

Comparative Study of Skills of Business Consultants in the Development of Production Cooperatives

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Abstract

Cooperatives are described as democratically owned enterprises founded on the principles of democratic processes, self-help, sharing and collective ownership for mutual benefit. Ordinary members of a society can set up a cooperative. Cooperatives create sustainable livelihoods at a community level. Sustainability through cooperatives is due to the triple bottom line focus and design, which includes economic, ecological and social factors. This paper focuses on cooperatives in production sectors such as clothing, agriculture and agro-processing, and energy. The skills of business consultancies tasked with the responsibility to train and develop these cooperatives are compared by country. Three countries were identified for comparison in this study and they are Kenya, South Africa and the United Kingdom. Production cooperatives had been successful in Kenya and in the United Kingdom while South Africa has had generally a high failure rate of cooperatives at 88% in 2009. This paper uses a desk review approach in evaluating business consultancy training reports published by cooperative development authorities in all the countries. Areas of improvement for South Africa and countries struggling with cooperatives development are presented in the recommendations section. In conclusion limitations of this study are indicated and suggestions for future research are provided.

Keywords: training, development, production, cooperatives and skills

INTRODUCTION

Cooperatives are social enterprises established for a mutual community and business benefit. These enterprises are founded on the principles of democracy, self-help, equality and education. Challenges confronting cooperatives include lack of market access, poor production practices, infrastructure and lack of sound dispute resolution processes (Anim, 2014). These challenges undermine the economic contribution of cooperatives in job creation, producing quality affordable goods and food security (Boyana & Tshuma, 2014). In South Africa training institutions have not addressed the issues of cooperatives while in Kenya and United Kingdom there has been focus on cooperative development through education (Khumalo, 2014). The response of UK and Kenyan cooperative movements through education and strong cooperative consultancy has led to increased inter-cooperative cooperation which addressed issues of marketing and adherence to other cooperative principles (Twalo, 2012).

Shared Characteristics of Cooperatives in SA, UK and Kenya

Cooperatives have a dual character as they pursue both social and economic goals (Novkovic, 2011). These enterprises are multifunctional in that they support community development, address concerns of collective people, share resources and provide for the basic needs of their members (Mellor, 2012).

Common issues for cooperatives in the three countries include an increasing state control of cooperatives which erodes their solidarity (Wanyama, 1929).

Research Problem: Challenge of Training Production Cooperatives

Cooperatives have members and source human capital through other means such as sub-contracting or hiring employees who are non-members. Keeping up with the cooperative principles can be challenging without applying education guided by a proper framework (Rayment, 2011). The principles on which training of cooperatives should be based are democracy, fairness, equity and relevant entrepreneurship education (Seikkula Leino, Ruskovaara, Ikavalko, Mattila, & Rytola, 2010). Training cooperatives cannot be mere workshops but requires portfolio based learning, reflective practices and involvement of training consultants in the cooperatives sector (Neck & Corbett, 2018). The research problem area investigated in this study can be described as the problem of sole focus on entrepreneurship education when training South African cooperatives without addressing the technical know-how which is not covered in the content of entrepreneurship. Entrepreneurship education alone is insufficient and may not achieve its intended effects in cooperatives that manufacture goods and those that provide services (Oosterbeek, van Praag, &

Ijsselstein, 2010). Poor entrepreneurship activity in a country arguably decrease the wealth of its nation from an integrative business point of view (Koe & Nga, 2017).

The sections which follow next are literature review which draws on key theories and provides a theoretical framework of this study. Research design, results and discussion sections make up for the remainder of this paper.

LITERATURE REVIEW

A cooperative is defined as a collective enterprise established for a mutual benefit of its members it is founded on the principles of democracy, fairness and equality (Forno, 2013). There are different types of cooperatives which include worker, production, consumer and education cooperatives (Pérotin, 2015). Cooperatives have since 1844 enabled humanization of economic systems to increase society's fulfilment of collective interests (Restakis, 2010). There are nine historic co-operative principles which inform the set up and operations of membership dependent cooperatives in the 21st century (Birchall, 2012). These principles are presented on the figure below.

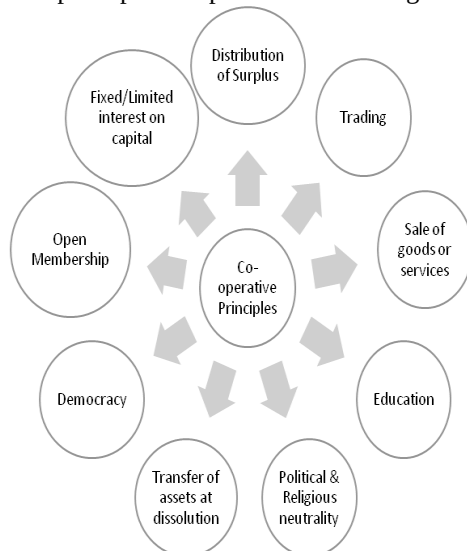


Figure 1 The nine co-operative principles identified by GJ Holyoake (1906)

Early scholars' findings remain important today in explaining the responsibilities of the co-operative movement in training and transferring of critical skills within the sector (Hartley, 2011). The training and skilling of cooperative managers and board members is required to address the challenge of competing in dynamic business markets which often are characterised by having well-resourced privately owned enterprises (Hingley, 2010). The organisational advantages that are used by cooperatives to compete in contested markets are social appeal, increased decision making passed to employees and the ability to create sustainable jobs by means of resilience (Pérotin, 2015).

Role of Education in Cooperatives

Education is one of the central principles of cooperatives and their development (Birchall, 2012). Cooperatives have proven to be resilient during tough economic times and the title of this study furthers an inquiry into the skills of those who train cooperatives as well as their kind of skills that are necessary to be transferred to cooperatives (Birchall, 2013). A theoretical framework of this study is centred on education of cooperatives and the idea of skills of training consultants. The following is an illustration of the framework of this study.

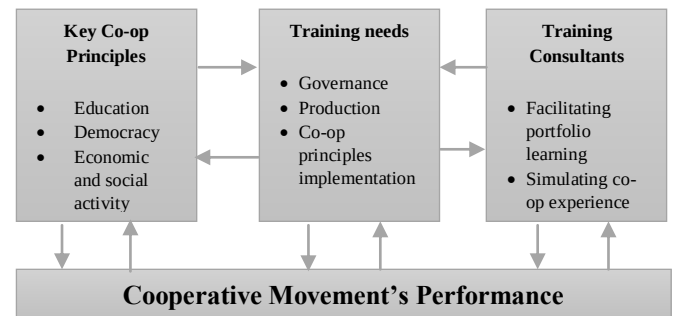


Figure 2 Theoretical Framework on education and training for the cooperatives' movement

The above figure explains the idea that in the cooperative sector solutions are designed in a two way system which suggests that cooperatives are interlinked by their movement and also make contributions to their training as co-producers of knowledge (Winn, 2015). The key principles which ensure the resilience of cooperatives during recession are education, democracy and economic-social activity that is based on self-help (Birchall, 2013). The continuous and training development needs of cooperatives include governance with focus on dispute resolution, production techniques and training directed towards the implementation of the cooperative principles which guide the movement (Fairbairn, 1996). The training advisors and consultants in the cooperative sector present theories, practices and hands-on skills transfer which effects on the impact that cooperatives as a collective can have in addressing issues of poverty and inequality (Hannan, 2014). The performance of cooperatives as a movement and a collective influences the training needs, the choice of dominant principles and the focus of training consultants (Van Oorschot, de Hoog, van der Steen, & van Twist, 2013).

Motives in Cooperatives' Training Consultancy

In a seminal text Wesen, (1920) stated that cooperatives success could be realised with the backing of a sound law, numbers of participants and a strong spirit. The need for collective coordination and cooperation is the first driver of education in cooperative associations (Mavrogiannis, 1982). Recent studies show that the need for teaching about

cooperatives and using cooperative schools in delivering enterprise education has been the second dominant motive for growth in cooperative consultancy (Facer, Thorpe, & Shaw, 2012). In the United Kingdom (UK) the cooperatives movement has proven to be successful owing to good cooperatives' education and it has served as a benchmark for other countries in a long time (Perry & Alcock, 2011). Benchmarking can be described as a process of learning standards and adopting measures from other best performers for the purpose of improvement and attainment of the desired level of performance (Woodin, 1919). The Social Exchange Theory plays a role in cooperatives where there's sharing of best practices, cooperation among member owners, exchange in resources and educational ideas which sustain the success of the cooperative movement (Jussila, Goel, & Tuominen, 2012).

Cooperatives Training Context and Research Base

Cooperatives produce goods and services for their communities as well as members and in doing this they create employment opportunities (Nolan, Massebiaux, & Gorman, 2013). The basis of research into cooperatives is dominated by ideas on membership management, dispute resolution and general community development (Evans, 2011). The context of training cooperatives is defined by the geopolitical landscape, community support, active involvement in existing cooperative associations and the type of activities a cooperative is involved in (Blaszak, 2006). Cooperatives in Kenya and the UK they have expanded their context of operation into high tech business sectors such as energy production and Information Technologies (Tham & Muneer, 2013). The UK cooperatives operating context expands to retailing, supply chain and resource redirection which is an area that has attracted the attention of researchers into looking at policy support for cooperatives (Hallsworth & Bell, 2003). In China and Africa research on cooperatives has extended its base to cover cooperatives in rural communities and the role of these enterprises in rebuilding society (Zhao, 2011). The training of cooperatives also enable different cooperative movements to begin the appreciation of a rebranding process that is described in three phases namely (1) re-visioning – finding a better purpose after obtaining relevant training (2) achieving stakeholder buy-in – gaining trust and confidence of new stakeholders because of a raised profile of education and (3) implementation of rebranding – using gained knowledge to revamp the cooperative movement (Calderwood & Freathy, 2014). Entrepreneurship education for cooperatives is aligned to fit purpose by cooperative training consultants and adopt relevant pedagogies (Mwasalwiba, 2010).

RESEARCH METHODOLOGY AND PROCEDURE

This paper follows a design of a desk review. Basic steps followed in compiling this study were (1) conducting a review of existing reports on the training of cooperatives (2) assessing statistics of cooperative success rates in United Kingdom, South Africa and Kenya (3) establishing common data sets from reports by institutes and consultancies training cooperatives in all the countries.

Procedure

This study uses secondary data which is available and accessible data for information sharing and review (Welman, Kruger, & Mitchell, 2003). In conducting this study, a process of using archival practices such as validating authenticity of secondary data were followed (Welman & Kruger, 2001). The research study reviews existing literature on cooperatives training and consultancy. In the literature specific theories and contrasts in cooperative development in the United Kingdom, South Africa and Kenya are presented.

Reporting

In addressing the problem area investigated on this paper tables and charts are used to provide details about the focus of this research (Crowther & Lancaster, 2009). In reporting results qualitative explanations of the tables and comparisons are done (Thorpe & Holt, 2008). The reporting tabulates skills sets of cooperative training consultants by country and reference to reports used is made.

Data Sourcing

This study uses secondary data which is sourced from five consultancy agencies on training cooperatives. Three of the agencies are from UK, two from Kenya and one South African agency. These are significant cooperative training consultancies in the stated countries and reports on training are used by the agencies in explaining the impact achieved.

RESULTS AND FINDINGS

In this section the reporting begins with sharing key statistics on the approximate numbers of registered cooperatives for each country included in this study. The cooperative authorities struggle to keep up with the numbers of active cooperatives country-wide and the information with registering commissions is limited since registration does not constitute operationality of a cooperative. In South Africa we use statistics provided by the Companies Intellectual Property company, in the United Kingdom the numbers from CoopsUK are used and from Kenya we use numbers provided by the Ministry of Industry, Trade and Cooperatives.

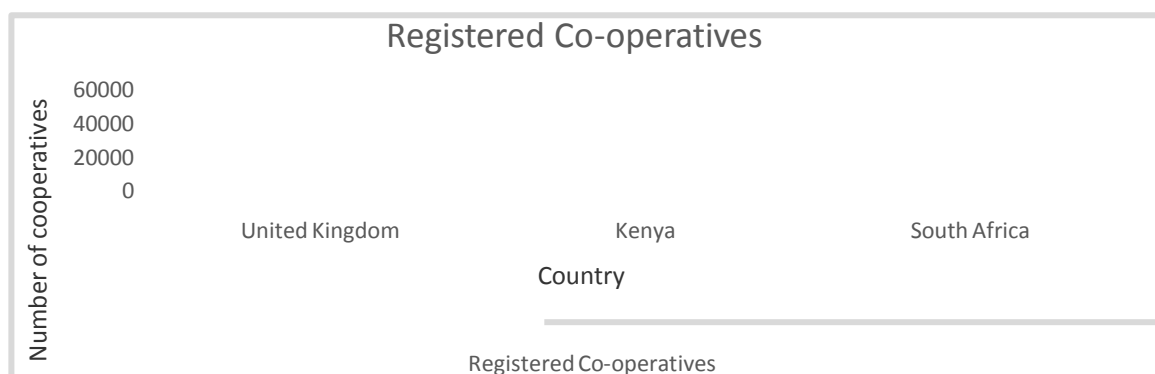


Figure 3 Numbers of registered cooperatives in United Kingdom, Kenya and South Africa

There are approximately 7000 cooperatives registered in the UK, 15000 in Kenya and 50000 in South Africa. Post 1994 there was a boom in cooperative registrations in South Africa and early 2000s the incentive schemes supporting cooperatives drove further the interest to register more cooperatives in the country. In 2009 the failure rate of cooperatives in

South Africa was reported by the Department of Trade and Industry to be at 88% due to poor support of the large population of cooperatives that was not organically developed. The following section shows skills of consultants by country and which can explain some of the problems engulfing cooperatives development and sustainability in South Africa.

Table 1 Cooperative Training Consultancy Analysis

Country	Cooperative Training Organisation	Services Offered	Consultant Profile and Skills
United Kingdom (UK)	- Cooperantics - Co-operative futures - Cooperative Business Consultancy - Consultancy Coop. - Cooperative College - CoopsUK	Refinancing, restructuring, Process review, marketing, funding strategies, ethics training, fair-trade, Research and production	- Experienced senior professionals - All with university education - Involvement as advocates of coop development - Research capabilities
Kenya	- Cooperatives University of Kenya - Ministry of Industry, Trade and Cooperatives / Kenya Institute of Business Training (KIBT) - Kenya Union of Savings and Credit Cooperatives Ltd. (KUSCCO)	Credit finance, research, entrepreneurial training, formal courses on cooperatives management, counselling, on-site cooperative training and one-village-one product services	- Facilitators of collaboration - Abilities to conduct on site cooperative training - Researchers on cooperatives - Equipped with formal education on cooperatives and production
South Africa (SA)	- Department of Trade and Industry - South African National Apex Cooperative (SANACO) - Regional SME development agencies.	Funding, all purpose general SME training, workshops and community projects	- Skilled assessors and facilitators - Outsourced services on SME training (issued tenders for cooperative training)

The high number of independent training consultancies in the United Kingdom has seen the cooperative sector being among the successful in the world. In Africa the Kenyan cooperative movement also remains a best performing in comparison to other countries on the continent. This is due to formal programmes directed to the education of cooperatives in production and the emphasis of the one-village-one-product initiative which transfers essential production skills into underserved communities. Besides a big number of registered cooperatives in South Africa SANACO has been unsuccessful in finding training models that address the challenges facing cooperatives in the country. Cooperative training sector in South Africa uses generic training

that is also used in other forms of Small and Medium enterprises. This one size fits all approach has failed many cooperatives.

DISCUSSION, RECOMMENDATIONS, LIMITATIONS AND CONCLUSION

Education is one of the key principles of the global cooperative movement (Van Oorschot et al., 2013). Cooperatives had become a way of upliftment for poor communities which some had no access to formal education before and the cooperative movement is a way in which they can address this gap. The duality and multifunctionality of cooperatives requires trained members as well as directors who can cope with managing the social and

business aspects of a cooperative. South Africa has a promising cooperative sector which is also well supported with resources but lacking in education the following are recommendations which address the problem, question and objectives of this study.

- Formal cooperative training by universities and colleges can address training issues of the cooperative sector.
- Onsite training and production acumen of training consultants needs to be improved

The limitation of this paper is that it is a desk review study and it used reports to understand the issue of capacity development in cooperatives. Future studies maybe be use empirical data to understand the production cooperatives sector by country to better analyse their performance based on their skills. In conclusion, cooperatives remain important to delivering solutions to socio-economic challenges and addressing needs of access to affordable goods for underserved communities. Training is fundamental for the sustainable development of cooperatives. Future research may be an empirical study comprising of interviews on this topic. This study is limited to the United Kingdom, Kenya and South Africa other regions maybe considered in future.

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