production equipment and wire was supplied to each group and the finished goods (30 metre bales of wire fencing) were to be collected and marketed through structures outside the production groups.

This approach to production conflicted with the basic co-operative principles underlying worker managed enterprises where worker control is achieved because members participate in all aspects of production and self-education comprises an important component.

Another conflicting factor was that project funding (in lieu of services rendered by organisations and individuals) was directed through 'homeland' governments for referral to the Development Bank. Naturally these conditions conflicted with the principles adopted by the co-operative network which does not seek government support or financial 'aid'.

The wire-fencing project continued to expand at its own pace into 1987 when less labour intensive production methods were introduced with the hope that the project would gradually expand into more communities, with the guidance of members of the producer units in the area.

Traditional Craft Skills and Collective Production

One of the corner stones of co-operative development in the Northern Transvaal was a creativity, expressed in both decorative and functional ways in village communities. All the co-operatives utilised and developed this potential and gradually established contact with 'artists' in village communities engaged in; basket-making, pottery, weaving reed mats, embroidering traditional cloths, and carving a wide variety of articles in wood.
With the development of Twananani, an increasing number of local producers were drawn into the network from Mbokota village and communities in the vicinity. Isolated individuals and small groups were offered access to raw materials, and markets further afield, as well as training in basic record-keeping by co-operative members. Community producers who had been exploited by unscrupulous buyers offering minimal prices for handmade articles, met others who had experience in the market and as a consequence gained the confidence to ask the 'real' market value for their products.

The service workshop provided tools when possible and an effort was made to preserve skills that had been passed on from one generation to the next. To this end, the attempt to turn individual endeavour into viable projects by assisting craftspeople to pool their resources, was actualised by the women who established the Tlhari collective.

The advantages of organising collectively has resulted in individual producers having contact with the co-operatives and producers in other communities. This contact is maintained through meetings in the community between elected members of the co-operatives, and this 'creative core' of producers. The latter group gained access to marketing outlets through the co-operative network and, as a consequence, have extended their creative and economic potential in a wider market.

**Vonani Sisal Project.**

By 1986 one of the community trainers working with Sasekisa had established her own production unit 'Vonani', in Mbokota Village (based on the techniques used by Sasekisa) thus replicating the sisal project at Mphambo village. From 1986/7 the sisal project 'Vonani' was supported by both Twananani and Tlhari members who provided workshop space on the site in Mbokota.

The process of establishing this 'independent' venture ran parallel to the development of the network:
- the 'Production and Design Workshop (1981) provided the contact point for community members outside the co-operative structures;

- the service organisation offered opportunities for training and gaining experience;

- the co-operatives contributed by working with individuals who had skills to offer, in this way assisting community members gain experience in organising around production.

This aspect of co-operative development represents a further stage of independence from external servicing. As demonstrated by the sisal project (Vonani), individuals living in the community who were not members of the co-operatives played a part in developing the network over a number of years, and were able to establish their own projects on the basis of co-operative principles and practices that had been gained through this process.
Figure 17
Activities in the Co-operative Network.

[a] Representatives at a meeting in Gazankulu wearing 'micheka' (rectangular cloth) designed and printed at Tiakeni. [b] A marketing event organised collectively by the co-operatives in the network.
Members celebrate after a meeting between members of Twananani and Sasekisa at the production workshop in Mphambo village.
One of the main factors contributing to the success of worker-controlled enterprises is the availability of skills and resources which can support co-operative development. For the majority of people in South Africa who live under conditions of deprivation and exploitation, the question in this regard is: what infrastructure and skills can be called upon to service co-operative requirements?

Clearly service and other progressive organisations have a role to play in the co-operative movement in South Africa, because these agencies can assist with skills training, education and infrastructural development. These are perceived to be essential components in establishing a co-operative base in the urban 'informal' sector, where an increasing number of unemployed people are forced to operate, as well as co-operatives that have been excluded from South Africa's economic sectors (those organised in rural areas, mainly by women).

The development of co-operatives is nevertheless dependent on the capitalist economy to furnish the means of production, in the case of producer co-operatives, or the commodities of trade, for a consumer co-operative.

In operating from a position of relative 'weakness' in the commercial sector (unskilled member-workers, lack of resources and no capital base), co-operators and service agencies alike, face the challenging task of establishing co-operatives as a viable option in the mainstream economy. For this reason it is important to note that a relationship between co-operators and service organisations is best defined, at all stages, by clear agreements, on the basis of practical needs and a common commitment to realising co-operative ideals in the workplace.

CONCLUSION
11 The Role of the Service Organisation in the Network

In the Northern Transvaal the relationship between the service organisation and the co-operatives was reflected in the organic response by the service group to needs in the co-operatives and conditions in the communities in which production was organised. Funds were raised to cover Itsidu's operating costs and the budget increased in direct proportion to the services offered at each stage of development.

Initially the growth of the service organisation was dependent on the development of the co-operatives. The initiatives in the late 'seventies and early 'eighties, revolved around exploring the viability of rural producer co-operatives and developing methods of working within and broadening existing community structures.

The emphasis on skills training and the use of local resources for establishing appropriate production systems has been a goal of both the service organisations and the co-operatives from the outset. By facilitating the training of community members (see pg.20), Itsidu was involved, to a large extent, in developing infrastructure as the network expanded. The attention given to basic needs opened the way for negotiations between members of the co-operatives and the service organisation over aspects of production and appropriate facilities and equipment.

Within the co-operative network the service workshop is seen as an important asset as the presence of a local resource-base has to a large extent, obviated the need to 'hire' outside expertise or buy commercially manufactured products. Thus a percentage of the funds raised by each production unit has remained in the hands of community members, development costs have been reduced and cash recirculated in the network.
In this respect, by manufacturing building materials, bricks, ferro-cement slabs and burglar bars, both transport and materials costs were substantially reduced. Local materials were utilised as far as possible and sophisticated and basic production systems were designed to match production needs. These included:

- buildings, printing tables, fabric baking oven and drying facilities, silk-screens and a photographic stencil system for Tiakeni Co-operative;

- beams for mat production, wooden templates for sisal products and dying equipment for Sasekisa in Mphambo village.

Twananani and Tlhari's workshop buildings and all necessary infrastructure, on the site in Mbokota, was built and installed by members of the service workshop team, assisted by the sixty women from the two co-operatives sharing the double stand. Equipment included:

- storage facilities, wax printing surfaces, cement dye-baths, and printing blocks in Twananani and a cutting and clamping machine for bangle-making in Tlhari;

- workshop and equipment for 'Vonani's sisal production when a project replicating Sasekisa's production was organised by a community member at the business stand shared by Twananani and Tlhari in Mbokota village.

The service workshop provided the opportunity for a number of men living in the area, to acquire valuable skills (construction, welding, prototype development and general maintenance) which serve the interests of the co-operatives and the wider community.

To this end a tools collective was established and tools, machinery and equipment were made accessible to the wider community and services (car maintenance,
repairs to machinery and household goods) provided when possible. The block yard, established to manufacture building materials locally, for the co-operatives, led to:

- experimentation with ferro-cement slab construction and Tiakeni’s collaboration in building toilets for the school on Shirley Farm (see pg.55);

- a community directed sanitation programme in a number of villages in 1982 and 1983.

1985 and 1986 was a period of consolidation and growth in the network and saw the formation of a further producer group, Tlhari (who had observed Twananani’s progress and wished to work in a similar way).

The service organisation has entered into contracts with Tiakeni, Twananani and Tlhari over ownership of the buildings, which are held in trust by Itsidu who participates in the co-ordinating structure 'Khomenani' (see pg.84), over agreements relevant to the co-operatives in Mbokota village.

These contracts support the co-operative principle of ownership by use, adopted by members to ensure that benefits remain within the community as a whole and assets are not necessarily owned by the co-operatives. The arrangement also provides the members with a broad base from which to negotiate if authorities challenge the rights of members or a co-operative faces serious financial difficulties.

Contracts between the producer co-operatives and service organisation were introduced or reworked to meet changing needs, a process that culminated in the incorporation of co-operative members on Itsidu's Executive Committee. By 1986 all the producer co-operatives in the network had elected representatives onto Itsidu's Executive Committee, thereby opening the way for collective control within the co-operative service structure.
In general the problem of meeting the real needs is a serious one for service organisations, particularly those working within co-operative structures where two issues come to the fore frequently; that of accountability and adequate, or appropriate servicing.

Accountability is a challenge because of the imbalance intrinsic in a situation where those who have security and guaranteed salaries (as is the case in most service organisations) offer services to co-operative members who have little personal finance and have to generate their own income from the efforts of members competing in a business environment.

The second issue, that of offering adequate service, became an issue that had to be frequently assessed in the network, particularly as co-operatives reached stages of sophistication that in some cases exceeded the experience of those in the service organisation who were not involved in co-operative business practices to the same extent.

Honest assessment of these issues, can serve as an educational experience for all concerned, and be of assistance in clarifying problems. By discussing the role of organisations offering services a process can be set in motion to avoid the alienation which may happen if a co-operative feels a service organisation is 'riding on its back': raising funds on the basis of services that are not always delivered to the satisfaction of the co-operatives concerned.

12 □ Community Impact

In the Northern Transvaal an attempt was made to generate services for the benefit of the wider community. Examples that emerged in the preceding case studies include:

- Tiakeni's community fund (toilets for the school, creche and training and support for Twananani's development;
- shared telephone and postal facilities;
- operating community water supply schemes from all the co-operatives;
- bulk food buying scheme operated through wholesalers in the area and a supply-by-rail system from an outlet (Kugani) in Johannesburg;
- jumble-sales organised by community and co-operative members on a regular basis. Income from the sale of second-hand clothes sent by rail from an organisation in Johannesburg, resulted in the formation of a community 'cash float' in Mbokota;
- the service workshop offered training, supplied building materials, designed proto-types and equipment for the co-operatives, while maintaining the buildings and equipment of the service organisation and co-operatives;
- information necessary for pilot project development was compiled and raw materials for production made available, either directly or through the raw materials 'float';
- basic training in bookkeeping systems was offered by co-operative members and Itsidu to producers in the community;
- a forum emerged for discussing community issues, the impact of resettlement and 'development' schemes initiated in the area.

In addition, from the co-operative's inception, social issues in the community were not neglected. Regular production meetings ended with discussions centred around personal and community issues, and were aimed at members finding new ways of addressing problems confronting them.

At a workshop in 1987, Twananani members reviewed the history of the co-operative and presented a number of problems the community faced:
there are not enough school class-rooms, children do not want to attend school, when a child has completed matric, there is no space in the colleges in Gazankulu;

children can not be controlled, many drink and smoke at an early age and have no place to meet socially;

there is no transport on weekends;

there is not enough water in the community, pumps are broken and the village tribal authorities do not get them repaired;

a few people work at the co-operatives but most do not have work;

Whether some of these problems can be addressed has yet to be ascertained. The presence of the co-operative structures has however, increased the potential for organising around community issues, because members have had the experience of working together and have gained skills in organising and dealing with issues collectively.

The potential for extending this influence to organise around social issues in the community now exists in Mbokota and other communities where co-operatives have been established.

Mbokota residents were exposed to co-operative working principles because of the central location of the business stand and agreements reached around supply of water and use of the postal system; through the bulk-buying scheme and by having access to the dyeing facilities on the stand. The workshop stand in the village centre was used by other groups as a meeting place and for other activities. For example, a voluntary community health care group working in Mbokota, held their weekly meetings at the stand until a meeting place was built. Women selling food and goods used the stand and jumble sales were held on the stand and the proceeds put into a community fund.
The fact that co-operative structures prompt members to deal with their working environment in a responsible way, (and concerns at a community level are not divorced from their working lives), is certainly one of the positive strengths of co-operative organisation, regardless of where the process is taking place.

13. The State

In South Africa the polarisation that exists in all aspects of the society because of apartheid legislation, has emerged in the co-operative sector. Company legislation has made a distinction between 'black' co-operatives in 'self governing' states and co-operatives operating within the formal business sector.

During the first five years of co-operative development in the Northern Transvaal, contact with government officials was kept to a minimum and regulations that might have impeded the development of the co-operatives were ignored as far as possible. An important advance, on a more personal level, was the confidence gained by women, in particular, in challenging officials and policy. This was possible because as individuals certain skills for negotiating had been realised and as members of a co-operative there were rights to defend and a basis from which to argue a case. As a founder member of Tiakeni comments on the issue of state intervention; "It seems 'they' don't want us here, but we are here and we have all worked hard for this".

13.1 Decentralisation and the Incentive package

Regional incentive schemes were introduced for regional industrial development when the Elim area was designated as one of many so-called 'growth points' in underdeveloped regions. This led to the implementation of a system that covered:
- incentives for the establishment of new projects in secondary industry;
- expansion of existing projects;
- relocation of businesses from certain metropolitan areas.

In 1985 each of the four co-operative producer groups were visited independently by Government officials who suggested that the members apply for benefits through the incentive scheme. Aspects of the scheme provided for cash payments covering a percentage of the wage bill for a seven year period (for newly formed manufacturing units); rebates on rail transport costs of finished goods, and soft-term loans.

The reaction from co-operative members was one of caution as people had witnessed government 'take-overs' of viable small businesses in the area, through incentive scheme loans of cash and equipment (often in excess of the real needs of the recipients), which caused a debt load or expansion that could not be maintained. Tiakeni members elected representatives who undertook to pursue the matter and provide the other co-operatives with more information.

On closer scrutiny the benefits offered limited material advantages as rail rebates only covered transport costs of finished goods (the co-operatives use the postal system for dispatching orders to customers) while the high costs of bringing raw materials into rural areas were not included as part of the concession structure.

Payment of a percentage of the wage bill by government sources outside the co-operatives is naturally seen as a potentially crippling approach to co-operative development unless members have a strong financial base and are able to use 'extra' funds as a reserve for the long term security of the co-operative. (Tiakeni's limited cash in hand for the purchase of a vehicle, and a raw material 'float' to cover cash-flow
crisis that cause long-term repercussions, may be cited as an examples).

The impact of decentralisation incentives is recognised by those involved and living in rural areas in South Africa. The scope of this paper does not allow for detailed consideration of the issue, but recognises that discussions in a broad forum are important in order to clarify the benefits and constraints for co-operative structures of the existing decentralisation packages in different regions.

14 The Impact of Worker Controlled Structures

Though education and basic skills were lacking in the membership of the co-operatives in the network, the momentum achieved, particularly in the first phase of development, is an example of how energy can be channelled through collective action.

Fragile, isolated producer co-operative structures have been effective in redressing the imbalance of experience and skills created by years of Apartheid policies. Although the co-operatives are primarily dependent on extending and channelling resources and expertise between urban and rural areas, a strong community base has been built that has had an impact in the region.

From this 'core' development, an outward growth pattern has been established and members are better able to cope with conflicts that are likely to arise in their private lives and with authorities because of new organisational initiatives in their communities. Through the process of co-operative organisation it has become possible for member/workers to extend the democratic process in the community and gain access to similar networks in other regions.

Given that worker control is only possible if members participate directly in all aspects of co-operative development, the responsibility lies with those
outside the co-operative, to act as catalysts in an equal and parallel learning experience.

It should be taken into account that isolated rural co-operative structures need the services of appropriate organisations who support the development of the broad co-operative movement. However the negative effects of dependency and inadequate servicing are most visible in the early stages of rural co-operative development. In most cases worker members lack experience in 'business' procedures and as a consequence are to a large extent influenced by service organisations, rather than making demands of them.

The fact that the role of organisations servicing co-operatives is being actively debated in South Africa's co-operative movement can be seen as a positive development. The implications are that co-operative members are beginning to demand that these organisations provide appropriate training and take responsibility for a long-term approach in supporting the co-operative option in the existing unemployment crisis in South Africa.

Rural areas are intimately linked to the labour-base in South Africa's economy through family ties with migrant workers who leave their homes to sell their labour on the industrial market. At this stage in South Africa's industrial history, an important option for income generation in both urban and rural communities is organised worker networks that extend beyond the oppressive conditions experienced by those living in isolation from the mainstream economy.

The impact of thousands of workers who have gained specific skills on the industrial market, and who are forced to return to rural areas because of escalating retrenchment and dismissal can possibly be absorbed through organising co-operatives where women as well as men will strengthen the co-operative movement in the country.
Co-operative structures have the potential to expand beyond the co-operators, not only because they are organised on democratic lines but because member/workers participate fully in the process and for this reason the people themselves become a resource in the community and can transfer skills and share experiences with other co-operative based organisations.

South Africa's history has been shaped by the manipulation of a labour force for the benefit of a minority of the population. The future depends on a more equitable distribution of money and resources throughout the country and it is possible that through co-operative networks some of these goals can be met, providing that effective structures emerge to support the co-operative initiative.

Anne Collins (SALDRU)
February 1990
Appendix A

TIAKENI TEXTILE CO-OPERATIVE

By-laws 1978-1987

Membership
1. Anyone can join the co-operative if they accept the by-laws and are accepted by the majority of members.

2. The co-operative recruits new members by advertising the position. Applicants work at the co-operative for three months, then apply for membership. A decision is taken at a General meeting.

3. Retirement or resignation; a member must give three months notice, during which time a new member is trained.

Shares
4. Each member buys R100 shares, valued at R1 per share, and can buy shares over the first year of membership.

5. Retirement; share capital is paid out to a member with an additional 'bonus' of R250.

6. Resignation; members who fulfil the conditions of the three month notice period, are entitled to their R100 share capital. If conditions are not fulfilled the member forfeits their share capital.\(^{17}\)

17. In 1983 an amendment was proposed by one of the founder members of Tiakeni; a member who had worked at the co-operative for 10 years or more, should not have to give three months notice. When asked to motivate for the proposal, the members reply was; A member who had been at Tiakeni for 10 years has already trained many people who have in turn trained others -the wisdom had been passed down.
Leave

7. Annual leave is 22 working days each year.

8. Sick leave; a letter from a hospital or Doctor must be submitted otherwise wages are deducted for the days away. If children are ill, members may take leave and submit a medical certificate.

9. Compassionate leave; if an immediate family member passes away, the member may take two months paid leave.

10. Funerals; members can take one day off on either side of a weekend to attend a funeral away from home, and six days off for the funeral of a family member away from the home.

11. Pregnancy leave is three months, with one month paid.

Working Principles

12. When a member is not co-operating, the chairperson brings the problem up at a General Meeting. If the problem is brought up three times without being resolved, the member concerned must resign.\(^{18}\)

13. Quality control; members or departments must report production problems and mistakes to the general meeting.

14. Members must learn different skills and move to different departments to get new skills.

15. When an office bearer or head of department is going to be away, the co-operative must be informed so that another person can do the work.

\(^{18}\) Staff relations committee; a group is elected that meets when there are conflicts or problems between members to be resolved. (Prior to amendment)
16. Personal work i.e. washing and sewing, can not be done during working hours.

Finance

17. If the co-operative does not make enough money during the month, the members loose some or all of their wages.

18. All members are entitled to a bonus at the end of the year if the co-operative has sufficient money saved.

19. If a member's home burns down the co-operative will donate R200 to the family.

Selling events, courses and conferences.

20. Sales exhibitions away; members elected to sell claim R20 per day and R10 when they return, the total can not be more than R45. Members can claim R5 per day for local selling events.

21. Courses and conferences; members can claim a total of R20 when other expenses are paid by organisers of the events.

Elections and Meetings

22. Annual General Meeting; new office bearers are elected for one year.

23. New heads of departments are elected every six months, and meet once a week for planning and discussion.

24. All departments meet once a week, and report back at a general meeting held once a week.
To anybody interested in what is happening in Southern Africa at the present time, it is clear that an understanding of changes taking place in the field of labour is crucial. The whole debate about the political implications of economic growth, for example, revolves very largely around different assessments of the role of black workers in the mines and factories of the Republic. Many of the questions with which people involved in Southern Africa are now concerned relate, in one way or another, to the field generally set aside for labour economists to cultivate. The impact of trade unions; the causes of unemployment; the economic consequences of different educational policies; the determination of wage structures; the economics of discrimination; all these and more are matters with which labour economists have been wrestling over the years in various parts of the world.

At the same time there are many who would argue that these issues are far wider than can be contained within the narrow context of ‘labour economics’. These issues, it is pointed out, go to the heart of the whole nature of development. In recent studies, commissioned by the International Labour Office, of development problems in Columbia, Sri Lanka, and Kenya, for example, leading scholars have identified the three crucial issues facing these countries as being poverty, unemployment, and the distribution of income. Thus the distinction between labour and development studies is becoming more blurred as economists come face to face with problems of real life in the Third World.

It is here too that an increasing number of people are coming to see that study of the political economy of South Africa must not be done on the assumption that the problems there are absolutely different from those facing other parts of the world. Indeed it can be argued that far from being an isolated, special case, South Africa is a model of the whole world containing within it all the divisions and tensions (black/white; rich/poor; migrant/nonmigrant; capitalist west/third-world; etc.) that may be seen in global perspective. Be that as it may, the fact remains that the economy of Southern Africa (for the political and economic boundaries are singularly out of line with each other) is one of the most fascinating in the world. It is one on which far more research work needs to be done, and about which further understanding of the forces at work is urgently required. It is in order to attempt to contribute to such an understanding that Saldu is issuing these working papers.