

Challenges of Implementing Cooperative Governance Practices: The South African Experience

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Abstract

This paper focuses on challenges of cooperative governance practices using real case examples from South Africa. The challenge of implementing cooperative governance practices in South Africa are mainly external, systemic, governmental and these challenges influence individual cooperatives. These challenges have over the past years resulted in the increased failure of cooperatives in South Africa. In 2012 the Department of Trade and Industry Issued a report into the state of cooperatives in South Africa. The report showed that 88% of the 22000 cooperatives registered since 2007 to 2011 had ceased to exist and those remaining were not fully operational. This situation has not improved but problems have been identified in more clear terms in research and by professional bodies working on cooperatives. The major problem is the lack of strong institutions that support and focus on cooperatives. The paper explores South African and international literature on cooperatives to explain the role of good governance in cooperatives. The paper is two pronged. The first part provides a chronological review of important events relating to the development of governance instruments in South Africa. The review seeks to answer the question: What actions can be taken to address the challenge of governance in cooperatives in South Africa? The second part of the study responds to the same question using a case study of a newly established co-operatives institute trying to address the challenge of governance through skills, research, and collaboration. On this part the study highlights issues and difficulties experienced by the institute in its attempt to tackle a big and an old problem in the South African cooperative sector. The study provides a comprehensive and systematic account of important events and developments important to cooperative researchers, sponsors and development practitioners working in developing country contexts such as South Africa.

Keywords: Cooperatives, governance, challenge, and development