THE ECONOMIC AND SOCIAL ASSESSMENT OF COOPERATIVES IN SWAZILAND (THE CASE OF MANZINI AND HHOHHO REGION)

Background of the study

Co-operatives in Swaziland started in 1964 when the first Co-operative Proclamation was introduced, during the Colonial Regime. The main objective for encouragement of cooperatives was to promote rural development for indigenous Swazi farmers. Back then, only a few co-operatives were registered mostly in the farming sector.

The Department for Co-operative Development was set up within the Ministry of Agriculture in 1962 through funding by the British Relief Fund. The priority then was to lay down a cooperative legislation through which farmers groups and associations could register in order to operate as farmer’s cooperative. To accomplish this, the Post of Registrar for Co-operatives was created in 1963.

In 1964 the first legislation on co-operatives – The Co-operative Societies Proclamation No. 28 of 1964 which was later renamed the Co-operative Societies Act No.28 of 1964, by the King’s Order in Council No.2 of 1975 came into operation. The act was repealed and replaced by the cooperative Societies Act No 5 of 2003 which is still operational today.

Between 1963 and 1968, 14 Farmers' Co-operative Societies had been registered, covering such crops as tobacco, sugar cane, and pineapple. The savings and Credit Cooperative Societies did not feature prominently in the movement as the emphasis was on farming related
Cooperatives. Savings schemes tended to feature as departments or sections within the multipurpose which were mostly rural based. Between 1964 and 1968, fourteen (14) savings and credit societies under multipurpose cooperatives were operational. In 1986 the first stand alone Savings and Credit Cooperative Society was established. Since then the number of registered cooperative societies has grown steadily to reach a total of 230 societies by 31st October, 2011. Their combined membership is 40,644 individuals. Savings and Credit Cooperatives have a membership of 37,169 while multipurpose and others is 3,475.

Co-operatives have a mandate to improve the quality of life of their members by providing them access to quality products and services. They are the most suitable people’s organizations that can do business especially in rural areas where private or public companies rarely invest.

The minimum number of people allowed by law to form a co-operative in Swaziland is seven (7) and there is no maximum number. So far the co-operative with the largest members is called Swaziland National Association of Teachers (SNAT) Savings and Credit Co-operative, which is a teacher’s SACCO.

According to the Cooperative Data Analysis System (CODAS 2011) Report for the department of Cooperatives for November 2010, co-operatives in Swaziland are spread out in ten (10) sectors which are: SACCOS, Agriculture, Handicrafts, Consumer, Poultry, Service Providers, Industrial, Dairy, Livestock and Horticulture. The leading sector is SACCOS with 47% of cooperatives followed by agricultural c-operatives with 33% of cooperatives in the
country. The statistics also reveals that cooperatives in the country employ a total of 424 people out of a population of one million people, whereby 342 people are employed by the cooperative societies and 82 by government under the cooperative department in the Ministry of Commerce, Trade and Industry. (CODAS 2011)

Another dimension of co-operatives in Swaziland is that young people distance themselves from cooperative business ventures even though they are jobless. Young people do not like to involve themselves with farming, perhaps because it is strenuous. They prefer easy and immediate gain as opposed to waiting for a whole year for the co-operative to make a distribution. In most cases members in multi-purpose co-operatives are elderly people without young people involved. This lack of participation by young people has further created the reason for the poor performance of cooperatives in Swaziland.

According to recent household survey, 63% of household are below poverty line in Swaziland. Poverty alleviation therefore has become a priority area for national attention and as such government looks up to many entities such as co-operatives to alleviate poverty, create employment, generate income and uproot social and economic ills of society. Even though co-operatives are autonomous organizations owned and controlled by its members, government supports them because of their potential to reduce poverty and raise economic and social well being of its members and their families.

Historically, cooperatives in Swaziland have not earned themselves a good name. Ever since they were established in the 60s, there has not been a time when they are well talked about.
They are associated with failure and trouble torn institutions so much that some recent sugar cane growing programmes in the country have taken a stand against cooperatives in favour of establishing companies. This scenario has been exacerbated by the liquidation of the Central Cooperative Union in 2006 and the stoppage of the multi-million building for savings and credit societies due to poor planning and lack of funds. This building has remained unfinished for ten years now and it is an eye sour in the centre of the capital city in Mbabane.

**Statement of the problem**

While co-operatives in Swaziland have all the support from government in the form of yearly budgets and technical support, their performance in terms of economic and social responsibilities does not seem to yield the desired results and expectations of cooperative members in Swaziland.

The study sought to examine the extent to which co-operatives meet the desires of its members in the area of economic and social responsibility.

**Research questions**

1. To what extent are co-operatives engaging in Economic Responsibility for the benefit of their members in terms of:
   - Poverty Reduction
   - Employment Creation
   - Income generation Projects
   - Improvement of Food Security
2. To what extent are co-operatives engaging in Social Responsibility for the benefit of their members in terms of:

- Provision of Education
- Improvement of health care
- Provision of housing for its members

**Hypothesis**

**H₀₁:** Co-operatives in Swaziland are not meeting their Economic Responsibility for the benefit of their members in terms of:

- Poverty alleviation
- Employment creation
- Income generating projects
- Provision of food security

**H₀₂:** Co-operatives in Swaziland are not meeting their Social Responsibility for the benefit of their members in terms of:

- Provision of Education
- Improvement of health care
- Housing for its members

**Testing of the hypothesis**

Ho₁: Cooperatives in Swaziland are not meeting their economic responsibility in terms of:

- Poverty alleviation.

The findings of the research study have proved that most societies, that is, 67.9% engage in programs of poverty alleviation. Therefore, the hypothesis was wrong.
• **Employment Creation.**

Whereas most cooperatives, that is, 82% are sources of employment for their communities only a small fraction of members namely 13.2% do provide employment to other people. This poses a problem in that cooperatives are fewer in number in relation to the members; therefore the employment created by the cooperatives is lesser than the one that can be created by the membership. In this sense one can come up to conclusion that cooperatives have a lesser impact in job creation than expected, proving the hypothesis positive.

• **Income generating projects.**

Cooperatives have a very minimal impact in this sphere only 32.1% of respondents had been financed by their cooperatives to go into business; and similar amount also indicated knowledge of such a facility in their cooperatives. This indicates a great vacuum which cooperatives need to fill in terms of campaigns to encourage members to get into small and medium business enterprises as well as to provide services like loans to empower members to start their businesses. Therefore the hypothesis was right.

• **Provision of food security.**

Most cooperative members get assistance in procuring farm inputs and a majority are able to provide food for their families through their cooperatives, that is, 59.6%. It therefore appears that cooperatives have a great impact towards food security in the community. The hypothesis was proved wrong here.
Ho2: Cooperatives in Swaziland are not meeting their social responsibility in terms of:

- **Provision of Education.**
  
  According to the study 72.4% of members are able to send their children to school through their cooperatives and also at all levels of education. In this area cooperatives have made an impact contrary to the claims of the hypothesis.

- **Improvement and access to health-care.**
  
  It is unfortunate that in the most critical area of health-care cooperatives were found to have the least impact. Most cooperatives do not have facilities of medical insurances / aid and members access assistance from other loan services where possible. Therefore, the hypothesis was proved positive.

- **Housing for members**
  
  In this area also the hypothesis has been proved right in that cooperatives have made very little headway in the direction of providing housing for their members. Limitations could be in terms of capacity in the members themselves to use such a facility.

The following is a presentation of the summary, findings, conclusion and recommendations of the study.

**Summary**

This research was an assessment of the economic and social impact of cooperatives in Swaziland using Manzini and Mbabane and surrounding areas as a case of reference. The problem of the study was to examine the extent to which cooperatives meet the economic and social needs of its members and its purpose was to assess the economic and social impact of
multipurpose and savings and credit cooperatives (SACCOS) in the lives of cooperative members in Swaziland.

The study was carried out from thirty-three cooperative societies. To validate the instrument, the researcher sought for expert opinion and further used selected cooperative societies for a pilot study. The researcher used a self constructed questionnaire to collect data. Following the coding tabulation of data, statistical analysis were made using a statistical package SPSS.

**Findings**

The findings of the study were as follows:-

a) 67.9% of cooperatives are participating in poverty alleviating programmes.

b) 81.4% of cooperatives provide savings and loan facilities to their members.

c) 79.4% SACCOS provide a good service in terms of loans to their members

d) 62.8% members of SACCOS are satisfied with the time taken by their cooperatives to approve and dispatch loans.

e) 71.2% SACCO members are satisfied with the interest rates which are lower than those charged by other financial institutions.

f) 69.9% cooperatives are making profits on a regular basis.

g) 45.6% cooperative members are happy with the profit share for each member which they find to be reasonable.

h) 87.8% cooperative members are able to provide food for their families.

i) The provision of farm inputs nearer, marketing of produce and provision of tractor hire are products offered by multi purpose cooperatives towards agricultural production.
j) 59.6% cooperative members indicated that the services are sufficient to enable them to produce enough food for their families.

k) 82% of cooperatives do provide a source of employment and thus participating in job creation and poverty alleviation.

l) Only a minority of cooperative members that is 23% have taken advantage of their SACCOS to access loans for business purposes.

m) 82% of cooperative societies have employed staff to manage their businesses.

n) Employment opportunities created through these businesses generated by members are very small, estimated at 13.2%.

o) Most cooperative members are satisfied with the services provided by their cooperative.

p) 72.4% of cooperative members have not accessed loans for income generating projects as only a minority (32.1%) have benefited from these loans.

q) 53.8% of cooperative members rely on their cooperatives to pay school fees for their children from primary to tertiary education.

r) Most cooperative members do not get any financial support from their cooperatives when they are sick.

s) Cooperative members do not view their cooperatives as entities that are supposed to meet their health needs as well.

r) About half the cooperatives in the country provide assistance to their members during a time of death.

u) A majority of members do not benefit much on housing loans, only 23.7% have benefited.
v) In most cases those who have benefited have built 3 bed roomed houses which is a standard house.

w) The statistics reflect that 57% cooperative members’ lives have not improved because of them joining cooperatives.

x) 30.1% of members are not informed on how cooperatives operate in order to make suggestions on improvements that could benefit members better.

Conclusion

In conclusion, one may say that the statement of the problem was not completely true in that to greater extent cooperatives have proved to adequately meet the needs of members that is in loan facilities and food security that address a human beings needs for self improvement and poverty reduction: but to lesser on the income generating projects, health and housing needs accessibility.

Recommendations

Based on the research findings, the following recommendations were made.

a) There is need for propagation of entrepreneurial skills to cooperative members. This will enable them to develop their business capacity and stimulate a desire for business. Furthermore it will result in more efficient usage of the cooperative loan facilities.

b) There is need for the department of cooperatives to learn about cooperative medical aid/insurance and to pilot a project so as to make it a point of reference for further inquiry.
c) There is need for the department of cooperatives to acquire more knowledge about housing cooperatives and to pilot a project that could be used as a model to learn from on how cooperatives can be used to address housing deficiencies.

d) There is need for the department of cooperatives to intensify cooperative education through innovative channels of communication such as e-learning in order to keep cooperative members abreast with cooperative operations.

e) As a social service, cooperatives should be encouraged to ensure assistance to members for funerals through funeral schemes.

F) There is need to intensify learning of board management skills on good corporate governance in order to improve the performance of cooperatives thus resulting in better benefits for the members.

G) There is need for an in-depth study on the challenges faced by cooperatives and how they can be solved.