COVID-19 Considerations: The Relationship between Opportunity related Aspects and the Performance of Primary Co-operatives in South Africa

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Abstract

There is a history of business failure and vulnerability in the co-operative sector in South Africa, which economists anticipate will deteriorate with the advent of Covid-19. The aim of this paper is to investigate how primary co-operative entities can become more robust and sustainable under trying economic conditions- such as the current one triggered by the coronavirus pandemic. Accordingly, this study establishes whether there is a statistical correlation between industry, market, and entrepreneurial team opportunity-related aspects on the one hand and the business performance of primary co-operatives in South Africa on the other. In this paper, the literature is considered to examine whether such a correlation, or relationship, exists. Furthermore, the paper utilizes data and findings of a study that collated data from 830 primary co-operatives in the South African economy using two separate methodologies. Firstly, a structured interview was used to acquire information on the opportunity-related aspects. Secondly, basic financial statements were produced for each co-operative enabling a rating on business performance. The primary data was then analysed to investigate the strength of the relationship between opportunity-related aspects and business performance. The findings extracted from the study's primary data reinforced certain facts within the body of knowledge as it relates to the relationship between opportunity-related aspects and business performance. However, there are also some interesting new insights that this paper presents, which are of particular interest in times of economic shock. These insights are highlighted, and recommendations are proposed to further a vibrant and meaningful co-operative sector.

Keywords: Co-operatives; Covid-19; Opportunity-related aspects; Business performance

INTRODUCTION

South Africa is a country facing diverse social and economic challenges. A discriminatory past generated a significant imbalance within the economy and urgent solutions are now required to overcome what remains probably the single most significant issue facing the country – dangerous and wastefully high levels of unemployment (Seekings & Nattrass, 2016). The country's economic development follows a macro socio-economic framework launched by the Government in 2020 - the National Development Plan (NDP). The NDPs overarching long term plan to 2030 aims to improve the living standards across South Africans by eliminating poverty and reducing inequality (South Africa, 2012). It prioritises employment creation through improved education and training, innovation, and the expansion of the capacity of the developmental state. Globally, scholars in Development Economics advocate that a key solution to employment creation is to make small business the engine-room of the economy (SME South Africa, 2021). Consequently, the South African government has identified the establishment of small businesses as a priority.

In South Africa, co-operatives are enterprises operating in the main as small businesses. Their success is consequently important if the NDP is to succeed. However, economic activity has been negatively

impacted by the coronavirus outbreak in 2020 and this has seriously affected economic progress (Hausmann, 2020). This public health crisis has been a major economic, financial, and social shock to South Africa. Combating COVID-19 has necessitated the restriction of significant amounts of economic activity - the flattening of the epidemic curve required lockdowns with social distancing to prevent infections and this affected mainstream economic drivers such as the tourism, travel, hospitality, and entertainment industries. The impact on businesses is clear and devastating. Statistics South Africa confirm that the total number of liquidations increased by 18.9 percent in the first four months of 2021 compared to the first quarter of 2020 (Timeslive, 2021).

Problem statement: Scholars in Development Economics agree that small business entities, including the co-operative form of business, play a significant role in economies. In South Africa co-operatives have the potential to generate income and/or benefits for their members and thereby contribute significantly to poverty alleviation, which is a cornerstone ambition of the NDP. There is, however, a history of vulnerability even in good times and it stands to reason that the COVID-19 pandemic will exacerbate matters. Co-operatives are known to be more vulnerable than larger well-resourced firms and they are more liable to succumb to economic shocks due to a lack of access to the necessary resources required to adapt to new realities. Under such circumstances, it is important to establish if a positive relationship exists between industry, market, and entrepreneurial team opportunity-related aspects on the one hand and the achievement of business performance for primary co-operatives on the other. Thus, the objectives of this study, were to (1) to assess through empirical research whether there is a statistical correlation between opportunity-related aspects and the business performance of primary co-operatives, and (2) suggest improvements that co-operatives

could adopt to prevail in times of economic hardship.

LITERATURE REVIEW

The literature review consists of an overview of co-operative entities and a theoretical framework for this study.

Co-operative overview: Governed by the seven International Labour Organization (ILO) principles, the co-operative form of business is unique in the way that it fosters social cohesion. The distribution of a co-operative's profit for members needs rather than for shareholders benefit is a distinguishing characteristic of the co-operative movement and a concept foreign to traditional business management theory. While co-operatives make a profit, this is subjected to the logic of member needs - the essence of the co-operative (Satgar, 2007).

Co-operatives are largely dependent on trust between members but are often more complex to manage than a typical firm, making the task of establishing and growing these entities particularly challenging. Satgar (2007) provides insight into why business thinking is not always the answer for entities operating for social benefit. For such entities, making money is not the singular driving force. In fact, there is often a cultural or philosophical problem of talking about money and profit, especially from the tradition that views the love of money as a capitalist notion rooted in self-enrichment at the expense of others. In capitalist enterprises, business profit per x- is a ratio where the entity endeavours to find what *"x"* will have the most significant impact over time on your economic engine (Collins, 2006). Here the profit mechanism translates into return on invested capital and profit is the primary motive. Co-operative entities, on the other hand, tend to have a broader purpose, aspiring to deliver on both social and economic outcomes for their members.

Notwithstanding this assertion, Helmberger & Hoos (1962) challenge the co-operative movements' disregard for traditional micro-economic theory and prefer to apply an organisational approach to the

study of co-operative enterprises. The co-operative enterprise is seen to consist of physical plant, persons, and organisation. An entity is constituted by persons and privately owned physical plant that mobilises production, produces goods and services, and relies on the proceeds of sales in competitive markets. This work maintains that the apparent differences between co-operative and profit seeking enterprises should not obscure the reality that a co-operative entity is essentially a "firm". Whilst investors in business enterprises seek high return on their investments, members of co-operatives seek different returns such as employment, goods at bulk discounted rates, or processing services for their crops. In both cases, the entity seeks optimal use of resources and is directed by a single authority, which could be a collective, in the best way possible to achieve the outcomes identified as important to that entity.

The contention that a co-operative is primarily a firm implies that, even though a co-operative may follow a "self-help" ideology, it still needs to organise its resources soundly, be profitable, and distribute the proceeds wisely in order to be sustainable and, ultimately, successful. In this sense the entity, whether it be a consumer or worker co-operative, still needs to have an economic engine to fulfil its overall mission. For a co-operative to survive and be sustainable, the business must be economically viable and would need to apply sound business management practices to take advantage of the business opportunities generated by government policy (Philip, 2003). Altbeker & Bernstein (2017) support this notion, maintaining that small enterprise failure emanates from a general absence of know-how amongst entrepreneurs in running a business which, they believe, can only be acquired by immersive experience. In their view, to overcome skills shortages and become successful, entrepreneurs would need to have worked in an industry or business for some years and have an education level higher than matric, which is not commonplace in South Africa.

Apartheid policy certainly contributed to the lack of skills and preparedness of managers in co-operatives by providing an inferior education and by legislating for the exclusion of non-white South Africans from ownership and senior positions in the formal economy (Mazwai, 2015). As a result, most enterprises today are started by unemployed people with low skill levels and no prior business experience, let alone business management experience. Financial literacy and even basic numeracy skills are often low, the product of a substandard South African education system (Philip, 2018). This is concerning as the literature highlights the importance of the personal characteristics of the founder members and their understanding of a solid business idea - one that is feasible and economically viable (Strydom, 2012). Finally, the literature emphasises that business owners need to continuously re-evaluate the entity's business opportunity in order to remain competitive and relevant in the market (Smorfitt, 2008).

Theoretical Framework: Applying traditional microeconomic concepts, Mullins (2013) proposes a framework for new and existing businesses to succeed based on the continuous evaluation of opportunity-related aspects. Mullins (2013) purposefully distinguishes between markets and industries in his framework, maintaining that judgments about attractiveness in the market may differ significantly from judgments made about the industry in which a business may compete. A market is defined as a group of current and/or potential customers with the willingness and ability to buy a product – goods or services – to satisfy a particular class of wants or needs. Co-operatives need to consider the availability and commitment of *buyers* to their offering – people and organizations and their needs. An industry consists of multiple *sellers* – both individuals and organizations – that offer products or classes of products that are similar to and close substitutes for one another. Co-operatives would need to consider the extent of the competition and assess if their business could sustain itself in the face of this competition. Ideally, co-

operatives would prefer to compete in lucrative industries and serve attractive rather than unattractive markets.

The third aspect considered in Mullins' (2013) framework is management, which involves three areas that, if present, would enable the entrepreneurial team to deliver business performance: (i) the alignment of the team's mission, aspirations, and their propensity for risk-taking; (ii) understanding the critical success factors relevant to a particular opportunity and matching these to the team's ability to perform; and (iii) the ability to assess accurately whether the entity's team has the requisite skills, knowledge, and experience to execute on the critical success factors. Essentially, the theoretical framework proposed by Mullins (2013) provides the study with a methodology to diagnose why a co-operative entity may or may not succeed against the opportunity-related aspects considered.

METHODOLOGY

A positivist research paradigm was adopted using a quantitative research approach. This paradigm and methodology were selected primarily to ensure the statistical reliability of the research results. In determining the sample size, a probability sampling technique with a random sample was considered. However, several practical considerations and limiting factors led to the rejection of the probability sampling method. Firstly, the low skill levels and business experience of co-operative members and managers had to be considered. This coupled with lack of reliable communication methods, such as basic Internet connectivity, ruled out the design and use of a web-based questionnaire. Secondly, the geographical location of co-operatives – countrywide, and predominantly in the remote rural areas of South Africa - would make this method extremely expensive. Thirdly, and most importantly, this study required a measurement of business performance where, typically, no financial records existed. In order to obtain financial information, a relationship would need to exist with the co-operatives, which would allow for the collation and then processing of basic transactions. If a random sample was used, co-operatives with no measure of financial performance would be included. Without a reliable dependant variable, such as financial performance, the research objective would not have been achieved.

Having rejected the probability sampling method, a non-probability convenience sample was preferred based on the following circumstance: the researcher would have access to a primary co-operative database of some 830 primary co-operatives that were at the time supported by the Department of Higher Education and Training (DHET). Initially, 1000 co-operatives were recipients of training in business and technical skills, but at the time of this research and almost thirty months into the support programme, the number had dwindled to 830 co-operatives. For every five co-operatives on the DHET programme, a Co-operative Development Facilitator was in place to train and assist the co-operative entity over a three-year period. This provided a large sample of working co-operatives and easy access to its members through trained facilitators. Furthermore, this sample was selected having considered the following:

- When using convenience sampling, a sizable enough sample is required to provide a level of confidence in the result (Mullins, 2013). This sample represented a significant number of primary co-operatives. Using the sample size formula $N/(1+(N(e)^2)$, if the population size was N=122 000 and using a precision e = 0.05, the confidence level would be in excess of 95 percent.

- Having access to facilitators in all nine provinces meant achieving reach across all nine provinces and co-operative types. The facilitators had established the necessary relationships and would be able to facilitate the collection of data and assist with complex aspects such as language and concept explanation.

- The facilitators could be used to implement a basic administrative system for each of the co-operative entities, providing the researcher with data on business performance.

Given these advantages, a non-probability sampling method using a convenience sample was selected. This study recognises that, when using a convenience sampling technique, findings from this sample represent the views of the respondents and not the entire population. Some groups such as agriculture may be over-represented and others such as retail under-represented. For these reasons, the research does not generalise the conclusions drawn from the research to the full population. The study, however, does identify trends in the relationship between opportunity-related aspects and business performance, which provides insight into improved support measures for co-operative development in South Africa.

Primary data was collected for the study in two ways. Firstly, a structured interview was used to acquire information on each co-operative's application of opportunity-related aspects. The data collected for the three opportunity-related aspects comprised of interval variables scored on a Likert-scale. Specifically, questions were designed to elicit ratings on the co-operative's ability to compete with other sellers in its industry, measures employed to attract buyers in the market, and arrangements to efficiently manage the entrepreneurial team. Secondly, business transactions were recorded and basic financial statements were produced for each co-operative, enabling an ordinal rating of business performance. The primary data was then analysed using statistical methods to investigate the strength of relationship between opportunity-related aspects and business performance, with the directional hypothesis predicting a positive relationship between these variables.

Descriptive Statistics: The location, frequency of type, performance ranking and rankings on opportunity-related aspects for co-operative participants in this study are shown in this section (Tables 1 – 4).

Comparing the location frequencies to the DTI data (2009), the frequency of the sample used in this research is underrepresented in Gauteng (by 10%), North-West (by 12%) and Limpopo (by 11%). The sample is also overrepresented in KwaZulu Natal (by 21%) and the Western Cape (by 4%). Representation across the remaining four provinces is similar.

Table 1: Location of co-operatives by province

Location by Province		Frequency	Percent
Valid	Gauteng – GP	74	8.9
	North West – NW	14	1.7
	Northern Cape –NC	5	0.6
	Western Cape – WC	73	8.8
	Limpopo – L	22	2.7
Mpumalanga – MP	83	10.0	
	Eastern Cape – EC	125	15.1
	Free State – FS	40	4.8
	Kwa-Zulu Natal – KZN	394	47.4
	Total:	**830**	**100.0**

Table 2: Frequency of co-operative by type

Co-operative Type:		Frequency	Percent
Valid	Agriculture, forestry, fishing	356	42.9
	Mining, construction	43	5.2
	Manufacturing	167	20.1
	Transport, storage, utilization	7	0.8
	Wholesale trade	25	3.0
	Retail trade, hotels, restaurant	77	9.3
	Information, communication	3	0.4
	Professional services	12	1.4
	Government, health, education, social services	11	1.3
	Personal/ consumer services	128	15.4
	Total	**99.9**	
	Missing	**0.1**	
	Total	**100.00**	

The agricultural sector represents 42.9 percent of the entities studied and is the dominant co-operative type in this sample. The representation of co-operative types in the sample reflects a trend of new sectors emerging in the co-operative space to challenge the agricultural sector. Table 2 shows a 20.1 percent frequency of manufacturing co-operatives and 15.4 percent frequency of personal/consumer services co-operatives. Manufacturing co-operatives, such as block and brick making, are emerging in line with opportunities afforded by government procurement. Personal services co-operatives are driven by opportunities found within communities such as hair salons.

The rankings recorded in Table 3 illustrate that of the 830 respondents, 13.1 percent consistently achieved sales in excess of expenses and could be viewed as viable businesses. Another 3.5 percent were ranked in a growth phase. As such, 16.6 percent of this sample were operational and sustainable businesses. For 49.6 percent of the respondents, some sales were being achieved but not sufficient enough to indicate that these businesses were stable enough to survive.

For twenty seven percent of the respondents, their businesses were ranked as struggling to survive and 6.7 percent of the respondents had no records of any business transactions. It is most significant that 83.3 percent of the co-operatives in this sample remain marginal and/or failing businesses.

Table 3. Business performance rankings of co-operatives

Business Performance of Cooperatives	Rank	Freq.	%
Not yet active	1	56	6.7
Struggle to survive	2	224	27.0
Surviving	3	412	49.6
Survive with expected growth	4	109	13.1
Growth phase	5	29	3.5
Total		**830**	**100**

Table 4: Mean ratings of opportunity-related aspect by business performance category

Business Performance	Industry			Market			Team		
	Means	N	Std.Dev.	Means	N	Std.Dev.	Means	N	Std.Dev.
Not yet active	4.08	56	0.87	4.21	56	0.81	3.74	56	0.85
Struggle to survive	3.89	224	0.88	3.96	224	0.80	3.77	224	0.81
Surviving	4.25	412	0.64	4.23	412	0.64	3.95	412	0.67
Survive with expected growth	4.45	109	0.49	4.30	109	0.52	3.98	109	0.74
Growth phase	4.41	29	0.39	4.43	29	0.38	4.14	29	0.69
All Groups	4.17	830	0.73	4.17	830	0.69	3.90	830	0.74

From the data in Table 4 a trend can be identified, whereby the mean score in the opportunity-related aspect improves along with improved business performance.

Reliability

The responses to the questions and the data collected from the structured interviews were tested to establish the reliability of this measurement instrument. Reliability refers to the accuracy of data measurement and for the measure to be regarded as reliable it needs to provide the same results repeatedly (Leedy & Ormond, 2001). Cronbach's Alpha coefficient was used to assess the reliability of the structured interview with the following results:

Table 5: Results of Cronbach's Alpha for industry, market, and entrepreneurial team aspects

Industry Aspects		
Cronbach alpha: 0.72		
Average inter-item corr.: 0.41		
	Itm-Totl Correl.	Alpha if Deleted
Q2	0.57	0.63
Q3	0.46	0.70
Q4	0.60	0.62
Q6	0.44	0.70

Entrepreneurial Team Aspects		
Cronbach alpha: 0.72		
Average inter-item corr.: 0.31		
	Itm-Totl Correl.	Alpha if Deleted
Q13	0.48	0.69
Q14	0.52	0.67
Q15	0.48	0.68
Q16	0.53	0.66
Q17	0.30	0.73
Q18	0.46	0.69

Market Aspects		
Cronbach alpha: 0.76		
Average inter-item corr.: 0.40		
	Itm-Totl Correl.	Alpha if Deleted
Q7	0.50	0.73
Q8	0.57	0.71
Q10	0.47	0.74
Q11	0.57	0.70
Q12	0.57	0.70

The Cronbach's Alpha calculates the average of all split-half reliability coefficients. The calculation of the Alpha correlation varies between 0 (no correlation) and 1 (perfect correlation). In Table 5 the scores of industry (0.72), market (0.76), and entrepreneurial team (0.72) statistically validate the consistency of responses and satisfy the reliability measure of the data collection instrument used in this study.

FINDINGS
Mean ratings per performance category
In Figure 1, there is a progressively greater score for businesses struggling to survive (3.89), surviving (4.25), surviving with expected growth (4.45), and a small drop off for growth phase (4.41). The anomaly in this trend is not yet active (4.08), which is significantly higher than the struggling to survive mean score. It should be cautioned that respondents from not yet active businesses would have limited information to base their responses on and that their responses would be the least informed. Trends obtained from respondents in business are viewed as more informed and reliable. The trend line depicted in Figure 1 shows respondents ratings as being more favourable in accordance to how well the business was performing.
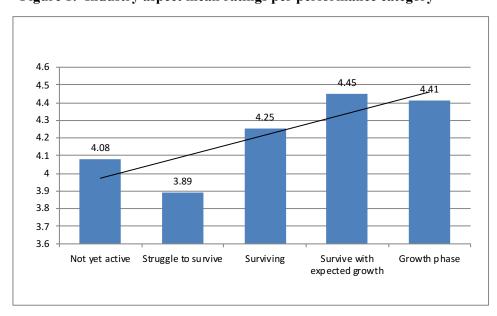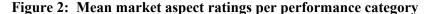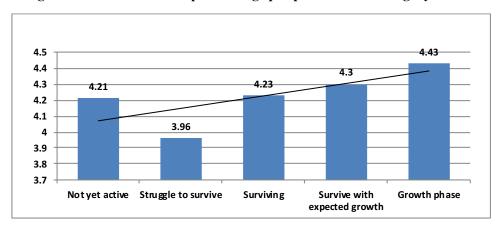
Figure 1: Industry aspect mean ratings per performance category

Figure 2: Mean market aspect ratings per performance category

In Figure 2, there is a progressively greater score for businesses struggling to survive (3.96), surviving (4.23), surviving with expected growth (4.30), and growth (4.43). The anomaly in this trend is not yet active (4.21), which is significantly higher than the struggling to survive mean score. Again, the respondents in this category are the least informed and responses are, consequently, less likely to be reliable. The trend line depicted in Figure 2 shows that, except for not yet active businesses, respondents rated market aspects more favourable in accordance to how well the business was performing.

Figure 3: Mean entrepreneurial team ratings per performance category

In Figure 3, there is a progressively greater score for not yet active (3.74), businesses struggling to survive (3.77), surviving (4.95), surviving with expected growth (3.98), and growth (4.14). The trend line in Figure 3, shows that respondents rated entrepreneurial team aspects more favourable in accordance to how well the business was performing.

Strength of relationship

Analysis of the data to achieve the objectives of the study required investigating the relationship between the variables to indicate if a positive relationship existed, as well as to determine the strength of relationship. Pearson's correlation coefficient (Pearson's r) was initially considered but was rejected as this method assesses the strength of relationships between two numerical interval or ratio variables (Horn, 2012). The Spearman's rank order correlation measures the strength of association between two ranked and/or interval variables and was deemed suitable for the data presented for this study. The results of the Spearman's rank order correlation between the opportunity-related aspects and business performance of co-operatives are shown in Table 6 below.

Table 6: Spearman's rank order correlation between opportunity-related aspects and business performance of co-operatives

Opportunity-related Aspects	Business Performance
Industry	0.21
Market	0.12
Entrepreneurial Team	0.11

Spearman's correlation coefficient is denoted by r and ranges between -1 and +1. When r is close to +1 there is a strong positive relationship between the variables, whereas conversely where r is close to -1 a strong negative relationship exists (Bryman et al., 2014). If there was a correlation of 0, this would depict no association between variables or ranks. The results shown in Table 6 indicate that a positive relationship exists between business performance and industry (0.21), market (0.12), and

entrepreneurial team (0.11) aspects. Whilst the strength of the Spearman's correlation coefficient in all three cases is weak, being close to 0, the findings were statistically sufficient to reject a null hypothesis that no association between opportunity-related aspects and business performance exists.

Furthermore, a null hypothesis - that the mean of the opportunity-related aspects is equal - was tested using an ANOVA. An analysis of variance (ANOVA) between the means of industry, market, and entrepreneurial team scores is depicted in Table 7.

Table 7: Analysis of variance on the means of opportunity-related aspects

Opportunity-related Aspect	p
Industry	0.0000
Market	0.0000
Team	0.0032

Table 7 indicates a p-value of industry (0.00), market (0.00), and entrepreneurial team (0.003), all below the score of 0.05, which indicates a significant statistical variance exists between the opportunity-related aspects. The findings of the ANOVA reject a null hypothesis that there is no variance between the groups.

Variance

Lastly, having rejected the null hypothesis in the ANOVA, it was established that there is variance between opportunity-related aspects and business performance. To investigate which groups differ from one another, the Tukey's post-hoc test was conducted with the results in Table 8.

Table 8 shows that in four instances the industry opportunity-related aspect has significant p-values at $\alpha < 0.05$. This indicates a significant statistical finding. Applying Cohen's d as an effective size measure that indicates the practical significance of a result with <0.50 being small; 0.50-0.79 medium; and 0.80+ large. These four scores indicate variances of practical and statistical significance between mean scores for industry opportunity-related aspects and business performance rankings:

- A medium (0.58) variance score is found to exist between mean scores for businesses surviving with expected growth and mean scores for not yet active businesses.
- A small (0.49) variance score is found to exist between mean scores for surviving businesses and mean scores for businesses struggling to survive.
- A medium (0.72) variance score is found to exist between businesses surviving with expected growth and mean score for surviving businesses.
- A medium (0.61) variance score is found to exist between growing businesses and the mean score for surviving with expected growth businesses.

Table 8: The Tukey post-hoc test on industry opportunity-related aspects and business performance of co-operatives

Industry Aspects	{1}	{2}	{3}	{4}	{5}
	M=4.0759	M=3.8906	M=4.2524	M=4.4495	M=4.4052
Not yet active {1}				0.58 (M)	
Struggle to survive {2}	0.4021		0.49 (S)	0.72 (M)	0.61 (M)
Surviving {3}	0.4025	0.0000			
Survive with expected growth {4}	0.0116	0.0000	0.0730		
Growth phase {5}	0.2499	0.0022	0.7943	0.9982	

Table 9: The Tukey post-hoc test on market opportunity-related aspects and business performance of co-operatives

Market Aspects					
	{1}	{2}	{3}	{4}	{5}
	M=4.2071	M=3.9634	M=4.2257	M=4.2954	M=4.4276
Not yet active {1}					
Struggle to survive {2}	0.1151		0.49 (S)	0.46 (S)	0.60 (M)
Surviving {3}	0.9997	0.0000			
Survive with expected growth {4}	0.9336	0.0003	0.8764		
Growth phase {5}	0.6161	0.0049	0.5324	0.8850	

Table 9 shows that in three instances market opportunity-related aspect has significant p-values at α < 0.05. This indicates a significant statistical finding. Applying Cohen's d, these three scores indicate variances of practical and statistical significance between mean scores for market opportunity-related aspects and business performance rankings:

- A small (0.49) variance score is found to exist between mean scores for surviving businesses and mean scores for businesses struggling to survive.
- A small (0.46) variance score is found to exist between businesses surviving with expected growth and mean score for surviving businesses.
- A medium (0.60) variance score is found to exist between growing businesses and the mean score for surviving with expected growth businesses.

Table 10: The Tukey post-hoc test on entrepreneurial team opportunity-related aspects and business performance of co-operatives

Entrepreneurial Team Aspects	{1}	{2}	{3}	{4}	{5}
	M=3.7411	M=3.7686	M=3.9462	M=3.9817	M=4.1437
Not yet active {1}					
Struggle to survive {2}	0.9991		0.37 (S)		
Surviving {3}	0.2826	0.0288			
Survive with expected growth {4}	0.2670	0.0927	0.9916		
Growth phase {5}	0.1145	0.0713	0.6255	0.8276	

Table 10 shows a single instance where entrepreneurial team opportunity-related aspect has significant p-values at α < 0.05. This indicates a significant statistical finding. Applying Cohen's d, the score indicates a variance of practical and statistical significance between mean scores for entrepreneurial team opportunity-related aspects and business performance rankings:

- A small (0.37) variance score is found to exist between mean scores for surviving businesses and struggling to survive businesses.

DISCUSSION AND RECOMENDATIONS

The primary aim of this paper was to establish if a statistical relationship exists

between opportunity-related aspects and the business performance of primary co-operatives in South Africa, with the ultimate aim of making these entities robust and able to prevail in times of COVID-19. A literature review to contextualize co-operatives as business entities was carried out and a theoretical framework for this study identified. Thereafter, data was collated and a statistical analysis completed using standard statistical methods. From the research, it is evident that there is weak application of fundamental business management practices and this accounts for the overall poor performance of these entities. It was most significant that 83.3 percent of the co-operatives in the study sample remain marginal and/or failing businesses.

Statistical analysis, starting with the trend lines depicted in Figures 1, 2, and 3 indicate that structuring a co-operative entity to consciously take advantage of opportunity-related aspects has a positive impact on business performance. Furthermore, Spearman's rank order correlation and an ANOVA, supported by the Tukey post-hoc test, advance statistical reasoning to reject the null hypothesis that no relationship exists between the opportunity-related aspects and positive business performance. Spearman's correlation indicated the existence of a positive relationship between business performance and industry (0.21), market (0.12), and entrepreneurial team (0.11) aspects and the ANOVA p-values for each domain were all below the score of 0.05, which indicates a significant statistical variance. Whilst the strength of the relationship between variables was found to be relatively weak, the analysis concludes that, statistically, entities organised around opportunity-related aspects perform better. This, therefore, supports the notion that management of micro-economics aspects is important for co-operative entities to succeed.

Based on these findings, the following recommendations can be advanced to members of co-operative entities,

government, and other agencies supporting the promotion of co-operative entities in South Africa: -

1) The theoretical framework used in this study provides the entity or analyst with a diagnostic tool to assess why a co-operative business may or may not succeed against the opportunity-related factors considered. It suggests that for an entity to prevail it needs discipline and execution across these domains. Theoretical frameworks of this type should guide members and the management of co-operative entities on what they can do to create economic sustainability, despite the brutal facts of their environment.

2) To curb deficiencies in the application of fundamental micro-economics within primary co-operatives in South Africa, as revealed by this study, business skills training and the mentorship of co-operative members in theoretical frameworks founded in micro-economics is required. This is important as most co-operative members lack the knowledge, experience, and managerial competencies to structure their "firms" in a manner that remains relevant in the economy. For co-operatives to prevail, conscious management of the entity as a business and adherence to micro-economic principles will enhance business performance and sustainability.

3) Under trying economic conditions, appropriate policies to support small business and recover economic activity is necessary. It is important that government continues to improve the overall business environment, make it safe to conduct business, offer relief packages, and provide access to funding. The South African government has, appropriately, made available sizable stimulus packages to enable small businesses to weather the relatively short-term economic impact of the pandemic and, in addition, has implemented an aggressive vaccination roll-out strategy in an effort to get the

economy re-opened as early as possible. However, taking advantage of these relief measures requires co-operatives to be soundly structured and well organised, which is seldom the case in South Africa and this needs to be addressed as a matter of urgency.

In conclusion, the inferior application of fundamental business management practices by primary co-operatives in South Africa impacts on their ability to prevail, rather than the sectors poor performance being a function of a challenging environment or challenging circumstances. Without rectifying this aspect, contributions by the co-operative sector towards poverty alleviation and achievement of the goals of the NDP will remain modest.

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