



PERFORMANCE OF MULTI-PURPOSE COOPERATIVES IN THE SHISELWENI REGION OF SWAZILAND

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ABSTRACT

A multi-purpose cooperative is a business that is a mixture of two or more different types of cooperatives. The study examined the performance of multi-purpose cooperatives in Swaziland. The objectives of the study were to; establish the performance of multi-purpose-cooperatives, identify factors influencing the performance of multi-purpose cooperatives, and identify constraints faced by multi-purpose cooperatives. A descriptive research design was used where quantitative and qualitative methods were employed to collect and analyse data. The target population was all registered and active multi-purpose cooperatives in the Shiselweni region. A sample (n=120) was drawn using a two-stage stratified random sampling procedure and it comprised of 80 cooperative members, 35 committee members and 5 cooperative officers who were purposely selected. Face to face personal interviews were used to collect the data. Data were analysed using the Statistical Package for Social Sciences (SPSS version 20). The study found that the performance of multi-purpose cooperatives was influenced by gender and accountability. The study further found that cooperative officers educated and trained cooperative members once a year. Major constraints included poor capital base, most members being too old to perform cooperative activities, and poor record-keeping. The study concluded that cooperatives were not performing well financially, since there were making losses. It is recommended that cooperatives should ensure the financial statements were prepared on time and audited. There is need to encourage young farmers to join multi-purpose cooperative since most of the farmers were old. The frequency of training provided to members need to be improved. The study also recommends that other studies be carried out to cover the whole of Swaziland in order to generalise the findings.

Keywords: Accountability, Cooperatives, Education and training, Governance, Multi-purpose, Performance, Shiselweni region, Swaziland.

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Contribution/ Originality

This study contributes to existing literature by analyzing the performance of multipurpose Cooperatives. The study not only established the performance of multi-purpose cooperatives, but also identified the factors affecting the performance of multi-purpose cooperatives, especially in Swaziland. The study used primary data, hence it is original.

1. INTRODUCTION

1.1. Overview of Cooperatives

Cooperation is considered the best possible alternative mode of organizing business to assure economic and social stability. Cooperation as a way of life continues to be a tradition in finding the solution to the socio-economic problems of people. Traditional forms of cooperation involved community members voluntarily pooling financial resources through an association of people with the common objectives of mobilizing resources, especially finance, and distributing them to members on rotational basis (Masuku, 2005).

A cooperative is an autonomous association of persons united voluntarily to meet their common economic needs and aspirations through a jointly owned and democratically controlled enterprise (International Cooperative Alliance, 2006). The distinguishing features of cooperatives are encapsulated in the seven cooperative principles, which include (i) voluntary and open membership, (ii) democratic member control, (iii) member economic participation, (iv) autonomy and independence, (v) education, training and information, (vi) cooperation among cooperatives and (vii) concern for community. Cooperatives function on the basis of the values of self-help, self-responsibility, democracy, equality, equity and solidarity. Cooperative Principles, for example, emphasize the centrality of cooperative education, training and information so that they contribute effectively to the development of their cooperatives (Chambo, 2009) hence cooperatives should provide education and training for their members as well as elected representatives and employees (Mdluli, 2003). A multi-purpose cooperative is a business that is a mixture of two or more different types of cooperatives. Multi-purpose cooperatives are member based organisations for agricultural farmers in rural communities (ICA, 2006).

Sustainability of cooperatives depends on active membership. Table 1 shows that in 2013, there were 4463 registered cooperative members in the country, of whom 3196 (72%) were active. Out of the 3196 active members, only 3050 attended the annual general meetings in 2013. The annual turnover was E59 862 991, with most of it being generated from the Hhohho region (E31 171 217) and Shiselweni Region (E16 015 528) where most of the cooperatives were based.

Table-1. Multi-purpose Cooperative Membership in Swaziland (2013)

Region	Registered			Active			Annual Turnover (E)	AGM attendance Total
	Male	Female	Total	Male	Female	Total		
Hhohho	749	874	1623	639	626	1265	31 171 217	1040
Lubombo	389	556	945	305	519	824	8 341 793	768
Manzini	259	495	754	184	337	521	4 334 453	441
Shiselweni	507	634	1141	199	387	586	16 015 528	801
Grand Total	1904	2559	4463	1327	1869	3196	59 862 991	3050

Source: Swaziland Government (2013)

Cooperatives exist to provide members with services such as savings, loans, education and training as well as buying and selling goods at reasonable prices (consumer goods and farm inputs). This enables members to earn income, increase their purchasing power and promote among themselves equitable distributions of the net surplus.

1.2. The problem Statement

Cooperatives are meant to serve membership to achieve their socio-economic needs and goals through the establishment and operation of autonomous, member-owned businesses that generate income and employment (Swaziland Government and UNDP, 2012).

Multi-purpose cooperatives are regarded as key institutions for promoting rural development and poverty alleviation. They are channels for community participation in economic development, enabling members to coordinate their efforts and gain economic benefits. The participation of people in multi-purpose cooperatives in

Swaziland is very low at primary level because of different reasons emanating from social and economic influences (Hlatshwako, 2010). For example, although there were 123 multi-purpose cooperative in 2013 and 126 in 2014, the number of registered cooperatives had only increased by 2 per cent and membership by 3 per cent. The development of multi-purpose cooperatives faces challenges in sustaining their business. The management of cooperatives remains crucial for their sustenance as vehicles of income generation and social security in communities (Swaziland Government and UNDP, 2012). Poor performance of multi-purpose cooperatives could be attributed to; inadequate business management and entrepreneurial skills among staff and elected committee members, poor governance in administering cooperatives principles, limited advocacy and communication skills, and financial constraints that make it impossible to recruit and retain a good calibre of staff and to provide capacity building among members and leaders.

1.3. Objectives of the study

The specific objectives of the study were:

- (i) To establish the performance of multi-purpose cooperatives;
- (ii) To identify factors influencing the performance of multi-purpose cooperatives;
- (iii) To identify constraints faced by multi-purpose cooperatives.

2. LITERATURE REVIEW

2.1. The Concept of Cooperative Performance

Performance is defined as an improved product quality, productivity or technical efficiency, service capabilities of a firm, which lead to sustainable profits (Read and Miller, 1990; Clark, 1991; Harrington, 1991). Harrington (1991) in their study, defined cooperative performance in terms of key indicators such as returns on investment, satisfaction of members on goods and services provided by cooperatives and education and training of members and employees.

The review of literature concerning performance of cooperatives shows that in this type of organisation, there still exist an unresolved question of performance measurement. The financial ratios, mostly based upon efficiency measures (profit / financial resources), do not seem adequate to estimate cooperative performances. Due to a specific double commitment of cooperative members, as grower-suppliers and member-owners of their patrons, cooperatives face a problem of dual performance objectives (short term remuneration for the growers, long term value creation for the owners) and find it difficult to establish balanced governance in order to solve this internal conflict of interests called “cooperative dilemma” (Antoine *et al.*, 2011).

Kulandaiswamy and Murugesan (2004) stated that literature on cooperatives was predominantly narrative. Empirical work using macro level data on cooperatives was conspicuous. Whatever little empirical work is available on cooperatives is based on case studies. While some case studies employed primary data obtained through surveys, others made use of balance sheet information. An attempt to evaluate the performance of a primary agricultural cooperative (PAC) in its various dimensions using a comprehensive yardstick of performance was made by Kulandaiswamy and Murugesan (2004). They studied 30 PACs for a ten-year period using 13 performance parameters in selected development blocks of western Tamil Nadu based on field survey data. They employed a scoring procedure validated by parametric (One way Analysis of Variance) and non-parametric measures. The PACs were classified into three performance categories; poor, moderate and good. Their study found working capital, total loans outstanding, total business turnover, over dues, net worth and loans to weaker sections as relevant and valid performance indicators for PACs. Based on their study, Kulandaiswamy and Murugesan (2004) advocated measures such as re-capitalization, amalgamation, bringing down over dues and improving the overall efficiency of PACs.

A broad overview of performance indicators for cooperatives was provided by Murugesan (2007) where performance under each broad indicator category was evaluated using ratio analysis. Chalam and Prasad (2007) used a number of ratios under four broad groups like liquidity, operational, productivity and profitability ratios to study the financial performance of nine selected PACs in West Godavari District of Andhra Pradesh. Chalam and Prasad (2007) indicated that case studies though had their own merits and demerits, the findings could not be generalized across a broad spectrum. However, it was difficult to trace any attempt at the individual researcher level to examine the performance of PACs on a broad arena like across the states. State level ratio analysis of the comparative performance of PACs was attempted by a number of Committees and Commissions that were set up to look into different dimensions of the problem concerning cooperatives. However, parametric estimate of different factors governing the performance of PACs is one area, which has not been explored.

Perceptions of cooperative members regarding the performance of their cooperatives were studied by Dakurah *et al.* (2005) who found that, under the management, performance criteria cooperatives were generally doing well for most of the aspects, except for the provision of technical assistance to members in the development of business plans, and marketing studies, where respondents expressed ambivalence. Customer service received good performance evaluations and was one of the issues identified by respondents to be the reason for patronizing cooperatives. However, respondents expressed ambivalence on the issues of facilitating networking among members, providing useful websites, and access to technology under this performance criterion. Respondents especially liked the competitive environment created by the presence of cooperatives in their communities. They found the performance of their cooperative under this criterion to be good in all the issues investigated. Similarly, cooperatives were perceived to be doing well on expanding market for new products and services, and representing clients' interests. The performance of cooperatives in maintaining member commitment was also evaluated. Respondents expressed ambivalence regarding the performance of their cooperatives in maintaining member commitment, especially in facilitating discussions among members, and offered members education or training. The performance of cooperatives under public interest and involvement was evaluated as doing well with no contradiction. Finally, respondents were directly asked if they considered their current cooperatives successful. The majority (93%) thought their cooperatives were successful (Dakurah *et al.*, 2005).

2.2. Performance of Multi-Purpose Cooperatives

Multi-purpose cooperatives are a unique type of private enterprises that embrace both the associative component as well as the business component and are guided by the International Cooperative Alliance (ICA) values and principles of cooperation. The motive is inducing individuals to join existing or to form new cooperatives that can originate in the economic-rational sphere and in the sociological and psychological spheres. Multi-purpose cooperatives are associations of primary producers who have come together to achieve some common commercial objectives more successfully than they could as individuals such as marketing their produce, purchasing farm supplies, purchasing consumer goods for sale, sharing equipment, or supplying services such as storage or transport. More generally, their goal is to enable rural people to improve their social and economic conditions by working together in ways that are more productive than working individually (Australian Agricultural Council, 1998).

Develtere *et al.* (2008) reported that the declining performance of agricultural cooperatives has seen the income of crop farmers dwindle over the years, a situation that has triggered some of the co-operators to come up with innovative cooperative ventures in this sector. Furthermore, cooperatives are also increasingly venturing into other non-traditional sectors including housing, consumer, livestock and bee-keeping. It is also significant to note that cooperatives are increasingly looking beyond their national borders to find markets for their products, which was not possible in the era of state controlled cooperative development. Available information suggests that such opportunities are increasingly being utilized by cooperatives to tap economies of scale to improve the productivity

of their members. Such cooperatives are operating as demand-driven and market-oriented business organisations. The result is the increasing improved performance of such cooperatives as evidenced by higher turnover of the cooperatives; improved income to the participating members; and improved cooperatives.

Reports regarding the financial difficulties experienced by agricultural cooperatives in Africa have been much more common recently than news of their successes. Several financial ratios for cooperatives (revenue growth, return on assets and operating margins) were calculated which indicated weak performance in the cooperative sector. This creates doubt about the viability of the cooperative form of business in agriculture, causing members to question their cooperative's performance and/or become reluctant to proceed in organizing a future venture under the cooperative structure (Gray and Kraenzle, 2002).

Multi-purpose cooperative members provide finance to their cooperative enterprise through equity investments and the cooperative is controlled by the membership through the committee (directors). The committee members hire the manager and establish a policy under which the manager operates (Gray and Kraenzle, 2002). When the cooperative performs well, its business volume and value are expected to grow from year to year so that it will benefit its members as owners, users and controllers of the cooperative business. This might indicate whether the cooperative is performing negatively or positively. In their study, Gray and Kraenzle (2002) found that governance, accountability, transparency, members' participation, education and training were considered to contribute to the performance of cooperatives.

The ability of cooperatives to search for lucrative markets for its members can improve rural farmers' returns in their productive activities. Participating in networks, cooperatives can also provide farmers with information that can improve their skills and knowledge, which may not be accessible to all farmers not participating in the network (Totlund, 2004).

In a democratic organisation like cooperatives, the general membership is the supreme organ and the management committee is elected by membership to look after the business affairs. A sustainable cooperative is defined by Rankin and Russell (2005) as economically successful and hence able to compete with other cooperatives and the private sector. Samson (2010) conducted an evaluation of social and economic performance of cooperatives and found that, multi-purpose cooperatives were facing problems of finance and capitalisation. Several characteristics could be distinguished when assessing the performance and loyalty of cooperative members. When measuring the performance of cooperatives, it is important to distinguish between the social and economic performance. There are two measures for social performance, which include loyalty and farmers satisfaction.

2.3. Conceptual Framework

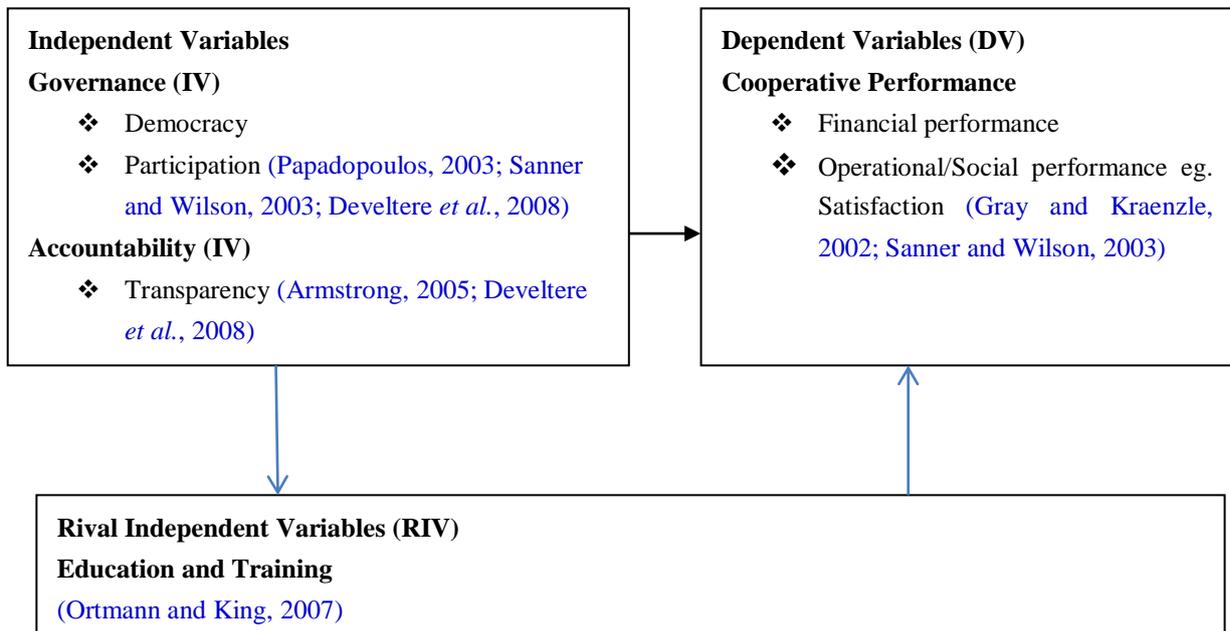
The conceptual framework used by the study was adapted from Zamora and Agutaya (2011). It is presented in Figure 1 and shows the variables used in the study. The major independent variables were governance as expressed in democracy and participation, and accountability as expressed in transparency in cooperatives. The dependent variable is cooperative performance as expressed in economic success, which was measured by the financial performance and operational/social performance of the cooperatives which include the satisfaction of members on the services provided by the cooperatives. The rival independent variables that may affect performance of cooperatives were cooperative education and training.

3. METHODOLOGY

3.1. Design of the study

A descriptive survey research design (Best and Kahn, 2007) was used in the study, where both quantitative and qualitative methods (Creswell, 2013) were employed to collect and analyse data. A descriptive survey was selected because it provides an accurate portrayal or accounts of the characteristics, for example, behaviour, opinions, abilities, beliefs, and knowledge of a particular individual, situation or group.

Quantitative research methods were used on the basis that quantitative research has the potential to generate research data that can be analysed using numerical techniques (Babbie, 2013) while qualitative research methods were also used to get an in-depth understanding of social practice of the participants.



3.2. Target Population

The target population for the study was all registered and active multi-purpose cooperatives in the Shiselweni Region of Swaziland, which were involved in the supply of farm inputs and consumer goods. It comprised of 396 members of multi-purpose cooperatives and 5 cooperative officers, who provide services to all multi-purpose cooperatives in the Shiselweni region.

3.3. Sample Size and Sampling Procedure

An up to-date list of multipurpose cooperatives was obtained from the cooperative department in the Shiselweni region. The target population was all registered and active multipurpose cooperatives in the Shiselweni region of Swaziland, who were involved in the supply of farm inputs and consumer goods. A two-stage stratified random sampling procedure (Babbie, 2013) was used for the selection of the sample for cooperative members. The first stage was to purposively choose all multi-purpose cooperatives, whose main activities were the provision of farm inputs and consumer goods. This included seven multi-purpose cooperatives as shown in Table 2, whilst the second stage involved a stratified random sampling of 80 cooperative members from a population of 396, using a Slovin sampling technique (Simamora, 2004). Given the available resources and time constraints 10% margin of error was considered sufficient as desired for the sample (Table 2).

$$n = \frac{N}{1 + Ne^2}$$

n = Sample size

N = Population

e = Margin of error desired

N = 396

$$n = \frac{396}{1 + 396e^2} = 396 / (1 + (396 \times 0.10 \times 0.10)) = 80$$

Table-2. Distribution of sample

Multi-purpose Cooperative	Population (Ci)	Sample (Ci/396) x115	Committee members	Ordinary members	Cooperative officers
Gege	56	16	5	11	
Mthonjeni	57	17	5	12	
Zombodze	29	8	5	3	
Phakamani	36	11	5	5	
Kaphunga	167	49	5	44	
Nkhungwini	23	7	5	2	
Simoyini	28	8	5	3	
Total	396	115	35	80	5

Source: Field survey, 2015

Further, 35 committee members were purposively selected from the selected multi-purpose cooperatives. These consisted of Chairperson, Secretary, Treasurer and two other randomly selected committee members to make a total of 5 committee members per cooperative. These committee members were assumed to possess rich knowledge about the cooperative. No sampling was done for the five (5) cooperative officers who provide services to all cooperatives in the Shiselweni region. Thus the sample size for the study was, $n=120$.

3.4. Analytical Framework

3.4.1. Performance Indicators of Multi-Purpose Cooperatives

To determine key performance indicators of cooperatives, a Probit model was used. Cooperative performance (profit perception, quality of services perception, access to credit), was measured and evaluated against key measures of independent variables, that is, cooperative governance, accountability, transparency, participation by members, and cooperative members' education and training. Performance was captured as a dependent variable denoted as Y , while the independent variables were captured as X_1 to X_n representing governance, accountability, transparency, participation, democracy, gender, age, and education level.

3.4.2. Composite Score

This was used to measure the status of performance. Respondents were made to respond to questions related to performance of their cooperatives. Likert-type scale scores ranging from 1 to 5 regarding performance were used to rate respondents. With 5 statements, a respondent was expected to score a maximum of 90 points and a minimum of 18 points. The categorisation into high and low performance was then achieved using a composite score as earlier used by Adepoju *et al.* (2011). This is given as; High category = between 90 points to (Mean + SD) and low category = Between (Mean - SD) to 18 points.

3.5. The Probit Model

3.5.1. Model Specification

The model was used to determine the factors affecting performance of the multi-purpose cooperatives. The Probit "Y" has an index function explicitly explained as:

$$Y_1 = \beta_0 + \beta_1 X_{1i} + \beta_2 X_{2i} + \dots + \beta_k X_{ki} + \mu_i$$

= $F(\beta_1 + \beta_2 Y_{2i} + \dots + \beta_k Y_{ki})$ where F is the cumulative distribution function of μ_i . It is assumed that the density function of μ_i is symmetric, that the probability density function (pdf) of the error term is the standard normal distribution, $\mu_i, \dots, N(0, 1)$. The Probit model is estimated by Maximum Likelihood Estimation.

Y = Performance (Likert-scale statements of performance ranked into 1 = high performance and 0 = low performance.

β_0 = Constant

β_1, \dots, β_9 = Parameters to be estimated

- X_1 = Statements measuring governance (Likert-type scale)
 X_2 = Statements measuring accountability (Likert-type scale)
 X_3 = Statements measuring transparency (Likert-type scale)
 X_4 = Statements measuring participation (Likert-type scale)
 X_5 = Statements measuring democracy (Likert-type scale)
 X_6 = Gender (1 for male and 0 for female)
 X_7 = Age (years)
 X_8 = Education level (ordinal scale)
 e = Random error term.

3.5.2. Explanation of Variables and *Apriori* Expectations

Governance (X_1): Governance refers to the way those with power use or exercise that power. Cooperative principles call for democratic governance. Since the cooperative is by and large for the members, the members are expected to make decisions regarding the cooperative. Good governance is posited to have a positive relationship with performance of multi-purpose cooperatives.

Accountability (X_2): Accountability is the capacity to call upon management and members of the cooperatives to account for their actions. Accountability is expected to have a positive relationship with performance of cooperatives.

Transparency (X_3): Transparency enables participation of members in a cooperative. Transparency requires dissemination of information to all members of cooperatives for effective decision-making; hence transparency is expected to have a positive relationship with cooperative performance.

Participation (X_4): As a component of governance, the principles of cooperatives call upon good governance among cooperatives. The performance of multi-purpose cooperatives depends on the involvement of members in all activities of the cooperative. Hence, a positive relationship is expected between participation and performance of multi-purpose cooperatives.

Democracy (X_5): Democracy is a way of governing. Democratic governance requires that members of cooperatives as users are involved in the running of the affairs of the cooperative. Democratic governance is regarded as good governance and positively related to cooperative performance.

Gender (X_6): Gender refers to whether the farmer is male or female. There is no expectation in terms of the relationship between gender and cooperative performance. Hence gender can have positive or negative relationship to performance.

Farmer's age (X_7): This represents the knowledge that the cooperative member has supposedly acquired in the business of cooperatives. Experience comes with age and therefore, a positive relationship is expected between age and performance of multi-purpose cooperatives.

Educational level (X_8): The level of education is crucial in performance of any business entity as this has to do with understanding of operations and management of a business. This assumption results in proper management in cooperatives, thus improving their performance.

3.6. Data Analysis

Data were analysed using descriptive and inferential statistics involving means, standard deviations, frequencies and Probit regression respectively.

4. RESULTS AND DISCUSSION

4.1. Demographic Characteristics of Cooperative Members

The results of the study in Table 3 indicate that most (63.5%) of the respondents were females, whilst 35.3% were males. The majority (33.9%) of the respondents were between the ages of 60 to 69 and 6.1% were 80years and above. This suggests that most of the members of multi-purpose cooperatives in the study were old.

Most (63.5%) were married, whilst 34.8% were single. A slight majority (51.3%) had primary school education, and 14.8% had no formal education at all. This result indicates that although 51.3% of the respondents had a primary level of education and above, the 14.8% with no formal education were a serious concern because education enhances understanding of cooperative reports by members. If the level of education is low it will affect members' effective contribution to the strategies for cooperative performance.

Table-3. Demographic characteristics of cooperative members (n =115)

Item	Frequency	%
Gender		
Female	73	63.5
Male	42	36.5
Age:		
29 -39	10	8.7
40 - 49	22	19.1
50 - 59	23	20.0
60 - 69	39	33.9
70 - 79	14	12.2
80 and above	7	6.1
Marital status		
Married	73	63.5
Single	40	34.8
Widowed	1	0.9
Divorced	1	0.9
Education level		
None	17	14.8
Primary	59	51.3
Secondary	25	21.7
High school	9	7.8
Tertiary	5	4.4

Source: Field survey, 2015

4.2. Operational / Social Performance of Multi-Purpose Cooperatives in Swaziland

The study sought to establish operational or social performance of multi-purpose cooperatives. Five (5) statements on the level of satisfaction with performance of cooperatives were used to measure operational performance. Respondents were asked to rate their level of satisfaction with MPCs performance each statement using a five-point Likert scale. A mean of less than 3.0 meant members agreed with the statement, while a mean above 3.0 meant members disagreed. The results obtained are presented in Table 4.

Table-4. Operational/Social performance of multi-purpose cooperatives (n=80)

Item	Mean	SD
Members have easy access to credit	1.277	1.108
Farm inputs are obtained from the cooperative	1.798	0.847
Members are encouraged to save regularly	1.931	0.876
Satisfaction with quality of service	2.107	1.064
Cooperatives generate surplus/profit for members	2.107	1.064
Overall	1.840	0.990

Rating scale: 1 = Strongly Agree, 2 = Agree, 3 = Uncertain, 4 = Disagree, 5 = Strongly Disagree.

The results suggest that the cooperatives were performing well (mean = 1.840) and the standard deviation (SD = 0.990) shows that there is little variation. Respondents stated that multi-purpose cooperatives generated profit for the members and it would be the responsibility of members to decide what they intended to do with the profits. The study found out that members were satisfied with services provided by their multi-purpose cooperatives and that in those multi-purpose cooperatives which provided loans to members, farm inputs were easily obtained because members had easy access to credit. The results obtained show that cooperative members were in agreement with the statements measuring operational performance. The results corroborate with Zamora and Agutaya (2011) who emphasized that when multi-purpose cooperatives are properly managed, financial records and reports are up to date and are made available to members.

4.3. Financial Performance of Multi-Purpose Cooperatives

4.3.1. Document Analysis

Annual reports and audited financial statements were used for document analysis. An audit is an independent examination of, and expression of opinion on the financial statements of a cooperative by an appointed auditor.

4.3.2. Annual Reports

The study found out that minutes of ordinary members and committee members were recorded and approved by the general membership. The trend in submission of financial statements to auditors was gleaned from the 7 MPCs' annual reports for the past 5 years 2011-2015. In Gege MPC, it was reported that the management did not submit financial statements for three (3) years. In Mthonjeni MPC, the reports showed that a financial statement was not submitted for one (1) year. In Zombodze, it was reported that the management did not submit financial statement for one (1) year. In Phakamani, the reports revealed that a financial statement was not submitted for one (1) year. In Kaphunga, the reports showed that the MPC submitted all financial statements for audit. In Nkhungwini, it was reported that the management did not submit financial statements for three (3) years. In Simoyini, the reports showed that the management did not submit financial statements for two (2) years.

4.3.3. Audited Financial Statements

When audited statements were presented to each cooperative, it means those cooperatives submitted their financial statements to auditors for audit purposes. The audit was done promptly when financial statements were presented on time (i.e. immediately after the end of the financial year of each multi-purpose cooperative). Table 5 summarises the financial statement based on; (i) Audit, (ii) Profit and (iii) Loss.

Table-5. Profit /Loss for multi-purpose cooperatives in Emalangeni for the financial years 2011 to 2015

Cooperative	2011	P/L	2012	P/L	2013	P/L	2014	P/L	2015	P/L
Gege	(32 047)	L	(10 214)	L	NA		NA		N/A	
Mthonjeni	(4 390)	L	(8 173)	L	7 852	P	NA		(1 756)	L
Zombodze	(6 338)	L	(23 778)	L	(6 603)	L	(6 544)	L	N/A	
Phakamani	42 743	P	92 854	P	44 102	P	NA		33 215	P
Kaphunga	(85 218)	L	250 925	P	(122 209)	L	92 922	P	(219 135)	L
Nkhungwini	(28 520)	L	16 351	P	NA		NA		N/A	
Simoyini	NA		NA		4 387	P	18 547	P	16 194	P

Key: L =Loss; P= Profit; NA=Not Audited

Source: Swaziland Government (2011;2012;2013;2014;2015)

Table 5 presents the financial status of multi-purpose cooperatives in the past 5 years (2011 to 2015).

Audit: The findings indicated that Gege MPC had two (2) audited financial statements and it was not audited for three (3) years. Mthonjeni MPC had four (4) audited financial statements and it was not audited for one (1) year. Zombodze MPC had four (4) audited financial statements and it was not audited for one (1) year. Phakamani MPC had four (4) audited financial statements and it was not audited for one (1) year. Kaphunga MPC had five (5) audited financial statements. Nkhungwini MPC had two (2) audited financial statements and it was not audited for three (3) years. Simoyini MPC had three (3) audited financial statements and it was not audited for two (2) years. The results indicate that the MPCs were not regularly audited.

Profit: The findings indicated that some multi-purpose cooperatives made profit while others did not. Gege MPC did not make profit in the past five (5) years. Mthonjeni MPC made profit in 2013 only. Zombodze MPC did not make profit in the past five (5) years. Phakamani MPC made profit for four (4) years. Kaphunga MPC made profit for two (2) years. Nkhungwini made profit for one (1) year and Simoyini made profit for three (3) years. The findings indicated that Phakamani and Simoyini MPCs were performing well.

Loss: The findings indicated that multi-purpose cooperatives incurred losses mostly. Gege MPC incurred losses for two (2) years; Mthonjeni MPC incurred losses for three (3) years; Zombodze MPC incurred losses for four (4); Phakamani MPC did not realise a loss in the past five (5) years; Kaphunga MPC incurred losses for three (3) years; Nkhungwini MPC made a loss in one (1) year; Simoyini did not incur any loss. The results show that Gege, Mthonjeni, Zombodze, Kaphunga, and Nkhungwini MPCs incurred losses in different years.

The findings indicated that, on average, the multi-purpose cooperatives incurred losses, with exception of Phakamani and Simoyini who consistently made profit. Contrary to the respondents' perceptions on profits made by the cooperatives, however, the findings indicated poor financial performance. The findings implied that multi-purpose cooperatives in the study area were not properly managed. This is made evidently by financial records, which were not up to date. These cooperatives were making losses and sometimes delayed submitting their financial statements for audit purposes, thus resulting into accounts not being audited. This meant that multi-purpose cooperatives in the Shiselweni region had a poor financial performance and committee members who were responsible at that particular period failed to account for the losses. The results are supported by Gray and Kraenzle (2002) who indicated that reports regarding the financial difficulties experienced by agricultural cooperatives in Africa have been common. Several financial ratios for cooperatives (revenue growth, return on assets and operating margins) were calculated which indicated weak performance in the cooperative sector. This creates doubt about the viability of the cooperative form of business.

4.4. Factors Affecting Performance of Multi-Purpose Cooperatives

Table 6 presents the results of the factors affecting the performance of multiple-purpose cooperatives. The Probit results on factors affecting performance show that gender and accountability significantly affect performance. There is a negative relationship between gender and performance at 10% significant level. Male members were less likely to perceive that cooperatives make profit than women. The exponential beta (Exp β) shows the relative odds (odds ratio) and indicates that male members were 0.37 times less likely to perceive cooperatives making profits than female members. Respondents also viewed that high level of accountability is associated with high performance. The odds ratio revealed that accountability was 1.14 times likely to increase the level of performance.

Table-6. Probit Result of factors affecting performance of multi-purpose cooperatives

Variable	Coefficients	Std Error	b/St. Error	P[z >z]	EXP(β)
(Constant)	-1.9630	1.3280	-1.478	0.1393	0.14
Gender	-0.9736*	0.5822	-1.672	0.0944	0.37
Age	0.0100	0.0169	0.593	0.5531	1.01
Education Level	-0.4018	0.2581	-1.557	0.1196	0.67
Governance	-0.0286	0.0715	-0.400	0.6888	0.97
Accountability	0.1325**	0.0621	2.133	0.0330	1.14
Transparency	0.0565	0.0882	0.641	0.5216	1.06
Participation	-0.0852	0.1001	-0.851	0.3945	0.92

***, **, and * denote significance at 1%, 5% and 10% respectively.

4.5. Constraints Faced by Multi-Purpose Cooperatives

Members and committee members were asked to list the constraints faced by multi-purpose cooperatives. The results presented in Table 7 suggest that multi-purpose cooperatives were faced with 7 major constraints. A majority (80%) of committee members indicated that cooperatives were constrained by poor capital base in cooperatives, while 75 per cent indicated that members were too old to attend to cooperatives' activities. Forty four per cent indicated that there were break-ins by thieves. Furthermore, the findings revealed that 35 per cent of the participants indicated that there was mismanagement of funds by employees, 22 per cent, reported that there was poor record-keeping, 12 per cent reported that there was no commitment by most committee members and employees, and 17 per cent indicated that there were long overdue debts by members.

The results corroborate with findings by [Ugochukwu and Ugwuoke \(2013\)](#) that cooperative members were constrained with poor management by officials, inadequate training and inadequate capital.

Table-7. Constraints faced by multi-purpose cooperatives (n=115)

Constraints	Frequency of responses	Per cent
1.Members are too old to attend to cooperatives' activities	86	75
2. There is mismanagement of funds by employees	40	35
3. There are break-ins by thieves	51	44
4. There is poor capital base in cooperatives	92	80
5. There is poor record keeping	25	22
6. Long overdue debts by members	19	17
7. No commitment by most committee members and employees	14	12

Source: Field survey, 2015

5. CONCLUSIONS AND RECOMMENDATIONS

5.1. Conclusions

The results suggest that most cooperatives made losses. Most of them did not present their financial statements for auditing and this was an indication of poor management. The study concluded that the level of accountability in multi-purpose cooperatives was high. Committees had knowledge on cooperative management and employees had been properly trained for their jobs. Resilient and hardworking committees could make cooperatives profitable. The MPCs were however, weak in communication linkages between committee members and the ordinary membership. Accountability weaknesses in cooperatives, such as failure to account for the work done in the cooperatives resulted in poor participation by the general membership. Failure to understand the financial reports as a result of low levels of education amongst the membership could result in poor performance of multi-purpose cooperatives.

The performance of multi-purpose cooperatives was affected by gender and accountability negatively and positively respectively. The study further concludes that like other cooperatives, the performance of multi-purpose

cooperatives was constrained. Most of the multi-purpose cooperatives had a poor capital base and most members were old and failed to perform their duties. There was also mismanagement of funds, and break-ins by thieves.

5.2. Recommendations

It is recommended that members who have served for a long period of time in the cooperative should encourage and train the youth to join multi-purpose cooperatives to allow for continuity and sustainability; cooperatives should also invest in educating their members and workers on specific areas identified by the cooperatives; there should be close supervision of cooperative employees by committee members and cooperative officers to improve performances, especially in ensuring financial statements are audited.

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