

# **Worker Owner Guide**

**New Horizons Furniture & Steel  
Co-operative**

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## **Purpose of the Worker Owner Guide**

This worker owner guide is intended to achieve the following:

- Serve as an education tool for old and new members to understand the co-operative;
- Empower worker owners to understand their rights and responsibilities in the co-operative;
- Set out the various policies of the co-operative that would ensure proper governance and decision-making;

## **Who is New Horizons Furniture & Steel Co-operative?**

The New Horizons Furniture & Steel Co-operative is a registered co-operative in terms of the 1981 Co-operatives Act. We have a legal statute and a certificate of incorporation from the registrar of co-operatives to verify our registration.

We are a membership based, as an organization but there is a limited liability protection, which means that the co-operative can sue or be sued only in its own name. Members cannot be sued or sue. However, a liability of a member to the co-operative is limited to the amount owing by the worker owner to the co-operative.

All members of the co-operative are worker owners which mean they own, work in and make decisions in the co-operative.

Our co-operative built in Daveyton Township and is a building which houses one production unit and office of the co-operative. The co-operative is a primary management co-operative that would run the production unit that it houses.

As a primary co-operative it would be made up of members or human beings and not other legal entities.

Worker owners are members of the co-operative and have the same rights and are part of a common labour pool. All worker owners have to save in the Savings and Credit Co-operative (SACCO) in order to acquire financial rights. The more you save the more eligible a worker owner has access to financial services. Savings have to happen monthly.

SACCO would also have office at the industrial hive premises and would also allow the members of the local community to become members and would provide them with credit and other financial services to purchase products from the co-operative industrial hive. Ultimately SACCO would play a developmental role in the local community and channel surplus from the hive so that other co-operative based development projects can be started.

## **Background**

The initial business plan for the co-operative came from the Ekurhuleni Metropolitan Municipality. It wanted to set a local light manufacturing that could house a few small businesses, create jobs and skills to people.

After deliberations and presentations the Municipality opted to establish a co-operative model. For this about 12 beneficiaries were identified and the Co-operative and Policy Alternative Center was brought in to do the following: develop a concept, do a participatory feasibility study, draw up a business plan, finalize a legal statute and have a formation meeting to elect a board. This was done and a board of directors comprising a minimum of six people (maximum 8) was elected. This is the elected leadership of the co-operative for a period of three years. A person can be re-elected for a maximum of a two terms.

Training has also been obtained for production unit dealing with meat processing and so on. Equipment has also been purchased for the co-operative and we are entering a start-up and expansion phase.

## **Principles**

The co-operatives will both work with the values **and** principles adopted by the International Co-operative Alliance. These values and principles would be adapted to suit the needs and aspirations of the co-operatives.

### **Values**

Co-operatives are based on the values of self-help, self-responsibility, democracy, equality, equity, and solidarity. In the tradition of their founders, co-operative members believe in the ethical values of honesty, openness, social responsibility, and caring for others.

### **Principles**

The co-operative principles are guidelines by which co-operatives put their values into practice.

#### **1st PRINCIPLE: VOLUNTARY AND OPEN MEMBERSHIP**

Co-operatives are voluntary organizations, open to all persons able to use their services and willing to accept the responsibilities of membership, without gender, social, racial, political, or religious discrimination.

#### **2nd PRINCIPLE: DEMOCRATIC MEMBER CONTROL**

Co-operatives are democratic organizations controlled by their members, who actively participate in setting their policies and making decisions. Men and women serving as elected representatives are accountable to the membership. In primary co-operatives

members have equal voting rights (one member, one vote) and co-operatives at other levels are organized in a democratic manner.

### **3rd PRINCIPLE MEMBER ECONOMIC PARTICIPATION**

Members contribute equitably to, and democratically control, the capital of their co-operative. At least part of that capital is usually the common property of the co-operative. They usually receive limited compensation, if any, on capital subscribed as a condition of membership. Members allocate surpluses for any or all of the following purposes: developing the co-operative, possibly by setting up reserves, part of which at least would be indivisible; benefiting members in proportion to their transactions with the co-operative; and supporting other activities approved by the membership.

### **4th PRINCIPLE: AUTONOMY AND INDEPENDENCE**

Co-operatives are autonomous, self-help organizations controlled by their members. If they enter into agreements with other organizations, including governments, or raise capital from external sources, they do so on terms that ensure democratic control by their members and maintain their co-operative autonomy.

### **5th PRINCIPLE: EDUCATION, TRAINING AND INFORMATION**

Co-operatives provide education and training for their members, elected representatives, managers, and employees so they can contribute effectively to the development of their co-operatives. They inform the general public--particularly young people and opinion leaders--about the nature and benefits of co-operation.

### **6th PRINCIPLE: CO-OPERATION AMONG CO-OPERATIVES**

Co-operatives serve their members most effectively and strengthen the co-operative movement by working together through local, national, regional, and international structures.

### **7th PRINCIPLE: CONCERN FOR COMMUNITY**

While focusing on member needs, co-operatives work for the sustainable development of their communities through policies accepted by their members.

## **Objectives of New Horizons Furniture & Steel Co-operative Limited**

The main objectives identified for the co-operative include the following:

- Vocational training of co-operative members;
- Maintenance and management of the hive;
- Employment creation;
- Poverty eradication;
- Build development and venture capital through the credit union for expansion and local economic development projects;
- Promote local production for local need;
- Contribute to sustainable local economic development.
- Build a co-operative movement

## **Vision**

The co-operators envisage a future in which the co-operative and the SACCO become central to local economic development in the community. This means the co-operative model plays a crucial role in developing and building a sustainable community. Such a community would utilize its local savings, skills, land and other resources to meet its needs. Increasingly the community would become self reliant and ensure local needs for consumer goods and other kinds of input for local economic development would be supported through the manufacturing capacity of the co-operative model. In addition, the savings and capital pool built up through the SACCO would provide the necessary finance for local development and most importantly ensure, together with consumption of locally produced goods, that money stays in the community – money does not seep or leak out of the community for products or services outside it. Instead the money stays in the community and circulates within it.

Underpinning this would be a community commitment to buy locally produced goods. A pledge would be made by the community that guarantees a fixed demand for the goods produced by the co-operative.

It is also envisaged that women would play a crucial role in the co-operative model. While the co-operative would be 100% owned by its worker owners.

## **Main Economic Activity**

- **Supply a Labour Pool** – all the beneficiaries in this project comprise a labour pool with various skills and skills levels. The co-operative would allocate worker owners from this labour pool to various projects that the co-operative establishes. All worker owners would be given a chance to have work rights. In other words the labour pool of worker owners serves as a “labour bank” and distributes work rights to all its members. A work distribution system would be established based on skills that members have, the amount of money they save in the SACCO and the need for a balance based on gender, youth and physically challenged as beneficiaries.
- **Manufacturing through production unit** – all the projects of the co-operative would be for light manufacturing mainly for consumer goods. These projects would be organised into a production unit, which will not operate as autonomous cost centers. The co-operative would pay rent to the Ekurhuleni Metropolitan Municipality for the premises they utilise in the industrial hive, pay feasible wages, keep their own financial records and contribute according to surplus policy of the co-operative. This would form part of the common “surplus” which would be shared out to all worker owners at the end of the financial year, based on the formula set out on surplus policy.

- **Marketing and selling services** – the board would work closely with the marketing and production planning sub committee to ensure the products are marketed and sold to the community and other markets. A marketing strategy would be developed with the sub-committee;
- **Training** – the co-operative would provide vocational training for the worker owners involved in the production. A training program would be developed such that worker owners are prepared for production.

**Technology Bank** – in the co-operative one of the premises would be used to house a technology bank, made of technology donated by local business and also owned and purchased by the co-operative itself. This technology bank would serve as an incubator for micro-enterprises that need to use a particular piece of equipment for a certain amount of time. In other words micro-enterprises would hire the use of the technology and use it on the premises. An example of this could be a welding machine or a computer, which can be used by micro-enterprises.

## **Membership of the Co-operatives**

### *Type of Membership*

The co-operative shall have worker owners. In other words all members shall be owners and workers in the co-operative.

Individual worker owners would also have to join the SACCO and the industrial hive co-operative would have representation on the board of SACCO.

### *Benefits*

The benefits that would accrue to members include the following:

- Improve family lives;
- Jobs and income;
- Skills and training;
- Access to finance

### *Duties and Responsibilities*

All worker owners in both the co-operative and SACCO would have the following duties:

- Self management;
- Work hard;
- Be disciplined;

- Participate in decision-making;
- Pay fees and subscriptions;
- Save monthly in the SACCO;
- Accept and abide by the decisions made within the democratic process.

## **Fees and Subscriptions**

To join the co-operative a membership form has to be filled in. The board of the co-operative processes this form. It can accept or reject an application for membership.

Every member joining the co-operative has to pay a membership fee and an annual subscription fee.

Worker owners shall pay:  
 Membership fees – R500  
 Annual Subs – R1000

In addition membership fees, subscriptions and monthly deductions/savings would have to be made in the co-operative bank or SACCO.

## **The Boards**

### *Size*

The board of the co-operative would be made up of minimum 6 directors but maximum of 8. The board is at the apex of the co-operative and is composed exclusively of elected worker owners. Board members are known as directors and they would have to be subject to elections tri-annually. No board member can serve longer than two terms.

### *Decision-making*

The Board of the co-operative shall make all decisions – policy and operational. It shall be advised by the manager if employed in the co-operative and shall work within mandates received from the general membership. The manager shall work closely with the sub-committees in the co-operative.

General membership meetings are the most powerful forums of the cooperative. All members shall have access and shall vote in these meetings. These meetings will basically determine the policy and direction of the cooperative. General membership meetings shall happen at minimum once per month. Annual general meetings will be held a month following financial year-end. All worker owners would be given written notice, within reasonable time, for a general membership meeting.

## **Contribution to Community**

Besides a broad vision and commitment to ensure the co-operative model benefits the community there is more specific and tangible benefits that can be secured by the community:

- Support for sub-contractors;
- Provision of training to members and non-members;
- “Loaning” of technology to the community;
- Supplying finance for development;
- Investing in Co-operative projects.

## **Relationship with Local Government**

While the co-operators believe in the autonomy of the co-operative they still believe in the importance of a relationship with the local government. In their view, such a relationship should be based on mutual assistance and co-operation not control.

## **Policy 1 – Surplus**

1.1 Profit maximization is not the objective of the co-operative. To ensure it meets its operating and capital requirements it would have to build in and plan to make a surplus.

1.2 If a surplus is made it would be shared out in four ways in the co-operative:

- 30% will be re-invested and provide an internal capital pool for the co-operative. This will enable the co-operative to buy necessary equipment and build up a capital reserve.
- 30% will be placed in a community development fund, administered by the co-operative bank and channelled to community based community development projects, in particular co-operative projects.
- 20% will be invested in human resource development. It will enable co-operative members to receive vocational training and business development training.

20% will go towards member's bonuses, which will be shared proportionally based on shares owned by each member.

## **Policy 2 – Education and Training**

4.1 The objective of this policy is to ensure that the necessary vocational skills are developed amongst worker owners and education about the co-operative is done for all worker owners;

4.2 The education and training officer of the co-operative would have to ensure the following is in place for effective education and training in the co-operative:

- Regular induction workshops using the worker owner guide to be conducted for new members;
- Advanced training workshops for worker owners would also be devised and financed through the education and training reserve;
- Regular assessments of training needs to be done in the co-operative and relevant training programs devised;
- Links to be formed with libraries in the community to assist with information for training programs;
- Study circles to be formed in the co-operative;
- A “training bank” of in-house mentors to be established, in the co-operative, to mentor new members on the economic activity of the co-operative;

4.3 All vocational training must be accredited through the department of labour including the “skills bank” or in-house mentoring program;

### **Policy 3 – Wages and Working Time**

- 3.1 The objective of this policy is to ensure that every worker owner receives a fair wage;
- 3.2 The co-operative board would develop its own wage level but would pay the same wage to every worker-owner in the co-operative. Men and women would get paid the same within a production unit;
- 3.3 Wages agreed to by the board of the co-operative would have to be feasible and where necessary would be lowered to ensure the survival of the co-operative.
- 3.4 Any worker owner refusing to accept a feasible wage would be expelled from the co-operative;
- 3.5 In the co-operative worker-own must be multi-skilled. Only designated members of the co-operative can be drivers for the co-operative and in accordance with the transport policy.
- 3.6 Every worker owner would work an 8-hour day. However, where it is necessary every worker owner would have to work overtime, without compensation; (no over time rate of pay)
- 3.7 Work schedules would be finalised by the board and every worker owner has to abide by this. Failure to do so would result in disciplinary action against the wrongdoer;
- 3.8 Contracts would be drawn up for employees of the co-operative including manager/s and supervisors by the board of the co-operative setting out working conditions, including wages and working time;

## **Policy 4 – Transport**

2.1 The objectives of the transport policy are twofold:

- Prevent abuse of vehicles owned by the co-operative;
- Ensure proper controls are in place for the use of the co-operative's vehicles;

2.2 The use of co-operative vehicles would have to be done in accordance with the following:

- Transport timetable or schedule drawn up by the board;
- A logbook would be maintained for each vehicle and would have to be signed on leaving the premises and on return of the vehicle to ensure proper recording of fuel consumption, mileage and purpose of use. The board would appoint a person to manage the log book;
- Only driver's approved by the board and with a valid drivers license may drive a co-operative vehicle;
- Non-members are not allowed to use any of the co-operatives vehicles;
- The co-operative's vehicles cannot be used for private use;

2.3 All co-operative vehicles are to be insured and maintained by the co-operative;

2.4 Any loss or damage to the co-operative's vehicles suffered through breach of provision 2.2 would have to be the responsibility of the individual or party using the vehicle at the time of the loss or damage;

2.5 An unauthorized driver of the co-operative's vehicles would be subject to a disciplinary procedure for gross misconduct (See policy on Discipline);

## **Policy 5– Self Management of Production Units**

5.1 The main objectives of this policy are to ensure that every sub-committee is economically feasible and there is proper self-management within the co-operative;

5.2 The sub-committees shall meet once a week to clarify work plans and priority actions,

5.3 All sub-committees to ensure the following:

- Proper information, in the form of reports, to be provided to the board once a week;
- Manage production, under supervision of the board of the co-operative.
- Report back to worker owners on board decisions;
- Heads of sub-committees ensure discipline is maintained in the co-operative and shall be empowered to discipline a member.
- Ensure the maintenance and security of the co-operative.
- Ensure rules regarding visits by friends or family, uniforms and no-smoking signs are in place, visible and obeyed;

5.4 Regarding visits by friends and family – this has to be arranged through the office of the co-operative.

5.5 All worker owners have to wear their uniforms at all times on the site;

5.6 The board of the co-operative shall meet once a week with to deal with the following areas:

- Finance;
- Production planning;
- Supplies procurement and marketing;
- Education and training;
- Security and maintenance;
- Any other issue relevant to the operations of the co-operative;

5.7 The board shall sit once a month to deal with recommendations made by the sub-committees on issues and problems facing the co-operative. The sub-committees shall be empowered by the board to make certain day-to-day decisions on an ongoing basis.

## **Policy 6 – Discipline**

- 6.1 The purpose of this policy is to ensure discipline amongst worker owners in the co-operative;
- 6.2 This policy derives from the provisions in the statute, which empowers the board to suspend or expel a member who does not abide by provisions in the statute or decisions made by the co-operative;
- 6.3 In accordance with standards of fairness the head of the sub-committee would be empowered to issue a maximum of three warnings for transgressions of co-operative policy or decisions made in accordance with the statute or the Act;
- 6.4 A first disciplinary hearing would be held by a duly elected disciplinary committee within 5 days after the worker owner breaches the co-operatives policy and decisions for the fourth time and would be handed a charge sheet stating the offence, the date and place of the hearing. The charged worker owner would not be entitled to legal representation but would be given a chance to be heard in the disciplinary hearing and can bring witnesses to the hearing. Within 3 working days of the decision of the site committee the charged worker owner has a right of appeal to the board of the co-operative. Such an appeal must be lodged on the appropriate form, within the time specified. The board may by resolution uphold the decision of the site committee. If it is an expulsion then a special resolution of more than two thirds of board members present at the meeting would be required to uphold the expulsion. After the decision is made the board has to supply the worker owner with a notification about its decision setting out the date, reasons and disciplinary measures of the action. In the case of suspensions the board may revoke the right of the worker owner to attend general meetings and/or no pay during the duration of the suspension. In the case of the expulsions the worker owner forfeits all membership fees and subscriptions which shall be credited to the general reserve of the co-operative;
- 6.5 The following forms of gross misconduct will not require a disciplinary committee hearing but mere notification from the head of the sub-committee, setting out the facts, and would warrant immediate suspension or expulsion by the board within 7 days. Such gross misconduct includes:
- Drinking at work or coming drunk to work;
  - \* Failure to accept decisions regarding wages;
  - \* Failure to abide by decisions regarding overtime;
  - Failure to meet work targets and conform to work schedules set by the site committee;
  - Use of drugs at work or coming to work drugged;
  - Unlawful use of co-operative property;
  - \* Assault of other worker owners;
  - \* Theft of property of the co-operative;
  - Sexual harassment of a female worker owner;

- \* Deliberate damage of co-operative property;
- \* Absent without permission;
- Delinquent and disruptive behaviour that prevents the operations and decision-making of the co-operative;

6.6 On receiving notification from the head of the sub-committee for gross misconduct the board shall send a charge to the relevant worker owner within 3 days. This charge shall detail the nature of the offence and shall afford the charged worker owner a chance to respond in writing or physically appear to respond to the charges at a certain date and time specified on the charge sheet, not later than 4 days after receipt;

6.7 In the case of suspensions, for gross misconduct, the board may revoke the right of the worker owner to attend general meetings and/or no pay during the duration of the suspension. In the case of the expulsions the worker owner forfeits all membership fees and subscriptions which shall be credited to the general reserve of the co-operative;

Gross and related misconducts identified by an asterisk may result in expulsion and those without an asterisk may result in a suspension