DEVELOPING AN APPROPRIATE MODEL FOR REGIONAL COOPERATION IN DEVELOPING COUNTRIES – THE CASE OF SOUTHERN AFRICAN DEVELOPMENT COMMUNITY (SADC)

by

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PROMOTER: P M D RWELAMILA

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ABSTRACT

An appropriate regional cooperation environment makes a vital contribution to the social and economic development of every country in the region. This research thesis focuses specifically on the growing lack of appropriate regional cooperation models in developing countries, and the Southern African Development Community (SADC) is used as a case study. The research highlights some key issues on the development of the appropriate regional cooperation models. The research information is obtained on the research areas through questionnaire surveys to respondents from South Africa, Tanzania, and Mauritius on the current regional cooperation model and the perceived ideal one. The conclusions drawn are that the regional cooperation models envisaged to be in use in the SADC differ significantly from the theory, which results in inappropriate focus on the requirements of the majority of the states. This is primarily due to the use of inappropriate regional cooperation models. The indications are that traditional market-type integration models, which are used as a “default model” without major adjustments, are inappropriate within the developing countries context, owing to the existence of a fundamental incongruence between the assumptions and requirements of such models and the needs and realities prevailing in Southern Africa. Southern Africa does not satisfy the foremost prerequisites of successful market integration. Despite the considerable advantages the models might have gained in other developed regions, they often fail to meet the requirements of the developing countries.

In measuring the satisfaction regarding the current regional cooperation adhering to the requirements of the majority of states, it becomes obvious that the SADC population is generally not satisfied with the results regarding the current regional cooperation. In order to meet the requirements of the majority of states, SADC regional cooperation needs to focus on the appropriate regional cooperation. This requires an understanding and management of three classes of factors, which are environmental factors, capacity factors, and regional organisational factors. The three classes of factors together affect the participation rate of the states.
KEY WORDS
Regional cooperation; Southern African Development Community; appropriate regional cooperation model; conceptual model; regional cooperation system; developing countries
DECLARATION

I declare that the work contained in this research study is the result of my own efforts, except where otherwise indicated. It is submitted in fulfilment of the requirements of the Doctorate in Business Leadership at the University of South Africa (Unisa).

_________________________  26/11/2003
SIGNATURE               DATE
(Mr M Ndlovu)
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This research would have been impossible without the voluntary cooperation of the respondents. Having been in the industry for some time myself, I fully appreciate the demands placed on managers and executives. My appreciation to all those respondents who participated in this study, without whose cooperation it would have been impossible to write this research report.

Although the doctoral experience is highly individualised in many respects and difficult to explain to outsiders, the process is shared with other students, all with their own idiosyncrasies and foibles. That sharing, in large measure, makes the experience bearable, stimulating, and frequently so absurd it is hilarious. I thank all those doctoral students who tolerated my limited hardwood skills.
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<td>Southern African Development Community</td>
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<td>SADCC</td>
<td>Southern African Development Coordination Conference</td>
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<td>SAARC</td>
<td>South Asian Association of Regional Cooperation</td>
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<td>MERCUSOR</td>
<td>Common Market of the Southern Cone</td>
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<td>EU</td>
<td>European Union</td>
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<td>ECU</td>
<td>European Currency Unit</td>
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<td>NAFTA</td>
<td>North American Free Trade Area</td>
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<td>PTA</td>
<td>Preferential Trade Area</td>
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<td>SACU</td>
<td>Southern African Community Union</td>
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<td>ADB</td>
<td>African Development Bank</td>
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<tr>
<td>MNE</td>
<td>Multinational Enterprise</td>
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<td>TNE</td>
<td>Transnational Enterprise</td>
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<td>ASEAN</td>
<td>Association of Southeast Asian Nations</td>
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<td>USAID</td>
<td>United States Agency for International Development</td>
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<tr>
<td>ECOWAS</td>
<td>Economic Community of West African States</td>
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<tr>
<td>RC</td>
<td>Regional Cooperation</td>
</tr>
<tr>
<td>IOC</td>
<td>The Indian Ocean Commission</td>
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CHAPTER 1: GENERAL INTRODUCTION

1.1 Introduction

Going by current trends in official forums in developing countries, the case for promoting regional cooperation at the regional and continental levels seems a foregone conclusion. It is not clear, however, whether regional cooperation, whatever its form, is expected to be a panacea for the economic ills of developing countries or merely one more instrument, or rather strategy, for resolving these ills. In any case, the tendency to take the case for regional cooperation for granted brings with it the underestimation of the obstacles to its attainment and substantive issues that need to be addressed beyond the mere formality of formulating a treaty for its signatories.

This research is to broach some substantive issues that need to be addressed and for which some unambiguous answers or anticipations are needed if meaningful regional cooperation is to be promoted in Southern Africa, in particular. The haste (Sejanamane, 1994; Mhone, 1993; Nyirabu, 2004) in the quest for regional cooperation in Africa has been fuelled by the recession in major developed countries, with the plight of countries in the former socialist bloc, the increasing quest for regional economic unity in Europe, and the diminishing faith in the prospects of structural adjustment measures actually succeeding in ameliorating the plight of developing countries.

In one respect then, the urgency for regional cooperation is seen to lie in the need to unite against a hostile external economic environment, and in another, it is seen as possible strategy that might pull developing countries out of the economic doldrums.

In any case, in order to contextualise the discussion of regional cooperation, it is necessary, at the outset, to explicitly spell out what the major economic goals of developing countries are, given their economic status of underdevelopment. Firstly, the immediate goals relate to (Mhone, 1993):

- the need to restore internal and external equilibrium; and
the need to restore economic growth by establishing an appropriate enabling environment for productive activities to emerge and for shifting resources away from unproductive activities or costly activities and toward more efficient productive activities. Whatever their merits, stabilisation and structural measures have been adopted to achieve the above goals.

Secondly, the long-term goals of economic objectives may be said to relate to the need to evolve economic conditions for sustainable growth by (Mhone, 1993):

- diversifying and deepening domestic economic structures through promotion of industrialisation, agricultural transformation, and backward and forward linkages between industries and sectors; and
- ensuring equitably growth and development.

The foregoing long-term objective of necessity entails the need for technological transformation, human capital development, and environment sustainability.

The purveyors of stabilisation and structural adjustment programmes would contend that their measures are, indeed, intended to, and capable of, achieving both the immediate and long-term objectives listed above. Key elements of these programmes are the need for liberalisation of the domestic economy and the role of unimpeded international trade as the engine for growth. These elements have pretty much been accepted as faits accomplis in current policy circles, and indeed, a number of countries are experimenting with their associated policy measures to one degree or another. Nevertheless, doubt in their putative effectiveness or ambiguous success, coupled with a seemingly unsympathetic external environment, has forced developing countries to hurtle further into seriously considering regional cooperation as an option.

The fear, nevertheless, is that in this forced haste, there is a tendency to skirt around the crucial issues, the major one of which is how regional cooperation relates to the attainment of the immediate and long-term goals above. In this respect, the question is whether regional cooperation is a substitute for, complementary to, or consistent with, national efforts to attain the immediate and long-term economic objectives.

*Developing an appropriate model for regional cooperation in developing countries – the case of the SADC*
It should be noted here that the size of a country has not historically been a constraint on the attainment of economic development, since we have small countries as diverse as Sweden, Ireland, New Zealand, Israel, and Hong Kong that are relatively quite developed and countries such as Nigeria, Sudan, and India that are not. Presumably, any individual country could choose to reap the benefits of free trade by unilaterally opening up its economy. Currently, there are a number of bilateral and multilateral forms of regional cooperation on both a south-to-south and a north-to-south basis.

The point is simply that neither national nor cooperative regimes have been able to launch any individual developing countries or group of developing countries onto a successful developmental path, a clear indication that there are some unsettled substantive regional cooperation issues at both the national and regional levels that need to be adequately addressed.

This research study is to highlight some of these issues. The contention being made is that the said issues need to be addressed squarely through rigorous and comprehensive analyses of empirical data to yield findings and conclusions that can be the basis for the action programme outlined by the SADC to decrease regional dependence on advanced Western nations and foster regional development. This has been called an “important and unconventional regional venture” (Tostensen, 1982). Such descriptions of developing countries with “grandiose” regional cooperation schemes have been given to SADC strategy because they take into account: 1) the problems that other have had that have included the creation of free trade areas, customs unions, or common markets; and 2) the constraints to development under which the developing states are operating (dependency, underdevelopment, and cooperation).

While the strategy for developing regional cooperation as proposed by the SADC is practical, it may be limited in its ability to alter, to any significant degree, the pattern of regional dependency, underdevelopment, and cooperation. In addition to the SADC’s being totally dependent on Western donor assistance for project implementation, the region heretofore has not been politically stable.
The specific problem investigated in this research study concerns the extent to which the SADC’s approach to regional cooperation and development is appropriate for the development needs of the region, faced with the dilemma of unequal partners that are at different levels of development.

1.2 Research Question
The research study attempts to find an answer to the following question: how could a regional cooperation model be developed that is appropriate to the needs of the Southern African Development Community?

Sub-questions
In answering the above question, these sub-questions have to be answered, which form part of the study:

- How were regional cooperation models formed in other parts of the world, and what is their mandate?
- What existing regional cooperation common platforms could be utilised when developing an appropriate model?
- How could a regional cooperation model be developed that is appropriate to the SADC?

1.3 Hypotheses
In accordance with the various theories discussed, the following assumptions are taken as a point of departure: appropriate regional cooperation results from new challenges, which developing countries believe can be better met by means of new regulations than by adhering to present national or regional strategies. Such new challenges make regional cooperation seem functionally efficient and compatible with national interest. By engaging in new regional cooperation, developing countries create or strengthen a policy domain in which they receive new instruments for dealing with specific actors, situations, and processes.

The attractiveness of a common regional capacity to act is due to the inadequacy – or the perceived inadequacy – of purely national means to face new challenges. Thus, it is necessary to discover which new challenges increased the benefits of further cooperation to
such a degree that participating governments developed a preference for cooperation. Therefore, the premise is that regional cooperation gains attractiveness if states view themselves as exposed to new challenges that they believe can be better met by a regional approach than by national strategies.

The hypotheses of the research study are articulated as follows:

- **Main hypothesis (MH):** SADC countries, with specific reference to South Africa, Tanzania, and Mauritius, hold similar views in terms of the extent to which there is a link between regional cooperation challenges and government preferences.
- **Sub-hypothesis (SH) 1:** the three SADC countries hold similar views in terms of the extent to which new challenges can be met through regional cooperation.
- **Sub-hypothesis (SH) 2:** the three countries hold similar views in terms of the extent to which regional cooperation is in line with national interest.

1.4 Research Objectives

The purpose of the study culminates in the development of a number of objectives that are set to guide the research process. Having defined the research problem and hypotheses, they are six main objectives of this research:

- To analyse the macro-level environmental factors that influence regional cooperation.
- To analyse and evaluate the position of SADC states within the developed world economy.
- To analyse the present dilemma of unequal partnership that exists between SADC states.
- To analyse the general level of regional cooperation among the SADC states.
- To analyse the current SADC regional cooperation model to determine the following: its weaknesses and strengths as viable model for transforming the present pattern of regional dependency, underdevelopment, and cooperation; and its political acceptability to the SADC states.
- To develop an appropriate model for regional cooperation from the observed effective common platforms and best practices for the SADC region.
The relationships between the research activities and research objectives identified are as shown in Table 1.1.

Table 1.1: Relationships between research activities and objectives

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<thead>
<tr>
<th>Objectives</th>
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<tr>
<td>To analyse the macro-level environmental factors that influence regional cooperation.</td>
<td>Theory and practice review and evaluation of current regional cooperation initiatives.</td>
</tr>
<tr>
<td>To analyse and evaluate the position of SADC states within the developed world economy.</td>
<td>Design and conduct questionnaire surveys and data analysis.</td>
</tr>
<tr>
<td>To analyse the present dilemma of unequal partnership that exists between SADC states.</td>
<td></td>
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<tr>
<td>To analyse the general level of regional cooperation among the SADC states.</td>
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<tr>
<td>To analyse the current SADC regional cooperation model to determine its weaknesses and strengths.</td>
<td>Theory and practice review, questionnaire surveys and analysis, appropriate model development.</td>
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1.5 Expected Contribution of the Research

The most important contribution for this study is embedded in the concept of regional cooperation. In particular, the study offers a contribution towards solving the uncertainty of what the appropriate regional cooperation model for the SADC should be. The general pattern of evolution of regional cooperation among developing countries is in terms of four generations: traditional free trade areas, regional import substitution, collective self-reliance, and regional cooperation.

Regarding the contribution to the body of existing scientific literature, an important contribution that is made through this study is the exposure of a new evolution of regional cooperation – the fifth generation that will greatly influence the nature of the new world order in which the appropriate regional cooperation model for developing countries will operate.
This research study:

- contribute to the growing body of literature aimed at providing greater insight into the political economy of the Southern African region;
- contribute to the growing body of literature on regional cooperation, especially on unequal partners, and its impact on developing countries and thus provide a valuable, objective research source for SADC policy makers, possibly providing them with some basis for evaluating their present and future strategies;
- provide a model for application in times of fundamental change; and
- equip decision-makers to take appropriate strategic action.

In the literature, there is a gap or the minimum written on theory and practice of unequal regional partners forging regional cooperation.

The research approach does not invalidate existing theories; it complements and encompasses them.

1.6 Scope of the Research

The level of analysis in this research is intended for the entire SADC region; thus it would be impossible to undertake an in-depth analysis of each country and its relationship to regional dependency and cooperation. The latter part requires that the breadth of the research be widened unreasonably and field research in specific countries undertaken. For purposes of this research, the countries of research are the three randomly selected SADC countries, namely, South Africa, Mauritius, and Tanzania and only generalised analyses are made, as these impinge on the internal distortions that are central to the research objectives.

1.7 Chapter Plan

The thesis is structured in eight chapters as illustrated in Figure 1.1. This figure shows a flow diagram of the thesis, designed to illustrate the flow of the knowledge stream, as well as the contributions of each chapter to fulfilling the research objectives. The following is also a description of the way in which the research study develops:

Chapter 1 gives an overview of the research and thesis. It includes an introduction and broad objectives for the research. It focuses on the problem definition and identifies the research objectives and hypotheses that are addressed in this research study. The research
. methodology is also discussed, particularly with reference to the procedure in relation to achieving the research objectives.

Chapter 2 deals with the theory and practice – a review of the following: the nature and concept of regional cooperation, historical perspectives on regional cooperation, regional cooperation initiatives, and the SADC.

Chapter 3 deals with the literature review on model formulation.

Chapter 4 deals with the research design and the applied methodology for the research. This will include the data collection methodology.

Chapter 5 provides a layout of the research findings.

Chapter 6 deals with the analysis and synthesis of the data.

Chapter 7 provides the developed appropriate regional cooperation model.

Chapter 8 provides the recommendations and the conclusions of the research.
Figure 1.1: Systematic outline of the research chapters

Introduction
(Research overview, objectives, and hypotheses)
Chapter 1

The nature and concept of regional cooperation
Chapter 2

First objective

Literature review on model formulation
Chapter 3

Research design and methodology for the research
Chapter 4

Second objective

Research survey findings
Chapter 5

Analysis and synthesis of data
Chapter 6

Discussion, linkages to hypotheses

Developed appropriate model
Chapter 7

Third objective

Conclusions and recommendations
Chapter 8

Developing an appropriate model for regional cooperation in developing countries – the case of the SADC
1.8 Summary

This chapter began by providing background on the importance of regional cooperation. The research questions were then discussed, and the hypotheses of the research were articulated as follows:

- **Main hypothesis (MH)**: SADC countries, with specific reference to South Africa, Tanzania, and Mauritius, hold similar views in terms of the extent to which there is a link between regional cooperation challenges and government preferences.

- **Sub-hypothesis (SH) 1**: the three SADC countries hold similar views in terms of the extent to which new challenges can be met through regional cooperation.

- **Sub-hypothesis (SH) 2**: the three countries hold similar views in terms of the extent to which regional cooperation is in line with national interest.

Based on the hypotheses, the objectives of the thesis were then identified:

- To analyse the macro-level environmental factors that influence regional cooperation.
- To analyse and evaluate the position of SADC states within the developed world economy.
- To analyse the present dilemma of unequal partnership that exists between SADC states.
- To analyse the general level of regional cooperation among the SADC states.
- To analyse the current SADC regional cooperation model to determine the following: its weaknesses and strengths as viable model for transforming the present pattern of regional dependency, underdevelopment, and cooperation; and its political acceptability to the SADC states.
- To develop an appropriate model for regional cooperation from the observed effective common platforms and best practices for the SADC region.

The scope of the research was described. This was followed by a brief account of the research methodology, which comprises theory and practice review and understanding the current nature of regional cooperation.
2 CHAPTER 2: THEORY AND PRACTICE OF REGIONAL COOPERATION – A REVIEW

2.1 Introduction
The purpose of a theory and practice review is to investigate the theoretical and practical base of issues discussed in the research problem. A broad range of theory and practice of regional cooperation foundations of the research study was considered. The major aim was to determine whether existing theory and practice could explain or shed some light on the hypotheses under consideration. This chapter is divided into two parts. The first part covers some of the definitions of regional cooperation as defined by various authors. The case for regional cooperation, the historical perspective, and its evolution will also be covered in the first part. The second part deals with the regional cooperation initiatives in Asia, Europe, the Americas, Africa, and the Indian Rim.

2.2 Definitions of Regional Cooperation
There are various definitions of regional cooperation that have been observed from different sources. Some are listed below:

- Regional cooperation (according to ADB, 2005; Haarlov, 1997; Schirm, 2002) is defined as the process/initiatives whereby nation states in common solve tasks and create improved conditions in order to maximise economic, political, social, and cultural benefits for each participating country. The emphasis is on nation states voluntarily agreeing on joint action in certain areas where they reckon that each country may achieve an outcome that is more favourable than if it had acted on its own. The cooperative efforts take place on a continuum stretching from a systematic framework, aiming at continuously increasing the level of cooperation, to an episodic style where cooperation is limited to scattered projects created more by coincidence than intent.

- According to Axline (1994), the premise is that regional cooperation is the product of negotiations among a group of states, which result in common policies that satisfy the national interests of those states. Essentially, regional cooperation is the result of an agreement among these to pursue their interests through regional policies, often within a regional organisation. The type of organisation created for regional cooperation will depend, in part, on the interests the regional countries have in common, and the activities pursued by the organisation will depend on these interests. Ultimately, the
success of regional cooperation will be determined by the ability of the organisation to satisfy those interests for each member state better than they can be satisfied by other means (for example, bilateral relations).

- Regional cooperation is seen by Mohanty (2000) as a fruitful way of tackling the problems arising out of a particular region. It owes its birth in a given region, in the face of a common challenge, to their economic and political stability or their shared ideology. Region, in the language of international politics, implies that the states in the group are interdependent in several respects, mainly because of their geographical relatedness, that this relatedness is a source of cultural and other affinities between these states, that consciousness of area identity can motivate some or all of those states to deal collectively with outside powers, and that policies towards any state in the group should take account of the likely reaction of its neighbours. Thus, the basis of regional cooperation begins with the geography, felt cultural and other affinities, and perceived interdependencies.

- Matlosa (2003) states that regional cooperation is a wide and open-ended concept referring to a variety of situations in which individual states and peoples, in a specific and well-defined "region", deliberately interact through formal and informal schemes and networks across boundaries for mutual gain. Such interactions are theoretically driven by imperatives of economic reciprocity (mutual economic gain) among states, pooling of sovereignty by giving allegiance to, and abiding by, rules set out by supranational institutions (mutual political gain), and daily survival of the ordinary peoples of a region. It can also be perceived as an attempt by nation states to control, at the regional level, what they have increasingly failed to manage at the national and multilateral levels.

The definition by ADB (2005), Haarlov (1997), and Schirm (2002) will be the primary focus of the research study. The definition incorporates interventionism and affirmative action designed to reduce spatial and structural inequalities in order to assist underdeveloped countries of the region and their peoples. It concentrates on the benefits to be derived from adopting a more interventionist and developmentally oriented approach to regional
cooperation. It promotes efforts to coordinate regional development, the establishment of regional funds giving special priority to the least developed members of the region.

2.3 The Case for Regional Cooperation

Regional cooperation (for example in Haarlov, 1997; Mhone, 1993; Schirm, 2002) is based on the general case for free trade where efficiency merits in minimising domestic resource costs and maximising welfare benefits for trading partners are well grounded in economic theory and ex post-empirical evidence, although the predictive value of the theory has been rather weak. The explanations or theories of why trade occurs and how it benefits the trading partners range from the classical Ricardian comparative advantages to the new theories as follows:

- The Ricardian theories on differential resource endowments: the focus is on the underlying differences between economies that can lead to differences in autarky price ratios, thereby leading to trade. Countries can exploit these differences, with each country specialising in goods in which it has a comparatively better technology and exporting those goods in exchange for the goods in which it has a comparatively poor technology.

- The Heckscher-Ohlin theorem based on differential factor intensities: a country will export the commodity that uses the well-endowed factor more intensively. Thus, the comparative advantage is determined by the structure of factor endowments in conjunction with relative factor intensities of commodities.

- Linder's theory on minimum demand thresholds and similarities in levels and structure of demand among trading partners: countries with the most similar demand patterns for manufactured goods will tend to be those with similar per capita incomes. People in countries with lower per capita incomes may wish to buy relatively simple products. However, people in countries with much higher per capita incomes may want more sophisticated devices.

- Product life cycle theories: long-term patterns of international trade are influenced by product innovation and subsequent diffusion. A country that produces technically superior goods will sell first to its domestic, then to other technically advanced
countries. In time, developing countries will import and later manufacture these goods, by which stage the original innovator will have produced new products.

- Learning-by-doing theories: improving the methods of production through experience, by increasing the productivity of workers, learning by doing overcomes the law of diminishing marginal productivity.

- Stages theories of comparative advantages: each country will export those goods that it produces relatively more efficiently and import those goods that it produces relatively less efficiently in comparison to the other country.

- Product differentiation theories: most products are not regarded as absolutely identical by all consumers. When there are different varieties of a product, the product is called a differentiated (or heterogeneous) product. In some cases, different varieties of a product are technically different. However, the decision as to whether a product is homogenous or heterogeneous ultimately rests with the consumers.

While the Ricardian theory tends to be rather static and restrictive in its ability to explain patterns in modern-day trade, the rest of the theories are amenable to dynamic interpretation or are, by intent, dynamic. With newer theories, the possibilities of beneficial trade under a wide range of possibilities can be visualised as well as the ability for a country to climb up the comparative advantage ladder or to reverse its role in the international division of labour. It may be noted that the applicability of newer theories can be at various levels of disaggregation such as by country, sector, industry, or product group. More generally, it can be stated that the various theories are not so much competitive as they are different in explaining particular patterns of trade. In other words, mutually beneficial trade can arise as a result of any one of them, and any combination of them may apply to different traded commodities in a given country and during different historical periods.

The ideal justification for free trade rests on very restrictive assumptions pertaining to the existence of free trade under competitive commodity and factor markets and relatively equal-sized trading partners. Thus, any move from the imperfect real world towards those ideal conditions is generally seen to be preferable, hence the case for regional cooperation. Regional cooperation (Mhone, 1993), nevertheless, by its nature, may result in trade creation
or trade diversion, thereby resulting in gains and losses for the trading partners. These gains or losses may be static or dynamic and may require anticipation and conscious balancing.

The pattern of specialisation and distribution of gains and losses resulting from trade or regional cooperation will depend on a number of factors, among which are the respective structures of production and demand of trading partners. In this respect, the following possibilities may arise: (i) trading partners may have similar or different structures of demand and supply; (ii) they may have similar demand structures and different supply structures; (iii) they may have similar supply structures and different demand structures; and (iv) within the foregoing, they may be at similar or different levels of development.

Given the foregoing possibilities, numerous trade patterns might arise among developing countries wishing to cooperate. It is clear that if regional cooperation is to result in expanded trade, then some fundamental transformations in production structures have to take place in the cooperating partners in order to create mutual markets for each other. Thus, the incidence of dynamic and static gains and losses from trade creation and diversion becomes quite crucial.

The nature of the gains and losses will also depend on the type of cooperation envisaged. Generally, one may distinguish among the following forms of cooperation in order of the degree of integration called for (Mhone, 1993):

(i) Free trade area (FTA), in which barriers to trade between member countries are removed, with individual countries maintaining their own tariff structures, etc. vis-à-vis non-member countries

(ii) A customs union (CU), in which a common market tariff barrier is imposed against non-members in addition to eliminating barriers between members

(iii) A common market (CM), which adds the free mobility of factors and production to the (CU)

(iv) An economic union (EU), which adds common currency monetary, fiscal, and economic foreign policies beyond the common market requirements
The loss of national sovereignty thus increases from the FTA to the EU, and so does the consideration of the distribution and incidence of static and dynamic gains and losses.

The foregoing suggests that the question of regional cooperation as an instrument for promoting economic development needs to be considered together with the question of the type of national strategies to be pursued in the context of such anticipated cooperation and integration.

2.3.1 Barriers to regional cooperation

If it is assumed that some form of regional cooperation will facilitate the promotion and attainment of economic development in the long term as defined earlier, then the precise form such cooperation has to take will depend very much on the likely incidence and distribution of gains and losses; both static and dynamic are likely to be compensated for. Some clear understanding and explicit anticipation of the foregoing would be crucial for mobilising the requisite political consensus and support within countries. It should be noted that the issue is further complicated by the fact that the pre-cooperation situation in each prospective cooperating country is, in many cases, fraught with prior distortions and rigidities, resulting from existing economic policies, all of which have corresponding group or class interests that stand to gain or lose from regional cooperation.

Mhone (1993) states that the incidence and distribution of gains and losses in each country and between countries will be a function of the following factors:

(i) The degree of macroeconomic distortions already present arising from import substitution or export promotion strategies and the nature of their accompanying structures of production, consumption, and trade; such distortions can be measured by a distortion index and will generally indicate how painful or painless the advent of regional cooperation is likely to be

(ii) The elasticities of demand and supply for goods and services and factors of production, which can be measured by elasticity coefficients

(iii) The relative efficiencies of production structures and the degree of their competitiveness or complementarities, which can be measured with domestic resource cost ratios (DRCs) and production functions

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(iv) The size and structure of markets, which can be ascertained through demand studies

(v) The nature and rationale of existing trade barriers such as tariffs, quotas, subsidies, regulations on final products and inputs, and technical stipulations, which can be measured using effective rates of protection (ERPs)

(vi) The nature of existing factor markets, the distribution of assets, and income

It can be concluded from the literature that differential gains and losses can arise from historical and policy differences in factor endowments and the mode of their use, differences in modes of government intervention, and differences in equity structures. Before meaningful regional cooperation can be launched, it is important that the nature and rationale of existing resource use patterns be clearly understood and explicitly anticipated in one way or another in the regional formation. More specifically, production, consumption, revenue, redistribution, and deadweight consequences of regional cooperation at both macro- and micro-levels will have to be explicitly anticipated not only in terms of balancing static gains and losses, but more fundamentally in terms of their relationship to the long-term goal of initiating and promoting economic development. It is on the basis of this information that individual countries can assess the merits of regional cooperation and accordingly mobilise the requisite internal political support for it; and it is on the basis of the same information, with the cards laid on the table for all to see, that a negotiated commitment to regional cooperation can be established.

From the discussions, the following issues may be suggested as warranting much more thorough research and analysis to provide for meaningful appropriate regional cooperation. The trade-off between the role of the nation state and the obligations of the regional body in:

- initiating and sustaining a developing mentalist orientation in the context of which overall macroeconomic policies should be located;
- resolving market barriers, failures, rigidities, or imperfections impinging on expanded trade or promotion of economic development with equity;
- the analysis of the determinants of, and likely gains and losses, both static and dynamic, resulting from, regional cooperation; and
• the design of appropriate compensatory mechanisms that would guarantee net
dynamic gains for all members in the long term.

Both national development and regional cooperation should purposefully be aimed at
challenging and transforming inherited external and internal barriers to economic
development and the inherited role and status of each country and the region.

2.4 Regional Cooperation in Historical Perspective

The process of economic cooperation among developing countries has come a long way
(Lee, 1985) since the early 1960s. There has been an extension of the scope of cooperation,
originally focused on trade, to other areas, including monetary and financial matters,
production, marketing, and so on. Today, the process of economic cooperation among
developing countries has become imperative if the developing countries are going to be able
to envisage the transformation of their economies and the growth rates they need.

Regional cooperation is not a new concept. It is one of several development strategies
pursued by developing countries over the past two and a half decades. Like most
development strategies, the theoretical formulations on which regional cooperation schemes
rest have gone through a metamorphosis and transformation (for example, Lee, 1985;
Campbell, 2003). Like the earlier “thinking about development”, the earlier “thinking about
regional cooperation” has its roots in prescriptions for, and the practice of, regional
cooperation among the developed countries in the world, particularly the European Economic
Community (EEC). Regional cooperation, as prescribed by traditional regional integration
theory or customs union theory, meant the establishment of free trade areas, customs unions,
common markets, or economic unions.

The failure of traditional integration theory or customs union theory to appropriately address
the needs of the Third World countries (namely, development versus trade creation) resulted
in the establishment of a number of regional cooperation schemes that took as their point of
departure traditional integration or customs union theory, but modified to address the specific
needs of individual Third World countries. Regional cooperation strategies adopted based on
the modification of customs union theory have also proven to be limited in their ability to address the fundamental development needs of these countries.

The present world economic crises and continued relegated position of Third World countries within the capitalist world economy have reinforced the necessity for such nations to begin to design regional cooperation strategies that will address more specifically the needs of their particular regions.

2.4.1 Traditional economic integration theory or customs union theory

Balassa (1976) identifies five degrees of economic integration, as follows: free trade area, a customs union, a common market, an economic union, and complete economic integration.

According to the traditional theory of economic integration, there are static and dynamic benefits, the former being "the welfare gains arising from a marginal reallocation of production and consumption patterns as a result of freeing trade" and the latter being "the effects of integration on the rate of economic growth". The theory recognises, however, that certain conditions must prevail in order for free trade to produce benefits leading to increased welfare. The theory assumes the existence of a highly industrialised region where intraregional trade will be increased substantially. It also assumes that the economies of scale will operate and that "pre-existing patterns of trade accurately reflect the comparative advantage of countries in traded commodities".

In developing regions, the above conditions do not exist, which makes traditional customs union theory irrelevant. The developing regions are not industrialised, their markets are limited, and "trade is directed overwhelmingly toward production and consumption patterns compared with the industrialized countries".

According to Axline (1994), it cannot be said that the economies of these countries are complementary or competitive, given the limited amount of intraregional trade. Rather, they compete for export markets in industrialised countries under conditions of income inelasticity, great short-term price fluctuations, and a secular decline in the terms of trade.
For industrialised nations, regional integration is envisaged as a strategy to foster trade creation. For Third World nations, regional integration means development creation, which is usually equated with industrialisation. Specifically, Third World nations envisage regional integration as a means to improve the economic and social conditions within their countries as an avenue to alter the unequal relationship that exists between themselves and industrialised countries with respect to the distribution of economic and political power in the international system.

According to Lee (1985), four major strategies have been pursued by Third World countries aimed at altering the present international division of labour. The first strategy, laissez-faire, is based on traditional customs union theory. In the second strategy, dirigiste, traditional customs union theory is modified to compensate for the inherent equity problem that arises from attempts to replicate the EEC strategy in developing countries. The third strategy, counter-dependency, includes parts of the first two strategies, but also considers the dependency of Third World nations on industrialised nations to be a major hindrance to regional cooperation. Finally, the fourth strategy, the comparative-advantage strategy of planned trade and production liberalisation, is considered to be a middle ground between the laissez-faire and dirigiste strategies.

### 2.4.2 Laissez-faire integration

Based on traditional economic integration theory and constructed on the European pattern of free trade areas, the purpose of the laissez-faire integration is to extend intraregional trade. The Latin American Free Trade Association (LAFTA) and the Central American Common Market (CACM) both pursued a laissez-faire strategy of regional cooperation. LAFTA was formed in response to the formulation of the ECC, as it was preserved that the ECC constitutes a state of near-war against Latin American exports. The LAFTA had a must to reply one's integration with another; to one increase of acquisitive power by internal enrichment by another; to inter-European cooperation by inter-Latin American cooperation.

While interregional trade increased under LAFTA, it was mostly concentrated among the three more developed countries of the region – Argentina, Brazil, and Mexico, the major beneficiaries of this regional trade liberalisation. The asymmetrical trading patterns resulted

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in equity problems, which occur when welfare benefits from integration are not distributed among all member countries. The limited benefits accrued by the less developed members of LAFTA led to the collapse of the negotiations at the second stage of talks for product-by-product tariff reductions in 1967 to 1969. Six of the less developed members later formed a subregional organisation of LAFTA – the ANDEAN.

The lesson to be learned from the experiences of LAFTA and CACM was explicit: customs union theory applied to the developing countries was not an appropriate strategy for increasing intraregional trade; nor was it appropriate for enhancing regional development. As Lynn Mytelka (Krieger, 1979) notes:

“When integration is conceived solely as the liberalization of trade, gains from integration, given existing structures of production and asymmetrical levels of industrial development, will only be forthcoming gradually, although sacrifices are made immediately. There is also a high probability that such gains will be inequitably distributed among the member states.”

2.4.3 Dirigiste strategy

One of the responses to the failure of the laissez-faire strategy was the adoption of the dirigiste (planning) strategy, a strategy that would not only increase intraregional trade, but would also include measures designed to ensure a more equitable distribution of gains. Specifically, it includes “redistributive measures of a compensatory and corrective nature through which problems of unequal gains and polarization can be solved collectively”. Such measures include development planning at a regional level, the formation of the regional development banks, and allocation of industry among member countries. Examples of this approach include the East African Community (EAC), the Caribbean Community and Common Market (CARICOM), and the Economic Community of West African States (ECOWAS).

The dirigiste strategy also failed to increase regional trade, prevent the unequal distribution of benefits, and enhance regional development. With respect to this strategy, Evans Young (1981) concludes:
"It was thought planning could regulate or compensate for the unbalanced effects of trade liberalisation. New industries to diversify the developing economies could be promoted on an equitable basis ... But planned means to regional cooperation also encountered conflicts of interest. Sovereign states were unwilling to relinquish control over their national economies in order to coordinate regional development planning ... planning was just as objectionable to local and foreign business interest as trade liberalization ... When not obstructed by such means, the implementation of planned industrial growth also turned out to be unequal beneficial to the members of regional groups."

2.4.4 Counter-dependency strategy

A third strategy of regional cooperation was pursued by the ANDEAN Pact, the subregional organisation of LAFTA. The countries of the ANDEAN Pact, influenced by the dependencia school of thought, realised that any strategy for regional cooperation aimed at development had to address the crucial question of economic dependence on the most advanced nations within the global political economy. The counter-dependency strategy of the ANDEAN Pact thus adopted policy measures aimed at "reducing dependence on metropolitan countries resulting from the existing international division of labour and activities of the trans-national enterprises". Specific policies adopted were controls on foreign direct investment, the creation of sectoral industrial development programmes, and preferential allocation of new industries to the poorer members in order to ensure that the richer countries and the foreign transnational corporations did not benefit disproportionately.

This strategy, like the previous ones, ran into many difficulties. For example, an agreement on a common foreign investment policy was narrowed because of disagreements between member states and the opposition of foreign corporations. In addition, Bolivia and Ecuador proved to be unattractive to potential investors; polarised development continued, and governments, local businesses, and foreign corporations continued to have conflicts of interest; the transnational dominated the sectoral development programmes because industries were developed that required large-scale, high-technology, and capital-intensive operations; and the economic and social conditions of the region’s workers and peasants were not improved.
2.4.5 The comparative-advantage strategy of planned trade and production liberalisation

The Association of Southeast Asian Nations (ASEAN) pursued a fourth strategy of regional cooperation. ASEAN was established in 1967, but did not become a viable regional organisation until 1975. The heads of government of the organisation met in Bali in February of 1976 for the first time. Though the issue of regional cooperation among the five member states was an integral part of the meeting, it was evident the major purpose was to revitalise the organisation in order to ensure ASEAN regional security.

The approach adopted by the organisation to promote regional cooperation was a middle ground between free trade and planned measures for regional development. With respect to intraregional trade cooperation, selective trade liberalisation was adopted in order to control the movement toward trade in a step-by-step, product-by-product fashion. As of January 1981, 8,529 items had been included under the ASEAN Preferential Trade Arrangement (PTA).

In addition to fostering planned trade liberalisation, ASEAN adopted means for regional development by instituting policies for production cooperation. This particular strategy of intraregional trade cooperation, production cooperation, and infrastructure development has two major objectives: a) the reduction of barriers to regional and global trade and investment and not erecting new tariff and non-tariff barriers; and b) increasing regional resources by pooling capital, knowledge, and bargaining power to better exploit the ASEAN economies' comparative advantage in the world economy without imposing severe restrictions on national or subnational actors in the course of planning.

While the economies of the member countries have grown significantly as a consequence of the increase in external regional trade, the patterns of growth have affected the internal structures of the countries, exacerbating the problem of the unequal distribution of wealth and limited employment opportunities. With respect to increasing intraregional trade (the major objective of the organisation), the PTA has done little to increase such trade. Likewise, the
five industrial production cooperation strategies have been delayed in being implemented, a factor that does not speak well for the potential of ASEAN economic cooperation.

2.4.6 Collective self-reliance: toward structural transformation

During the 1960s, “the drive to industrialize became the fundamental economic motive for efforts at economic integration among developing countries”. Such countries perceived increased regional industrialisation to be the force behind altering their subjugated position within the international division of labour. Even today, enhanced industrialisation continues to be a major objective among developing regions, for “industrialization is highly prized not only for itself but also what is believed to follow in its wake, namely, economic progress, an increase in living standards, the achievement of modernity”.

Notwithstanding the continued importance of increased industrialisation as a major objective, the fundamental objective of regional cooperation and development among Third World countries presently is collective self-reliance – cooperation among developing countries on a south-south basis in order to attain a fundamental redistribution of world production, control over the production and allocation of surplus in developing countries, and the power of these countries to make their own decisions on matters affecting their own societies.

In order for collective self-reliance to be realised, structural transformation was required. This entails an alteration in the present asymmetrical structural relationship that exists between industrialised and developing countries, as well as an alteration in the political, economic, and social structures within developing countries that perpetuate underdevelopment.

With structural transformation as the major objective, developing countries had to set as their primary strategy goal the transformation of the structure of production instead of concentrating on trade creation or import substitution. This, according to several scholars, requires the adoption of a political economy framework for understanding and evaluating regional cooperation and development among Third World nations. Intraregional trade, it was hoped, would eventually be increased as a result of planned regional structural transformations.
During the sixties, regional groupings were formed in almost all developing regions of the world in the wake of the creation of the European Common Market (Bhalla, 1997). However, in the most recent years, interest in regionalism has been revived partly in response to increasing globalisation. The new regionalism of the eighties and nineties envisages greater integration among members of developed and developing countries through the establishment of closer economic and trade linkages.

The new regionalism renewed interest in the creation of the North American Free Trade Area (NAFTA), Common Market of the Southern Cone (MERCOSUR), Central European Free Trade Area, Association of Southeast Asian Nations (ASEAN), South Asian Association for Regional Cooperation (SAARC), and the SADC. This need to create free trade areas bears testimony to this new trend (De Mello, Jaime & Panagariya, 1993). The context of earlier regionalism (that is, import-substituting industrialisation) is very different from that of new regionalism (multilateralism and globalisation). It is for this reason, among others, that the issue of compatibility or conflict between regionalism and multilateralism has come to the forefront of the current debate about the global economy.

The formation of regional blocs or loose groupings in the sixties was based on a number of assumptions (see, for example, Bhalla, 1997):

- Firstly, that it would raise the demand for raw materials and foodstuffs, and with time, exports of manufactured goods among developing countries would reduce their economic and technological dependence on the industrialised countries.
- Secondly, that it could raise the bargaining power of the member countries vis-à-vis the developed countries.
- Thirdly, it was believed that regional groupings would enable economies of scale resulting from enlarged markets and, thus, lower the costs of production and raise economic efficiency.
- Fourthly, most developing countries are exporters of primary products, the prices of which are subject to cyclical fluctuations. They are particularly vulnerable to fluctuations in world demand and commodity prices. Regional cooperation was seen as a means of reducing their vulnerability to external shocks.
Among developing countries, in particular, regionalism is a response to growing protectionist tendencies by the European Union, NAFTA, and the major markets of Japan and the United States. It is also a bid to survive increasing global competition in trade and investments (see, for example, Bhalla, 1997).

2.5 Evolution of Regional Cooperation

This evolution can be characterised in the form of change across four generations (Axline, 1994) of the thought and practice of regional cooperation among developing countries, as discussed below:

(i) The first generation: traditional free trade areas
The first examples of regional integration among developing countries in the late 1950s and early 1960s were established in emulation of, and reaction to, the European Community. The idea of increases in welfare deriving from freeing trade and marginal increases in productivity through economies of scale and the ensuring of economic growth resulting from traditional customs unions went hand in hand with the idea of economic growth as development and with the idea of modernisation as political development. This first generation consisted of attempts to transfer to a setting of underdevelopment policies of trade liberalisation that had been applied to industrialised economies. The Latin American Free Trade Association (LAFTA) and the Caribbean Free Trade Association (CARIFTA) exemplify the institutions that were created on these theoretical bases. The theory that informed the practice and analysis of these early examples was related to traditional customs union theory and, to some extent, related to the neo-functionalist perspective applied to integration in Europe.

(ii) The second generation: regional import substitution
As the thinking about development economics evolved, so did the way in which regional integration among developing countries was understood, as it shifted away from the traditional customs model based on the laissez-faire approach of freeing trade to a model theoretically dominating development thinking, particularly in Latin America. Industrialisation remained the central goal of development policy and regional integration in the Third World. However, the way in which industrialisation was to be achieved, as well as other aspects of economic change, particularly distribution of wealth, increased employment, and the role of
transnational corporations, became important additional development considerations that influenced thinking about regional integration among developing countries. The diffusion of the rationale of economic integration as a form of regional import substitution through the United Nations Regional Commissions also had an impact on regional cooperation in Africa and Asia, but not to the degree that it did in Latin America.

The theoretical focus of regional cooperation had clearly shifted from one of economic integration as a means to promote trade as an "engine of growth" to one of economic integration as a means of industrialisation for economic development. The focus of development had shifted away from an emphasis on national factors limiting economic growth to a concern with the position of the developing countries in the world economy as an obstacle to development.

(iii) The third generation: collective self-reliance
The previous emphasis on economic integration as a market solution to economic development based on industrialisation by invitation was criticised by dependency theorists, just as the effects of import substitution on a national scale had been. In analysing the results of Latin American economic integration, it was revealed that much of the "success" of market integration as reflected in the impressive expansion of intraregional trade was accounted for by multinational corporations, and the pattern of these trade benefits was concentrated in the member countries that were already among the most privileged of the region.

As more radical critiques of problems concerning underdevelopment pointed to the nature of the capitalist economy and the structural relationships within it as a major source of Third World problems, economic integration of the traditional kind appeared to be more a problem than a solution to difficulties of development. Calls for a more fundamental redefinition of the relationships between rich countries and poor countries focused efforts at regional cooperation towards the adoption of a common front through regional policies as a form of "collective self-reliance". Joint policies within the region were augmented by external policies towards third world countries and common negotiating positions in larger international forums. No longer was "integration" of the national economies the sole focus of cooperation, but joint
political action in a range of areas that included trade, aid, political, and security matters formed an area of joint activity that defined regional cooperation.

The theoretical principles used to understand the processes of collective self-reliance were grounded in a political economy approach and reflected, to a much greater degree, the importance of the global context of regional cooperation.

(iv) The fourth generation: regional cooperation
In the 1960s and the early 1970s, the global economy had been generally favourable towards regional integration and saw the emergence of more comprehensive forms of regional cooperation, with the most often cited success being the ANDEAN Group. By the end of the 1970s, the picture was quite different. The double oil price shock, increasing debt burden, and contraction of worldwide trade presented a much less favourable context for regional cooperation, and by the beginning of the 1980s, all attempts had suffered reversals to a greater or lesser degree.

In the 1980s and early 1990s, many “new starts” were undertaken by regional organisations in Latin America and Africa. There is some suggestion that the forms these have taken differ from experiences represented in the studies presented, which are characteristic of patterns observed over the preceding decades. Two tendencies that are identified in the studies presented seem to be: (a) a move back to measures of trade liberalisation, often on the basis of overlapping bilateral agreements rather than multilateral regional obligations (ANDEAN Group); and (b) specific cooperation on individual projects or programmes among several countries (for example, the SADC and MERCOSUR).

2.5.1 The search for emergent patterns
By the beginning of the 1990s, many of the regional organisations had regrouped and attempted to relaunch regional cooperation on a different basis. Their ability to succeed in these new efforts will depend in part on their ability to adapt to the circumstances of the changed global political economy, which will determine the characteristics of the “fifth generation of regional cooperation”. The case studies presented should shed some light on the direction and nature of regional cooperation in the post-cold war era, as they identify the
major forces that impinge on the politics of regional cooperation, both within the region and outside.

The present document provides a series of case studies of regional cooperation during the period of the cold war. They trace the evolution of these examples from their origins up to the beginning of the 1990s when, in virtually every case, they reflect the impact of changed situation of the post-cold war international system that will strongly condition the fifth generation of regional cooperation. The overall picture that emerges from these studies is a process of regional cooperation that evolved with the changing circumstances of international political economy, as well as the changing emphasis of the thinking about development policy. The different examples reflect various degrees of success. The relative success can be explained within the broad theoretical lines of an approach to regional cooperation that focuses on the issues and actors involved in a process of regional negotiations over the creation of benefits, the distribution of these benefits, and attempts to redefine relations between the region and the outside.

In virtually every case, it is possible to trace a pattern of establishment, some modest successes with respect to the original goals, but eventually failure to achieve the overall aims, and finally stagnation or collapse, only to emerge in new form in the 1990s. The form that this fifth generation of regional cooperation will take is suggested by a common pattern that is revealed in case analyses here. However, the eventual outcome of the changes taking place now will only be revealed in this research. This direction will be greatly influenced by the nature of the new world order in which regional cooperation will operate.

The research will contribute to our understanding of the politics of regional cooperation among developing countries, as it relates to the domestic political and economic situation and to the larger global context.

While the end of the cold war, globalisation, and the decline of American hegemony will all affect the process of regional cooperation, the most significant factor influencing regional cooperation is likely to be the emergence of three broad continental blocs: the American bloc.
centred on the United States, the European bloc centred on the European Union, and the Asian-Pacific bloc centred on Japan and now China. This may be another dilemma (in this research) faced by developing countries as they attempt to define their relationships within each of the three blocs.

A summary of the evolution of regional cooperation based on the literature reviewed above is shown in Figure 2.1.

Figure 2.1: Evolution of regional cooperation

2.6 The Concept of Globalisation versus Regionalism

Globalisation refers to the increasing integration of economies around the world, particularly through trade and financial flows. The term sometimes refers to the movement of people (labour) and knowledge (technology) across international borders (International Monetary Fund, 2000).
Global markets promote efficiency through competition and the division of labour – the specialisation that allows people and economies to focus on what they do best. They offer greater opportunity for people to tap into more and larger markets around the world and maximise their wealth. It means that they can have access to more capital flows, technology, cheaper imports, and larger export markets.

According to Hill (2003), such reasons for globalisation could be to:

- earn greater return on assets and utilise core competencies, which are a strategic competitive advantage;
- realise location economies by dispersing value creation activities to those locations where they can be done most efficiently;
- realise experience curve economies, which reduce the cost of value creation; and
- diversify risk, which could include political, economical, business, and financial risks.

The past decade has witnessed the emergence of new regional economic groupings and revitalisation of existing ones. This development raises questions about whether such groupings are "buildings blocks or stumbling blocks" towards efforts to create a global multilateral trading system and a unified global economy (see, for example, Bhalla, 1997). One view is that by gradually introducing free trade or trade liberalisation at a regional level, they could be considered the initial steps towards global liberalisation. Such liberalisation may be easier when a small number of countries are involved. Another view is that regionalism might pose a threat to a global trading system, especially if the regional blocs create tariff walls around them.

2.6.1 Different forms of the new regionalism

From the fifties to the seventies, the newly independent developing countries were anti-colonial and, thus, sought independence from the north through south-to-south cooperation. Regional groupings were considered a means of promoting such cooperation. The earlier regional groupings were created when their member countries were in early stages of development (see, for example, Bhalla, 1997). With the small size of their markets, it was believed that regionalism would provide economies of scale with rapid industrialisation. The
regional groupings were inevitably formulated within the framework of economic planning and government regulation.

The latest new groupings, on the other hand, emerged under the paradigm of economic liberalisation and market deregulation. The world economy has become increasingly interdependent following the end of the cold war as a result of rapid technological diffusion and economic and trade liberalisation by most countries. Developing countries are liberalising trade unilaterally as a component of reforms in macroeconomic, trade, and industrial policies. The reforms are being introduced with the aim of raising productive efficiency and coping with increasing international competition.

The earlier groupings were inward-looking and viewed protective tariffs as a means of promoting growth; the new groupings are generally outward-looking and view intraregional and interregional trade as an engine of growth (see, for example, Bhalla, 1997). The new regional arrangements are a response to the increasing competition under a global economy, as, for many, they represent a first step towards enabling economies to benefit from the process of globalisation. The new wave of regional integration is being viewed less in terms of gains from trade creation/diversion and more in terms of scale economies, product differentiation, efficiency gains, and policy coordination (Robinson, 1993).

Unlike most old regional groupings (with the exception of the African ones), the new ones are characterised by overlapping membership by countries in a number of different groupings (for example, membership of the US, Canada, and Mexico in NAFTA). It appears that the primary motivation for this multi-membership is to secure access to different regional markets, particularly where regional blocs demonstrate protectionist tendencies against non-members (see, for example, Bhalla, 1997).

Besides market access, members of regional groupings may also be interested in diversifying their trade and investment linkages so as to reduce their dependence on major trading partners such as the US. Table 2.1 below summarises the characteristic features of the old and new regionalism.
Table 2.1: Characteristics of old versus new regionalism

<table>
<thead>
<tr>
<th>Old regionalism</th>
<th>New regionalism</th>
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</thead>
<tbody>
<tr>
<td>Institutions/government driven</td>
<td>Market driven</td>
</tr>
<tr>
<td>Import substitution as basis of industrialisation</td>
<td>Export promotion and trade liberalisation</td>
</tr>
<tr>
<td>Discrimination against the rest of the world</td>
<td>No discrimination against the rest of the world</td>
</tr>
<tr>
<td>Regional or subregional competition</td>
<td>Global competition</td>
</tr>
<tr>
<td>Emphasis on intraregional trade and security</td>
<td>Emphasis on open trade and growth</td>
</tr>
<tr>
<td>South-south or north-north membership</td>
<td>North-south membership (for example, NAFTA)</td>
</tr>
<tr>
<td>General membership of one group</td>
<td>Overlapping membership of country in number of groups</td>
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Source: Bhalla (1997)

The literature has shown that globalisation is a much broader concept than trade liberalisation per se. Its scope extends to trade and investment flows, spread of financial and capital markets and production beyond national boundaries, and the activities of multinational enterprises (MNEs). In the growing climate of liberalisation, multinational enterprises and their corporate strategies are playing an increasingly important role in determining the nature, shape, and extent of regionalism and globalisation. Globalisation would gain ground if all the different regions adopted open regionalism. However, protectionism practised by some regions acts as a stumbling block to this process.

For this research study, the primary focus will be on new regionalism as it deals with the current issues, while using past developments as a basis for formulating an appropriate model for regional cooperation.

2.7 Regional Cooperation Initiatives in Asia

Until the Asian crisis that erupted in 1997, the East Asian economies pursued a multilateral approach to trade throughout the post-war period, unlike Western European countries and the United States (see, for example, Harvie & Lee, 2002). In particular Japan, China, and South
Korea were the world’s only major economies that had yet to conclude a free trade agreement.

Regional cooperation in Asia (see, for example, Hamilton, 2003; Harvie & Lee, 2002) has been motivated by perceptions of shared vulnerability as a result of the financial crisis of 1997-1998, the dissatisfaction with attempts at international financial reform centred on the IMF, and resentment at the way the IMF and the US responded to the crisis in Asia. Asian policy makers believed that the conditions attached to IMF lending to crisis-affected countries were inappropriate and that American opposition to a 1997 Japanese proposal for a regional support facility, dubbed an “Asian Monetary Fund” (AMF), was a self-interested attempt at preserving influence at the expense of the region (Higgott, 1998).

2.7.1 The East Asian development model: past and present

Until the financial and economic crisis of 1997-1998, East Asia had achieved a remarkable record of high and sustained economic development (see, for example, Harvie & Lee, 2002). In particular, Japan, Hong Kong, Singapore, South Korea, Taiwan, Indonesia, Malaysia, and Thailand had been the high-performing East Asian economies (HPAEs). This remarkable achievement was once considered by a number of observers, including the World Bank, as “the East Asian miracle”. The East Asian economies were hailed as models of achievement for emerging economies to emulate.

The East Asian development model (EADM) (see, for example, Harvie & Lee, 2002) is characterised by the following major determinants: initial conditions, external environment, policy factors, and interim and final outcomes.

2.7.2 The past East Asian development model (EADM)

(a) Initial conditions

Firstly, in many East Asian countries, rapid development took place from an initial position of “economic backwardness”, characterised by a low level of national income and income per capita. The historical record strongly suggests that really rapid growth of real income per capita is confined to cases where countries that initially lag behind the leaders in terms of
income and productivity levels go through a phase of rapid catching up (see, for example, Crafts, 1998). But catching up is not automatic. Gerschenkron’s (1962) discussion of the opportunities and difficulties of “economic backwardness” suggests that economically backward countries could achieve a take-off into rapid growth only if they take radical measures to promote development through institutional innovations and controlled capital markets. With the exception of Hong Kong, the development strategies of most of the East Asian countries to achieve rapid catch-up growth bear strong resemblance to Gerschenkron’s recipe (Crafts, 1998). As economies develop, they typically undergo a demographic transition in which birth and death rates both fall to lower levels, but during which there is an acceleration of population trends initially to reduce and significantly to increase the proportion of working age.

Secondly, the Asian people were diligent as proven by working long hours and high savings rates. Such diligence in combination with low costs of labour employment made these economies attractive to foreign investors. A high pool of available savings provided the necessary funds for high rates of domestic investment.

Thirdly, there were sound policy fundamentals, which were low fiscal budget deficits, surpluses, and focusing on restraining government spending, thus enabling public savings to complement private corporate sectors.

Fourthly, in most Asian countries, people were well educated due to strong Confucian emphasis on education, focusing on the development of good primary education.

(b) External environment

Firstly, the international movement towards freer trade under the General Agreement on Tariffs and Trade (GATT) enabled East Asian countries to effectively pursue an export-oriented growth strategy. Following a number of multilateral trade talks under the auspices of GATT, the developed countries moved towards the opening of their domestic markets; yet most East Asian countries, as developing countries, were allowed to keep their domestic markets effectively closed until the end of the 1980s.
Secondly, the free trade approach on the part of the United States, which provided the largest market for East Asia’s exports, assisted the export-oriented industrialisation strategy of these countries. Most East Asian countries received a considerable amount of explicit and implicit assistance from the United States during the cold war era, and this provided seed money at the initial stage of economic development.

Thirdly, like flocks of geese flying in a “V” formation to make their flying easier, the East Asian countries followed the export-oriented development model of Japan – the lead goose. Japan successfully developed globally competitive high-technology products that it was able to export successfully, including to the economies of East Asia, while its domestic market remained almost effectively closed to foreign competition.

After the Plaza Accord in 1985, the yen began to increase in value relative to the US dollar. The strong yen encouraged many Japanese companies, particularly in the automotive and electronics industries, to establish overseas plants in order to maintain their international competitiveness (see, for example, Sato & Rizzo, 1986). The stronger yen also increased the cost of employing labour, relative to that of its regional competitors such as Korea, and resulted in many of Japan’s labour-intensive industries moving offshore to production units in the lower labour cost countries of East Asia. Instead of Japan exporting these products to East Asia, these countries now started to export to Japan. In the process, Japan, through its foreign direct investment (FDI), had passed on its production technologies to the East Asian nations.

Fourthly, East Asian economies, as from the period after the breakdown of the Bretton Woods agreements, began to benefit from the rapid development of international financial markets and globalisation of capital flows. This assisted in the accumulation of FDI and the expansion of regional growth of output and exports. However, such flows of capital increased dramatically, enabling these economies to sustain very high rates of investment, but also contributed to problems on the current account and in the accumulation of foreign debt.
(c) Policy factors

Firstly, the economies of East Asia operated within an environment of primarily market-based mechanisms of competitive discipline. This contributed to the development of competitive enterprises subject to hard budget constraints, and, by limiting price distortions, the system contributed to a more efficient and productive allocation of scarce resources.

Secondly, with the exception of Hong Kong, there was a strong leadership role by regional governments in creating and developing the “market” and their credible commitment to its long-run development. This is a somewhat controversial argument, as there is plenty of evidence that East Asia’s industrial policies did not contribute to the growth of the industries’ productivity. Strong government leadership until the early 1980s was rather necessary and desirable because the domestic markets were incomplete or missing and the structure of domestic industry was rather simple. Even if the net benefits of government intervention policies are still controversial, they clearly allowed some Asian firms to establish themselves in industries, such as steel, chemical engineering, ship building, electronics, and automobiles, where the costs of entry were high.

Thirdly, an outward-looking development strategy, particularly a dynamic export sector, has been a crucial ingredient of the miracle. The East Asian economies started from a very low level of national income and income per capita. Domestic producers faced a very limited domestic market, suggesting that developing an industrial base through import substitution had severe limitations. The only way forward was an export-oriented industrialisation growth and development policy, requiring the development of enterprises. East Asian governments set firm- and industry-specific export targets and developed export-marketing institutions. They also made selective use of tariff protection and export incentives, ranging from moral suasion to subsidies, and provided industry with financing at lower cost. Outward-oriented development forced domestic firms to become more efficient and absorb foreign technology and managerial know-how in order to compete in the world markets. It provided access to larger markets and generated increasing returns to scale in production. Export-oriented development was a means of achieving viable external balances, generating foreign
exchange to purchase essential technology and imported inputs, and generating the demand needed to accelerate gross domestic product growth.

*Fourthly*, there was the adherence to stable macroeconomic management. This contributed to vigorous accumulation through higher rates of investment and to improved allocation by reducing inflation and instability in relative prices (see, for example, World Bank, 1993). The maintenance of competitive exchange rates was also seen as being important. During the period of the 1990s, however, and before the financial crisis of 1997, the East Asian economies adopted varying nominal exchange rate policies vis-à-vis the US dollar. Some countries pursued relatively fixed rates, while others pursued more flexible exchange rates. With the exception of Korea and Taiwan, the East Asian economies, by the end of 1996, experienced a considerable appreciation of their real exchange rates and loss of international competitiveness.

*Fifthly*, education policies that focused on primary and secondary schools generated rapid increases in labour force skills and enhanced the productivity and employability of the workforce. Governments in these Asian countries successfully addressed the market failures of missing information and positive externalities in the education field by focusing education spending on universal primary and secondary education. Advocates of free markets saw the triumph of the East Asian economies as being in their small governments, the market mechanism, and unfettered private initiative. On the other hand, interventionists saw the East Asian miracle as being the triumph of selective interventionist policies by East Asian governments. Trade economists viewed it as a miracle based on outward orientation, labour economists stressed the early emphasis on education, and macroeconomists pointed to the region’s fiscal conservatism (see, for example, Rodrik, 1999).

(d) Interim outcome

The EADM produced impressive results by any standard. These included high levels of domestic financial savings and private domestic investment, rapidly growing human capital, rapid growth of exports, and rapid catching up of foreign technologies. These were described here as being major interim outcomes, which became the principal engines of growth. A
World Bank (1993) report asserts that investment, exceeding 20 per cent of GDP on average between 1960 and 1990, combined with rising endowments of human capital, "accounts" for about two thirds of the growth in HPAEs.

The HPAE governments encouraged private investment with a wide array of mechanisms such as low capital goods prices, subsidised interest rates for corporate investment, and limited risk for investors (see, for example, World Bank, 1993). A stable business environment with relatively low inflation also encouraged investment in long gestation fixed assets. High rates of investment were financed by domestic savings, as well as through increasing flows of FDI.

(e) Final outcome
The interim outcomes contributed to rapid industrialisation, rapid and sustained economic growth, and considerably improved social indicators. Poverty declined significantly, and other social indicators, such as equality of income, life expectancy, and fertility rates, compared favourably with other countries at a similar level of income before and during the period of rapid growth.

East Asian economies compared favourably with the economies of sub-Saharan Africa, the Middle East, Latin America, and the Caribbean in terms of income inequality throughout the period of the 1980s and 1990s, although they lagged behind the performance of the economies of South Asia.

2.7.3 The present East Asian development model
The events of 1997 to 1998 induced academics, policy makers, and journalists alike to re-evaluate the EADM and to identify whether this required a fundamentally different economic growth paradigm or model or whether the old model was still applicable, but just needed some model fine-tuning. Different views stemmed from different explanations of causes of the crisis. These can be divided into three groups. The first group argues that the Asian crisis erupted because, even though there was no serious problem, self-fulfilling investors panicked and ran away in a herd from the region (see, for example, Radelet & Sachs, 1998). The second group takes the opposite position and claims that the fundamental problems of
these countries had accumulated and finally erupted at once when they reached breaking point (see, for example, Krugman, 1998; Corsetti, Pesenti & Roubini, 1998). The third group argues that the crisis erupted mainly because of external factors such as abrupt changes in international market conditions. It seems that there is some truth in each of these explanations.

The East Asian financial crisis occurred not due to one single reason, but due to elements from all three explanatory categories. Even if the main cause of the recent crisis was largely due to volatile international financial markets, the crisis exposed several structural problems that need to be overcome if East Asia is to revive its sustained rapid growth. The crisis has irrevocably altered the economic landscape of the region, hence the development of the new model. The model presents an interpretation of the emerging features of the “new” economic model, emphasising the rapidly changing external environment (see, for example, Harvie & Lee, 2002).

(a) Initial conditions

Most East Asian economies (for example, Harvie & Lee, 2002) can no longer be described as less developed, but more accurately as maturing economies. However, the region still possesses a sound work ethic among its people, which still remains as a valuable asset. A high spirit of education also remains valid, but as these countries develop into advanced economies, and with the technology and skill-intensive demands of the “new economy”, they will increasingly require a highly skilled and creative labour force.

(b) External environment

The global economic environment continues to change at a rapid pace. With the conclusion of the Uruguay Round and the establishment of the WTO, the East Asian economies will face a more rapid opening of their domestic markets to both trade and investment flows. Unlike in the earlier period of rapid growth, the economies of East Asia are now facing a proliferation of regionalism in both Europe and in the Americas, making the task of further expanding exports to these key markets increasingly difficult. Within East Asia itself, the next wave of rapidly developing economies is coming through – in particular, China. China has broken the flying geese pattern, thereby posing a serious threat to existing EADM. The US market, the single
biggest market for East Asian products, which previously emphasised a free trade approach, has changed its attitude towards a fair trade approach and replaced it with protectionist policies.

The world is today experiencing a knowledge revolution. It is currently experiencing a major transition from an industrial society to a new economic paradigm, where information and knowledge are the principal drivers of competitiveness. Rapid advances in information and communications technology (ICT) have brought fundamental changes to economic transaction modes of business, government, and lifestyles.

(c) Policy factors
The economic circumstances in the wake of the financial crisis, as developments in the external environment previously identified, have made a reappraisal of the conduct of certain aspects of policy essential. The primary market-based mechanisms of competitive discipline will remain and intensify. It is no longer possible to protect certain sectors of the economy behind trade and non-trade barriers. The development of domestic enterprises capable of competing domestically and internationally will be necessary.

The East Asian governments need to play a new role in the economy that focuses on establishing the necessary institutional framework that supports competitive and open markets and contributes towards capacity building. The key to this will be the policy that focuses on good governance both in the private and public sectors (see, for example, Harvie & Lee, 2002). In the private sector, the development of stock markets and financial institutions with the capacity to monitor the performance of private sector enterprises will be essential to ensure a more efficient and productive usage of financial resources.

Policy emphasis also needs to be devoted to the development of small and medium-sized enterprises (SMEs). Korea has traditionally emphasised the role and importance of large enterprises, the chaebol, and suffered severely during the period of the crisis, while Taiwan, dominated by SMEs, came through the crisis relatively unscathed (see, for example, Harvie & Lee, 2002). The development of the SME sector has the potential to expand growth,
employment, and exports, reduce poverty, enhance regional development, empower groups such as women, and contribute to a more crisis-resilient economy.

The issue of whether industry policy should give more focus to the development of large or small enterprises remains a contentious issue in the literature (see, for example, Hallberg, 2000). However, the contribution of SMEs to the future development of the region remains of paramount importance and particularly so for developing countries.

The East Asian governments should continue to pursue an outward-looking development strategy, as the relationship between openness and growth appears to be fairly robust. But in the new framework, trade should be promoted not only by promoting exports, but also imports. This is because by embodying technologies of the country of origin, and other countries contributing to the product, imports are an effective vehicle for assimilating new technology (see, for example, Bayoumi, Coe & Helpman, 1996).

Higher priority should be given to greater integration between the domestic and external sectors of the economy, as well as giving more emphasis to the development of sectors that serve primarily the domestic market. The former, in particular, implies the need to increasingly incorporate domestic enterprises in the supply chain of multinational enterprises located domestically, but also those located overseas. An important change of emphasis would be to move towards a more balanced approach to growth of economy, in which domestic and foreign market-oriented enterprises are given more equal treatment.

In the wake of the 1997-1998 crisis, the Asian countries put up a considerable amount of government debt to finance the restructuring of their financial institutions and corporations. Therefore, special efforts to maintain stable macroeconomic policies are required that will entail the maintenance of a low budget deficit or surplus level, monetary policy aimed at price stability, ensuring that the real exchange rate remains competitive, ensuring a reduction of foreign debt (particularly short-term debt), and encouraging the rapid repayment of any international loans.
The collaboration with reform of the financial and corporate sectors will be essential for the establishment of a platform for the long-term sustainable recovery of regional economies. The East Asian governments need a stronger cooperation within the region in both trade and finance.

(d) “Targeted” interim and final outcomes
Harvie and Lee (2002) suggest that targeted interim outcomes must aim at the maintenance of high rates of domestic saving to reduce the reliance on foreign funds and foreign borrowing, in particular, as much as possible.

A second objective, and a key lesson from the crisis, is the need for such funds to be put to productive usage with prudence.

Thirdly, there is attaining a high level of human capital to meet the demands of the new economy for a technologically literate and skilled workforce.

Fourthly, there is maintaining export growth while ensuring the development of the domestic market.

Finally, in order to maintain its international competitiveness, it will be essential for the region to continue the process of technological catch-up in key sectors, as well as in pioneering technology development of its own.

Harvie and Lee (2002) state that if the above key building blocks can be put in place, then the region, in this new global environment of intensive competition, improved information and communications technology, and openness of markets, can flourish.

(e) East Asian regionalism and the East Asian development model
There has been an increasing trend towards regionalism in East Asia. According to Harvie and Lee (2002), the driving force behind this has been the slowing liberalisation process under the WTO, the proliferation of regionalism elsewhere in the world, and the 1997-1998...
financial crisis, which demonstrated the risk of contagion and investors' perception as a "single market".

Harvie and Lee (2002) state that if the world is a free market as a whole at the multilateral level, or keeps moving towards it, the policies of free trade on the part of East Asian countries may be superior to one that relies on regionalism. However, more efforts to build regional cooperative frameworks within East Asia can be justified with the current worldwide trend of regionalism. This suggests that the East Asian countries should pursue an outward-looking development strategy that relies on both worldwide globalisation and Asian-wide "regionalisation" by forming free trade areas (FTAs) among themselves.

The implications of this for EADM as discussed by Harvie and Lee (2002) are as follows:

Firstly, it is clear that exports will remain important if the economies of East Asia are going to return to high and sustainable growth. However, with the growth of regional trading blocs (for example, NAFTA and the EU), access by the East Asian economies to these blocs is likely to be fraught with increasing uncertainty. Instead, East Asia should give more weight to expanding trade within the region itself. Given the current WTO difficulties in producing another round of tariff reductions, the East Asian economies can initiate this process through greater economic integration between themselves, over which they have more control, and where they have a vested interest in making it succeed.

Secondly, with greater regional integration comes the prospect of expanded competition in domestic markets. Hence, there is the need to develop globally competitive indigenous enterprises that can compete both in domestic and international markets. Enhancing corporate sector restructuring and transparency is of particular importance here, as is the expanded role of the SME sector.

Thirdly, benefiting from further expansion in trade and investment in the region will stabilise financial markets, including those of regional currencies. The example of the EU is of interest here. Perhaps the ultimate movement towards economic and monetary union should be attempted in stages: movement towards free trade and a single market; closer coordination
of monetary, fiscal, and exchange rate policies; convergence criteria; movement towards fixed exchange rates; movement towards a single currency and a single central bank for East Asia (see, for example, Oh & Harvie, 2001).

Fourthly, while export growth will remain important, more emphasis should also be given to the development of the domestic sector. Hence, there should be more emphasis on balanced growth for the economies of East Asia.

Finally, in addition to the economic gains, the East Asian countries would be able to make the overall ties among themselves stronger and more stable through increased interdependence, thereby increasing their influence in the international trade and investment area.

According to Harvie and Lee (2002), the creation of such an East Asian economic bloc could have many implications for the global system. On the positive side, the East Asian economic integration could be a catalyst for the trading system in the same way as the successive process of economic integration has been during the post war. The unified East Asia could accelerate the momentum of overall trade liberalisation, boost economic growth, and contribute to international peace. On the negative side, a process of new regionalism in East Asia would discriminate against outsiders. This, in turn, could act as a disruptive force in the world trading system and undermine the multilateralism of the WTO. East Asian countries, however, should not reject the multilateral institutions with which and within which they should continue to work and the framework of the WTO and should cooperate with the rest of the world both in economic and security terms.

Hamilton (2003) provides a different explanation for why the region never developed capacity to manage the effects of economic interdependence before 1997, leading to a different assessment of current regional cooperation initiatives. Low cooperation (Hamilton, 2003) in the region is not a simple case of cooperation failure for reasons that are familiar to international relations theorists. Economic diversity, inter-state political rivalry, and the influence of the US have impeded cooperation on some issues, but do not explain why other types of cooperation are difficult. On some issues, the domestic capacity of government
organisations is a more important factor. While the diverse organisational forms and capacities of government in Asia do not prevent economic integration or moves to bring regional countries together in shows of unity, they do make cooperation on many "governance" issues problematic.

According to Hamilton (2003), the reasons why domestic governance capacity is likely to influence patterns of regional integration and cooperation are the government capacity and cooperation. Actors and institutions at the domestic level influence the goals and strategies that governments pursue in international negotiations (see, for example, Hamilton, 2003). In this sense, the importance of government institutions for international cooperation is well recognised (Gourevitch, 1996). However, governments matter for cooperation in ways that are not captured in accounts that see them as representative of particular coalitions of interests. Regardless of preferences, the capacity of government organisations to implement policy will affect a country's need to engage in international cooperation and its ability to do so.

Other analysts have argued that the nature of governing systems in Asia can be related to patterns of economic integration or cooperation in the region. With the exception of Dauvergne's (1997) view of forest management in Southeast Asia, however, the idea remains undeveloped and empirically untested. There is also scope for disagreement over the basic characteristics and capacities of states in the region.

Hamilton (2003) defines the government capacity as meaning the ability of a government to implement its own declared policy in a reasonably consistent and rule-abiding way. The effects of government capacity vary according to policy type. Policy is relevant because different tasks impose qualitatively different demands on governments (see, for example, Grindle, 1980). Financial deregulation and trade or investment liberalisation require governments to stop or reduce activity: to stop providing financial subsidies, for example, or to end restrictions on foreign investment. These policies may be politically difficult to adopt, but, once adopted, remain in effect until rescinded by new policy.
Government capacity and policy type influence cooperation in ways that are analytically prior to that of other determinants, such as the availability of institutional solutions to collective action problems.

Even if collective action problems have been solved, formal cooperation will not occur unless three conditions are satisfied:

- Policy goals are complementary.
- Mutual adjustment (cooperation) is necessary to secure these goals.
- Domestic implementation is possible.

Each of these conditions will be influenced by government capacity and the type of cooperative goal in question (see, for example, Hamilton, 2003).

Government capacity does not dictate national policy preferences, but, at times, may influence them. Developed, disciplined bureaucratic organisations are often partially autonomous players concerned with maintaining regulatory effectiveness. If a policy area has a transboundary element that erodes the effectiveness of national regulation, these players are likely to favour collaborative action with their counterparts abroad. In countries where bureaucratic organisations are less developed and disciplined, bureaucratic players may still favour international cooperation as a means of strengthening their positions. However, if individuals (within or outside these organisations) actually benefit from indiscipline, cooperation to enhance regulatory effectiveness may not be favoured. In these circumstances, influential domestic actors may be reluctant to enter into cooperative agreements that would involve greater scrutiny of their operations.

Hamilton (2003) asserts that government capacity may influence regional cooperation preferences because administrative feasibility can sometimes dictate policy choices, in practice if not on paper. For example, a government that is hard pressed to deliver basic health and education may find some cooperative disease control measures too demanding to be worthwhile. In such situations, cooperation may be pursued as a way of upgrading domestic capacity if this promises to yield political gains. Otherwise, differences in
government capacity may mean that there is not enough policy convergence to make cooperation possible.

Since regional cooperation only occurs when governments are not able to realise goals unilaterally, higher levels of government capacity can mean that states have less of an interest in some kinds of cooperation. The threshold at which there is regional cooperation will also be raised to the extent that desired adjustments in another state can be extracted without cooperation. If outsiders can make informal side payments that lead to policy adjustment (de facto if not declared), incentives for regional cooperation decrease. States with low levels of government capacity (see, for example, Hamilton, 2003) are particularly vulnerable in this respect because weak organisational capacities mean that decision-making is largely private and bargains can potentially be struck with key individuals. Such transnational bargains are likely to be opaque, private agreements that fall outside the rubric of formal international cooperation, but may nonetheless ease some collective action problems or reduce incentives for cooperation. An extreme example of this would be the way smuggling erodes the effectiveness of tariff policy. This kind of substitute for regional cooperation is unlikely to work at all for most regulatory policies because they require ongoing formal implementation.

State capacity and policy affect a third condition for regional cooperation, that it be possible to implement a cooperative agreement. Governments that cannot implement their own domestic policy consistently may have the same problem with their foreign policy obligations. According to Hamilton (2003), regional cooperation that requires a government to refrain from some activity (such as imposing a tariff) is much less likely to fail because of regulatory weakness than cooperation that requires intervention (such as enforcing environmental laws). When a government’s administrative weakness is recognised by others, formal regional cooperation may not even be attempted because the low credibility of negotiated commitments makes the process unproductive.

If potential regional cooperation parties consist of states with widely varying levels of government capacity, this analysis offers an explanation for why formal regional cooperation
may be lower than would otherwise be expected. It suggests that regional cooperation may be low because de facto policy goals are less likely to converge on more complex government tasks, private pay-offs reduce incentives for formal regional cooperation in areas that do not require much government activity, and domestic implementation problems will hinder or deter regional cooperation on demanding regulatory policy areas.

Hamilton (1997) urges that successful cooperation is least likely in areas that require most domestic implementation activity by government agencies.

Asian countries have achieved some successes in cooperation that have involved diplomatic coordination.

Most analyses of regional relations in Asia, even if they admit that there are potential gains from cooperation, show that the main problem lies in the nature of inter-state politics. Hamilton argues that these analyses overstate the international obstacles to cooperation.

2.7.4 Summary and lessons learnt in Asia

Many Asian economies have now matured and face a different global trade and financial environment, with the need to develop their new economies based on technology and knowledge-intensive sectors. A more balanced approach to the economies of both the domestic and external sectors will also be required, as will the need to put in place the necessary restructuring of their financial sectors to overcome problems that lay at the heart of the events of 1997-1998. The need to develop a globally competitive enterprise sector, giving more focus to the development of the SME sector, will be crucial.

It is noted that disparate capacities of government organisations in the region are likely to set limits on the emergence of the regional mechanisms to deal with some problems, but much of the regional cooperation agenda remains viable.

Diplomatic shows of unity and regional dialogues, for example, do not in themselves require much in the way of domestic governing capacity because no implementation is required.
Financial transfers and aid can also be distributed to governments with low levels of governing capacity, although if aid is likely to be an issue, monetary cooperation, to the extent that it involves policy decisions that are not administratively difficult to implement, is likely to be easier than regulatory cooperation.

Proliferation of projects for improving governance in Asia since the crisis signals a growing appreciation of the importance of governing capacity for a wide range of outcomes. In much of the region, the basic structures of government are subject to considerable pressures of change, both in deliberate reform attempts and as a product of post-crisis reconstruction recovery policies. The administrative organisations that implement policy are crucial sites of contestation and reform.

As well as having direct domestic consequences, the process of organisational change will have ramifications at the regional level. It will be a factor colouring the ability of countries in Asia to solve problems at regional level and secure a greater say in the development of global rules and institutions.

2.8 Regional Cooperation in Europe and the Americas

2.8.1 European Union (EU)

In Europe, the completion of the single market and the ratification of the Maastricht Treaty raise the question as to why these projects have become possible now, although they had been discussed since the 1960s without ever passing the planning stage. The paralysis of European integration in the 1970s, the increasing heterogeneity of national interests following the various enlargements, and the disappearance of the cold war's unifying force did not make the development towards "1992" and Maastricht appear self-evident (see, for example, Anderson, 1995; Rosamond, 1995). It is also puzzling that European economic policy turned away from its previous neo-Keynesian paradigm to push through the liberalisation of the single market, which weakened government demand management and interventionism and strengthened supply-side liberalism.
What caused EC members to depart from existing cooperative regimes and introduce substantial changes in the economic policies? Why did national interests converge in the 1980s and not before? The empirical results of the case studies confirm so far that the global market approach explains the forming of the preference of governments for the Single Market Project. It would be plausibly demonstrated that the preference of governments for new liberalising regional cooperation in the EC countries was essentially stimulated by the effect of global markets on their national economies. The influence of global markets made a decisive contribution to the replacement of inward-looking neo-Keynesian economic policy with a competition-oriented liberal course that could be implemented in an economically more efficient and politically more acceptable way by means of regional cooperation.

Firstly, in the course of growing foreign trade and rising involvement in global financial markets, those sectors that depended on open, stable, and globally competitive conditions for their business activities grew. Secondly, the alternative of global markets raised the opportunity costs of domestic economic activity under circumstances of the neo-Keynesian regulation.

As a result, global markets have substantially contributed to:

- limiting the effectiveness of inward-looking neo-Keynesian policy instruments;
- increasing the costs of inward-looking neo-Keynesian policy;
- enhancing the incentives for stability and competition-oriented policies; and
- raising the level of interest and the domestic relevance of interest groups oriented towards global competitiveness.

While the EC Commission may have played an important part in the formation of a single market, NAFTA and MERCOSUR cannot be traced back to the supranational institution because no comparable institutions existed in those cases. In fact, there have been quite a number of attempts at integration in Latin America, in different forms, since independence in the first two decades of the nineteenth century.
The regional forms of cooperation on the American continent are considered limited in scope (see, for example, Wiesebron, 2001). These were brought about because of a growing economic complementarity and need to form alliances confronting other existing processes of integration, such as the EU. As Pierson (1996) argues, institutions shape the expectations of member states and possess a certain independence in specific situations. According to this line of thought, European integration can be explained primarily by the influence of the European Court of Justice and the Commission. The latter acts as a supranational entrepreneur, which conducts regional policies in its own (“European”) interest while enjoying relative autonomy from member states. In the European case, the Commission served as a catalyst rather than a cause.

The neo-functionalist cannot explain why the Commission was possibly able to promote cooperation in mid-1980s, but not in the previous decade, and why integration was suddenly accompanied by liberalisation and deregulative economic strategy. The hypothesis of “functional efficiency” as a driving force for cooperation offers only a theoretical scaffold without specifying those factors that could make functional efficiency a necessary or viable force. Which developments led a liberalising regional cooperation to be perceived as “functionally efficient” in the 1980s?

2.8.2 MERCOSUR

MERCOSUR was established in 1991 as a common market between Argentina, Brazil, Paraguay, and Uruguay. According to Wiesebron (2001) and Maasdorp (1992), this is the fourth largest economic bloc in the world in terms of GNP. Contrary to expectations, MERCOSUR has been a success at most levels, integration between the four countries is progressing well and faster than foreseen, and intra-trade is growing at a much faster rate than expected. This rapid development is surprising, as these countries had little contact, having historically developed relationships with Europe and later with the United States rather than with one another.

Furthermore, there is a rivalry between Argentina and Brazil going back a long way to the colonial period, when a number of wars were fought over land between the Spaniards and Portuguese. Since the independence of both countries, in 1816 and 1822, respectively,
although they were allies at times, as during the war against Paraguay (1864-1870), most of the time they were diametrically opposed, indeed even declared enemies. Cooperation between them is a relatively new phenomenon, a result of economic necessity in the present-day globalised and regionalised world.

With MERCOSUR (Shirm, 2002), the rapprochement of its two leading members, Argentina and Brazil, reached an unexpected peak. Until the beginning of the 1980s, relations between these two countries were shaped by their traditional rivalry for dominance on the Southern American continent. Attempts at regional integration encompassing all Latin American countries failed in the 1970s and 1980s mainly because of the then dominant protectionist import substitution policies.

MERCOSUR adheres to the opposite strategy by trying to promote competitiveness on world markets (see, for example, Schirm, 1997). Since the creation of MERCOSUR in 1991, nearly all measures for full customs union have been implemented, and intraregional trade has quadrupled. Why did member countries agree on liberal economic rules in MERCOSUR that contradict long-standing development strategies? What stimulated the MERCOSUR states to create a cooperative approach, whose binding character and regulatory scope are second to European integration?

The empirical study of the developments in Argentina and Brazil has shown that the effects of global markets on national economies contributed decisively to the preference of the governments for competition-oriented cooperation. As in the case of the European countries, global markets stimulated the replacement of an inward-looking interventionist economic model with a liberalising and competition-focused policy. However, in contrast to Europe, the indebtedness to global financial markets was the decisive catalyst for Argentina and Brazil.

2.8.3 North Atlantic Treaty Organisation (NATO)

NAFTA represents the greatest economic bloc, in terms of gross national product (GNP), in the world (see, for example, Weisebron, 2001). It is a bloc joining developed and developing countries, with some very different characteristics: Canada, an enormous country with a small population; the United States, the world's unchallenged leading power since the fall of
the Berlin Wall in 1989; and Mexico, a developing country, with a population of nearly 100 million.

NAFTA formalises a North American economic area encompassing Canada, Mexico, and the USA. In signing NAFTA, Mexico basically agreed to adapt to the US economic model and merge further into the economy of its larger neighbour (see, for example, Schirm, 2002). The binding commitments of the agreement were undertaken after a decade of long political conflicts between Mexico and the USA and Mexico's attempts to "free" itself from economic dependence on the USA. In order to join NAFTA, Mexico had to put an end to its traditional development model of ISI and to strengthen the free market reforms of the 1980s. In this case, as others, regional cooperation represents a departure from former traditions and policies and, thus, raises questions about the causes of change.

The results of the analysis of the developments in Mexico and the USA diverge more strongly than those in other regions.

Thus, the conclusions regarding the two case studies are less unequivocal than in the country studies on the European single market and MERCOSUR. As an overall impression, it should be noted that, with respect to effects of global markets, Mexico demonstrates very obvious parallels to Argentina and Brazil, while the corresponding effects on the USA differ substantially from the three Latin American case studies and even show divergences in comparison to the European countries.

In summary, it was possible to demonstrate the plausibility of the decisive influence of global markets on the economic situation (crises), on domestic interest coalitions (interests), and on state instruments (instruments) in the case of Mexico – equally the perception of regional cooperation as a means for a more politically acceptable and economically efficient adjustment to the effects of global markets. As for the case of the USA, it is explained by taking in account certain restrictions that were based on the influence of the global markets on the change of economic policy.
2.9 Regional Cooperation in the Middle East

The Arab Common Market and the Arab Maghreb Union established in the sixties are two examples of regional cooperation that were not implemented. A more encouraging example of economic integration in the region is the Gulf Cooperation Council (GCC), which was formed in 1981 by Bahrain, Kuwait, Oman, Saudi Arabia, and the United Arab Emirates. They opted for a free movement of goods and services, capital, and labour. Trade within the Council states was liberalised by gradual reduction and harmonisation of tariffs.

Arab regional cooperation efforts failed to make much headway, partly due to the political conflicts between Iran and Iraq, between Iraq and other countries of the Gulf coalition, and between Israel and the Arab states. Despite efforts at the formation of the Arab Common Market, intraregional trade in the Middle East has remained small at only 6 per cent in 1983 (see, for example, Fischer, 1993). Taking individual countries, Bahrain, Jordan, Syria, and Yemen recorded much greater intraregional trade than other countries in the region. In the foreseeable future, a regional grouping of the type of NAFTA or the European Union for the whole of the Middle East is unlikely for both economic and political reasons.

2.10 Regional Cooperation Initiatives in Africa

The African region is unique in respect of economic integration for two reasons (see, for example, Bhalla, 1997). Firstly, one of the earliest customs unions in developing countries was the East African Community of Kenya, Tanzania, and Uganda. Secondly, a very large number of regional economic groupings have existed in Africa during the past three decades. It is noted that “Africa accounts for about half the 30 or so sub regional and regional cooperation and economic integration arrangements existing among developing countries” (see, for example, Joshua, 1989).

According to Bhalla (1997), these groups can be classified into the following geographical regions:
* Western Africa

(1) Economic Community of West African States founded in 1975 – ECOWAS (Benin, Burkina Faso, Cape Verde, Côte d'Ivoire, Gambia, Ghana, Guinea, Guinea Bissau, Liberia, Mali, Mauritania, Niger, Nigeria, Senegal, Sierra Leone, Togo)

(2) West African Economic Community founded in 1973 (but dating back to UDEAO founded in 1959) – CEAO (Benin, Burkina Faso, Côte d'Ivoire, Mali, Mauritania, Niger)

* Central Africa

(1) Central African Customs and Economic Union founded in 1966 and revised in 1975 – UDEAC (Cameroon, Chad, Congo, Gabon, Rwanda, Equatorial Guinea, Central African Republic, Sao Tome and Principe)

(2) Economic Community of Central African States founded in 1983 – CEEAC (Burundi, Cameroon, Central African Republic, Congo, Equatorial Guinea, Gabon, Rwanda, Sao Tome and Principe)

* Eastern and Southern Africa: EAC, PTA, SADC

(1) East African Community founded in 1917, broke up in 1977 – EAC (Kenya, Tanzania, Uganda)

(2) Eastern and Southern Africa Preferential Trade Area founded in 1981 – PTA (Burundi, Comoros, Djibouti, Ethiopia, Kenya, Lesotho, Mauritius, Malawi, Rwanda, Somalia, Swaziland, Uganda)

(3) Southern African Development Coordination Conference founded in 1980 – (restructured to Southern African Development Community in 1992) SADC (South Africa, Angola, Botswana, the Democratic Republic of Congo, Lesotho, Malawi, Mauritius, Mozambique, Namibia, Seychelles, Swaziland, Tanzania, Zambia, Zimbabwe)

2.10.1 East African Community (EAC)

One of the earliest customs unions among developing countries was the East African Community of Kenya, Tanzania, and Uganda. The East African Community (Mugomba, 1978) inherited the administrative foundations laid down by Britain during the early 1960s. Similarly, the economic structures of the three partner states, also transferred intact from the former colonial power, had a built-in capitalist model of production and development.

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Consequently, the Community and Common Market began to function within the broad framework of capitalism, and the problem has been to reconcile these externally oriented institutions with the particular needs of the three members, notably Tanzania, which continues to suffer from almost absolute poverty. The net result has been a failure both to transform their economies from permanent dependence on the world economy and to encourage relevant long-term development. Instead, the East African Common Market has helped to open up the region to more effective exploitation by international capital, while avoiding altogether the crucial issue of resolving the root causes of poverty.

The East African Community had common external tariffs, free trade within the area, common customs and income tax administrations, a common currency, and common communications services. The origins of the economic community can be traced back to 1917 when free trade between Uganda and Kenya was established (see, for example, Okigbo, 1967). Tanganyika, the third member of the Community, joined gradually between 1922 and 1927. Although there were some restrictions, there were no tariffs among the three members. A common tariff against the outside world was imposed. Intra-regional trade within the East African Community is known to have been quite large. Transport and communications were well developed, with railways and airways owned by the Community.

The questions being asked are: why then did the Community break up in 1977? What went wrong? According to Mugomba (1978), part of the explanation lies in the fact that Tanzania has progressively "drifted" southwards as the conflict in Southern Africa intensified; the independence of Mozambique, in particular, quickened the tempo, as Julius Nyerere sought to play a pivotal role along with the other so-called "front-line" presidents in the diplomatic and military initiatives aimed at resolving the Southern African crisis. Thus, the combined effect of growing disillusionment with Tanzania's traditional partners and the emergence of a group of regional actors with which TANU shares ideological affinity has been to shift decisively the country's political, economic, and ideological interests. The "Southern connection" is clearly now seen as offering a more promising future.

At the same time, Kenya, which was firmly committed to the capitalist path to development in an area dominated by socialist-oriented states, had become increasingly isolated and
defensive while displaying a cosmopolitan outlook in its international policies. Jomo Kenyatta, as ideologically the “odd man out” in East Africa, and the spectre of “encirclement” by unfriendly – and some would say jealous – neighbours, pushed Kenya into fully embracing the United States in an attempt to enhance its security and limit its virtually total regional isolation politically, economically, and diplomatically.

Unfortunately, and notwithstanding the regional impact of Idi Amin’s “unpredictable” behaviour, Uganda had witnessed so many ideological somersaults that it could not play the potential role of a moderating force to balance the “extreme” positions of Kenya and Tanzania, with the principal objective of keeping the Community in existence.

According to Mugomba (1978), there are, of course, several more substantial reasons for the growing disillusionment that had since resulted in the collapse of the Community. These include the following: long-harboured fears of domination by one or the other of the partners; resentment by Kenya over the need to “carry” the poor members; long-strained relations between Uganda and Tanzania over Nyerere’s refusal to recognise Amin’s military regime; markedly different foreign policy concerns and approaches; the concentration of foreign policy concerns and approaches; and the concentration of foreign capital in the industrial and commercial “core”, which had long threatened to turn the two “peripheral” states into economic satellites and the principal victims of Kenyan “sub-imperialism”. These and other, perhaps purely “psychological”, reasons have cumulatively encouraged the growth of competing nationalisms, which reached a climax in varying degrees of desire to run as many of the common service institutions as possible on a separate or parallel basis.

It is perhaps paradoxical (see, for example, Mugomba, 1978) that the attitude of the Tanzanian government should be seen, particularly in Kenya, as having been the deciding factor in the collapse of the Community because Julius Nyerere was the principal driving force behind its formation. In 1961, he had even offered to delay Tanganyika’s impending independence from Britain if this would enable all three East African territories to move forward at the same time to political federation. The Tanzanian perspective, however, seems to be that Kenya, with its comparatively more advanced economy, has been “ripping off” its
partners. The contention is that despite some laudable efforts to reduce the inherited inequalities, it has proved impossible to reverse the trend whereby Kenya's level of economic growth has accelerated and completely outpaced those of its partners. Due to the concentration of development on Kenya, established in colonial times, the "spread" effects there have far outweighed any wider "backwash", particularly in the case of Tanzania, which feels that, through higher tariffs, the junior partners have been "subsidising" Kenyan growth based on industrial expansion geared to the requirements of the enlarged East African Common Market.

Tanzania has, in the past, complained bitterly about the failure to compensate adequately the disadvantaged partners for the concentration of benefits in Kenya, as well as external investments, by channelling resources to Uganda and Tanzania. The difficulty has always been that the benefits of this greater growth have tended to be concentrated in Kenya, and so far, others have been totally incapable of rectifying this except by narrow autarchic policies that may have benefited them; if so, then certainly at the expense of growth in East Africa as a whole. According to Mugomba (1978), regional concentration and imbalance are a characteristic of capitalist development throughout the world and one that history has shown tends to be aggravated over time.

The explanation for this is that profit maximisation dictates that advantage be taken of external economies, with the result that areas with a slight economic advantage succeed in attracting successively more and more enterprises. These then form their own market, which draws further enterprises; they build up superior economic, social, and cultural facilities, which have even more drawing power. Other areas become increasingly less attractive and soon begin to lose the dynamic members of their labour force to the advanced centres, their relative disadvantage thereby being exacerbated. Tanzania's principal complaint would, therefore, appear to be that although a number of initiatives have been taken to facilitate the equitable distribution of benefits among the partner states, the planned geographical allocation of new industries recommended in the 1964 Kampala Agreement and the attraction of new investments from abroad and within East Africa through the transfer tax system (abandoned in 1973) have failed completely to offset Kenya's initial advantages. Thus,
instead of benefits flowing out, as expected, from the "core" to the "periphery", the reverse process has continued of "milking" the economies of Tanzania and Uganda. This has enhanced Kenya's intermediary status or sub-imperial role in the overall pattern of dependent relationships that link the East African states to the global political economy. These charges of regional neocolonialism are not entirely unfounded.

According to Balla (1997), the Community had unequal partners, with Kenya being far more developed than Tanganyika (Tanzania) and Uganda. Economic and political nationalism and growing differences between Kenya, with a capitalistic outlook, and Tanzania, with a socialist bias, were contributory factors. Another major factor seems to have concerned the unequal distribution of gains. It is reported that most of the benefits from the Community accrued to Kenya, to the detriment of the two poorer partners. A coup in Uganda finally sounded the death knell for the Community.

2.10.1.1 East African Community regional cooperation conclusions

An analysis of the pre- and post-independence years in East Africa shows two serious obstacles to development: the administrative incapacity and the lack of any fixed and certain location of political power at the centre.

In a narrow sense, it would appear that ideology, regional conflict, and systemic external penetration are the critical variables that have shaped the politics of the East African subsystem. However, in order to explain the dismal failure of the Community, it is necessary to expand the range of variables to include other, equally significant, factors, namely: the growing "radicalisation" of regional politics, including the proliferation of Marxist-oriented regimes in Eastern and Southern Africa, Kenya's contribution to the "development of underdevelopment" within the Community and the Common Market, as well as the increasingly conservative, authoritarian, and defensive position of Kenyatta's regime both at home and in the region; Amin's erratic behaviour, which has prevented Uganda from bridging relations with, as well as between, Kenya and Tanzania; transformation of separate local conflicts stretching from the "Horn" to Southern Africa and the Indian Ocean into one.
expansive conflict theatre dominated by the superpowers; and, above all perhaps, the "divorce" between Kenya and Tanzania, which sealed the fate of the Community.

Differences in foreign approaches and outlooks have had a marked impact on relations between East African states. While Tanzania has striven to widen the scope of its international relations by pursuing vigorously a policy of non-alignment in relations with the major power blocs (although its socialist ideology has struck an affinity with other, more orthodox, Marxist-Leninist states), Kenya has tended to practise what might be called discretionary non-alignment (a term popularised by Malawi's Kamuzu Banda) and remains very in the "western camp" judging by its international image and the countries with which it deals closely. Uganda under Amin, on the other hand, drifted back and forth without any clear sense of direction in its international relations. Furthermore, the individual orientations displayed by each state towards the three superpowers have served to dramatise the external "systemic penetration" of the East African subsystem. Tanzania has long maintained a close friendship with China, and lately its links have been extended to Cuba and the Soviet Union with the rapid intensification of the military and diplomatic struggles over the future of Southern Africa.

From another angle, Amin's embrace of the Islamic faith, and his growing dependence on emergency financial help from Saudi Arabia and military assistance from Libya, have introduced new and powerful influences in East African politics. At the same time, Kenya, increasingly isolated from its neighbours – each of whom has links of one kind or another with the Soviet Union – and afraid of soon being drawn into various nearby conflicts, particularly the danger of renewed conflicts with Somalia, has effectively transferred allegiance from Britain to the United States in an attempt at greater credence to its security.

It would be incorrect, however, to blame the Community's troubles on the quarrels between Uganda and Tanzania, for it is now a well-established fact that, since 1975, each member state has been at loggerheads with the other two simultaneously. The real point is that all three have simply drifted apart in their domestic and external policies and goals since the "golden" years of 1963-1967, when it was inherited from the British, to set up a viable
Community with the various decentralised parastatal organisations. Instead of substantial economic cooperation drawing the members together politically, today they are not only much further apart, but each has growing doubts about the actual relevance of those organisations.

The failure of the EA experiment, once heralded as the best model for Africa, cannot go unnoticed on the continent and in the rest of the world. Certainly, the hard lessons of this unsuccessful venture will need to be borne in mind in any future attempt at further regional unity and economic integration in Africa.

A revamped EAC has been created, and a customs union is being phased in, as the governments of Kenya, Uganda, and Tanzania seek to boost economic growth by creating the biggest single market in Africa.

2.10.2 West African Economic Union (CEAO)
The West African Economic Union was founded in 1973 by the Treaty of Abidjan; it consists of the following countries of the former French Western Africa: Burkina Faso, Côte d’Ivoire, Mali, Mauritania, Niger, and Senegal (Benin became a member in 1984). The CEAO maintains the arrangements for monetary and economic union that prevailed during the French colonial period in West Africa.

The monetary union was maintained through the Common Franc Zone linked to France, which has continued to maintain its influence in its former colonies even after they gained independence, partly to counter the growing power of Nigeria in West Africa.

2.10.3 Economic Community of West African States (ECOWAS)
ECOWAS is one of the largest communities established in 1975 with 16 members. The Treaty establishing ECOWAS aimed at the liberalisation of trade through a gradual tariff reduction schedule, the introduction of a common external tariff, industrial cooperation, and harmonisation of fiscal policies. However, the Treaty did not spell out how tariff reduction was to be implemented. But it envisaged rather unusually for "trade liberalization to take place in advance of tariff harmonization", whereas "in most other communities liberalization is made conditional on prior tariff harmonization in order to provide stimulus to the formation of a
common external tariff and to avoid possible misallocation of resources ..." (see, for example, Ezenwe, 1990). Since customs duties form a sizeable proportion of total government revenue in sub-Saharan Africa, there is reluctance on the part of African countries (particularly the least developed ones) to incur revenue loss through tariff liberalisation. This seems to be one of the reasons for extremely slow progress in meeting Treaty targets for tariff reduction in ECOWAS.

As member countries are at different stages of development, the least developed countries genuinely fear that the more developed partners such as Côte d'Ivoire, Nigeria, and Senegal will benefit more simply because they enjoy alternative sources of income (for example, through the export of manufactures to lesser developed partners). Article 25 of the ECOWAS Treaty provides for fiscal compensation to partners who suffer loss of revenue, but it does not allow for compensation for any income losses resulting from trade creation and trade diversion. Thus, the problem of unequal distribution of gains from regional integration persists.

The economic community of West African states, with a fully convertible common currency, is problematic – the CFA franc, backed by France, has the least effect of lowering transaction costs and, thus, contributes towards enhancing the scope for intraregional trade. The English-speaking members of ECOWAS are reluctant to accept the CFA franc as a common currency.

The existence of two different monetary zones in West Africa may partly explain low intraregional trade in the region.

Western Africa is also fraught with divisions on linguistic and colonial lines, with overlapping memberships between ECOWAS and CEAO and the CFA Franc Zone countries linked to France and the French franc.

The groups vary in degree of economic integration. Some groups such as the SADC concentrate on particular sectors and specific projects. Ed Brown (1982) notes that the
The difference between the SADC and other regional organisations is that the SADC attempts to integrate its economies at the level of production. By extending the concept of cooperation beyond the economic functions of exchange and trade, relations between members are reinforced in a more permanent manner. Others such as the East Africa Community and Equatorial Union are more ambitious and aimed at creating a common market with free flows of factors of production and goods and services.

As most African countries are in early stages of development, with inadequate infrastructure and industrial production, emphasis on integration of productive sectors seems appropriate. Trade liberalisation alone is unlikely to offer bloc members any meaningful benefits from economic integration.

Earlier, it was noted that the size of national markets was one of the rationales for regional cooperation, which meant to offer economies of scale through enlarged regional markets necessary for industrialisation. In the case of Africa, by world standards, even combined regional markets remain small in view of the very low per capita incomes. This may have been an important factor explaining failures in industrial development, besides lack of skills and inadequate infrastructure (see, for example, Bhalla, 1997). Although intraregional trade within Africa has increased somewhat, it is still quite small compared to the Asian and Latin American regions. It is generally assumed that an increase in intraregional trade within Africa is conducive to economic growth and development.

The identified main problems of the West African states are disunity, disparity, and dependence.

2.10.4 NEPAD

The New Partnership for Africa's Development (NEPAD) is a pledge by African leaders, based on a common vision and a firm and shared conviction, who have a pressing duty to eradicate poverty and to place their countries, both individually and collectively, on the path of sustainable growth and development and, at the same time, to participate actively in the world economy and body politic. The programme is anchored on the determination of Africans to
extricate themselves and the continent from the malaise of underdevelopment and exclusion in a globalising world (see, for example, UN Economic Commission for Africa, 2001).

To achieve the objectives, NEPAD needs, among other things, businesses that are willing to invest in Africa.

NEPAD is still in its infancy and at a visioning level, with not much that could be used to measure its success or failure. There are no structures that actually give practical implementation to that vision. Not all African countries have “bought into” this new concept; some countries criticise it as being driven by neocolonisers from the West.

2.11 Southern African Development Community (SADC)

According to Global Insight (2005), in 2004, the combined gross domestic product (GDP) for Southern Africa was approximately $296.4 billion (see Appendix A). Individual national economies are structurally diverse and at varying stages of development. South Africa, the region’s most developed economy, has a GDP of $213.1 billion, which is more than double the combined GDP of the other SADC countries. Challenges of post-war disarmament and reconstruction (in Angola and the DRC) and continuing internal strife (Zimbabwe) have adversely affected economic performance in these states. The Zimbabwean economy has experienced a sharp deterioration over the past five years, with real GDP contracting by about 30 per cent during that period and inflation reaching 600 per cent in 2003, before dropping to 124 per cent in 2005. The economies of the DRC and Angola have begun to experience GDP growth as peace agreements in both countries begin to take hold.

The SADC constitutes a diverse group of nations, ranging from least developed, small island and land-locked states to countries with vast land masses and resources and with considerable potential. SADC nations represent a growing family with dynamic complementarities. The complementarities bring to the fore the view of making the SADC not only a united trading bloc ready to take on the opportunities and challenges presented by the multilateral trading system, but also a union of countries in the determination to forge ahead towards a brighter future.

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Despite the vicious circle of poverty and the scourge of HIV and Aids, the SADC is a dynamic and vibrant organisation, which continues to attract foreign direct investment (see, for example, SADC Review, 2003). The goals set out in the Treaty are “to promote sustainable and equitable economic growth and socio-economic development that will ensure poverty alleviation with the ultimate objective of its eradication, enhance the standard and quality of life of the people of Southern Africa and support the socially disadvantaged through region integration”.

The SADC member states shown in Figure 2.2 below are South Africa, Angola, Botswana, the Democratic Republic of Congo, Lesotho, Malawi, Mauritius, Mozambique, Namibia, Seychelles, Swaziland, Tanzania, Zambia, Zimbabwe, and Madagascar.

Figure 2.2: Southern African Development Community (SADC) countries

Source: SADC (2005)

The Southern African Development Coordination Conference was established in 1980 as a nine-member grouping consisting of Angola, Botswana, Lesotho, Malawi, Mozambique,
Swaziland, Tanzania, Zambia, and Zimbabwe. South Africa joined the SADC in August 1994. The two other new members are Namibia and Mauritius. As the *raison d’être* of the SADC, that is, to fight apartheid and reduce dependence on South Africa, disappeared, its continued existence was questioned in the early nineties. In August 1992, under the Treaty of Windhoek, the SADCC was restructured as the Southern African Development Community (SADC) to concentrate on trade cooperation.

The SADCC presents a model of a grouping that sets it apart from other African groupings in several respects (see, for example, Bhalla, 1997).

Firstly, in its original formulation, trade cooperation was meant to play a minor role, whereas most other African groupings are concerned mainly with preferential trade agreements and customs unions. Preferential arrangements tend to lead to trade diversion, which the SADC avoided.

Secondly, the SADCC’s primary goal was to reduce dependence on apartheid South Africa.

Thirdly, the SADCC concentrated on ambitious but more realistic and attainable programmes and projects (for example, development of infrastructure, water and electricity, and transport and communications) and thematic cooperation in respect of food security or cross-border investments (see, for example, McCarthy, 1995). One can argue that this incremental approach is a surer path to longer-term market integration, which the other African groupings have been trying to achieve without much success.

Fourthly, the old SADCC structure also started off as a pledging aid coordination conference, which meant that its evolution and performance depended largely on the willingness of aid donors and international organisations to support particular programmes and projects.

Finally, the old SADCC structure was also different from that of other African groupings. Although the SADC’s central secretariat is located in Gaborone (Botswana), responsibility for particular sectoral portfolios rests with individual members, for example, Mozambique for
transport, Tanzania for industrial development, South Africa for finance and investment, and Zimbabwe for food security. These sectoral functions are coordinated by the Ministerial Council. Southern African economies are becoming more and more interdependent. Step-by-step cooperation, rather than any established model of integration, however, continues to be a main approach followed by the SADC (Bhalla, 1997). While most other African groupings, for example, PTA and ECOWAS, believed that trade expansion was a precondition to development, the SADC assumed that coordinated production and economic development of the region were preconditions to expansion of intraregional and interregional trade. The SADC saw trade merely as a means to economic development.

Strategies and approaches followed by old the SADCC and the new SADC can also be distinguished by a shift from an import-substitution model to an export-oriented one for achieving economic cooperation.

There is a greater potential for the development of Southern Africa now that both Mauritius and South Africa, two dynamic economies, have joined the SADC. South Africa is much more industrialised and diversified than its neighbours. By participating in joint ventures with SADC members, in principle, the South African private sector and financial services industry can stimulate the development of the entire region.

2.11.1 Intra-SADC trade

Intraregional trade within the SADC is extremely low, less than one tenth of the foreign trade of every member of the SADC. This pattern is similar for Africa as a whole, for which intraregional trade has not only been very low compared with other regions, but has also experienced a consistent decline. This decline may be explained, in part, by two historical events.

Firstly, following the Unilateral Declaration of Independence (UDI) by Southern Rhodesia (today Zimbabwe), its borders with Malawi, Mozambique, and Zambia were closed during the seventies.
Secondly, substantial trade between Angola and Mozambique ceased once the two countries became independent (see, for example, Blumenfeld, 1991). The civil war in these countries may further explain low trade. Since the joining of Mauritius and South Africa, the share of intraregional trade may have increased, but it remains quite small compared to other regions outside Africa. Each SADC country trades more with South Africa than any other SADC member. Many SADC member governments have entered into bilateral trade agreements with post-apartheid South Africa, which may explain this situation.

As was noted earlier, trade was not a priority subject area within the SADCC until its restructuring into the SADC. Efforts are now being made to encourage freer trade among SADC members. At a meeting in Maseru (Lesotho) in August 1996, SADC members signed a protocol to create a regional free trade zone by eliminating all tariffs within eight years. South Africa promised to set the ball rolling by lowering tariffs and allowing imports from other SADC member countries. Development is also in its own interests.

Lack of complementarities of national economies and foreign exchange constraints are the two main obstacles to the expansion of intraregional trade (see, for example, Bhalla, 1997). With the exception of South Africa, most SADC members have a limited production base and few goods and services to trade. These are aggravated further by the inconvertibility of national currencies into either other regional currencies or hard currencies.

Other reasons for low trade in the region include lack of transport and other infrastructure, limited credit facilities, lack of information about trade possibilities, and a low level of development in general. An early SADCC study identified more than 60 products for which there was spare production capacity within the region that were being imported from outside the SADCC.

The low level of industrial development in most SADC countries means that these countries do not have the capacity owing to small demand or, more often, because the country cannot afford to import raw materials.
There are trade imbalance problems in the SADC. South Africa exports more to the SADC than it imports, leading to an enormous trade surplus vis-à-vis SADC members. But the potential exists for South Africa to import from within the region such inputs as energy, water, and food. An open trading and investment pattern in the region may also encourage investment flows from South Africa to other lower labouring cost countries in the region to establish enterprises catering for the regional market. The lack of South Africa's competitiveness due to a relatively high cost of labour and low labour productivity may further encourage this possibility (see, for example, Bhalla, 1997).

2.11.2 SADC and PTA (COMESA)

The Preferential Trade Area (PTA) was established in December 1981 with a membership of 19 African countries (SADC countries' members included), making it the biggest African regional grouping. Its aims were to expand trade in a larger region than the SADC by lowering tariff and non-tariff barriers. In spirit, this conflicted with the SADC's preference for countertrade and its stress on new bilateral trade agreements (see, for example, Bhalla, 1997). Its scepticism about free trade areas inevitably led to some conflicts with the PTA. The PTA envisages a regional common market by the year 2014 and an African Economic Community (economic and monetary union) by the year 2034.

In January 1993, the PTA approved the creation of a Common Market of Eastern and Southern Africa (COMESA) by 2000. In December 1994, the PTA was transformed into COMESA. Removal of all trade barriers is the major goal of COMESA. Non-tariff barriers such as licensing and exchange controls still remain in force. This may partly explain why the level of intra-COMESA trade has not increased and may actually be declining. Lack of convertible currencies and monetary collaboration may also explain limited intraregional trade. COMESA members prefer to trade with non-members in order to earn much-needed foreign exchange.

The SADC will simply duplicate COMESA if it concentrates only on trade liberalisation. It would, therefore, be desirable for the SADC to maintain its original approach of concentrating on the coordination of production and economic development, while at the same time emphasising trade liberalisation and the promotion of intraregional trade.
2.11.3 SADC and SACU

The Southern African Customs Union (SACU) was established in 1910; it ties the currencies of Lesotho, Swaziland, and Namibia to the rand (Wright, 1996). Botswana, also a member, maintains a separate currency arrangement. According to Wright (1996), SACU provides an example of one of the tightest regional market arrangements in Africa, with a nominal free flow of goods and common external tariff, although complaints of non-tariff barriers abound. South Africa helps its weaker neighbours through revenue-sharing payments made to offset trade imbalances. For both Lesotho and Swaziland, these payments account for more than one third of total government revenue, thus making a mockery of their membership of the SADC and their apparent efforts to break free of South Africa's influence. Tensions within SACU are also growing, as South Africa becomes more reluctant to make these compensatory payments and as governments in Botswana and Namibia seek to protect their own infant industries against South African competition.

- The Common Monetary Area (CMA)

According to Maasdorp (1993) and Nyirabu (2004), the CMA operates in accordance with the Multilateral Monetary Arrangement (MMA) of 1992, through which Namibia was officially included in the existing arrangement between South Africa, Swaziland, and Lesotho. In addition, the MMA is supplemented by bilateral agreements between South Africa and each of the members.

The CMA involves significant sacrifices of national sovereignty (especially as regards the implementation of monetary policy) on the part of its member states. The CMA has worked successfully in the past, and it confers benefits on all its members. Most significantly, the member countries, particularly the smaller ones, have been spared the problems of currency inconvertibility, foreign exchange shortages, and the consequent enforced restrictions on imports, some of which are essential to the successful industrial development of these countries (Osagie, 1979). More specifically, the smaller economical countries derive benefits from the following: compensation payments for loss of seigniorage in the case of Lesotho; interest earned on rand reserves; the classification of their government loan issues as

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prescribed investments in the Republic; and, finally, the conditional availability of credit from
the South African Reserve Bank.

CMA membership is not entirely positive for the smaller participants, however. They are
subject to South African monetary policy and, therefore, have to accept its interest rates,
inflation rate, and exchange rate. South African exchange rate policy affects their export
potential, the costs of their imports from outside the CMA, and their foreign debt obligations.
The high interest rates, which have been necessary in South Africa, have served to
discourage investment and capital formation in the smaller member countries, thereby
impacting negatively on their economic development (Leistner, 1992). It has to be said,
however, that the smaller countries make substantial (relative to their GDPs) administrative
savings by not having to conduct their own monetary policies.

According to Osagie (1979) and Nyirabu (2004), monetary integration is an essential
component of wider forms of regional cooperation and integration and can make a significant
contribution to the much desired and crucial expansion of intraregional trade. Furthermore, it
can complement other regional schemes in achieving the economic development of the
region.

2.11.4 Foreign direct investment (FDI)

The past experience of the SADCC suggests that member states followed divergent national
policies towards foreign direct investments (FDI). According to Bhalla (1997), regulation and
control of foreign investments varied significantly. In general, foreign capital inflows were
assumed to increase dependence on the West, which the SADCC was supposed to
overcome. Since the transformation of the SADCC into the SADC, this hostile attitude
towards foreign capital and the private sector has been abandoned.

Although all SADC states encourage private foreign investment, there is no uniform
investment code. In general, preference is given to joint ventures and to the involvement of
parastatals. Generally, preference is given to foreign firms that use local resources and are
engaged in exporting. The state generally controls allocation of foreign exchange and
remittance of profits, dividends, and fees. Rules of origin are a constraint on foreign
investment in SADC and COMESA countries. In order to qualify for preferential treatment, products must be produced by local firms or by foreign firms in which 51 per cent of the equity is owned by nationals. This rule is likely to discourage multinational firms from investing in these countries. Waivers to these conditions of localisation would be necessary to encourage FDI inflows and promote intra-SADC and COMESA trade in manufactures.

Most SADC members (apart from Angola and Botswana) are dependent, in varying degrees, on capital inflows from abroad. SADCC leaders' pragmatism led them to accept that Western governments (particularly the UK under Mrs Thatcher) were not willing to support total sanctions and disinvestment in apartheid South Africa (see, for example, Bhalla, 1997). Therefore, they changed their strategy and requested these governments to (i) make investments in SADCC states and not South Africa and (ii) make industrial and commercial investments directly rather than through the back door of South Africa. Most investments in SADCC states have originated from states with little or no investments in apartheid South Africa (Scandinavian countries, France, Italy, and India) and less from the three states with the most investments in apartheid South Africa (Germany, the UK, and the US).

Lack of cross-border investments hinders the capacity of the region to export and import from within the region. Privatisation that is under way in the SADC region should attract some FDI. Both the SADC and PTA (COMESA) have expressed interest in the promotion of cross-border investments, and the PTA Charter on Multinational Industrial Enterprise (1990) is intended to offer incentives for interregional joint venture investment. However, FDI is unlikely to be attracted without the support of bilateral investor confidence. Multinational donors (for example, the World Bank, the European Union, and the African Development Bank) have shown some interest by proposing the implementation of a cross-border initiative (CBI), under which “balance of payments support is provided in exchange for bilateral liberalization of the capital account with respect to across-border investment flows”.

The donor-dominated initiative may provide a first step towards the implementation of a more ambitious proposal, namely, the SADC Cross-Border Investment Facility. There is evidence that some SADC members have been able to build export capabilities through FDI inflows.
multinationally. This is particularly true in the case of Mauritius where FDI in textiles and garments is intended for exports of these goods to European and other countries.

2.11.5 New regionalism in Southern Africa

This section seeks to identify some contemporary regional responses to the constraints and opportunities of globalisation as both praxis and ideology. In particular, it seeks to highlight some current indigenous reactions to exponential globalisation as well as to privilege some of the region’s own praxis. These have developed out of a significant tradition of innovative forms of regionalisms, in part in response to colonial and/or settler resistance: from front-line states to the Southern African Development Coordination Conference (SADCC), earlier incarnations of guerrilla-based regimes in waiting. Such non-state or semi-state strategies were themselves developed in reaction to settler regimes’ “own” unholy alliance, which came to control a shrinking proportion of the territory and population of the remaining white-ruled states.

According to Shaw (2000), regional groupings, state and non-state alike, do not necessarily have to include all the territory or population, communities, or resources of participating countries.

Front-line states led to the first “corridor” in Africa in the mid-1980s: the Beira Corridor connecting Zimbabwe to global trade through the middle “waist” of Mozambique. This has since been replicated and upgraded in current plans for some nine corridors within the SADC, including the three (the most advanced in terms of infrastructural and organisational development) around the perimeters of post-apartheid South Africa, particularly its post-mineral/post-industrial heartland, Gauteng. While these have been declared to exist and have been advertised, their internal multi-stakeholder governance structures are embryonic (see, for example, Shaw, 2000): what are the divisions of labour among several levels of states, companies, and civil societies?

(i) Maputo Corridor between Gauteng and Maputo port, which is to advance development in the relatively impoverished Mpumalanga Province of South Africa as well as in southern
Mozambique: a regional project in which the private sector is in the driver's seat, but in which city and provincial authorities and the two national regimes are also positively engaged.

(ii) Trans-Kalahari Corridor between Lobatse in Botswana and Windhoek in Namibia, so linking Gauteng with the Atlantic coast at Walvis Bay, cutting some 500 kilometres off the trip and completing the Maputo-Walvis Bay Indian Ocean-Atlantic Ocean link; again, largely a corporate initiative, albeit with more national state involvement by Botswana and Namibia.

(iii) Lubombo Corridor linking Durban with Maputo via Northern KwaZulu-Natal and Swaziland; more of a South African Spatial Development Initiative (SDI) than a short-term corporate venture and one involving more community participation given the high population densities involved.

(iv) Lesotho Highlands Water Project, already well on the way towards completion, involving the damming and flow reversal of the Orange/Sengi River into the Vaal Dam so that water, heat, electricity, and power are delivered to Gauteng: a largely South African private sector corporate investment with Rand Water support, opposed by many ecological and developmental NGOs (non-governmental organisations) and local Basotho communities, although supported by the Lesotho state, which stands to collect R6.5 million "rent" each month as well as gain access to some water and electricity.

(v) Cahora Bassa Dam Transmission Line rehabilitation: a 1,440 kilometre long power line rebuilding, largely by the South African private sector, not only bringing heat, electricity, and power to Gauteng, but also enabling the regional grid to be connected from the powerful Congo River to Cape Town.

According to Shaw (2000), in all of these five corridor-type projects, especially the first three more comprehensive plans, forms of multi-stakeholder or trilateral governance have yet to be agreed, let alone effected. Thus there is a palpable "democratic deficit", not only in the SADC, which has only embryonic links outside its state members to the local and global corporate and civil society worlds, but also in these subregional projects. The SADC, like the Economic Commission for Africa (ECA), may now seek to develop dialogue with civil society, as well as the private sector, along with its extraregional partners; but its credibility in such links is problematic, and it has yet to sustain such accountable relationships over time. Whether the SADC will really deal as partners, if not equals, with the Southern African
Development Council NGO Coordinating Committee or ECA’s embryonic Centre for Civil Society remains to be seen, with important implications for the future of regional cooperation. Shaw (2000) states that the primary beneficiaries of corridor or triangle arrangements tend to be larger South African companies, both state (for example, Eskom, South African Airways (SAA), and Transnet) and private (for example, Anglo American and South African Breweries), and local to national official jurisdictions, rather than local communities or NGOs. The degree to which these subregional arrangements reinforce or dilute somewhat established interstate institutions such as the SADC is quite problematic, given the still state-centric character of the latter. According to Shaw (2000), to date there has been no analytic attention given to such issues as compatibility, although there is a discourse about old and new, inner and outer, upper and lower case SADC, in other words, the old front-line states of the region with their well-established connections versus newcomers who have historically been outsiders such as the Democratic Republic of Congo. However, not unrelated to issues of regional hierarchy and hegemony, the SADC has been riven by divisions over security policies more than development corridors.

In addition to such corridor projects Southern Africa, in particular, and sub-Saharan Africa, in general, have been characterised by their own emerging pattern of “hubs and spokes”: airlines (for example, Kenya Airways and SAA, but also Air Afrique and Ethiopian Airlines), cable TV and Internet servers plus websites (for example, MNet and iAfrica), distribution or logistics companies (for example, DHL and Lonrho), financial centres (for example, the Johannesburg Stock Exchange), franchises (for example, Spur and Nandos), and think tanks and universities, especially business and economics programmes, both private and state funded. These tend to be replicated in NGO world, with Gauteng being dominant, as well as in other sectors of civil society, such as the media (for example, the SABC and Weekly Mail and Guardian as well as MNet), professional associations, and sports groups. Export-processing zones, icons of flexible globalisation, or triangles, likewise tend to be concentrated around already established economic cores such as Gauteng and Cape Town, centres in the middle of corridors. Their attractiveness is now reinforced in terms of offering not only cheap labour and infrastructure, but also security through gated communities or compounds – private rather than human, individual rather than collective security.
According to Shaw (2000), Africa has not benefited from any post-cold war "peace dividend". Indeed, internal and regional conflicts have proliferated and escalated in the 1990s, with profound implications for regional and continental security and stability, especially when redefined in terms of human security. Although almost all African conflicts are "internal" in origin, they invariably become regional in scale as they progress. Many conflicts are long running, as they involve competition over scarce resources, control of which enables factions to continue fighting (for example, diamonds in Angola) (see, for example, Shaw, 2000). These are not really "complex political emergencies": complex definitely, but typically economic and ecological, as well as political, and rarely crisis length. The apparent inability of states to eliminate or contain such conflicts has led to the privatisation of security away from regime forces towards private armies, whether of the more organised corporate "executive outcomes" style or the more chaotic "child soldier" variety.

Regional responses on the continent to persistent conflict have stretched from a redesigned Organisation of African Unity (OAU) facility to attempts by inter-state organisations such as ECOWAS, the Inter-Governmental Authority on Development (IGAD), and the SADC to establish confidence-building and peacekeeping structures. Some of these may be little more than thinly disguised forms of regional hegemony appropriate to the 1990s. The ECOMOG reaction by the first, for example, is largely a Nigerian creation to force peace in Liberia, then Sierra Leone (see, for example, Shaw, 2000). While the controversial Organ for Politics, Defence, and Security in the SADC may be less clearly a South African initiative, its still-born character is a reflection of simmering competition between Mugabe's Zimbabwean regime and the post-apartheid state in South Africa. The continuing stand-off is in stark contrast to the relatively successful, cooperative, and anti-destabilisation Inter-State Defence and Security Committee of the SADC states.

The diversity of actors, interests, and relations in such new regionalisms not only complicates notions of human development/security; it also opens up new possibilities for pressure, both positive and negative (see, for example, Shaw, 2000). For sanctions and incentives are no
longer exclusive preserve of states: they may be imposed on and by non-state actors, for example, corporate and cultural boycotts.

According to Shaw (2000), in addition to recognising the multiple forms of state/non-state relations in emerging forms of regionalisms – conflictual and cooperative alike – there is a need to begin to appreciate the diversity of regionalism in Africa as elsewhere: distinctions among primary issue are, for example: economic, ecological, strategic; degree or sustainability of integration (more or less); diversity of state and non-state partners (few or more, very or less mixed). There is a need to identify crucial catalysts in different eras/regions (for example, Makerere in the East African Community in the 1960s or South African Airways and MNet in today's SADC).

2.11.7 SADC political economy of conflict: local, regional, and global connections

Orthodox peacekeeping/peace-building strategies – from pre-emptive confidence-building measures to humanitarian interventions – have not always been efficacious in Africa or elsewhere (see, for example, Shaw, 2000). They have tended to be subverted, particularly when regional contexts facilitate cross-border trade, which keeps the guns and other supplies flowing through profitable global networks: formal, local informal, to global formal, with myriad "middlemen" goods facilitators and money launderers. The ubiquity of small, as well as weak, states on the continent means that Africa has more borders than any other region.

The recent "shadow states" in Kinshasa and Luanda are but the latest iteration of the tendency or inclination of ubiquitous transnational, as well as local informal, sectors to subvert any notion of state authority or delivery, let alone efficiency or legitimacy.

Shaw (2000) states that, as in previous centuries, the ultimate markets for Africa's cornucopias lie not on the continent itself. Instead, they are processed through complex and dynamic networks of "trust", from informal sector mine to formal sector trader, distributor, advertiser, and seller in the EU, Japan, and the USA (see, for example, Shaw, 2000), hence their vulnerability to non-state sanctions such as boycotts, corporate codes of conduct, and union pressures.
2.11.8 Alternative regionalisms: civil societies at the meso-level

Shaw (2000) and Baile and Breier (1994) state that the optimistic analyses of new regionalisms in the SADC as elsewhere need to recognise the present and prospective impacts of civil societies on patterns of regional cooperation. Such transnational links are not necessarily compatible with formal interstate regional structures: they may embrace different spatial areas and be concerned about issues other than economics and strategy.

While regional organisations in the SADC are beginning to encourage “dialogue” with business associations and NGOs and even trade unions and women’s groups, they are not ready to share power: such consultations tend to trickle down to sub-state levels: hence the democratic deficit in all SADC regional institutions to date, which may simplify decision-making somewhat, but undermines any accountability, identity, legitimacy, transparency, or support. Likewise, conversely, there is a need to recognise the limited degree of autonomy that some NGOs and MNCs (multinational companies) possess in their relations with certain states. Non-state actors are rarely completely separate from regimes, although the degree of autonomy is uneven both between NGOs and over time. Just as the UN or World Bank may co-opt certain NGOs in terms of subcontracting, so regional organisations may create or cajole regional NGOs for their own purposes.

Regional communities may include tertiary education and training, such as the historic roles of the University of South Africa (UNISA) for Southern Africa, and now the regional graduate programmes at the Southern African Regional Institute for Policy Studies (SARIPS) or via the African Economic Research Consortium (AERC).

Shaw (2000) suggests that regions, especially corridors and triangles as indicated above, will be defined by contemporary infrastructures, such as electricity (and related dams and water distribution), gas/oil pipelines and telecommunications grids (including cable television and related services and the Internet, especially servers) and transport routes, community and corporate networks, etc. If such new regional designs continue to be affected, then in the second or third decade of the new century, we may find new meso-level structures emerging, such as the Great Lakes, Nile Valley, and Rift Valley communities.
Nor, lastly, does the SADC region end at the shores of the continent: SADC countries, communities, and companies are involved, for instance, in sub-global groupings such as the Atlantic and Indian Ocean Rims, the Cairns group on agriculture in the WTO, and the Conventions on International Trade in Endangered Species (CITES), let alone the Commonwealth and the Non-Aligned Movement.

2.11.9 The state of regional integration in Southern Africa

The most commonly cited justifications for regional integration (Gibb, 2001) arise from problems associated with the small size of individual Southern African economies. Economically, the appeal of regionalism in Southern Africa is almost intuitive. By joining together, states are in a position to exploit larger-scale economies and, at the same time, restructure the regional economy in a way that benefits the production base of the operation. According to Gibb (2001), there is no doubt that Southern Africa and, indeed, Africa as a whole represent a small and relatively peripheral component of the world economy. According to the World Trade Organisation (WTO), the whole of Africa accounts for just 2.1% of all merchandise exports and 2.4% of merchandise imports. The region of East and Southern Africa, with a combined population of 268 million people spread over 19 countries, had a gross domestic product (GDP) in 1998 of approximately $185 billion (of which South Africa alone accounted for 64%). This is equal to the GDP of just one middle-ranking European country.

Clearly, individual Southern African economies are small and marginal players in the global trade (Gibb, 2001). However, creating a more functionally coherent Southern African trading bloc will not, overnight, transform that marginality. If the Organisation of African Unity’s (OAU) 1980 Lagos Action Plan had created an African common market by 2000, as originally scheduled, it is sobering to note that the combined African economy would have been smaller than that of the Netherlands. As observed by Harvey (1997), a united Africa would not be a major economic force.

The limited size of the Southern African economies can, therefore, be used to both support and undermine the arguments in favour of promoting regional cooperation. Herbst (1997), in a paper presented at the Southern African Institute of International Affairs (SAIIA), asked the
rather blunt question: "Why go through the effort to try to have a relatively small number of extraordinary people trade with each other when the world economy is larger, more populous, and growing faster?" In similar vein, Clapham (1997) asserts that the potential economic benefits of regionalism in Southern Africa are often exaggerated. He contends that lack of complementarity between integrating states is one of the principal reasons behind limited potential for regional cooperation. This argument is also advanced by Radelet (1999), in a paper funded by the United States Agency for International Development, who concludes that:

"there is little reason to expect significant gains from formal trade agreements ... such agreements are unlikely to yield appreciable benefits unless they are preceded by decisions within member countries to follow more general open trade strategies".

The reservations expressed by Herbst (1997), Clapham (1997), and Radelet (1999) expose a fundamental division among those who promote the cause of regionalism in Southern Africa. On the one hand, there is a group that promotes integration so long as it is "open regionalism" based on competition, comparative advantage, "free markets", and that, perhaps most importantly, avoids the protectionist policies associated with the failed regional strategies of the 1960s. On the other hand, there are those who advocate a regionalism that incorporates interventionism and affirmative action designed to reduce spatial and structural inequalities in order to assist underdeveloped countries, regions, and their people. According to Gibb (2001), this division reflects a fundamental split that exists in both the academic literature and policy debates over the preferred approach to regional cooperation. The discourse (Gibb, 2001) is dominated by two theoretical paradigms, each containing a wide range of integrative strategies. This dichotomy arises, in part, from a fundamental ideological conflict over development strategies and the role of developing and lesser-developing countries in the world economy.

According to Gibb (2001), a substantial body of research exists concentrating on the benefits to be derived from adopting what can be termed the traditional trade or market integration paradigm. This approach has its foundations in the neoclassical economic perspective that
supports the free market, exploits economies of scale, and promotes a more competitive environment. Balassa (1961) interprets economic integration as an evolutionary process comprising a number of successive stages, with each stage involving more complex and higher levels of integration. However, traditional integration theory and its applicability to the developing world have been the subjects of a barrage of criticism, from conservative and radical factions alike. The most substantive criticisms are as follows:

- The conditions needed for this strategy to operate effectively often do not exist. Emphasis here is placed on the disparities in the size of member-state economies, their lack of complementarity, and structural inadequacies in transport, services, and banking.
- The theory ignores the political and economic difficulties associated with the benefits and costs of integration being shared unevenly among member states. Theoretical and empirical evidence points to the larger and more successful states benefiting at the cost of the weaker states.
- The theory does not reflect accurately the power relations and regulation of the world economy, where the very powerful states effectively control governance.
- The traditional integration approach represents, from a neo-liberal perspective, a clear second best alternative to the multilateral framework based on the favoured nation (MFN) principle.

In the vanguard of those advocating the traditional trade integration approach in Southern Africa is the World Bank, supported by the International Monetary Fund (IMF), the United States (US), and the European Union (EU) (Gibb, 2001). However, these institutions promote a modified version of the conventional model based on “open regionalism”, in terms of which regionalism results in lower external tariff barriers and less protection of the regional market. The World Bank, Cross-border Initiative, and African Development Bank studies and projects are based on the premise that open regionalism is the only route that guarantees the integration of Southern Africa into the world economy. A World Bank study on intraregional trade observed that regionalism should be “an intermediary stage towards general liberalization” and that the central objective of regionalism is “a general and significant lowering of external protection”.

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In contract to theories promoting open regionalism, a substantial body of research exists that concentrates on the benefits to be derived from adopting a more interventionist and developmentally orientated approach to integration. This paradigm, known as developmental integration, is founded on the critique of the neoclassical trade-driven approach. This particular form of regionalism, based on market intervention, varying levels of protectionism, and export subsidies, is a radical alternative to the policies and regional consequences of neo-liberalism. Davies (1996) defines developmental integration as regionalism that promotes:

- efforts to coordinate regional industrial development;
- the establishment of regional funds or banks giving special priority to the least developed members;
- measures to give less developed members greater preferences in access to regional markets; and
- some coordination of macroeconomic policies at a relatively early stage.

It is important to highlight the limitations associated with the models outlined above. All too often, the trade integration approach and developmental integration approach are portrayed as being mutually exclusive. In other words, it is often taken for granted that it is impossible to integrate various elements of each paradigm. However, most examples of effectively functioning regional integration do not fit neatly into one of the models. For example, the EU is the very epitome of the trade integration approach and is committed (with the exception of agriculture) to multilateral rules of governance. The Association of Southeast Asian Nations (ASEAN) is often held up as an example of open regionalism because its member states are first and foremost committed to multilateral free trade.

In truth, regionalism is an extremely complex phenomenon that does not lend itself easily to simple theoretical formulations. Nevertheless, the models outlined above provide a useful ideal type that can be used to examine the structure and state of regionalism in Southern Africa.
2.11.10  **Factors affecting the future shape of regional cooperation**

The shape of regional cooperation in Southern Africa will be determined by the interweaving of a complex web of historic, economic, social, and political circumstances that are both global and regional in character (Gibb, 2001). However, two issues stand out as being particularly influential in determining the character and shape of Southern African regional cooperation: multilateral liberalisation and the unusual degree of inequality levels within the Southern African region.

2.11.11  **Southern Africa and the world trading system**

Since the early 1990s, most analyses of the world trading system have identified a trend towards a more open, integrated, and liberal market system. Led by the internationalisation of the factors of production and consumption, the process of globalisation is perceived by many to be eroding the authority of states. The impact of globalisation on the authority of states to pursue policies at variance with a neo-liberal growth philosophy raises questions of relevance to the core theme of this research.

Most importantly, does liberalisation undermine the ambitions of Southern African states to pursue regionally orientated developmental policies?

The multilateral trading system promotes the cause of liberalisation throughout Southern Africa through various mechanisms, both at the national and regional levels. South Africa is committed to a significant liberalisation programme arising from its Uruguay Round commitments. Regionally, South Africa's liberalisation agenda is being reinforced through the structural adjustment programmes (SAPs).

The liberalisation agenda and open regionalism are being promoted by many of the world's most powerful institutions, including the World Bank, WTO, IMF, US, and EU.

2.11.12  **Regional economic partnership agreements**

According to Gibb (2001), the EU's post-Lomé policy is based on two, potentially conflicting, differentiating criteria: developmental and regional. Most importantly, the EU is proposing to divide the African, Caribbean, and Pacific states (ACP) bloc according to development status,
categorising states as either developing countries or LCDs. At the same time, one of the EU's principal objectives is to promote regional integration among groups of ACP countries. The EU's basic strategy is to offer developing countries a regional economic partnership agreement (REPA) based on a reciprocal trading arrangement and offer LDCs who are either unwilling or unable to enter into a REPA the option of an enhanced super generalised system of preferences (GSD).

2.11.13 Regional inequalities

The second most influential factor affecting Southern African regionalism is the unusually high degree of inequality in the levels of development among Southern African states. While Southern Africa's economy is well integrated in terms of migrant labour, mining, water, transport and, increasingly, regional trade, it is built on the region's single dominant economy located in South Africa. Two sets of figures are useful to illustrate the severity and dynamism of the region's inequalities: gross national product (GNP) and trade. In 1994, approximately 75% of Southern Africa's GNP was produced within South Africa, which had approximately 13% of land, 23% of the population, and 85% of manufacturing output. This disparity in economic power is reflected in the region's trading partners.

Clearly, South Africa dominates the political economy of Southern Africa and will continue to do so for the foreseeable future. This creates a number of serious obstacles that need to be addressed by any future integrative body. Most importantly, it raises the question of how best to integrate a country in transition, South Africa, with developing and lesser-developed countries. Traditional customs theory supports the idea that states have to be at broadly comparable levels of development for regional cooperation to succeed. Otherwise, polarised economic development is likely to occur that will favour the developed at the expense of the underdeveloped. Southern African regional cooperation has to address the question of how best to counter this polarisation trend.

It is useful to emphasise a number of important issues emerging from this review of key determining factors. Firstly, while there is an unparalleled degree of support among the countries of Southern Africa to advance the cause of regional cooperation, a fundamental divide exists over the preferred strategy to adopt. The discourse is dominated by two
theoretical paradigms, one promoting open regionalism and the other developmental regionalism. This divide is exacerbated by the principal factors likely to determine the character of Southern African regional cooperation. Multilateral liberalisation and tariff reductions support open regionalism and make interventionist policies, which often depend on a level of protection to generate resources or safeguard vulnerable sectors, difficult.

However, significant regional inequalities lend support to developmental regionalism that sets out explicitly to address the structural and spatial problems associated with free trade among unequal partners. Faced with these conflicting pressures emanating from the regional and global scales, and having to translate the widespread desire for collaboration into an effective functioning regional institution, states in Southern Africa are undertaking an extremely difficult process.

The redistributive mechanisms in the SADC are not yet known. However, the focus of the SADC’s redistributive attempts will be on market redistribution, with an asymmetrical opening of markets and commitment to trade and industrial policies designed to promote economic growth throughout the region. The SADC makes an explicit link between intraregional free trade and regional development. In 1996, the Maseru Trade Protocol called for free trade to be accompanied by improvements in transport and communication, and the coordination of trade financing and banking systems.

As far as redistributive mechanisms are concerned, a variable geometry approach to regional cooperation is more appropriate. There is no consensus on the best approach to adopt in order to reduce regional inequalities, with SACU promoting a combination of market and positive redistribution, the SADC promoting market redistribution, and COMESA rejecting the need for any redistributive mechanism.

It is important that regional cooperation in Southern Africa, or anywhere else, can only be as strong as its constituent parts, or as strong as its constituent parts allow it to be. A Southern African appropriate regional cooperation model is being constructed among unequal states in an era of unprecedented multilateral liberalisation. Translating the widespread desire for
collaboration into an effectively functioning reality is going to be a difficult (but achievable) process.

2.11.14 Summary and lessons learnt for the future (SADC)

The new regional cooperation perspectives on the continent/region hold a promise for a range of overlapping disciples and debates, particularly several social sciences, including the political science, which needs to re-examine assumptions about "trilateral" state economy-society relations. These continue at all levels, local through national and regional to global, but their content and balance have changed dramatically since the post-independence and post-bipolar eras.

Secondly, they pose challenges for international relations/foreign policy, which are no longer the monopoly of the state and interstate agencies, but include the other pair of (non-state) actors in the trilateral structure – that is, economies/companies and civil societies/NGOs – and also embrace an increasingly extensive and heterogeneous range of issues, from trade to peace building and new forms of "rent" extracted from diamonds and oil, leading to broad mixed-actor global coalitions.

Thirdly, given such approaches, security studies should begin to transcend state-centric and bipolar assumptions and emphases in both theory and practice in favour of a catholic range of actors and strategic issues ranging from ecology to viruses, the broad peace-building spectrum from confidence-building to reconstruction, which involves civil societies at all stages. Any rehabilitation of a neorealist perspective would have to incorporate a range of non-state actors and interests and non-traditional issues and relations.

Fourthly, they require studies of new forms of governance appropriate to the new regionalist level/orientation, in which all trilateral actor types are represented, whether at local or regional, corridor or company/civil society level, as well as governance at all stages of the peace-building nexus.
2.12 Regional Agreements in the Indian Ocean

According to Dabee and Reddy (2000), recent years have seen the emergence of some regional trading agreements (RTAs) whose membership includes a majority of countries bordering on the Indian Ocean. The well-known ones include the Southern African Development Community (SADC), the Common Market for Eastern and Southern Africa (COMESA), the Gulf Cooperation Council (GCC), the South Asian Preferential Trade Agreement (SAPTA), and the Association of Southeast Asian Nations (ASEAN). The performance of these RTAs is widely discussed in the literature. However, very little has been written about the Indian Ocean Commission (IOC) and the Indian Ocean Rim Association for Regional Cooperation (IOR-ARC), two regional agreements whose membership is restricted exclusively to countries bordering on the Indian Ocean (see, for example, Dabee & Reddy, 2000).

2.13 The Indian Ocean Commission (IOC)

The IOC brings together five island economies located in the south-west of the Indian Ocean. It was created in 1984 by Madagascar, Mauritius, and Seychelles, and its membership expanded in 1986 to include Comoros and Reunion, a French overseas territory (see, for example, Moharty, 2000). The main objective of the IOC is to foster broad-based regional cooperation through projects and programmes that are expected to enhance the economic, social, and cultural well-being of the member countries.

While the IOC has been initiating and implementing various regional projects since its formation, it would be difficult to say that these projects have had some impact on the economic performance of the IOC countries. Comoros and Madagascar were stagnating in the 1990s; the growth of the Mauritian and Seychelles economies is due to exogenous factors and policy changes unrelated to IOC projects and policies. As for Reunion, although its GNP per capita is estimated to be that of a high-income country (US$9,656 or more in 1997), it must be recalled that an average of 40 per cent of its labour force has remained unemployed in recent years, supported by transfers from France. These transfers were equivalent to 40 per cent of the GDP of Reunion in 1997. The main reason why IOC projects have no impact on macroeconomic performance is that they are small projects in absolute size (a total of...
about US$30 million has been budgeted for all IOC projects for the period 1995-2000), and they are not directly related to any major productive activity. They do, however, make some contribution to the quality of life and to capacity building.

The projects implemented so far include the eradication of the fruit fly, a training programme for management of oil spills, the protection of endemic plants, and a few courses in business studies run by the newly instituted Indian Ocean University, which is a network of existing tertiary institutions in the IOC countries.

However, the IOC has recently been trying to help step up the level of intra-IOC trade. A trade and investment facilitation programme was launched in 1996. The activities sponsored by the programme include the organisation of meetings of importers and exporters, training schemes for quality control, dissemination of information on business opportunities in the region, and the provision of financial assistance to firms participating in the regional trade fairs.

The IOC has also taken a big step forward by proposing the creation of a PTA. It involves the elimination of all tariffs on countries outside the IOC. In 1998, the IOC Council, the highest decision-making body of the IOC, agreed on the implementation of the FTA in two stages: an 80 per cent reduction in tariffs by 1 January 1999 and a 100 per cent reduction by 31 December 2000. However, only Madagascar and Mauritius actually implemented the 80 per cent tariff reduction as from September 1999; they also moved to the 100 per cent in January 2000.

With the exception of Reunion, IOC countries depend quite heavily on trade taxes for their current revenues. The latest available data show dependence of 65 per cent for Comoros (1982-1987), 47 per cent for Madagascar (1990-1996), 39 per cent for Mauritius (1990-1997), and 46 per cent for Seychelles (1993-1995). The elimination of tariffs, therefore, implies a substantial loss of revenue.
It must be recalled that high dependence on trade taxes, reflecting high tariffs on imports essentially, favours the flow of resources to importables at the expense of the export sector. There is, therefore, a need to move to alternative indirect taxes, which lead to a more efficient allocation of resources between importables and exportables. This could be achieved, for example, by expenditure taxes that would apply equally to domestic goods and imports. However, the imposition and monitoring of such taxes require a technically more efficient tax administration system, which may take time to put in place. This implies that IOC countries are unlikely to undertake significant unilateral trade liberalisation in the short term.

The implementation of the FTA should, therefore, give a boost to intra-IOC trade. However, the preferences created by the removal of high tariffs will allow some IOC traders to displace more efficient suppliers from outside the region. In other words, the FTA will lead to trade diversion. As the range of goods produced in the IOC countries is limited and undiversified, such trade diversion is not going to be high. Overall, the impact of the FTA on aggregate IOC production, employment, and trade is likely to be marginal for two reasons. Firstly, the current level of regional trade is extremely low. Regional imports and exports amounted to 2.4 per cent of the total trade of IOC countries in 1998.

Indeed, the potential for rapid export growth associated with significant macroeconomic effects will continue to lie in production for the EU and the US markets. Secondly, the growth of regional trade is constrained by the low level of effective demand in IOC countries.

As the IOC's past policies and projects have had little or no macroeconomic impact and as the FTA is also likely to have a limited effect on regional production and trade, is the existence of the IOC under threat? The IOC has been active since its formation in 1984, and its future activities are likely to be maintained, ensuring its long-term survival. There are two reasons for this.

Firstly, the IOC is a well-structured organisation with a strong institutional set-up, which ensures that its projects are efficiently monitored and implemented.
Secondly, and more importantly, the IOC is not troubled by problems of inadequate funding. Its institutions and projects are supported by the EU, with some contribution made by France. Given the EU’s strong stand on the proposed creation of regional groupings among ACP countries, in the context of negotiations on the future of the Lomé Convention, the continued existence of the IOC is unlikely to be questioned. In fact, for strategic purposes, France is likely to support the continuation of the IOC.

As the prospects offered by the IOC are limited, its members (except Reunion) have adhered to other larger PTAs such as the SADC and COMESA. And three of them – Madagascar, Mauritius, and Seychelles – have also joined the recently created IOR-ARC. Comoros is also expected to join the IOR-ARC once it gets over its current political troubles. France has already applied for membership on behalf of Reunion. However, its application has not been accepted, as Reunion is not a sovereign state.

2.14 The Indian Ocean Rim Association for Regional Cooperation

The IOR-ARC is a regional agreement that brings together most of the countries bordering on the Indian Ocean. It was officially launched in March 1997, following preliminary discussions and preparatory meetings that were initiated by Australia, India, Mauritius, and South Africa in the early 1990s. Its initial membership was 14. This was increased to 19 in March 1999 with the admission of five new members – Bangladesh, Iran, Seychelles, Thailand, and the United Arab Emirates. Furthermore, Japan and Egypt were welcomed as dialogue partners. The extraordinary meeting of the Council of Ministers held in Oman in January 2000 was attended by all 19 members and the two dialogue partners. The People’s Republic of China and the United Kingdom were also accepted as dialogue partners in March 1999. They will be invited to attend the next meeting of the IOR-ARC, along with the Indian Ocean Tourism Organisation, which has been accepted as an observer. The dialogue partner status is granted to individual sovereign countries that are not members of IOR-ARC, but that have a capacity to contribute to IOR-ARC, particularly in the area of trade and investment.

There is a high degree of variation in the income levels of member countries. They may be divided into high-income, upper-middle-income, lower-middle-income, and low-income countries, following the income criteria of the World Bank. Australia, Singapore, and the
United Arab Emirates fall in the high-income category, with a GNP of US$9,956 or more in 1997. Malaysia, Mauritius, Seychelles, and South Africa are in the upper-middle-income category, with a per capita GNP in the range of US$3,126 to 4,655. Indonesia, Iran, Sri Lanka, and Thailand fall in the lower-middle-income category, with per capita GNP in the range of US$786 to 3,125. And finally, Bangladesh, India, Kenya, Madagascar, Mozambique, Tanzania, and Yemen belong to the low-income category, with a per capita GNP of US$785 or less. It may be noted that these low-income countries, with the exception of India and Kenya, are among the least developed countries of the world, as defined by the United Nations. We, therefore, see large differences in population size, income distribution, resource endowments, infrastructure, and openness.

Some of the differences in income levels may be attributed to structural adjustment programmes (SAP) that were adopted by the IOR-ARC countries at different points in time. It was along the eastern rim of the Indian Ocean region that these policies took earlier root. The success of these policies has not been uniform across the member states. Good results were obtained in Southeast Asia and also in Mauritius.

The motivation behind the creation of the IOR-ARC, as for most regional agreements, stems from the belief that members can obtain mutual benefits by placing emphasis on regional economic activities, especially trade and investment. However, whereas most regional agreements involve some form of preferential trading, where the expected benefits are to be shared exclusively among members, the IOR-ARC does not aim at the creation of a preferential trading area. Rather, much like APEC, on which it is modelled, the IOR-ARC embraces the principle of open regionalism as far as trade is concerned. The objectives of the association, as spelt out in its charter, which was ratified in March 1997, place emphasis on economic cooperation aimed at trade and investment flows in the region through trade facilitation and trade liberalisation measures. But they also highlight other areas of cooperation that can lead to mutual benefits – promotion of scientific and technical exchanges, development of infrastructure, upgrading of human resources through close links among training institutions, and cooperation in international forums on global economic issues.
Moreover, along the lines of APEC, the IOR-ARC also provides for the participation of representatives of the business community – in the Indian Ocean Rim Business Forum (IORBF) – and also of the academic community – in the Indian Ocean Rim Academic Group (IORAG). These two groups are closely involved in the formulation of projects to be implemented by the IOR-ARC.

It must be pointed out that it is, at present, unclear what the exact definition of open regionalism is, and there is still some controversy about the compatibility of regionalism or open regionalism with multilateralism (see, for example, Bhagwati, Greenaway & Panagariya, 1998; Ito & Krueger, 1997; and Panagariya, 1999). Open regionalism was not explicitly defined even within APEC, which had embraced the principle since its creation in 1998. It is only very recently that Fred Bergsten, who was the Chairman of APE’s Eminent Persons’ Group, attempted a systematic review of the alternative definitions of the concept and showed how they could be operationalised by APEC (see, for example, Bergsten, 1997).

In the case of IOR-ARC, Kelegama (1998) uses a definition that emphasises market integration and argues that the modalities of open regionalism are not met. But Shand and Kalirajan (1997), using the concept of an open economic association (OEA), which is similar to open regionalism, argue that market-driven linkages exist at least among Australia, India, and South Africa, making an OEA a feasible project in the Indian Ocean region. It seems to us that it would be useful at some point to review various possible interpretations of the concept of open regionalism and their implications for individual members of the IOR-ARC and for the association as whole.

In the meantime, we can pursue our argument with a working definition of open regionalism in the context of the IOR-ARC. As the association does not have a formal agenda for trade liberalisation for its members and as it does not have a timetable for moving the association to free trade, individual members are free to pursue their liberalisation policies unilaterally. And as further liberalisation is required in the case of lower-income members, it is likely that they will be able to impose preconditions on their trading partners, given the generally small volume of their trade transactions. Unilateral trade liberalisation extended to members and
non-members, without discrimination and without conditions, is what open regionalism would imply for individual members of the IOR-ARC.

The latest available data show that five countries (Bangladesh, India, Madagascar, Mauritius, and Seychelles) rely quite heavily on trade taxes, which provide more than 25 per cent of their current revenues. For the majority of IOR-ARC countries, therefore, unilateral trade liberalisation implies a significant loss of revenue and is likely to be a slow process.

Furthermore, as the IOR-ARC currently accounts for only about ten per cent of world trade, it will not find it easy to negotiate further liberalisation from large trading nations and trading blocs, especially in the absence of a definite timetable for implementing a movement to free trade. All this means that, at least in the near future, it will not be easy for the association to work towards the avowed objective of open regionalism, which is a movement towards free global trade.

But the more important question for policy makers is the potential for regional cooperation in the short term. It must be pointed out that there is a long tradition of trading activities among Indian Ocean countries. As for the importance of current regional trade, on average, IOR-ARC countries shipped 21.3 per cent of their exports and obtained 21.4 per cent of their imports from the region in 1998. Overall, regional trade accounted for 21.4 per cent of the foreign trade of the IOR-ARC countries.

It may be noted that the five countries of the Asian-Pacific region dominate the overall exports of the region. In 1998, they accounted for 5.9 per cent of the world trade, whereas the remaining fourteen countries contributed only 5.9 per cent of world trade. Furthermore, there is substantial trading among the Asian-Pacific members, whereas trade among the remaining members is very limited. It must also be remembered that the major trading partners for the IOR-ARC countries are the EU and the US.

Most of the IOR-ARC countries have a diversified import structure. Australia, Singapore, Indonesia, Malaysia, Thailand, India, Sri Lanka, and South Africa also have a diversified...
export structure. But the remaining countries have a narrow export base. For example, the exports of Kenya, Tanzania, Madagascar, and Mozambique are mostly primary products. The major export of Oman, Yemen, UAE, and Iran is oil. This clearly establishes complementarity in trade in the region, which is a good basis for increased cooperation.

There has been an increase in regional trade in recent years, occurring in the absence of any concerted effort to boost regional trade. Now that a regional agreement exists, there are better prospects for intraregional trade. Preferential trading is ruled out by the IOR-ARC. Instead, the association has proposed the implementation of the trade and investment facilitation measures. These measures fall into two categories. Firstly, there are measures that are directed exclusively to intra-IOR-ARC trade and investment. One example is the organisation of trade fairs and investment forums, which can lead to new trade and investment opportunities. Two such events have already been organised in Oman in 1998 and India in 1999. Another proposed measure concerns the harmonisation of standards and mutual recognition of testing and certification.

There is also the proposal for an IOR-ARC clearance and payments system, which will allow members, especially low-income members, to finance a larger volume of imports from the region. The second set of measures aims at reducing obstacles to trade and investment – not just intra-IOR-ARC trade and investment. The proposed measures include the simplification of customs procedures and the consolidation of information on the investment environment in member countries.

The IOR-ARC has enormous economic potential and offers considerable trade and investment opportunities. South Africa is rich in minerals and is a major economic power in Africa. Eastern Africa has a wide range of tourist attractions. In the north, there are oil-rich countries with considerable reserves. The South Asian region has an abundant supply of skilled manpower. Countries in Southeast Asia are already economic success stories. And Australia is rich in natural resources and is a developed country.
Beyond trade and investment, there are many possible areas of cooperation in the IOR-ARC. These include the sharing of technology and agricultural practices, human resource development, vocational education, and poverty alleviation programmes.

It is the work programme that is the crux of the IOR-ARC. The work programme brings together several interesting projects proposed by the IORAG (the academic group) and the IORBF (the business group). These include clearance and payments arrangements, trade and investment facilitation, standards and accreditation, food inspection procedures, and customs procedures.

It is the implementation of the recommendations of the work programme that will result in increased trade and investment as well as increased economic welfare of the region.

The success of IOR-ARC depends on the determination and the commitment of its members. In view of the large size and diversity of the group (the association, including the dialogue partners, covers more than half of the world's population), it will no doubt take some time to obtain concrete results. There is a need to shift emphasis from the expansion of membership to the implementation of projects that can lead to tangible economic benefits for its members.

2.14.1 IOR-ARC regional cooperation conclusions

The IOC turns out to be a minor regional initiative that has, so far, had no impact on the macroeconomic performance of its members. Its FTA is unlikely to be fully operational in the near future. And once it is in force, the FTA is only expected to have a marginal impact on intra-IOC trade. Four of the five members of the IOR are also members of COMESA, which offers better prospects for trade and investment; businessmen and investors are likely to be more interested in dealing with COMESA.

The IOR-ARC, on the other hand, can be regarded as a major regional initiative that currently brings together almost all countries bordering on the Indian Ocean. Even countries from outside the region, which have a close interest in the area, have expressed keen interest and have been accepted as dialogue partners. There is currently a significant volume of regional trade, although it is highly concentrated among a few countries and investment in the region. But the creation of the IOR-ARC opens up new opportunities for increased trade and
investment in the region. It also paves the way for significant economic cooperation in large areas.

2.15 Conditions for Successful Regional Cooperation

According to Leistner (1997), empirical research shows that economic integration has the best prospects if it occurs among countries that (i) are at similar levels of development, (ii) have competitive industrial sectors, and (iii) have the potential to develop complementary industrial sectors. Beyond that, a number of other conditions have to be met. These are as follows:

(i) All countries should perceive that they are gaining from the arrangements.
(ii) A supranational authority should be established with real powers to make governments of member countries implement the decisions of the authority.
(iii) Particular attention should be paid to ways and means of overcoming the tendency of manufacturing industry to polarise in the most industrially advanced country of the grouping.
(iv) Governments should be prepared to cede some of their sovereignty to the supranational authority.
(v) Political differences within the grouping should be containable.
(vi) Member countries should be in broader agreement on economic systems; integration cannot succeed between market-planned and centrally planned economies.

Ravenhill (1997), Diof (1997), and Leistner (1997) state that the first four of these conditions, in particular, are not readily met in the present day. They propose that priority be given to functional cooperation and coordination and that market integration be pursued as a long-term objective and by way of variable geometry. “Variable geometry” means that members of a grouping need not act in unison in liberalising trade, but implement changes when their position makes it feasible. They note that regional cooperation is inevitably an intensely political process. It cannot be made to succeed by applying theoretical models but ignoring the political parameters within which countries and their leadership function.

Ravenhill (1997) and Diof (1997) state that regional cooperation and integration certainly can promote the economic development of participant countries. Regional schemes, however, are no panacea for underdevelopment. They are of little avail and may even leave some
countries worse off than before, unless participating countries pursue sound economic and financial policies at home.

Mytelka (1973) cites five factors related to the salience of gains that have a strong influence on the creation and durability of the regional cooperation schemes of developing countries. These refer to "the extent to which:

(1) the leadership perceives a probability of national gains;
(2) there are immediate tangible gains;
(3) gains are increasing over time;
(4) equity in the distribution of gains is perceived;
(5) gains are increasing proportionately faster than losses".

2.16 Obstacles to Regional Cooperation

A number of obstacles militate against the effective realisation of regional cooperation in the current international environment (see, for example, Laszlo, 1981; Hamilton, 2003; Schirm, 2002). These include:

- narrow and short-sighted forms of nationalism, which can transform the legitimate claim for national independence into a request for national autarky and can prove to be inimical to growth and development in conditions of interdependence;
- self-centred economic thinking that gives rise to the irrational fear that assisting other countries and aiding in the creation of a more equitable international economic order will restrict national economic growth and development;
- disparities in levels of development that produce fears and suspicions in the less advanced countries or a region that the more advanced will overwhelm them with their more efficient production systems or greater resources (despite the experience of the currently functioning and successful economic communications, which shows that the less developed countries can be compensated for short-term losses, and in the wealthier and more advanced ones);
- cultural chauvinism that aggravates the above fears and makes ineffective the implementation of regional agreements (even though, if properly understood and taken
into account, the diversity of cultures can be a basis for complementary relationships, skills, and institutions); and

- dependency relationships between developing countries and one or more industrial nations that, whether the legacy of colonialism or the result of more recent developments, produce a reluctance in developing countries to evolve alternative regional relationships for fear of jeopardising their unwelcome but seemingly necessary north-south ties (notwithstanding the fact that regional cooperation could replace them with a wider-ranging and more equitable set of international economic relationships).

A pragmatic orientation could cut across and mitigate such fears and blockages confronting regional cooperation objectives. An approach is needed that is flexible and adaptable to divergent ideological, political, and constitutional realities and that allows the simultaneous pursuit of several policies and programmes in the relevant areas of cooperation. It must be task oriented, building institutions only as needed to carry out specific tasks rather than dominating and expropriating them, and must enable different nations, cultures, and institutions to retain their identity while cooperating in the pursuit of specific tasks and objectives.

Overcoming the obstacles of regional cooperation (see, for example, Laszlo, 1981) requires an understanding of its potentials and benefits by leaders and citizens alike. The effective mobilisation of public support constitutes a crucial factor that calls for broader and more adequate flows of information concerning the current world economic situations and the available alternatives.

The general public must come to view regional cooperation as a process in which they as individuals as well as their countries will benefit, without loss of personal and national identity, and with enhanced collective self-reliance and standing in the world community.

2.17 The Weaknesses of Regional Integration Theory

From the observed theories, it should be said that regional integration theory is only partially concerned with reasons for cooperation (see, for example, Schirm, 2002) - in other words, with preferences that lead to cooperation at a specific time. Instead, most theories focus on
how cooperation works (decision-making, institutions) and which characteristics it demonstrates (supranational, intergovernmental, regime-specific). In addition, theories concentrate almost exclusively on the European case. By offering an analysis and a theoretical conceptualisation of regional cooperation in Europe, the Americas, Asia, and Africa, this research also attempts to overcome Eurocentrism. This approach is based on the assumption that social interaction and, therefore, international relations follow generally applicable rules. Powerful theories should be able to explain regional cooperation in Europe and elsewhere in the world. Thus, it is assumed that European integration is not per se a unique case, but can be compared to other examples of regional cooperation. The conclusion of this short analysis of regional integration theories is that, while they do explain how convergent interests can induce cooperation (through “functional efficiency”, “institutional dynamics”, “domestic coalitions”, and “intergovernmental bargains”), their explanation of causes of convergence is insufficient. Which specific driving forces encourage the perception of regional cooperation as a desirable option to further “functional efficiency” and “national interests”? The research community agrees on the mid-1980s for the decision on the Single Market Project (Keohane & Hoffmann, 1991; Moravcsik, 1991). However, the question of whether there is a factor that brought about the alignment of national preferences around liberalising reforms and for the functional efficiency of regional cooperation has not been investigated. What remains to be explained, therefore, is the simultaneous convergence of national preferences for new cooperation in liberalising markets and enhancing global competitiveness.

2.18 Regional Cooperation Hierarchy

The theory and practice review in the above sections has shown that relationships among different levels of regional cooperation are complex. This complexity is due to the dynamic, inter- and jurisdictional nature of regional cooperation. One way to observe and map these relationships in the content of a regional cooperation hierarchy can be to assess the impact and relationships of each component at the hierarchical levels. Figure 2.3 below provides the basic content for each component of the regional cooperation hierarchy and coordinators of each of the regional cooperation initiatives. It also contains a possible list of the external influencing factors on each of the regional cooperation initiatives. This assists to identify the similarities and differences of different levels of regional cooperation to better manage
different initiatives. The components in Figure 2.3 can be considered as a basis for any regional cooperation designed by different communities. It demonstrates the potential direct impacts and indirect impacts and relationships of any level of the regional cooperation hierarchy on the other levels through each of the components. This represents general-level patterns of relations between levels of cooperation. The national level has an important role in building the other levels of the regional cooperation hierarchy as well as more relationships with other levels than any other level of regional cooperation in the hierarchy.

The difficulties that have faced the SADC community are, in many respects, similar to those confronting most other institutions operating in a highly penetrated regional subsystem where autonomy is more apparent than real. The facade of unity is permanently threatened by intrusive effects of external influences emanating from the regional, continental, and global arenas. These centrifugal forces have tended to pull the partner states apart rather than to unite them.
2.19 Developing a Theoretical, Appropriate Regional Cooperation Model

The theoretical work and practical applications in this chapter provide a basis for reconciling the aggregate information on deriving a theoretical conceptual regional cooperation model in the SADC. The objective of this research is restated in order to describe the rationale behind the data analysis procedures and actual procedures to be used:

- It is the objective of this research to identify factors of economy, capacity, and organisation that would augment the development of the appropriate model.
- The goal of this research is to use the results of the objective, the identified factors, in constructing an appropriate model or road map that can be used by SADC state governments, private sector leaders, and NGOs to augment the appropriate regional cooperation towards sustainability.
Analysing the objective of this research requires propositions to be stated and formulated. Therefore, the appropriate regional cooperation can be defined by the following proposition:

\[ \text{ARC} = f \{P, Q, R\} \]

With variables \( P \) (environmental imperatives), \( Q \) (capacity imperatives), and \( R \) (organisational imperatives) being coefficient and ARC (appropriate regional cooperation) the dependent variable.

2.20 Conclusion

The purpose of this chapter was to review, discuss, and document the state of regional cooperation across the world. It did this by reviewing a number of the more current definitions of regional cooperation. These reviews have helped to build the current understanding of the importance of regional cooperation among member states. Firstly, it examined the theoretical background to regional cooperation in order to identify the principal policy options available to the states of Southern Africa. Secondly, it evaluated those factors most likely to determine the character and evolution of regional cooperation at the start of the twenty-first century. It examined the political infrastructure of Southern African regional cooperation in the light of the policy options and the principal factors outlined above.

The most commonly cited justifications for regional cooperation arise from the problems associated with the small size of individual Southern African economies. By joining together, states are in a position to exploit larger-scale economies and, at the same time, to restructure the regional economy in a way that benefits the region.

The chapter also reviewed the relationships among different levels of regional cooperation. Lastly, a theoretical regional cooperation model was developed joining together the combinations of factors that influence the participation rate of the member states. This model provides a platform for exploring the richness of model building theory and practice to establish a deeper understanding so as to derive a model that is aligned with the objective of the study. In Chapter 3, model building theory will be discussed.
3 CHAPTER 3: MODEL BUILDING THEORY AND PRACTICE

3.1 Introduction

The theory and practice review for regional cooperation is discussed in Chapter 2. The objective of this research study is to develop an appropriate model for regional cooperation in developing countries - the case of the SADC. The purpose of this chapter is to explore the richness of model building theory and practice to establish a deeper understanding so as to derive a model that is aligned with the objective of the study. The development and analysis of a wide variety of models are discussed. Models and model building are discussed in fairly general terms. Model validation theories will be reviewed.

3.2 Model Definition and Model Formulation

According to Cooper and Emory (1995), the term “model” is used throughout the various fields of business and allied disciples with little agreement on definition. This may be because numerous functions represent phenomena through the use of analogy. A model is defined here as a representation of a system that is constructed to study some aspect of that system or the system as a whole. Models differ from theories in that a theory’s role is explanation, whereas a model’s role is representation.

A model is not an explanation; it is only the structure and/or function of a second object or process. A model is the result of taking the structure or function of one object or process and using that as a model for the second. When the substance, either physical or conceptual, of the second object or process has been projected from the first, a model has been constructed.

A model is a structure (Vinze, Sen & Liou, 2001) that has been developed by an expert modeller to study the characteristics of a real-world problem. Among different kinds of models are schematic, analogue, mathematical, and verbal. Formulation of a model by expert modellers involves capturing the problem descriptions or semantics, understanding the essential elements by studying structure, selecting a suitable tool with its underlying structure, and finally mapping the problem structure onto the tool structure. The process involves three categories of tasks: formulation tasks, or steps in the construction of the model; control tasks
to determine what to do next; and formulation process planning tasks, which refer to control-like concerns, only on a longer time horizon. Model formulation can then be thought of as a design activity that is monitored by control and planning processes.

Gordon and Pressman (1979) state that a model may be defined as a representation of some process or system that incorporates only those elements of the process or system that affect the objectives of interest. Thus, a model is not a perfect duplicate of the process, but contains sufficient detail so that we can study the model of the process itself.

3.3 Situational Approach to Model Building

In the process of model building, a decision must be made as to which among several specifications (possibly belonging to different classes of models) should be chosen to represent a relationship between a dependent variable and other variables of interest (Perez-Amaral, Gallo & White, 2003). Among these, one may prefer a parametric specification (either linear or non-linear) where some interpretation of parameter values may be retained or else suggest the adoption of flexible functional forms where the relationship among the variables is guided by other criteria of explanatory power. Within each class of models, specification selections are far from trivial: some methods focus on the relationship between a model and interpretability according to some theory, others are based on hypothesis testing between competing models, some depend on the trade-off between explanatory power and parsimony in the retained specification, and others are based on the performance of a model in explaining a set of data not used for estimation, especially when the flexibility of the specification tested in sample may signal over-parameterisation when applied out of sample.

According to Lilien (1975) and Morgan (2004), a model is not a theory. A theory implies "best practice possible" representation of a situation and should (for a given analyst, at least) be unique. An analyst, however, may build several "right" models of a particular situation, each for a different use or user. Model relativism, the explicit consideration of the use and user in model development, has important implications for building models and for implementing those models.

Lilien (1975) defines model building in the following terms: (i) model absolutism (MA): that school of thought that would have one believe that (only) one model best describes a...
situation. The followers of this school feel there is a one-to-one relationship between a model and theory. Since only one model (the best, in an absolute sense, subject to the law of parsimony) can be used, at least by a particular theorist or analyst, to represent a particular situation, that model constitutes the analyst's theory of how that situation operates. A statistical test, for example, on model parameters can then constitute a test of the theory. (ii) Model relativism (MR): the school that holds that several or many models can be employed to describe a situation depending on both the user (technically sceptical manager versus sophisticated analyst) and the use (long-range planning versus short-range scheduling). The believer of MR says "nonsense" to MA model theory association. He believes, for example, that the best "theory" of consumer behaviour currently available, while useful to researchers, perhaps should not be proposed for use in a particular situation where the marketing manager or decision-maker cannot understand it and, thus, will not use it. The best representation of consumer behaviour that the manager can accept and feel comfortable with can be the best model in an MR sense. Lilien (1975) suggests that if we remove the main barriers to use (understanding and applications difficulties), then the manager may use the model. Clearly, if after believing in the model, the manager's budget runs out, he will not use it. The barrier issue has been particularly discussed by Little (1970) through his "adaptive, easy to understand" and "controllable" model criteria. What the MR theory would add to the regional cooperation model is that model design adapts to changing users as well as changing situations. Another issue under the general heading of barriers is the "face of validity". A model that tracks and predicts well may not include one or more variables a manager considers important. The excluded variable may, for instance, be highly correlated with an included variable. The model builder may be forced to include a variable that adds little or no power to the model to obtain managerial acceptance. Thus, model complexity, as a constraint against use, can be either an upper or lower bound.

The MR viewpoint suggests why certain directions of modelling have been much less fruitful than others, both in a theory development and implementation sense.

There are many different kinds of models (for example, Lilien, 1975; Morgan, 2004). This variety is at the heart of the communications problem faced by model builders and users.
Below are set of model types, according to Lilien (1975), neither mutually exclusive nor exhaustive, but at least indicative of a range of users.

- **Conceptual:** this is often the first level of abstraction, perhaps a flow chart or simple relationship graph to indicate the nature of the relationship. Models help in early steps toward alternative model development. Conceptual models are (generally) of more use to the model builder than the model user if user and builder are not the same person. One might place the bulk of classroom models in the conceptual model class, as they are more helpful about reality than in actual decision-making.

- **Descriptive:** models can be used to describe how a system operates. Descriptive models contain no manager-controllable variables, but are used to forecast events when independent variables are assumed to be known. A time series sales forecast, Sales = \( f (\text{Time}) \), is a descriptive model, which may be used for budget or logistics planning.

- **Experimental/exploratory:** a model's response in alternative environments can be probed via experimentation. Experimentation is used to explore the response and characteristics of a system; models are developed to use in experiments when it is too costly, destructive, or otherwise infeasible to experiment on the real system. Exploration, as heuristic programming, is a systematic, sequential way of trying out alternatives and improving actions. A model may be used as a vehicle on which to test a heuristic procedure.

- **Prescriptive:** models are developed to advise managers as to what they should do in a given situation — thus, they "prescribe". The output of an experiment or exploration may be a prescription, or it may not. The model, Sales = \( f (\text{Advertising}) \), can be used for setting the levels of a controllable variable, advertising, when the related fixed and variable costs are known. Prescriptive models contain controllable variables and can generally be manipulated to obtain "good" or "optimal" levels of those variables.

There are clearly other uses for models — they can also be used to entertain and amuse. The most important point here is that different types of models do exist.
3.3.1 Conceptual models and their uses

All research has an underlying model of the phenomena it investigates, be it tacitly assumed or explicit. Such models, called conceptual models (Järvelin & Wilson, 2003; Engelbart, 1962) or frameworks, easily become topics of discussion and debate when a research area is in transition. Often two or more models are compared and debated. With an eye on advancing the research area, how should the models be assessed for their possible uses?

According to Engelbart (1962), developing conceptual models means specifying the following:

- Essential objects or components of the system to be studied
- The relationship of the objects that are recognised
- What kinds of changes in objects or relationships affect the functioning of the system – and in what ways?
- Promising or fruitful goals and methods of research

Conceptual models are broader and more fundamental than scientific theories in that they set the preconditions of theory formulation. In fact, they provide the conceptual and methodological tools for formulating hypotheses and theories. If they are also seen to present the research community, they become paradigms. The conceptual model of a research area is always constructed – it does not simply lie somewhere waiting for someone to pick it up.

The literature of the philosophy of science provides discussions on the functions of scientific theories. According to Bunge (1967), scientific theories are needed (or used) for the following functions:

- Systematisation of knowledge by:
  - integrating formerly separate parts of knowledge;
  - generalising and explaining lower-abstraction-level knowledge (or observations, data) through higher-level constructs;
  - explanation of facts through systems of hypotheses that entail the facts;
  - expanding knowledge by deducing new propositions based on selected starting points and collected information; and
  - improving the testability of hypotheses through the control context provided by systems of hypotheses.
• Guiding research by:
  – pointing to fruitful problems;
  – proposing the collection of data, which nobody would understand to collect without the theory; and
  – proposing totally new lines of research.

• Mapping a portion of reality by:
  – representing or modelling the objects (and relationships) of that chunk instead of just summarising the data; and
  – providing a tool for producing new data.

Bunge (1967) believes that these functions are also suitable functions of conceptual models, which are more general in nature than theories. Clearly, conceptual models may and should map reality, guide research, and systematise knowledge, for example, by integrating and by proposing systems of hypotheses.

A conceptual model provides a working strategy, a scheme containing general, major concepts and interrelations. It orients research towards specific sets of research questions. A conceptual model cannot be assessed directly empirically because it forms the basis of formulating empirically testable research questions and hypotheses. It can only be assessed in terms of its instrumental and heuristic value. Typically, this happens by assessing the research strategies and programmes (and results) it creates. The latter programmes consist of interrelated substantial theories and research relevant for evaluating them (Järvelin & Wilson, 2003; Vakkari, 1998). If the substantial theories prove to be fertile, the model is so, too.

However, waiting for the substantial theories to prove to their fertility may take some time. In the meantime, or even before embarking on some line of research, it may be important to argue about the merits of various conceptual models. According to Järvelin and Wilson (2003) and Vakkari (1998), the following are the types that can be used to judge the merits of a conceptual model:

• General scientific principles:
When studying some phenomena, they should be studied in all situations and also under extreme conditions. Thus, you do not just consider information seeking by academics, but also by other professions or laymen.

The model should be limited in a meaningful way as a system. For understanding information seeking by human actors, the proper system is not some service (for example, a library) and its clients, but rather an information actor immersed in his or her situation and information environment (for example, all information access systems).

When two competing conceptual models are compared, the following criteria may be used to judge their merits:

- Simplicity: simpler is better, other things being equal. The model is based on very simple classifications.
- Accuracy: accuracy and explicitness in concepts are desirable. The model could be more accurate and explicit in its classification of task complexity. Nevertheless, it has functioned well as a first approximation. The model is more accurate than its predecessors in its focus on task level instead of job level.
- Scope: a broader scope is better because it subsumes narrower ones, other things being equal. The model is broader in its hospitality to any kind of task, not just job-related. On the other hand, it covers just three concepts, albeit important ones.
- Systemic power: the ability to organise concepts, relationships, and data in a meaningful systematic way is desirable. This clearly is one strong feature of the model.
- Explanatory power: the ability to explain and predict phenomena is desirable. It suggests several hypotheses that can latter be confirmed.
- Reliability: the ability, within the range of the model, to provide valid representations across the full range of possible situations.
- Validity: the ability to provide valid representations and findings is desirable. (No model can directly argue for being valid.)
- Fruitfulness: the ability to suggest problems for solving and hypotheses for testing is desirable.
Theoretical development or construction of new conceptual models in any research area often requires conceptual and terminological development. Conceptual development may mean fulfilling, perhaps in a better way than before, the basic requirements for scientific concepts – precision, accuracy, simplicity, generality, and suitability for expressing propositions, which may be shown to be true or false. Moreover, good concepts represent essential features (objects, relationships, events) of the research area. More importantly, concepts should differentiate and classify the phenomena in ways that lead to interesting hypotheses (or research problems). This means that the concepts must relate to each other in systematic and fruitful ways. Concepts also need to support research into phenomena by known research methods (or relaxed, by methods that can be developed). They need to be compatible with each other and with research methods (that is, be congruent).

3.3.2 Descriptive models

According to Cooper and Emory (1995), descriptive models seek to describe the behaviour of elements in a system where theory is inadequate or non-existent.

Descriptive models provide useful information about a process and its behaviour. They can be used to facilitate discussion where a group requires a common representational format. A descriptive model also supports process management and improvement, helping to identify potential problems before they occur. The descriptive model provides an image of the specific situational or relational elements. A lot of the published behavioural research is of a descriptive nature. The result of a descriptive study is a detailed image of the subject (for example, how did it happen? Who is involved?). This type of research employs the most data collection techniques, for example, surveys, field research, content analysis, and historical-comparative research.

3.3.3 Experimental models

Experimental models (Lilien, 1975; Morgan, 2004) involve intervention by the researcher or model builder. The usual intervention is to manipulate some variable in a setting and observe how it affects the subjects studied. The researcher manipulates the independent or explanatory variable and observes whether the hypothesised dependent variable is affected by the intervention. The models involve the best controls and strictest standards of all forms.
of research. In most models, the researcher divides the test into two or more groups that will be treated identically, except for the "treatments" that are being carried out on groups and in terms of which they will differ. Differences that are observed between the groups can be ascribed to the treatments. This means that experimental conditions can be systematically manipulated, while extraneous variables are controlled. The experimental model is thus designed to minimise alternative explanations of the results obtained.

3.3.4 Prescriptive models

A prescriptive model prescribes how a new system should be developed. Prescriptive models are used as guidelines or frameworks to organise and structure how development activities should be performed and in what order. Typically, it is easier and more common to articulate a prescriptive life cycle model for how a system should be developed. This is possible since most such models are intuitive or well reasoned. This means that many idiosyncratic details of how a system is built in practice can be ignored, generalised, or deferred for later consideration. This, of course, should raise concern for relative validity and robustness of such life cycle models when developing different kinds of applications systems, in different kinds of development settings, using different programming languages, with differentially skilled staff. However, prescriptive models are also used to package the development tasks and techniques for using a given set of tools or environment during a development project.

3.4 A Utility Theory for Models

According to Lilien (1975), a model's use and acceptability have many dimensions, and the weights (and interactions) of those dimensions are relative to the situation, the use, and the user. Goodness of fit, predictive ability, and parsimony are three such dimensions. One could suggest others: robustness, ease of use in decision-making, ease of updating and maintenance, adaptiveness, cost lines to support and operate, etc. This list is far from complete, and of course, the factors could be highly intercorrelated. A model would be considered "dominant" if it ranked above all competing models along all dimensions of evaluation. And a model would be "dominated" if there existed at least a model that had a higher rating along all dimensions. The dominated models could be eliminated from consideration for a particular application, while others could be considered.
This formalises the informal procedure that model critics have used all along (Lilien, 1975). It will allow arguments about particular models to reduce the discussion of the relative importance of model attributes. And this is the real issue.

It would be interesting to have “users” and “builders” rate a number of well-known models and develop weights for various dimensions. Clearly, the explicit consideration of such a utility theory can only be useful for “important” modelling efforts. However, at least an informal consideration of these trade-offs could be valuable in improving model building efforts.

3.5 Analytical or Mathematical Models

According to Gordon and Pressman (1978), a model can be defined as a representation of some process or system that incorporates only elements of the process or system that affect the objectives of interest. Thus, a model is not a perfect duplicate of the process, but contains sufficient detail so that we can study the model instead of the process itself.

Investigation and analysis of the model is usually more convenient and practical than manipulating the actual process. For instance, architects build scale models of buildings to try to determine their aesthetic appeal. In this case, the system (building) does not exist, and a model is only a means of experimentation. These types of models, called physical models, actually resemble in appearance the systems to be investigated. However, these models are not the types used in quantitative decision-making.

Gordon and Pressman (1978) state that an analytical model (or mathematical model) is one in which numbers and variables represent the elements of the processes or system under consideration. It is, therefore, an abstract model. Every equation that we use is, in fact, itself an analytical model. In constructing models of decision problems, we wish to incorporate all factors relevant to the objective and then experiment with the model mathematically (instead of physically) to determine a good decision or, if possible, the best (optimal decision). In general, this will require the following:

(a) Defining variables for:
- decision (controllable) activities;
uncontrollable activities; and

- the objective, known as the pay-off measure of performances.

(b) Developing the relationships among the variables – in particular, how the measure of performance relates to the decision variables.

(c) Developing the constraint equations (if any) that assures that only feasible decisions will be considered.

The definition of the variables is one of most important steps in formulating a model, although this is not evident at the outset. It is important to choose variables for the decision activities that will give an answer to the problem and, at the same time, yield an accurate formulation of the model. In general, one variable must be chosen that acts a measure of how “good” the outcome is with respect to the objective. This variable is usually referred to as the pay-off measure or measure of performance. The formulation of this variable can be as difficult as the formulation of the objective itself, since it must adequately reflect how any outcome will be judged. Whenever possible, it should be a variable that takes on numeric values and has the implications that either a high or low value is judged “good”.

The uncontrollable activities may initially be defined as variables, but some approaches will permit eliminating uncontrollable variables from the final equations. For example, the uncontrollable variable demand, given together with its probability distribution, may be replaced by the average demand that is acceptable if the objective can be stated as “earning the best expected (average) profit”.

3.6 Model Validation

According to Oreskes (1998), in recent years, scientists in various disciplines have developed the notion of model validation to refer to the process by which scientists attempt to demonstrate the reliability of the computer model. Hodges and Dewar (1992), in a report for the RAND Corporation on computer models used by the military to evaluate the efficacy of weapon systems in battlefield scenarios, make a distinction between two kinds of models: those that can be validated and those that cannot. To be validatable, in their words, the situation being modelled must satisfy four criteria: (a) it must be observable and measurable; (b) it must exhibit constancy of structure in time; (c) it must exhibit constancy across
variations in conditions not specified in the model; and (d) it must permit the collection of ample data. Models in social and policy sciences fail to satisfy these criteria and, therefore, cannot be validated; that is, their reliability as a basis for prediction cannot be demonstrated. Because the systems are incompletely known and may change with time, a model that works well under one set of circumstances may fail under a different set of circumstances (Hodges & Dewar, 1992). In essence, according to Bankes (1992), such models are trying to "predict the unpredictable". Bankes (1992), also writing for the RAND, concludes that the use of computer models for prediction in policy analysis is not only generally misleading, but potentially dangerous and, as in the case of battlefield scenarios, literally so. When used for prediction, these models provide only the illusion of certainty. At best, the result is a false sense of security; at worse, a dangerous hubris. Bankes (1992) advises that policy models should be used primarily in an explanatory mode, to explore the range and possible consequences of policy options, including worst-case scenarios. He notes that this normally requires the development of multiple models. Models sometimes produce results that surprise their creators and, in doing so, elucidate unknown implications of known information and overt implications of covert assumptions.

Non-predictive models can be informative, but only as long as they are used in question-driven rather than answer-seeking frameworks (Bankers, 1992; Oreskes, Shrader-Frechette & Belitz, 1994).

The RAND authors restrict their arguments to models in the policy domain and suggest that their caveats do not apply to the hard sciences in which model predictions can be experimentally verified. But this is an arguable point; many difficulties encountered in the social world also apply in the physical world. The RAND authors cited above assume that models in natural sciences can be validated because their predictions may be tested by observation in the natural world. In making this claim, they are implicitly invoking the hypothetico-deductive model of science, namely, that scientific theories can be thought of as statements that entail logically necessary deductive consequences: predictions (Oreskes, 1998). If the predictions of a theory come true, then we have warrant for faith in that theory. According to Oreskes (1998), Konikow and Bredeheoft (1992), and Nordstrom (1993), a
fundamental problem with the hypothetico-deductive model, as many philosophers have realised, is that it assumes closed systems. A statement of the \( p \) entails \( q \) works if and only if the statement describes a closed system. But a closed system is a philosophical ideal, not a natural kind. Real-life systems are never closed, and experimental tests inevitably embed hidden assumptions. Because these embedded assumptions may be faulty, a true theory may fail its experimental test. A famous example of this is found in the history of astronomy. Scientists in the sixteenth century suggested that if the earth orbited the sun, as Copernicus proposed, then the angular position of a given star would change during the course of the year as the earth moved through its orbit. But when astronomers looked for this stellar parallax, they found none — and they rejected the Copernican theory (Kuhn, 1957; Hempel, 1966). Implicitly, they were assuming that the earth’s orbit was large relative to the distance of the stars and that their telescopes were powerful enough to detect the changes that occurred. Both these assumptions turned out to be very wrong.

In the case of Copernican astronomy, scientists rejected a theory that turned out to be true, but what about the reverse? Have scientists ever accepted a theory on the basis of successful predictions, but later discovered that the theory was false? The alternative to Copernican theory — the Ptolemaic system — was confirmed by reams of observational evidence and scores of successful predictions of planetary events (Kuhn, 1957). Scientists in the sixteenth century had grounds for accepting the Ptolemaic system. Had it been computerised, its makers would have had every reason to call it validated (assuming that word had then existed). Yet, as we all know, the Ptolemaic system was fundamentally wrong. It was wrong not because it failed its predictive tests, but because the basic conceptualisation of the universe that supported it was faulty.

In light of historical examples such as this one, the philosopher of science Karl Popper famously argued that no scientific theory or model could ever be proved right, only wrong (Popper, 1937; Popper, 1963). If our observations are inconsistent with theoretical prediction, then we know something is amiss, but if our observations satisfy the theoretical prediction, all we know is that theory has not yet been proven wrong. Whether the theory will continue to work in the future is an open question. The longer a theory has been around and the more
experimental tests it has passed, the more likely it seems that the theory is right, but only in a probabilistic, not a deterministic, sense.

Scientists, of course, know this at least implicitly, and many modellers will argue that when they use the word “validation”, they do not mean to imply that their model is literally true. They simply mean that it is not evidently false. The modellers have gone through a series of exercises to show that there are no major defects in the model and that they have done their “level best” (De Marsily, Combes & Goblet, 1992). Validation, in this view, is a process of confidence building, of building a case for the model (Dee, 1994; Neuman, 1992; Nir, Doughty & Tsang, 1992). A validated model, therefore, although not true strictly speaking, may be provisionally accepted (Rykiel, 1994). These are reasonable claims, hardly likely to provoke profound epistemic discontent, and they are certainly consistent with the first dictionary definition of the word “valid”: without obvious flaws or defects (Woolf, 1973). From this definition, validation should simply imply the process in which obvious flaws are corrected.

But although these claims are reasonable, they are also problematic. One may remove obvious errors in a model, while more subtle ones remain. In common usage, valid is taken as synonymous with correct, that is, true, and elsewhere in the dictionary, we find precisely that definition: “Valid implies being supported by objective truth” (Woolf, 1973). The disclaimer that scientists know what they mean when they talk about validation would work if the models under discussion were being used solely within the confines of the relevant communities.

According to Khazanchi (1996), validation is the process of determining that the model on which the simulation is based is an acceptably accurate representation of reality. The criteria for validation, as stated by Khazanchi (1996), are as follows:

- That this criterion is useful to assess the apparent reasonableness of an idea and could be demonstrated by deduction from past research or theories.
- A feasible concept would be operational only if it would be open to graphical, mathematical, illustrative characterisation.
• An effective conceptual model should have the potential of serving our scientific purposes.
• This criterion emphasises that concepts and conceptual models should have some degree of logical self-consistency or coherence with other concepts and conceptual models in the discipline.
• Empirical content implies that a concept or conceptual model must have "empirical testability".
• A conceptual model that is predictive would, at the least, demonstrate that, given certain antecedent conditions, the corresponding phenomenon was somehow expected to occur.
• This criterion states that "Investigators with differing philosophical stance must be able to verify the imputed truth content of these concepts or conceptual structures through observation, logical evaluation, or experimentation".
• This criterion provides that investigators using different research methodologies must be able to test the veracity of the concept or conceptual model and predict the occurrence of the same phenomenon.

3.6.1 Are validated models valid?

Oreskes (1998) argues that even if we were to set aside the conceptual issues raised by the example of celestial mechanics and accept the restricted definition of validation, that is, that a valid model is one without obvious flaws or defects, would it then be possible to say that a given model is valid? The answer is "No" because even the best models have known flaws. Science motivated by social needs may suffer this problem to a greater extent than science based on questions arising within a disciplinary framework. In the laboratory, scientists may define a problem in such a way as to rely primarily on areas where databases and conceptual understandings are very rich and, from this core of understanding, venture outward toward the less well known. Scientists often refer to this as a well-posed problem. Throughout their history, scientists, both as individuals and as professional communities, have often set aside problems that could not be well posed.
Problems arising from social needs typically are not well posed because the world does not wait for scientific understanding. Where scientists have been asked to make models for use in the policy domain, our theoretical understanding and empirical databases are never what we wish them to be. There are always known flaws and defects in large, complex, policy-driven models.

We can think of these flaws as falling into four categories (Oreskes, 1998): theoretical, empirical, parametrical, and temporal. Theoretical flaws are the things we do not fully understand or do not have the mathematics to handle. Empirical flaws are the things we cannot fully or precisely measure. These include the pragmatic problem of having limited resources, the difficulties of sampling bias, and analytical uncertainty, particularly at the very low exposure levels where limits will be set. Parametrical flaws are the errors introduced when we reduce complex empirical phenomena to single or simply varying input parameters in a model. Temporal errors arise from assumptions that systems are stable in time when they are not. For example, when we parameterise a lead model, we represent longitudinal lead exposure through cross-sectional lead measurements and assume, perhaps falsely, that these cross-sectional measurements are representative. Even if they are representative, it might be from a biological standpoint that the highs and lows are as important as the means. Temporal variations may be important in ways that are neither fully understood nor even fully measured.

3.6.2 Model validation versus evaluation

Most scientists are aware of the limitations of their models; yet this private understanding contrasts with the public use of affirmative language to describe model results. Published papers on validation are littered with positive terms: nouns such as “acceptance” and “substantiation” and adjectives such as “satisfactory”, “adequate”, and “credible”. The word “validation” implies an affirmative result, that the process of validation will somehow validate the model (Oreskes, Shrader-Frechette & Belitz, 1994). But where are the negative terms? If the purpose of validation is to determine whether a model is working well, should one not also see nouns such as “rejection” and “refutation” and adjectives such as “unsatisfactory” and “inadequate”? The exercise of comparing a model with observations in the natural world is a

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test like any other scientific test, and it must be possible for a model to fail that test. If the context of validation is such that only positive results emerge, then something is wrong.

The conspicuous absence of negative language in the scientific literature of validation should give us pause, for it raises the following question relevant to both scientific and regulatory perspectives: is the computer model a vehicle to prove what we think we already know, or is it an honest attempt to find answers that are not predetermined? Put this way, it becomes clear that the goal of scientists working in a regulatory context should be not validation, but evaluation, where necessary, modification, and even rejection. Evaluation implies an assessment in which both positive and negative results are possible, where the grounds on which a model is declared good enough are clearly articulated. Validation implies an exercise in legitimating, and this is precisely what the public fears. Some modellers have been guilty of an exercise in legitimation of a predetermined result.

The purpose of modelling is to pose and delineate the range of likely answers to “What if?” questions. The purpose of lead models should not be to demonstrate how bad or how good standards are, but to try to find out what is most likely to happen if given standards are applied. The language of validation undermines this goal. It presupposes an affirmative result and implies that the model is on track. To outsiders, it raises the spectre that the answer was pre-established.

The language of validation buries uncertainty. The more politically charged the issue at hand, the more essential it is that these uncertainties be articulated clearly, freely, and in language that anyone can understand.

As Hodges and Dewar (1992) write, the quality of a model is not equivalent to “agreement of the model with reality”. Quality can be evaluated in several ways: on the basis of the underlying scientific principles, on the basis of quantity and quality of input parameters, and on the ability of a model to reproduce independent empirical data.
3.7 The Model for this Research

It is important to realise at the outset that modelling is carried out to solve problems. The idea is not to provide a model that mimics a real system just for the sake of it. Any model must have a definite purpose that is clearly stated at the start. Some models can be better than others in the sense that they are more useful or more accurate to the case. Generally, the success of a model depends on how easily it can be used.

In this chapter, a wide variety of models have been reviewed. To meet the objectives of the research study, not all models were selected due to their disadvantages for the type of research.

- Experimental models involve intervention by the researcher or model builder. The usual intervention is to manipulate some variable in a setting and observe how it affects the subjects studied. The intention of this study is not to manipulate any variable.

- A mathematical model is one in which numbers and variables represent the elements of the processes or system under consideration.

For this research study, 'a conceptual model' based on "control and facilitation" will be used, as they are more helpful (appropriate) in thinking about reality than in actual decision-making. A conceptual model provides a working strategy, a scheme containing general, major concepts and their interrelations. It orients research towards specific sets of research questions. Regional cooperation in the SADC currently exists; hence, the proposed conceptual model development will fulfil regional cooperation needs in a better way than before. Moreover, a good conceptual model represents essential features (objects, relationships, events) of the research area. More importantly, the conceptual model concepts should differentiate and classify the phenomena in ways that lead to interesting hypotheses (or research questions). This means that the concepts must relate to each other in systematic and fruitful ways. It should be noted that before converting a model into a system, the model could be tested. The computer is normally utilised to experiment (or do simulation) with the model. Many times, the task is rather difficult, strenuous, and time-consuming (Flood & Jackson, 1991). As stated above, the model for this study will be a conceptual model (not a
scientific model); therefore, no simulation will be warranted, though validation will still occur in the building process.

3.8 Summary

In this chapter, we provided a review of the basic topics in model building required for the research study. Coverage of these topics was not meant to be comprehensive, but rather to permit readers to become familiar with, or refresh their memories on, those topics that are prerequisite for understanding the remaining chapters. The chapter covered the introduction and the definitions of the model, as well as the basic elements of model building theory, showing how various models are made. A utility theory for models, the concept of model dimensions, and the definition of a dominant model were presented. The case for analytical or mathematical models and model validation were covered and discussed. The selected models for this research were highlighted and discussed. The theoretical model in Chapter 2 and the selection of the models for the study in this chapter provide for empirical testing of some aspects of the concept of regional cooperation. In Chapter 4, the empirical research methodology will be discussed.
CHAPTER 4: RESEARCH METHODOLOGY

4.1 Introduction

Every type of empirical research has an implicit, if not explicit, research design. In the most elementary sense, the design is a logical sequence that connects empirical data to a study's initial research questions and, ultimately, to its conclusions. In a sense, the research design is a blueprint of research, dealing with at least four problems: what questions to study, what data are relevant, what data to collect, and how to analyse the results (Yin, 1994). It is much more than a work plan because the main purpose is to help to avoid the situation in which the evidence does not address the initial research questions. Hence, the research design deals with the logical problem and not a logistical problem and also specifies how the researcher will address the two critical issues of representation and legitimisation. Research methodology focuses on the research process and the kind of tools and procedures to be used (Mouton, 2003; Bryman, 2004).

Furthermore, a research design describes a flexible set of guidelines that connects theoretical paradigms to strategies of inquiry and methods for collecting empirical material. It situates researchers in the empirical world and connects them to specific sites, persons, groups, institutions, and bodies of relevant interpretive material, including documents and archives. This chapter covers the methods of the study. In main, it deals with data collection and covers how data is derived from primary and secondary sources. The chapter also details the approach used and conditions under which the various stages of investigation are carried out, the development of initial contacts, the pilot survey, and the design of the main research instrument (questionnaire) that is used to collect the primary data.

Just as there are a variety of practices and theories, so there are a variety of conceptions of practice and theory. Regional cooperation studies participate in a debate over what exists "out there" (practice or ontology) and how it can be known (theory or epistemology) and the nature of their interrelationship (Keat & Urry, 1975).
Regional cooperation theory matters because it not only reflects the practice of the region, but also helps to constitute the practice. One of the ways in which it does this is by favouring the practices of some groups over others. Regional cooperation theory is essentially a theory of, and mostly for, management; it has much less to argue of and for those who are managed. The conflict over theories of regional cooperation matters, then, because it is a contest over the future shaping of the regions and the tangible lives of those who comprise them (Marsden & Townley, 1996).

The most notable legitimisation struggle within regional cooperation organisation studies is between the advocates and the opponents of a positivist organisation theory, between “normal” and “contra” organisation science (Marsden, 1993; Donaldson, 1985; 1988; Clegg, 1988).

Superimposed on the normal versus contra organisation science debate is a pervasive belief that modes of organising and modes of knowing are fundamentally changing. The object before us (regional cooperation) may be a moving target, and our analytical tools of understanding (theory) may need reformulating. This is the modernism versus postmodernism controversy.

It is not the purpose of this research to address this controversy; suffice it to note the existence of the controversy and to contextualise the chosen research methodology of this research with this debate.

In line with the views of Chung and McLarney (1999), the researcher takes the perspective that regional cooperation organisations are social systems made up of people, their aspirations, frustrations, and egos. According to Bourgeois (1984), much of management literature downplays the role played by the human agent and fails to recognise that it is individuals who make strategic decisions.
4.2 Research Objectives

This section reviews the research objectives formulated in Chapter 1 (see Section 1.4). The primary research objective is to develop an appropriate regional cooperation model for developing countries - the case of the SADC.

The secondary research objectives that culminate from the primary objective are the following:

- To analyse the macro-level environmental factors that influence regional cooperation.
- To analyse and evaluate the position of SADC states within the developed world economy.
- To analyse the present dilemma of unequal partnership that exists between SADC states.
- To analyse the general level of regional cooperation among the SADC states.
- To analyse the current SADC regional cooperation model to determine the following: its weaknesses and strengths as viable model for transforming the present pattern of regional dependency, underdevelopment, and cooperation; and its political acceptability to the SADC states.

Thus the research study objectives will be accomplished by comparing the theoretical discussions in Chapter 2 and other opinions obtained from empirical research results before combining the important references at the end of this research. Propositions are formulated for empirical testing as hypotheses in support of defining these important management processes. An analytical philosophy, empirical approach is used to research the regional cooperation issues relating to the problem statement herein and is that of conceptual analysis, which tests the concepts using hypotheses. Support or otherwise for these theories has to be found by means of field data collection using a questionnaire as research instrument. The results of this should then provide the basis for creating the final appropriate model as a proposal to answer the objectives of this research.

4.3 Research Design

Research design is defined by Easterby-Smith, Thorpe, and Lowe (1991) as:
"the overall configuration of a piece of research: what kind of evidence is gathered from where, and how such evidence is interpreted in order to provide good answers to the basic research question".

Creswell (1998) refers to research design as the entire process of research from conceptualising a problem to writing the narrative.

Yin (2003) suggests that the research design is the logic that links the data to be collected (and the conclusions to be drawn) to the initial questions of the study.

The basic types of research are quantitative and qualitative research (Welman & Kruger, 1999). The analysis of this research study data will be performed by combining two approaches: content analysis and grounded theory analysis. Content analysis is a systematic observation of open-ended questions and structured interviews used to report on the essence of such interviews both quantitatively and qualitatively. This involves the systematic analysis of the contents to record the relative incidence or frequencies of themes (Welman & Kruger, 1999). According to Welman and Kruger (1999), the statistical analysis of the data obtained consists of the determination of the frequencies or percentages of occurrence of the chosen content. The results of the content analysis will be used in further analysis to outline a theoretical framework as a basis for the final recommendations, using grounded theory.

Quantitative research has as its main objective the production of general quantitative descriptions of certain aspects of a sample of a study population that can be applied to the wider population.

The design of this research centres on an empirical philosophy and, ultimately, requires analytic philosophy, exploring possible answers to the problem raised.

4.4 Quantitative versus Qualitative Research

According to Shulman (1981), with the growing acceptance of qualitative methods in education, the debate has shifted to what their relationship to quantitative methods should be.
At the extremes are two groups: the purists and the pragmatists (Rossman & Wilson, 1985). The purists believe that the two method types are incompatible because they are based on paradigms that make different assumptions about the world and what constitutes valid research (Guba, 1978). For them, method represents a "logic of justification" that begins with first principles about truth, reality, and the relationship of the investigator to the investigated and proceeds from there to different research objectives (Smith & Heshusuius, 1986). Thus, there is a logical relationship between the principles inherent in the paradigm and methods chosen; methods are derived from first principles. The pragmatists see a more instrumental relationship between paradigm and methods. To them, methods are more collections of techniques. Hence, "the attributes of a paradigm are not inherently linked to either qualitative or quantitative methods". According to Reichardt and Cook (1979), "both method types can be associated with the attributes of either the qualitative or quantitative paradigm". The pragmatists have actually gone on to combine the methods in practice (Smith & Louis, 1982). Argument by example indicates that method types can be and are combined fruitfully. Still, there remains a strong association between method type and paradigm (Reichardt & Cook, 1979).

Quantitative studies are usually based on a positivist paradigm, while qualitative research is often based on a phenomenological one. There are probably several reasons for this association. A very important one has to do with means of expression rather than logic (Eisner, 1981). Essentially, qualitative and quantitative methods lend themselves to different kinds of rhetoric (Gusfield, 1976; House, 1979). As a result, each method type uses different techniques of presentation to project divergent assumptions about the world and different means to persuade the reader of its conclusions. Yet, they are not antithetical. They present the reader with different kinds of information and can be used to triangulate to gain greater confidence in one's conclusions.

- **Paradigms and methods**

The purists assert that qualitative and quantitative methods are based on paradigms that make different assumptions about the social world, about how science should be conducted, and about what constitutes legitimate problems, solutions, and criteria of "proof" (Kuhn, 1970).
These differences have been treated extensively, and there is considerable agreement on what they are (Guba, 1978).

Four differences are most relevant for their analysis:

(a) Assumptions about the world. Quantitative research is based on a positivist philosophy that assumes that there are social facts with an objective reality apart from the beliefs of individuals. Qualitative research is rooted in a phenomenological paradigm that holds that reality is socially constructed through individual or collective definitions of the situation (Taylor & Bogdan, 1984).

(b) Purpose. Quantitative research seeks to explain the causes of changes in social facts, primarily through objective measurement and quantitative analysis. Qualitative research is more concerned with understanding the social phenomenon from the actors' perspectives through participation in the life of those actors (Taylor & Bogdan, 1984).

(c) Approach. The quantitative researcher typically employs experimental or correlational designs to reduce error, bias, and other noise that keeps one from clearly perceiving social facts (Cronbach, 1975). The prototypical qualitative study is the ethnography that helps the reader understand the definitions of the situation of those studied (Goodenough, 1971).

(d) Researcher role. The ideal quantitative researcher is detached to avoid bias. The qualitative researcher is “immersed” in the phenomenon of interest (Powdermaker, 1966).

The pragmatists respond that many studies contradict the purists' expectations about how method types are supposed to be linked to paradigms. For instance, quantitative researchers use opinion polling to understand the perspectives of others and immerse themselves in the situation during the planning and pre-testing phases of their studies (Reichardt & Cook, 1979). Similarly, recent reviews of qualitative research have identified a variety of “paradigms” associated with that method type. If connection between method types and paradigms is not consistent, there remains an association. Quantitative studies are typically more positivistic than most qualitative research (Reichardt & Cook, 1979). To understand why that is, it is helpful to understand some of the rhetorical devices of research.
The rhetoric of research

According to Firestone (1987), rhetoric is the art of speaking or writing effectively. It refers generally to how language is employed, but it has come to mean the insincere or even manipulative use of words. Technically, it includes the arts of persuasion and decoration or elaboration in literature (Frye, 1957). As such, it is normally considered something to be avoided in research where facts are supposed to “speak for themselves”. Scientific writing is a stripped-down, cool style that avoids ornamentation, often stating conclusions as propositions or formulae. Forms of data presentation are supposed to be interchangeable. That is, the use of tables as opposed to charts should be immaterial. There is also a standardisation of form – the theory-methods-findings-conclusion format – that is intended to limit rhetorical excess (Eisner, 1981).

The absence of style turns out to actually be a rhetorical device on its own (Frye, 1957). The use of propositions, for instance, is a means to empty language of emotion and convince the reader of the writer’s disengagement from the analysis. If one of the threats to the validity of a conclusion comes from the writer’s own bias, as is considered to be the case in science, then any technique that projects a lack of emotion has considerable persuasive power. Thus, language does serve a persuasive function in research.

Elaboration also has a role in research. Without reference to some larger field of meaning, scientific propositions make no sense. The words of everyday language are rich in multiple meanings. Like symbols, their power comes from combination of meanings in a specific setting (Cohen, 1979). Scientific language ostensibly strips this multiplicity of meaning from words in the interest of precision. This is the reason why common terms are given “technical meanings” for scientific purposes (Durkheim, 1938). While on the surface meaning is reduced, scientific terms must rely on the suppressed definitions to attract the reader’s interest and concern. For instance, behaviourist psychologists study only a limited range of forms of learning. However, their theories are valued because they make implicit reference to a wider range of situations that is suggested by the term “learning”. Because scientific terms do have multiple meanings, the researcher must steer the reader’s attention to specific ones. This is the work of demonstrating theoretical, policy, or practical relevance of the research.
that is accomplished in the introduction and the conclusion (Gusfield, 1976). In sum, rhetorical analysis of research proceeds by examining the product of research in literary terms to identify the values, meanings, and beliefs projected by a work and the values to which it appeals either explicitly or implicitly. Most analyses focus on the language of research. The data collection, the results of those efforts, and the conventions about how to treat them can combine to create specific strategies for persuasion and project particular images of the research project.

- **Persuasion**
According to Firestone (1987), the persuasive strategies of the two kinds of research are very different. The quantitative study must convince the reader that procedures have been followed faithfully because very little concrete description of what anyone does is provided. The qualitative study provides the reader with a depiction in enough detail to show that the author's conclusion "makes sense".

- **Assumptions**
In addition to using different persuasive strategies, the two studies make different assumptions about the world. This distinction is highlighted when one focuses on how each handles causation. It can be described through three dichotomies: variables versus actions, hydraulic determinism versus limits and opportunities, and randomness and error versus choice.

The quantitative study portrays a world of variables and static states. The qualitative study describes people acting in events.

The quantitative study uses a hydraulic image of determinism as if pressure from one variable changes another. Regression coefficients indicate how much one might expect the dependent variable to increase for a given change in an independent variable. The qualitative study presents a more complex view of a world in which there are limits and opportunities that individuals must take into account and use. These limits and opportunities shape action, but do not determine it.

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The two studies suggest different alternatives to causality. The quantitative study emphasises randomness and error. The study design, especially the sampling procedure and instrumentation, are intended to reduce the amount of error in the study. They are described to help the reader to assess how well that task was accomplished. Once as much error is eliminated as possible, two alternatives remain—randomness and the causal forces of the measured variables—and statistical tests are used to choose between them. The alternative to causality in the qualitative study is choice. Constraints and opportunities are real, but ambiguous.

- Complementarity
The differences presented above give qualitative and quantitative studies different descriptive strengths. According to Firestone (1987), quantitative study assesses the magnitude of relationships more precisely. The qualitative study concludes with more ambiguous statements such as "strong leadership is necessary, but not sufficient for excellence". The other advantage of quantitative study is that it shows a pattern that extends across a large number of situations. In fact, the conclusion rests on showing the joint association of variables in many settings. The use of many sites increases confidence in the generalisability of results, although technically generalisability depends on the randomness and representatives of the sample selected. The trade-off, of course, is an abstraction. One's confidence in the conclusions depends on one's comfort with the way variables are measured and relate to the issues of interest, the quality of the sample, and the general design of the study.

The classical strengths of qualitative methods are concrete depiction of detail, portrayal of process in an active mode, and attention to the perspectives of those studied (Patton, 1980). These strengths help to overcome the abstraction inherent in quantitative studies. These advantages appear in quotations and descriptions that illustrate the perspectives of staff, leaders, and outside clients. On the other hand, the use of, for example, four cases allows for comparison in order to identify patterns across situations. It also gives greater confidence that conclusions do not depend on the idiosyncrasies of the specific situation, so it is something of a mixed case.
Used separately, qualitative and quantitative studies provide different kinds of information. When focused on the same issue, qualitative and quantitative studies can triangulate, that is, use different methods to assess the robustness or stability of the findings (Jick, 1979). Where studies using different methods have similar results, one can be more certain that the findings are not influenced by the methodology. Where the results diverge, more research is needed; but a comparison of studies can often suggest an important line of inquiry to pursue.

According to Firestone (1979), there are, in fact, a number of reasons for selecting a methodological approach, but one’s decision often expresses values about what the world is like, how one ought to understand it, and what the most important threats to that understanding are. The method selected encourages one to adopt conversations for the credibility of one’s conclusions. These non-logical methodological tendencies fit in with individual stylistic predictions as well as the philosophical underpinnings of the positivist and phenomenological paradigms of research.

Qualitative research consists of detailed descriptions of events, situations, and interactions between people and things, providing depth and detail (Patton, 1980). In quantitative research, the emphasis is on the collection of metric data using designed instruments, classifying them into categories, and synthesising the collected information to evaluate the existing body of knowledge or generate new knowledge; qualitative research is typically more open ended and related to a specific temporal or spatial domain (Maanen, 1979; Das, 1983). According to Straus and Corbin (1990), qualitative research produces findings not arrived at by means of statistical procedures or other means of quantification.

Qualitative research methods can be used to uncover and understand what lies behind any phenomenon about which little is known.

According to Leedy (1997), the quantitative approach is typically used to answer questions about relationships among measured variables with the purpose of explaining, predicting, and controlling phenomena. Qualitative research, on the other hand, seeks to provide a deeper understanding of social phenomena (Silverman, 2001). Qualitative research is used

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successfully in the description of organisations, while quantitative research methods are more useful in hypothesis testing (Welman & Kruger, 1999). The kinds of data with which qualitative researchers are concerned are derived from open-ended interviews that facilitate understanding in depth and detail and, in particular, the meanings that human beings attach to what they do.

A quantitative study usually ends with confirmation or disconfirmation of hypotheses that are tested. A qualitative study may conclude with tentative answers or hypotheses about what was observed.

Creswell (1998) states that qualitative research is an inquiry process of understanding based on distinct methodological traditions of enquiry that explore a social or human problem. Creswell mentions that quantitative researchers work with a few variables and many cases, whereas qualitative researchers rely on a few cases and many variables.

Miles and Huberman (1994) suggest some recurring features of "naturalist" research:

- Qualitative research is conducted through an intense and/or prolonged contact with the "field" or life situation.
- The researcher's role is to gain a "holistic" overview of the context under study.
- The researcher attempts to capture data on the perceptions of local actors "from the inside".
- The researcher is essentially the main "measurement device" in the study.
- Most analysis is done with words.

4.4.1 Qualitative research

Qualitative research focuses on data in the form of words – based on observation, interviews, or documents. These data collection activities typically are carried out in close proximity to the local setting. Miles and Huberman (1994) list three approaches to qualitative research:

- Interpretivism – researchers are no more "detached" from their objects of study than are their informants. Researchers, they argue, have their own understandings, their own convictions, their own conceptual orientations; they, too, are members of a
particular culture at a specific moment in time. Pre-established instrumentation is required to separate out “external” information from what they themselves have contributed when decoding and encoding the words of their informants.

- Social anthropology – extended contact with a given community with particular care given to the description of local particularities; focus on individuals’ perspectives and interpretations of their world and relatively little pre-structured instrumentation, but often a wider use of audio- and videotapes, film, and structured observation than in other research traditions.

- Collaborative social research – collective action is taken in a social setting where the researchers design the outlines of a “field experiment”.

Miles and Huberman (1994) suggest that some analytic practices may be used across different qualitative research types and list a set of fairly classic analytic moves arranged in sequence:

- Affixing codes to a set of field notes drawn from observations or interviews.
- Noting reflections and other remarks.
- Sorting and sifting through these materials to identify similar phrases, relationships between variables, patterns, themes, distinct differences between subgroups, and common sequences.
- Isolating these patterns and processes, commonalities, and differences, and taking them out to the field in the next wave of data collection.
- Gradually elaborating a small set of generalisations that cover the consistencies discerned in the database.
- Confronting those generalisations with a formalised body of knowledge in the form of constructs or theories.

This research study is part exploratory and part descriptive and used the following research methods. The first part of this thesis (Chapters 1 to 3) was a result of a theory and practice survey, which included a number of case studies worldwide from regional cooperations. The bibliography contains a comprehensive list of secondary sources used in the literature.

For the primary research, the strategy was primarily quantitative research in the form of sample surveys using structured questionnaires. A limited amount of qualitative research was
used as the exploratory phase of the research. The quantitative research serves as a quantification of concepts identified in the secondary research and qualitative research. This will enable the comparison of theory and application of regional cooperation.

4.5 Methods to Collect Information

McNamara (1998) states that the most important type of evaluation to carry out may be implementation of evaluation to verify whether the programme ended up being implemented as was originally planned. He states that the researcher should decide how information will be efficiently and realistically gathered. Consideration should be given to programme documentation, observation of programme personnel and clients in the programme, questionnaires and interviews about client-perceived benefits from the programme, case studies of programme failures and successes, etc. Below is Table 4.1, which provides an overview of the major methods used for collecting information according to McNamara (1998).
<table>
<thead>
<tr>
<th>Method</th>
<th>Overall purpose</th>
<th>Advantages</th>
<th>Challenges</th>
</tr>
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</table>
| Questionnaires, surveys, checklists | When need to quickly and/or easily get lots of information from people in a non-threatening way | • Can complete anonymously  
• Inexpensive to administer  
• Easy to compare and analyse  
• Administer to many people  
• Can get lots of data  
• Many sample questionnaires already exist | • Might not get careful feedback  
• Wording can bias client’s responses  
• Are impersonal  
• In surveys, may need sampling expert  
• Do not get full story |
| Interviews                      | When want to fully understand someone’s impressions or expressions or learn more about his/her answers to questionnaires | • Get full range and depth of information  
• Develop relationship with client  
• Can be flexible with client | • Can take much time  
• Can be difficult to analyse and compare  
• Can be costly  
• Interview can bias client’s responses |
| Documentation review             | When want impression of how programme operates without interrupting programme; is from review of applications, finances, memos, minutes, etc. | • Gets comprehensive and historical information  
• Does not interrupt programme or client’s routine in programme  
• Information already exists  
• Few biases about information | • Often takes much time  
• Information may be incomplete  
• Need to be clear about what one is looking for  
• Not flexible means to get data; data restricted to what already exists |
| Observation                      | To gather accurate information about how a programme actually operates, particularly about processes | • View operations of the programme as they are actually occurring  
• Can adapt to events as they occur | • Can be difficult to interpret seen behaviours  
• Can be complex to categorise observations  
• Can influence behaviours of programme of participants  
• Can be expensive |
| Focus groups                    | Explore a topic in depth through group discussion, for example, about reactions to an experience or suggestion, understanding common complaints, etc.; useful in evaluation and marketing | • Quickly and reliably get common impressions  
• Can be efficient way to get much range and depth of information in short time  
• Can convey key information about programmes | • Can be difficult to analyse responses  
• Need good facilitator for safety and closure  
• Difficult to schedule six to eight people together |
| Case studies                    | To fully understand or depict client’s experiences in a programme, conduct comprehensive examination through cross-comparison of cases | • Fully depict client’s experience in programme input, process, and results  
• Powerful means to portray programme to outsiders | • Usually quite time-consuming to collect, organise, and describe  
• Represent depth of information rather than depth |

Source: McNamara (1998)
4.5.1 Documentation/diaries

Diaries are defined by Hussey and Hussey (1997) as a method for collecting data that can be used under either a phenomenological or a positivistic methodology. A diary is a daily record of events or thoughts and is typically used to capture and record relevant information in diary form or booklets over a specified period of time. The information recorded may be quantitative (for example, a form of activity sampling from which patterns may be identified statistically) or qualitative (for example, a journal or record of events kept by employees).

Hussey and Hussey (1997) state that, in a business research project, the use of diaries offers a method for collecting data from the perspective of the individual. They can be a useful means of gaining sensitive information or an alternative to using direct observation. In contrast to participant observation where the researcher is involved in the research, in a dairy study, the data is collected and presented largely within the reference frame of the writer of the diary. Diary methods allow the perspectives of different writers to be compared.

Practical problems associated with diary studies include selecting participants who can express themselves well in writing, focusing the diary, and providing encouragement over the recorded period. As with many other methods of data collection, there is also the issue of confidentiality. In common with participant observation, setting up a diary study may involve considerable time and effort; also, bias may easily occur in diary entries. For example, the participants may misreport their activities or change their behaviour so that certain activities can be reported.

As a sole method of data collection, it would appear that diaries are more useful for generating quantitative rather than qualitative data. Although diaries can be used to generate qualitative data, their use may be as the basis for subsequent in-depth interviews.

4.5.2 Focus groups

Focus groups (Hussey & Hussey, 1997; McNamara, 1998) are used to gather data relating to the feelings and opinions of a group of people who are involved in a common situation. Under the guidance of a group leader, selected participants are stimulated to discuss their
opinions, reactions, and feelings about a product, service, and type of situation or concept. Listening to other group members' views encourages participants to voice their own opinions. The explicit use of the group interaction is to produce data and insights that would be less accessible without the interaction found in a group (Morgan, 1988). The researcher should try to create a relaxed atmosphere and record what is said or enlist the help of others to observe and record what is said. According to Hussey and Hussey (1997), focus groups combine both interviewing and observation. They are often used in pilot studies to develop a questionnaire or interview schedule for quantitative study. They are mainly used in market research, but can be useful in the preliminary stages of any study. The interaction of participants should ensure that all the issues relating to the chosen topic(s) are covered, thus providing the boundaries of the study. The data generated from a focus group is qualitative. It will provide a guide to the matters on which the researcher will need to concentrate and the most pertinent questions to ask in any subsequent questionnaires or interviews.

4.5.3 Interviews

Interviews (Hussey & Hussey, 1997; Snow & Thomas, 1994) are associated with both positivist and phenomenological methodologies. They are a method of collecting data in which selected participants are questioned in order to find out what they do, think, or feel. Interviews make it easy to compare answers and may be face to face, voice to voice, or screen to screen, conducted with individuals or a group of individuals. A positivistic approach suggests structured, closed questions that have been prepared beforehand, as used in market research surveys, for example. A phenomenological approach suggests unstructured questions, where the questions have not been prepared beforehand. Unstructured or semi-structured interviews are likely to be very time-consuming, and there may be problems with recording the questions and answers, controlling the range of topics, and, later, analysing the data. Many researchers find it essential to tape-record such interviews.

Easterby-Smith, Thorpe, and Lowe (1991) suggest that unstructured or semi-structured interviews are an appropriate method when:

- it is necessary to understand the construct that the interviewee uses as basis for his or her opinions and beliefs about a particular matter or opinion;
• the step-by-step logic of a situation is not clear; or
• the interviewee may be reluctant to be truthful about this issue other than confidentially in a one-to-one situation.

One aspect of semi-structured and unstructured interviews is that the issues discussed, the questions raised, and the matters explored change from one interview to the next as different aspects of the topic are revealed (Easterby-Smith, Thorpe & Lowe, 1991). This process of open discovery is the strength of such interviews, but it is important to recognise that the emphasis and balance of emerging issues may depend on the order in which you interview your participants. There are several problems associated with conducting interviews. The whole process can be very time-consuming and expensive, and in some cases, a short questionnaire may be more appropriate. In common with a number of other data collection methods, there is the issue of confidentiality. In a positivistic study, a large number of interviews are needed, and this gives rise to the problem of obtaining access to an appropriate sample.

With any type of interview, there is the problem of the effect the interview has on the process; for example, there may be an element of class, race, or sex bias. Rosenthal (1966) argues that male and female researchers sometimes obtain significantly different data from their subjects, and the following behaviour occurs:

• Female subjects tend to be treated more attentively and considerately than male subjects.
• Female subjects rate male researchers as more friendly and as having more pleasant and expressive voices than female researchers.

In addition to these problems, interviewees may have certain expectations about the interview and, therefore, give what they consider to be a "correct" or "acceptable" response. Lee (1993) suggests that, to some extent, these problems can be overcome by increasing the depth of the interview. It is difficult to predict or measure potential bias, but you should be alert to the fact that it can distort your data and, hence, your findings. Lee (1993) states that vents that have taken place prior to the interview may also affect the interviewee's responses.
Generally, interviews are one to one, but may involve other people. This can help ensure that all the points are fully explored and nuances and gestures, as well as words, are recorded.

Despite their disadvantages, interviews permit the researcher to ask more complex questions and ask follow-up questions, which is not possible in a questionnaire (Hussey & Hussey, 1997). Thus further information can be obtained. An interview may permit a higher degree of confidence in the replies than questionnaire responses and can take account of non-verbal communication such as the attitude and behaviour of the interviewee.

Benner (1985) recommends the following when the researcher is conducting interviews as part of a positivistic survey:

- Read the questions as they are worded in the questionnaire.
- Read slowly, and use correct intonation and emphasis.
- Ask the questions in the correct order.
- Ask every question that applies.
- Do not answer for the respondent.
- Show an interest in the answers given by the respondent.
- Do not show approval or disapproval of any answer.

It is important to determine how you will record the responses to your questions before you commence any interviews if you are not using a predesigned questionnaire. As well as deciding on the structure of an interview, you must also be able to bring it to satisfactory conclusion, and the interviewee must be aware that it is ending. One device is to say that you have asked all the questions you wanted to and ask whether they have any final comments they would like to make. You should then conclude by thanking them and reassuring them that you will be treating what they have told you as confidential.

4.5.4 Observation

McCawley (2003) states that observation is the systematic process of recording the behavioural patterns of people, objects, and occurrences without questioning or communicating with them. According to Hussey and Hussey (1997), observation research is
a method for collecting data associated with either a positivistic or phenomenological methodology. Observation can take place in a laboratory setting or in a natural setting. A natural setting is a “research environment that would have existed had researchers never studied it” (Vogt, 1993).

Observing individuals in a laboratory or natural setting may make them wonder what you are doing. They may try harder or become nervous. These are known as demand characteristics because you are making demands on the individual, and this may affect the research. It may be possible to minimise the demand characteristics by not stating the exact purpose of the research. But, for ethical reasons, after the experiment, the researcher should state the true purpose, although some researchers would argue that even subsequent disclosure is unethical. There is a risk that the researcher may give cues to those being observed, even if they have not been told the exact purpose of the research. This can be overcome by using a second researcher to conduct the research who does not know the purpose of the experiment.

Hussey and Hussey (1997) state that there are two ways in which observation research can be conducted, namely, non-participant (quantitative) and participant (qualitative) observation. In the quantitative observation, the purpose of non-participant observation is to observe and record what people do in terms of their actions and their behaviour without the researcher being involved. The observer is separate from the activities taking place, and the subjects of the research may not be aware that they are being observed. There are a number of ways in which data can be collected without the observer writing anything down on the spot, for example, by using a video or a still camera. If the focus of the research is dialogue, audio recordings can be used. Whichever method is used, reliable records will have to be produced, and in a positivistic study, a grid will be used. If the study involves recording activities in the workplace, the grid might show what types of activity take place, how often, the duration, and the intensity. To be reliable and fulfil its objectives, this technique requires adequate training of the investigator who has an excellent command of the research aim. Quantitative observation research is used for measuring variables, testing hypotheses, and
extrapolating to represent the attitudes and behaviour of the population. Quantitative research is better suited to programme evaluation.

Qualitative observation research (Snow & Thomas, 1994) is largely unstructured “participant observation”. The observer immerses himself/herself with the participants and the phenomenon being researched. The main aim is to provide the means of obtaining a detailed understanding of the values, motives, and practices of those being observed. It relies on the skills of the observer to recognise, record, and interpret behaviours. The research is most valuable for case studies. In qualitative research, however, it is thought that the researcher can learn the most by participating and/or being immersed in a research situation.

The advantage of observation, according to McCawley (2003), is that although often costly and time-consuming, observation methods help to avoid the problems of relying solely on self-report measures. Observation research does not rely on memory or willingness. Real-time research at the time of occurrence avoids bias.

According to Hussey and Hussey (1997), there are a number of problems with observation techniques. One problem is that you cannot control variables in a natural setting, but by observing the behaviour in two different settings, you draw comparisons. Other problems are concerned with ethics, objectivity, visibility, technology for recording what people say and/or do, boredom, and the impact the researcher has on those observed. Problems of observer bias may arise, such as when one observer interprets an action differently from a colleague. Another problem can be that the observer fails to observe some activities because of distractions. Observation (McCawley, 2003) does not help one understand what is happening within a person (for example, emotions, cognitions, and perceptions). Observation cannot infer what caused the behaviour. It is time-consuming and labour-intensive. Observation is also expensive.

4.5.5 Questionnaires

Questionnaires (Hussey & Hussey, 1997; Snow & Thomas, 1994; McCawley, 2003) are associated with both positivistic and phenomenological methodologies. A questionnaire is a list of carefully structured questions, chosen after considerable testing, with a view to eliciting
reliable responses from a chosen sample. The aim is to find out what a selected group of participants do, think, or feel. A positivistic approach suggests that closed questions should be used, whereas a phenomenological approach suggests open-ended questions. The latter can only be coded after they have been completed by the respondents, after which they, too, can be computer-processed, although it may more appropriate to use one of the analytical methods.

As with structured interviews, you need to be sure that each respondent will understand the question in the same way and that every respondent is asked the questions in exactly the same way as others. This is not a problem with a postal questionnaire, but may become an issue if the questions are asked face to face or by telephone.

A questionnaire survey (Hussey & Hussey, 1997) is cheaper and less time-consuming than conducting interviews, and very large samples can be taken.

Presentation can do much to encourage and help respondents to complete a questionnaire correctly, and it can also make the subsequent analysis of the data much easier. The purpose of the questionnaire must be apparent; the respondents must know the context in which the questions are being posed. This can be achieved by either attaching a covering letter or by starting off the questionnaire with an explanatory paragraph. Questions should be presented in a logical order, often moving from general to specific topics.

It is essential that you pilot or test your questionnaire as fully as possible before distributing it. At the very least, have colleagues or friends read through it and play the role of respondents, even if they know little about the subject.

Cost is often an important element when it comes to deciding on the best method to distribute your questionnaire, and this will depend on the size and location of the sample. Each has its own strengths and weaknesses as shown below:

- By post
• By telephone: it reduces the costs associated with face-to-face interviews, but still allows some aspect of personal contact. Response rates can be as high as 90 per cent, but there is the inherent problem that the results will be biased.

• Face to face: it is an expensive method and time-consuming; this method offers the advantage that response rates tend to be high, and comprehensive data can be collected.

• Group distribution

• Individual distribution

The major problems associated with questions, particularly those distributed by post, is what to do about non-response bias (Hussey & Hussey, 1997). There are two main types. Questionnaire non-response occurs if all the questionnaires are not returned; item non-response occurs if all the questions have not been answered. Non-response is often crucial in a questionnaire survey because the research design will be based on the fact that you are going to generalise from the sample to the population. If you have not collected responses from all the members of your sample, the data may be biased and, thus, not representative of the population.

Wallace and Mellor (1998) describe the following three methods for dealing with questionnaire non-response:

• To analyse and compare responses by date of reply. One method is to send a follow-up letter to those who do not respond to the first enquiry. The questionnaires that result from the follow-up letter are then compared with those from the first request.

• A comparison of the characteristics of those who responded with those of the population, assuming you know them.

• A comparison of the characteristics of the respondents with non-respondents from the sample, assuming you have the relevant data such as age, occupation, etc.

Typical examples of item non-response include neglecting to answer questions or not answering correctly, perhaps by ticking more than one box when only one response is required. Ad hoc methods for dealing with such problems range from making an educated guess from the respondent’s other answers to using techniques. If you have a large number
of non-responses to a particular question, this is usually evidence that the question was faulty and should be omitted from analysis.

4.5.6 Case study

Miles and Huberman (1994) define a case study as a phenomenon of some sort occurring in a bounded context. Case studies may be of just one case or of several. Yin (1993) states that cases may have sub-cases “embedded” in them. The proposed research study aims to study the phenomenon of regional cooperation within the context of the influence of the environment. Thus, the case is the phenomenon observed at macro-level, with sub-cases detailing manifestations of the phenomenon. The outcome of the research study is to develop an appropriate model that:

- describes behaviour in the system;
- extends the behaviour of theory and practice to understand the key concepts; and
- clarifies the relations between the concepts.

According to Creswell (1998), a case study is an exploration of a “bounded system” or a case (or multiple cases) over time through detailed, in-depth data collection involving multiple sources of information rich in context. Yin (2003) suggests that the case study is preferred in examining contemporary events, but when the relevant behaviours cannot be manipulated. The case study relies on many of the same techniques as a history, but adds two sources of evidence being studied in the historian’s repertoire: direct observation of the events being studied and interviews of the persons involved in the events. A case study has a distinct advantage when “how or why” questions are being asked about a contemporary set of events over which the investigator has little or no control.

Yin (2003) identifies six sources of evidence in doing case studies: documentation, archival records, interviews, direct observation, participant observation, and physical artefacts. It is suggested that the benefits from these six sources of evidence can be maximised by following three principles: use multiple sources of evidence, create a research study database, and maintain a chain of evidence.
Yin (2003) states that, for case studies, five components of research design are especially important:

- Research study questions
- Its propositions/hypotheses if any
- Its unit(s) of analysis
- The logic linking the data to the propositions
- The criteria for interpreting the findings

The specific research problem question to be answered in this research study is: to what extent is the SADC approach to regional cooperation and development appropriate for the development needs of the region, faced with the dilemma of unequal partners that are at different levels of development?

The regional cooperation phenomenon itself has extreme and enduring complexity (Conger, 1988). Quantitative methods of research alone, unlike qualitative methods of research, are limited and constrained in their ability to capture and interpret the depths of this complexity. The regional cooperation research study to date reveals that very little has been done to obtain an in-depth understanding of the phenomenon of unequal partners. In a sense, this is a qualitative study of qualitative and quantitative research.

For this research study, a questionnaire was selected as the best method to conduct the survey for the following reasons:

- A relatively large number of respondents were required. The target population is distributed regionally.
- The target population is hard to target by telephone and personal interviews because of their busy schedules.
- The theory is relatively structured and defined and lends itself to structuring rather than qualitative or open-ended data gathering.
4.6 Building Theory from Case Study Research

In this research study, the research model developed and described by Eisenhardt (1989) will be used as the primary methodological framework. Eisenhardt (1989) describes the process of inducting theory using case studies – from specifying the research questions to reaching closure. Some features of the process, such as problem definition and construct validation, are similar to hypotheses testing research. Others, such as within-case analysis and replication logic, are unique to the inductive, case-oriented process. Overall, the process described by Eisenhardt is highly iterative and tightly links data as shown below in Table 4.2.
<table>
<thead>
<tr>
<th>Step</th>
<th>Activity</th>
<th>Reason</th>
</tr>
</thead>
<tbody>
<tr>
<td>Getting started</td>
<td>Defining the research question</td>
<td>Focuses effort&lt;br&gt;Provides better grounding of construct measures</td>
</tr>
<tr>
<td>Selecting cases</td>
<td>Theoretical and non-random sampling</td>
<td>Retains theoretical flexibility&lt;br&gt;Constrains extraneous variation and sharpens external validity.&lt;br&gt;Focuses effort on theoretical useful cases, that is, those that replicate or extend theory by filling conceptual categories</td>
</tr>
<tr>
<td>Crafting instruments and protocols</td>
<td>Multiple data collection methods&lt;br&gt;Qualitative and quantitative data combined</td>
<td>Strengthens grounding of theory by triangulation of evidence&lt;br&gt;Synergistic view of evidence&lt;br&gt;Fosters divergent perspectives and strengthens grounding</td>
</tr>
<tr>
<td>Entering the fields</td>
<td>Overlapping of data collection and analysis, including field notes and flexible and opportunistic data collection methods</td>
<td>Gains analysis and reveals helpful adjustment to data collection&lt;br&gt;Allows investigators to take advantage of emergent themes and unique case features</td>
</tr>
<tr>
<td>Analysing data</td>
<td>Within-case analysis&lt;br&gt;Cross-case pattern search using divergent techniques</td>
<td>Gains familiarity with data and preliminary theory generation&lt;br&gt;Forces investigators to look beyond initial impression</td>
</tr>
<tr>
<td>Shaping hypotheses</td>
<td>Iterative tabulation of evidence for each construct&lt;br&gt;Replication, not sampling, logic across cases&lt;br&gt;Search for evidence of “why” behind relationships</td>
<td>Sharpens construct definition, validity, and measurability&lt;br&gt;Confirms, extends, and sharpens theory&lt;br&gt;BUILDS internal validity</td>
</tr>
<tr>
<td>Enfolding literature</td>
<td>Comparison with conflicting literature&lt;br&gt;Comparison with similar literature</td>
<td>Builds internal validity, raises theoretical level, and sharpens construct definitions&lt;br&gt;Sharpens generalisability, improves construct definition, and raises theoretical level</td>
</tr>
<tr>
<td>Reaching closure</td>
<td>Theoretical saturation when possible</td>
<td>Ends process when marginal improvement becomes small</td>
</tr>
</tbody>
</table>

Source: Eisenhardt (1989)
4.6.1 Selecting cases and sampling methodology

This research cuts across various countries in including the belief systems of the societies living within the region. Various countries can be selected as a reference base for this research. The criterion for the research sample is to obtain the opinion of regional cooperation specialists. In this instance, regional cooperation is researched by evaluating the views, beliefs, attitudes, and management applications of regional cooperation specialists from a representative sample. The research sample includes individuals who are participating in the regional cooperation process or who have the expert knowledge in a particular section of the research study, either in government, industries, or non-governmental organisations. The population (universe) of this research is the people of the three randomly selected SADC countries, namely, South Africa, Tanzania, and Mauritius, who have an influence on regional cooperation programmes. This research will not comprise all SADC countries that are involved in regional cooperation, but will just be focused on the three SADC countries mentioned.

South Africa beneficiation on selection was on the criteria of its proximity to the researcher and the availability of the data. It is one of the latest members to join the SADC. Tanzania was on the fact that the country has been independent for quite some time, is one of the countries that started the SADC, is politically stable, and is one member of the earliest union (EAC) that broke up in 1977. Mauritius, on the other hand, is a growing nation that has built its success on a free market economy, political and social stability, and modern infrastructure.

The reason for choosing three countries is that when testing theory, there is a need to limit the number of variables (Mitchell & Jolley, 2007).

This study opens the way for follow-up research where the theories that have been developed in this project can be verified by a larger sample, preferably done in such a manner that the results can then be generalised to the wider population of all the SADC countries. Miles and Huberman (1994) suggest that qualitative samples are purposive, rather than random. Random sampling will be utilised in this study, as it means that each and every element of the population has an equal chance of being included in the sample; not only can
we estimate parameters of the population, but we can also have a very good idea of the accuracy of our estimates. If the sample is not a random sample, our estimates may be meaningless because the sample may not accurately reflect the entire population.

For this research, a collective case study will be conducted. Multistage sampling (Hussey & Hussey, 1994) is used where the groups in a cluster sample are so large that a sub-sample must be selected from each group. For example, first select a sample of companies. From each company, select a sample of departments, and from each department, select a sample of managers to survey. The sampling for this survey will be multistage sampling. This will show different perspectives on the problem. Cases required are regional cooperations that are successful and those that are not. These cases will provide sufficient data to consider the reasons for successful regional cooperation and the context within which the cooperation took place.

The unit of analysis is the individual – the regional cooperation expert/embassy representative or the participant in the sub-case. Regional cooperation is, in essence, the job of top management representatives from the institutions, as is explained by McCarthy, Minichiello, and Curran (1983): “The concept of top high level officials incorporates various activities including the identification of strategy, the determination or formulation of strategy, the implementation of strategy and the evaluation of strategy. Thus these tasks encompass a vital portion of the job of top officials ... top management personnel are typically most concerned with identifying and formulating strategy and with planning for and initiating its implementation.”

Prior to formal commencement of the data collection process, the experts from various institutional perspectives will be asked to comment on the research framework. These will not be included in the final questionnaire. The research framework will then be modified on the basis of the feedback received.

4.6.2 Within-case sampling
According to Miles and Huberman (1994), the activities, processes, events, times, locations, and role partners to be sampled should be considered. They propose that such sample must
be theoretically driven and that choices of informants, episodes, and interactions be driven by conceptual questions, not by concern for "representativeness", to get to the construct that is needed to see different instances of it, at different moments, in different places, within different people. The prime concern is with conditions under which the construct or theory operates, not with the generalisations of the findings to other settings. Within-case sampling is iterative; the researcher observes, talks to people, and picks up artefacts and documents leading to new samples of information and observations and new documents.

4.6.3 Multiple-case sampling

Miles and Huberman (1994) suggest that multiple-case sampling adds confidence to findings. By looking at a range of similar and constructing cases, we can understand a single-case finding, grounding it by specifying how and where and, if possible, why, it carries on as it does. If something holds in one setting and, given its profile, also holds in a comparative setting, but does not in a contrasting case, the findings are more robust.

The East Asian regional cooperation in the 1990s is the first instance of the phenomenon to be researched that was largely driven by environmental factors. The SADC regional cooperation that is under consideration for the appropriate model is considered. Attempts will be made to contrast the dynamics of these cases.

Miles and Huberman (1994) suggest that three kinds of instances have great pay-off, the first being the apparently "typical" or "representative" instance. Regional cooperation from the 1950s to 1960s would fit this profile. The second is the "negative" or "disconfirming" associated with the regional cooperation(s). The 1960s to 1980s would fit this profile. Problems of regional cooperation and the environment were more clearly understood. The third instance is the "exceptional" or "discrepant".

It is proposed that eight cases should be researched.

4.7 Research Instrument

Miles and Huberman (1994) state that if the researchers are doing a confirmatory study, with relatively focused research questions and a well-bounded sample of persons, events, and
processes, then well-structured prior questionnaire design is the logical choice. This also emphasises internal validity (for example: am I getting a comparably measured response from different respondents?) and generalisability (for example: is this case a good instance of many others?). Triangulation refers to the use of multiple and different sources, methods, investigations, and theories to provide corroborating evidence. Multiple data collection methods will be used.

This research is designed as an empirical study as well as partly using philosophical analyses. It is an empirical study using surveys and statistical analyses to offer support for the formulated hypotheses. To verify the analytical philosophical discourse proposed for this research, a measuring scale has to be defined to use and analyse the questionnaire instrument to evaluate the hypotheses formulated. The five-point Likert scale will be also be used in the measuring instrument (the questionnaire) of this research, as it is often used in the social sciences (Babbie, 2000). The questionnaire is required for this study as a measuring instrument to gauge the opinions of regional cooperation specialists/participants on the importance of augmenting factors towards the design of the appropriate model.

The research instrumentation will include an interview guide, contact details summary form, document form, and case analysis form.

4.8 Data Collection

The grounded approach advocates the use of multiple data sources converging on the same phenomenon. Glaser and Strauss (1967) term these slices of data: in theoretical sampling, no one kind of data or category or technique for data collection is necessarily appropriate. Different kinds of data give the analyst different views or vantage points from which to understand a category and develop its properties.

The use of multifaceted data collection ensures synergy through data triangulation. This involves the use of multiple data sources consisting of both the interview as well as documentary sources.

Eisenhardt (1989) states that overlapping data collection and analysis can be helpful in speeding up the process and can reveal helpful adjustments to data collection. Flexible and
opportunistic data collection methods allow investigators to take advantage of emergent themes and added unique case features.

Informal interviews will be conducted with several top officials (middle and senior management) for their opinion on the research framework. Their inputs will be incorporated into the research design. A paramount feature of the theory building case is the freedom to make adjustments during the data collection process. The adjustments can be the addition of cases to probe themes that emerge.

It is proposed that a two-phase approach for collection of primary data be adopted for this research study.

4.8.1 Primary data collection
The main study data collection was preceded by a pilot study aimed at verifying and validating the questionnaire. A questionnaire was drawn up to be administered to the embassies of two SADC states (Tanzania and Mauritius). In South Africa, it was directly administered to the institutions selected. The decision to use these three countries embassies and government offices for the pilot study were to check the sensitivity of the questionnaire survey.

The questionnaire was administered in four different ways:

- Some questionnaires were faxed through to the respondents, and they were requested to complete them and fax back their responses. Respondents were initially contacted telephonically before the questionnaire was forwarded.
- Some questionnaires were emailed through to the respondents, and they were requested to complete them and email back their responses.
- Some questionnaires were administered by telephone following formal introductions and explanations of the objectives of the research study.
- The remainder of the questionnaires were delivered by hand to the respondents, with a request that the completed forms be faxed back.

The reasons for using a questionnaire are as follows:
• It could reach geographically dispersed respondents and hard-to-reach areas.
• Hard-to-reach respondents could complete them at their own convenience.
• The absence of the interview eliminates the possibility of interview bias caused by altered questions, effects of appearance or speech, and the possible projections of cues to respondents.
• A questionnaire is a self-administered instrument that enables the respondent to work through the questions at his or her own pace.
• The cost of using a questionnaire is lower than most other methods.

The questions are formulated simply and unambiguously so that every respondent understands and interprets the questions in the same way. A covering letter was attached to the questionnaire, explaining what regional cooperation is and the objectives of the research study.

4.8.2 Pilot study

Using the theory derived from the literature review and in-depth interviews, a questionnaire was constructed. A draft sample of the questionnaire is given in Appendix A. Because of the exploratory nature of this research, it was proposed that the draft questionnaire be piloted using at least ten respondents (who included a university professor-promoter, doctoral graduates, master's graduates, and statisticians) by means of in-depth interviews. These respondents were requested to complete the questionnaire and comment on the adequacy and ease of comprehension of the questions. They were also asked to indicate the length of time required to complete the questionnaire. The resulting comments were used to adapt the questionnaire.

The aim of the in-depth interviews was to uncover any issues that might have been overlooked in the design of the questionnaire. The interviews were organised by telephone and conducted face to face with respondents. The mailed questionnaires included telephone and fax numbers so that the respondent could fax the completed questionnaire back to the researcher. Respondents at this stage of the research were excluded from the study sample. Some minor language and cosmetic changes were made as a result of testing the
questionnaire. After final changes had been made, the questionnaire was distributed to its target universes, the three SADC states.

The architecture and philosophy of questionnaires for appropriate regional cooperation development as shown in Table 4.3 were divided into sections. Three sources of information were identified, namely, environmental factors, capacity factors, and organisation factors. Within each of these, certain dimensions were evident. These were used as follows:

- Institutional environment – procedural trends
- Economic environment – economic indicators
- Technical environment – technological developments
- Socio-cultural environment – social trends
- Internal organisational information – internal information sharing
- Customers – customer demographics and lifestyle and direct feedback

These dimensions were tested not only on their relative importance, but also on their availability within the organisation. In this way, information gaps could be identified.
<table>
<thead>
<tr>
<th>Specific focus</th>
<th>Description</th>
<th>Questionnaire groups</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interviewee</td>
<td>Information on the respondent’s background, such as the respondents name, state, and the field of experience, is covered in this section.</td>
<td>1, 2, 3, 4, 5</td>
</tr>
<tr>
<td>Economy</td>
<td>This section covers trade and economic activities. The aspects of the theory and practice review aligned to these questions were topics such as the case of regional cooperation.</td>
<td>6, 13, 19, 20, 28, 40, 44, 49, 53, 60, 61, 62, 63</td>
</tr>
<tr>
<td>Barriers</td>
<td>This section looks at the barriers to appropriate regional cooperation. The theory and practice review topics that are associated with these questions are barriers to regional cooperation such as politics, infrastructure, instability, funding, and language.</td>
<td>8, 9, 10, 11, 12, 24</td>
</tr>
<tr>
<td>Comparisons, lessons</td>
<td>This section looks at lessons learnt, comparisons, appropriateness, and the extensions of other existing regional cooperations, namely, the EU and East Asia.</td>
<td>30, 33, 67</td>
</tr>
<tr>
<td>Strategy</td>
<td>These are the questions that bring together the different stakeholders from which an appropriate model may be developed, that is, business, economists, and civil organisations.</td>
<td>14, 15, 16, 29, 30, 31, 32, 35, 43, 48, 50, 54</td>
</tr>
<tr>
<td>Policy</td>
<td>This section covers the policy guidelines on whether there should be compensation when one member state is prejudiced through regional cooperation. It covers the balancing of trading within regional cooperation partners. It also covers the way the regional cooperation partners are to negotiate trade with other countries outside the SADC.</td>
<td>7, 18, 22, 23, 25, 28, 27, 42, 45, 46, 52, 56, 57, 58, 61, 66</td>
</tr>
<tr>
<td>Human skills</td>
<td>This section looks at the free mobility of labour in the SADC and how human skills could collectively be developed in member states.</td>
<td>37, 38, 59, 64</td>
</tr>
<tr>
<td>Finance</td>
<td>These are the questions that look at the financing policy, such one or two monetary currencies in the SADC or whether SADC states should keep their currencies. These questions look at the need for one central bank that will bail out struggling states.</td>
<td>21, 34, 39, 47, 51, 55</td>
</tr>
</tbody>
</table>
4.8.3 Development of the questionnaire

In drawing up the questionnaire, certain specifics were taken into consideration:

- Specific attention was given to the kind of information sought, being attitudes, beliefs, behaviour, and attributes.
- The questions asked were of the closed type with ordered answer choices to enable statistical analysis of the results.
- Awkward questions were avoided, as they could adversely affect the response rate.
- No time-consuming questions were formulated.
- The questions were kept as concise as possible, since the fewer the words used, the more evident the core of the question.
- Although a greater volume and variety of data could be collected, a lengthy questionnaire could adversely affect the response rates. The questionnaire was, therefore, limited to four pages.
- Questions were phrased in such a way that answers had to be definitive (that is, answers such as "sometimes" and "often" were deliberately avoided).
- Leading questions were avoided.
- Questions necessitating reference to files were avoided.
- Space was created for opinions to be used during the analysis part of the responses to highlight the thinking of the respondents.

4.8.4 Size of the sample

Willemse (1990) defines non-probability sampling as "any techniques in which the selection of the sample items is not determined by chance, but rather by personal convenience, expert judgement, or type of conscious researcher selection".

A sample of more than a 440 respondents was used in this research study. Some respondents from the chosen institutions were contacted personally, and their commitment to the study was obtained with the aim of eliciting a good response. Respondents who were unable to participate in the study for whatever reason were eliminated from the sample, and where possible and time permitting, a replacement was drawn from the population frame.
4.8.5 Secondary data collection

Theory and practice literature review was collected from government publications, SADC documents, World Bank and International Monetary Fund reports, Economist Intelligence Unit documents, periodicals, books, and other published industry documents. The basis of this step of the research project ensures that data is collected and analysed simultaneously and flexibility is maintained. This overlap allows adjustments to be made to the data collection process in light of the emerging findings.

4.8.6 Data ordering

According to Yin (1989), data will be ordered chronologically, since the arraying of events into chronology permits the investigator to determine causal events over time because the basic sequence of a cause and its effect cannot be temporally inverted.

4.8.7 Data analysis

On data analysis, a detailed description of the case will emerge, themes and issues will be analysed within the constraints of the research framework, and an interpretation or assertion will be made. Analysis will be rich in terms of the context of the case. Within-case analysis of each case and themes within the case will be conducted, followed by a thematic analysis across the cases, called a cross-case analysis. Within-case analysis typically involves detailed case study write-ups; the overall idea is to become intimately familiar with each case as a stand-alone entity. This process allows patterns of each case to emerge before researchers push to generalise patterns across cases.

Early analysis is highly recommended by Miles and Huberman (1994). It helps the researcher to cycle back and forth between thinking about the existing data and generating defined analysis as three concurrent flows of activity: data reduction – the process of selecting, focusing, simplifying, abstracting, and transforming the data that appear in written-up field notes; data display – organised, compressed assembly of information that permits conclusion drawing and action and conclusion drawing and verification; the meanings emerging from data have to be tested for their plausibility, their sturdiness, their "confirmability" – validity.
It is suggested that data reduction leads to new ideas on what should go into the data display. Entering the data requires further reduction. As the displays fill up, preliminary conclusions are drawn. In this observation, qualitative data analysis is a continuous iterative process.

A contact summary is a single sheet with some focusing or summarising questions about a particular field contact. Miles and Huberman (1994) state that it is a rapid practical way to do first-run data reduction without losing any of the basic information (the write-up) to which it refers. It focuses on the primary concepts, questions, and issues.

4.9 Hypothesis Shaping

As with the within-case analysis, various cross-case tactics and the overall impressions, concepts, and possibly even relationships between variables begin to emerge. The central idea is that researchers constantly compare theory and data – iterating toward a theory that closely fits the data. One step in shaping hypotheses is sharpening of the constructs. This is a two-part process involving refining the definition of the construct and building evidence that measures the construct in each case. Cases that disconfirm the relationships can often provide the opportunity to refine and extend the theory. Search for evidence for “why” behind relationships.

As hypothesis testing is used to test certainty of the research objectives in this research study as indicated in Chapter 1, it is important that the next sections discuss the background of statistical hypothesis testing in detail in order to test the hypotheses.

The generic steps in hypotheses testing, according to Berenson and Levine (1989) are as follows.

4.10 Hypothesis Testing Procedure

Statistical hypothesis testing is employed to quantify the decision-making process so that the probability of obtaining a given sample result can be found (Berenson & Levine, 1989). Hypothesis testing is used to determine the differences between the various groups within the countries, for example, to test for differences between the South African, Tanzanian, and Mauritian samples in Chapter 6.
• Specifying the hypothesis
Berenson and Levine (1989) argue for the need to specify the null hypothesis (Ho) and the alternate hypothesis (H1) in statistical terms. When accepting the null hypothesis, it actually means that there is not sufficient statistical evidence to reject it, and therefore, it must be treated as though the hypothesis is true. This is because the only way in which the hypothesis can be accepted with certainty is to know the population parameter, which is not possible with sampling.

• Specifying the level of the significance of confidence
To establish whether our obtained sample difference is statistically significant – the result of the real population and not just sampling error – it is customary to set up a level of significance, which is denoted by \( \alpha \) (alpha). The level of significance is specified according to the relative importance of Type 1 and Type 2 errors of the problem. Results that yield \( P \leq 0.05 \) (95% level of significance) are considered borderline statistically significant, but it must be kept in mind that this level of significance still involves a high probability of error (5%) (Statsoft, 2007). The results that are significant at the \( P \leq 0.01 \) level are commonly considered statistically significant, and \( P \leq 0.05 \) or \( P \leq 0.001 \) levels are highly significant. These classifications are still arbitrary conventions that are only informally based on general research experience (Statsoft, 2007).

• Determine the probability value (p-value)
The p-value is determined by the data themselves – specifically by the computed value of the statistic test, unlike the alpha value, which is determined by the researcher. The probability value (or p-value) is the basis for deciding whether or not to reject the null hypothesis. It is the probability of getting a result as extreme as the one observed if the proposed hypothesis is correct (Statsoft, 2007). The calculations are made assuming that the null hypothesis is true. The probability value computed is compared with the significance level chosen. If the probability is less than, or equal to, the significance level, then the null hypothesis is rejected; if the probability value is greater than the significance level, then the null hypothesis is not rejected. When the null hypothesis is rejected, the outcome is said to be statistically significant; when the null hypothesis is not rejected, then the outcome is said to be not
statistically significant. If the outcome is statistically significant, then the null hypothesis is rejected in favour of the alternate hypothesis (Statsoft, 2007). Fox and Levin (2005) identify certain risks associated with the process of hypothesis testing. These are known as Type 1 and Type 2 ($\beta$) errors. Type 1 error is the risk associated with rejecting the null hypothesis when it is true. Type 2 error is the risk of accepting a false null hypothesis. The power of a statistical test is the probability of rejecting the null hypothesis when it is false, in other words, the power of providing a result that is true.

Some factors that play a role in determining the power of a test are discussed below (Statsoft, 2007):

- Some types of tests are inherently more powerful than others.
- The larger the sample size, the more powerful the test. The objective is to find a balance, in other words, a sample that is "large enough", but not wasteful.
- The size of experimental effects is an indication of the power of a test. For example, if the null hypothesis is wrong by a substantial degree, the test is more powerful than if it was wrong by a substantial degree, and the test is more powerful than if it was wrong by a marginal degree.
- Measurement error can mask the signals of real experiment effects. Therefore, anything that enhances the accuracy and consistency of measurement will enhance the power.

The next section will discuss some of the statistical tests available to compare means.

- **Comparisons of means**

One of the core decisions in hypothesis testing is to decide on the method to be used. Some of the possibilities are discussed below.

- **T-tests**

Berenson and Levine (1989) identify t-tests as a means of comparing two sample means to see whether they differ. The test is basically constructed as follows:

\[
t = \frac{\text{Sample value} - \text{hypothesised population value}}{\text{Standard deviation of the sample mean}}
\]
The resulting t-value (or test statistic) is compared with a table of values to determine whether it exceeds the criterion values that mark certain levels of probability. There are two types of t-tests, for independent samples and paired or dependent samples. The latter is used when two different variables within the sample are compared or when two measurements for the same population are compared.

T-tests are subject to certain assumptions (Berenson & Levine, 1989):
- Each population is normally distributed.
- The populations have equal variances.

The levels of significance (or p-values) identified by the t-test are an indication of the risk associated in rejecting the null hypothesis. For example, if the value is less than 0.05, there is less than a 5% chance that the decision to reject the null hypothesis is the wrong one.

T-tests are used in this research study to compare means where only two means are compared, for example, two variables within the South African sample, or where the South African and Tanzanian or Mauritian samples are compared.

4.11 Analysis of Variance

Fox and Levin (2005) identify the analysis of variance (ANOVA) as a method used to make comparisons among three or more sample means. It could be used in this research study to compare multiple means, for example, to compare the results of a battery of statements for all institutions researched. According to StatSoft (2007), the ANOVA is a generalised version of the t-test. The first method is the one-way ANOVA, which considers only one treatment factor for several groups. The other is the two-way ANOVA, which considers several treatment factors for several groups (such as in cross-tabulation). The basic steps are discussed below:
- Computing the total variation of a sample based on the sum of the squared differences between each observation and the overall mean.
- The “between-group” sum of squares measures the difference between the sample mean of each group and the overall mean. The “within-group” sum of squares measures the difference between each value and its group’s mean and cumulates this over all groups.
The ratio of the "between-groups" variance and "within-groups" variance follows the F-distribution. If there is a significant difference between the groups, the variance between the groups should be significantly higher than within the groups. Therefore, the null hypothesis would be rejected if the ratio of the two variances were higher than the F-value of the level of significance required.

For the two-way ANOVA, the total sum of squares has to be divided between the various factors measured. In other words, the variation or sum of squares for every factor has to be determined.

Normally, the steps followed in an ANOVA are represented in an ANOVA table. Again, the use of ANOVA is subject to certain assumptions:

- The populations follow a normal distribution. As is the case with the t-test, the method is robust against a departure from the nominal distribution, as long as the departure is not severe.
- The variances for the populations are homogenous. This is not a stringent assumption provided that sample sizes in each group are roughly equal.
- Independence of error, which means that the variance should be independent for each value.

SSPSS Incl. (1999) also points out that post hoc range tests may be conducted to identify which means differ. A wide range of tests is available to conduct analyses of multiple means, such as the Dunnett's test and Scheffe significant difference test.

4.12 Non-Parametric Tests of Significance

According to Fox and Levin (2005), non-parametric tests of significance are tests whose requirements do not include normality or an interval level of measurement. For each of the parametric tests discussed above, non-parametric or "distribution free-test" equivalents also exist. Non-parametric methods are methods that set fewer, less stringent assumptions about the distribution of the data. They may also be useful in situations where sample sizes are too small to be certain that they follow a normal distribution or where the data is of quality less than at least interval scale (for example, ordinal) (Berenson & Levine, 1989).
According to Statsoft (2007), the Mann Whitney U-test is a suitable non-parametric equivalent for the t-test when two independent samples have to be compared concerning their mean value for some variable of interest. For multiple groups, instead of the ANOVA, the Kruskal-Wallis analysis of ranks may be used. For the comparison of two variables measured in the same sample, we would customarily use the t-test for dependent samples, for which the non-parametric alternatives are the Sign test and Wilcoxon’s matched pairs test. If variables of interest are dichotomous in nature, that is, yes or no, then McNemar’s chi-square is appropriate. If there were more than two variables that were measured in the same sample, then we would customarily use the repeated measures ANOVA. Non-parametric alternatives to this method are Friedman’s two-way analysis of variance.

However, Statsoft (2007) states that non-parametric methods are most appropriate when the sample sizes are small. When the data set is large (n>100, for example), it often makes little sense to use non-parametric statistics at all. This is due to the Central Limit Theory, which dictates that when the samples become very large, the sample means follow the normal distribution even if the respective variable is not normally distributed in the population or is not measured very well. Thus, parametric methods, which are usually much more sensitive (in other words, have more statistical power), are, in most cases, appropriate for large samples. If it is known that certain variables or characteristics under study are severely skewed in the population and may not have large enough samples to compensate, the results of parametric test whose requirements have gone unsatisfied may lack any meaningful interpretation.

The section below introduces two of the best-known non-parametric tests of significance for characteristics measured at the nominal or ordinal level: the chi-square test and Cramer’s V-test.

4.13 The Chi-Square Test

Chi-square tests are used to test the null hypothesis that two categorical (either nominal or ordinal) variables are associated, more specifically whether the two variables are independent. It is a test of statistical significance and does not measure the strength of a relationship. According to Howell (1999), chi-square tests are used to compare the observed and expected and to determine whether there is a statistically significant difference between
the two. As in other statistical tests, we begin by stating a null hypothesis that all means are statistically equal (\(H_0: \) there is no significant difference between observed and expected) and an alternative hypothesis (\(H_1: \) there is a significant difference). Based on the outcome of the chi-square test, we either reject or fail to reject the null hypothesis.

The formula to calculate the chi-square statistic is as follows:

\[
x^2 = \sum \frac{(\text{observed frequency} - \text{expected frequency})}{(\text{expected frequency})}
\]

The null hypothesis and the alternative hypothesis are based on the research question. For example:

\(H_0: O = E\)

"SA, Tanzania, and Mauritius hold similar views in terms of the extent to which there is a link between regional cooperation challenges and government preferences."

\(H_1: O \neq E\)

"SA, Tanzania, and Mauritius do not hold similar views in terms of the extent to which there is a link between regional cooperation challenges and government preferences."

If the \(p\)-value is low (about .05 or less), the chances that the observed relationship is only due to sampling error are correspondingly low, and in that case, the relationship is said to be statistically significant. On the other hand, if the \(p\)-value is high, the chances are correspondingly high that the row and the column variables are not related to one another in the whole population from which the sample was drawn, but that they are only related in the sample that happens to have been selected and that we are observing (analysing).

Despite its great popularity among researchers, the chi-square test has an important disadvantage. Even though the chi-square is very flexible and handles many different types of variables, it becomes difficult to interpret when the variables have many categories. The number of rows and columns in a chi-square table influences the maximum size taken by the contingency coefficient. That is, the value of the contingency coefficient will not always vary
between 0 and 1.0. This situation is particularly troublesome in non-square tables, that is, tables that contain different numbers of rows and columns (for example, 2 x 3, 3 x 5, and so on).

4.14 Cramer's V

To avoid the disadvantage of the chi-square test stated above, it can be decided to employ another correlation coefficient that expresses the degree of association between nominal-level variables in a table larger than 2 x 2. Known as Cramer’s V, this coefficient does not depend on the size of the $X^2$ table and has the same requirements as the contingency coefficient.

Cramer's V (Cohen, 1998) is used to measure the association between categorical variables. Cramer's V ranges from a value of 0 (no association) to 1 (perfect association). A value between 0 and 0.1 is interpreted as a negligible effect, between 0.1 and 0.3 as a small effect, and between 0.3 and 0.5 as a medium effect, while a value of 0.5 or larger is interpreted as a large effect. A Cramer’s V size value above 0.1 indicates that there is an effect, that is, an association between the country from which the respondent comes and the respondent's responses. By formula:

$$V = \sqrt{\frac{X^2}{N(K-1)}}$$

Where $V = \text{Cramer's V}$

$X^2 = \text{total value for the data}$

$N = \text{total number of cases/observations}$

$K = \text{the number of rows or columns, whichever is smaller}$

The utility of Cramer’s V is that it can be used to evaluate the association between nominal variables with multiple categories. It makes no assumptions beyond those of the chi-square test and is easy to apply and interpret.

A limitation of phi and Cramer’s V is the absence of a direct or meaningful interpretation for values between 0.00 and 1.00. Both measures are indices of the strength of the association:
for example, a value of 0.75 indicates a stronger relationship than a value of 0.50. The problem is that the values between 0.00 and 1.00 cannot be interpreted as anything other than an index of the relative strength of the association (Healey, 2002). Phi and Cramer's measures are identical in value as they will be whenever the table has either two rows or two columns.

4.15 Literature Enfolding
The comparison with similar literature is considered. Thus, tying the emergent theory to existing literature enhances the internal validity, generalisability, and theoretical level of theory building from case research.

4.16 Reaching Closure
Theoretical saturation will occur when marginal improvement becomes small. A number of between four and six cases usually works well.

4.17 Limitations of the Study
Availability of information is a key consideration. The appropriate model for regional cooperation is a sensitive topic, given that it is attempting to right past/current imbalances. Stakeholders or case study participants may be reluctant to disclose information.

Miles and Huberman (1994) identify pervasive issues that arise with qualitative research:
- Labour intensiveness of data collection
- Frequent data overload
- Researcher bias
- Time demands of processing and coding data
- Adequacy of sampling when only a few cases can be managed
- Generalisability of the findings
- Credibility and quality of the findings

Miles and Huberman (1994) also state the strengths of well-collected qualitative data:
- Focus on naturally occurring, ordinary events in natural settings to have a strong handle on what "real life" is like.
- Local – data collected in close proximity to a specific situation, and the emphasis is on a specific – a bounded phenomenon embedded in this context.
• Richness and holism are featured, with strong potential for revealing complexity. Such data provide "thick description" that is vivid, is nested in a real context, and has a ring of truth that has a strong impact on the reader.

• There is an emphasis on people's "lived experience", which is fundamentally well suited for locating the meanings people place on the events, processes, and structures of their lives: their "perceptions, assumptions, prejudgments, and presuppositions".

4.18 Generalisability
Leedy (1997) suggests that the external validity of research is concerned with the generalisability of the conclusions reached and asks the question: can the conclusions drawn from a sample be generalised to other cases? According to Yin (2003), case studies, like experiments, are generalisable to theoretical propositions and not populations or universes. In doing a case study, the goal will be to expand and generalise theories (analytic generalisation) and not to enumerate frequencies (statistical generalisation). Firestone (1993) suggests that the most useful generalisations from qualitative studies are analytic, not "sample-to-population".

4.19 Reliability and Validity
Leedy (1997) states that, to be reliable, each instrument must consistently measure the factors for which it was designed. Reliability is the consistency with which a measuring instrument performs (that is, how well the instrument consistently yields similar results). Validity looks at the end result of measurement. Miles and Huberman state that meanings, emerging from data, have to be tested for their plausibility, their sturdiness, their "confirmability" – that is, their validity.

The question that reliability asks is: if the study were repeated, would the same result arise? The question that validity asks is: are we really measuring what we think we are measuring?

Miles and Huberman (1994) suggest that, in qualitative research, issues of instrument validity and reliability ride largely on the skills of the researcher. Essentially, a person – more or less fallibly – is observing, interviewing, and recording, while modifying the observations,
interviewing, and recording devices from one trip to another. They define some good markers of a good qualitative researcher-as-instrument:

- Some familiarity with the phenomenon and setting under study
- Strong conceptual interests
- A multidisciplinary approach, as opposed to narrow grounding in a single discipline
- Good "investigative" skills, including doggedness, the ability to draw people out, and the ability to ward off premature closure

4.20 Nature of the Results

Theory is built from the research. The theory is parsimonious, testable, and logically coherent.

Once the model emerges, it can then be applied, taking into consideration other scenarios of the environment as per the following examples:

- The rules of the game are changing in the environment.
- Various driving forces are at play.
- Uncertainty exists.
- Several stakeholders' interests need balancing.
- Ethical factors must be considered.

4.21 Summary

The literature and practice study directs the design of the empirical research. The specific concepts that are identified through the literature study, tested in the empirical research, which leads to the ultimate recommendations that are presented towards the end of this study.

This chapter covered the methods of the study and dealt with data collection and their derivation from primary and secondary sources. The chapter also detailed the approach that is used and the conditions under which the various stages of investigation are carried out from the development of initial contacts, the choice of cases, the preliminary questionnaire, the pilot survey, and the design and administration of the research instrument (questionnaire).
It further indicated how issues of validity and reliability are addressed through the use of several data gathering methods. The use of the multiple case study approach was also justified.

This chapter served as a solid basis for conclusions in the methodology for hypothesis testing. In the next chapter, the findings are discussed in detail, using the methodologies identified in this chapter. Chapter 6 contains analysis and synthesis of findings and the conclusions based on the hypothesis testing.
5 CHAPTER 5: RESEARCH FINDINGS

5.1 Introduction

The previous four chapters examined the evolution, history, theory, and practice of regional cooperation with little attention, other than examples, to specific issues regarding the SADC region. An appropriate SADC regional cooperation model is the ultimate goal.

This chapter provides an outline of the main findings of the research study; however, it excludes the hypothesis testing, which is handled in Chapter 6 where the research findings are analysed and synthesised. This chapter also reports empirical findings to empirical research questions (see Appendix A) that were achieved through the use of statistical techniques. The framework used in Chapter 4 to identify different relationships between respective variables is used to report the results. The empirical part of this study involves a quantitative study, more specifically a survey conducted among the three randomly selected SADC countries. The main aim of the empirical research is to determine causality and measure the extent of the research objectives in order to test the hypotheses.

A detailed analysis using the statistical techniques discussed in Chapter 4 are undertaken. Thereafter, answers to the empirical questions will be provided. The chapter essentially addresses the results from all sections of the survey, using tables and other descriptive statistics to illustrate the findings. In most cases, valid responses are used as a basis for calculations.

5.2 Target Population, Sample, and Response Rate

The target population is the fourteen SADC countries, where the sample is drawn which are the three randomly selected countries in SADC, namely, South Africa, Mauritius, and Tanzania to which the sample data is generalised. The randomness of the sample is on that all elements in the sampling frame have equal chance of selection, and sampling is done in a single stage with each element selected independently (rather than, for example, in clusters)(Kalton, 1983). The reason for choosing the three countries is that when testing a theory, there is a need to limit the number of variables (Mitchell & Jolley, 2007). The choice
of three countries kept the vision, strategy, and structure of the study constant. This allows the study to test empirical relationships between countries, but within multiple sites of established entities. Throughout the study, data for South Africa, Mauritius, and Tanzania are compared where possible.

The questionnaires were distributed to executives in diplomatic missions, trade and industry, politics, education, social organisations, and others, that is, non-governmental organisations and trade unions, in the target population (see Appendix 2). Initially, before issuing the questionnaires, the South African Department of Foreign Affairs and the Tanzanian and Mauritian embassies in South Africa were consulted to check the sensitivity of the questionnaire survey.

The questionnaire survey was administered in three different ways:

- 75% of the questionnaires were emailed through to the respondents, and they were requested to complete them and email back their responses. Some of the respondents were initially contacted telephonically before the questionnaire was forwarded.
- 15% of the questionnaires were administered through personal interviews (face to face) in South Africa following formal introductions and explanations of the objectives of the research study.
- The remainder of the questionnaires (10%) were delivered by hand to the respondents, with a request that the completed forms be faxed back.

For the questionnaires that were emailed, the body of the email message was written as a covering letter, explaining the questionnaire survey and requesting the recipient to complete and return the questionnaire survey answers within two weeks of receipt.

A reminder email message was sent two weeks later, with the questionnaire survey form included as an attachment.

The overall response rate was relatively low (23%); that is, 101 completed questionnaires were returned by the stipulated date. Of the questionnaires returned and received, 101 were considered complete and usable. The 101 returns used for analysis were of good quality, and
many offered constructive comments. Compared to mail surveys and electronic survey response rates in general, this is well within the norm for response rates (Brennan, 1992; Venter & Prinsloo, 1999). As this was a random sample, small sample results will not be much different from the results from a large sample (Chu, 1992).

What was of particular concern in the distribution of this questionnaire survey was the use of the Internet, since there has been some debate about the validity of using the Internet as a primary research tool. But a reprieve appeared from Yoffie (1998), who states that Internet research has the same limitation as any other research, but as long as it provides a representative sample, it should not present any problems. Taylor and Terhanain (1999) found that Internet and telephone polling results did not differ significantly when they ran a survey on both media.

On receipt of the questionnaires, the researcher scrutinised (edited) each one before the responses were processed. The editing comprised of a critical examination (data cleansing process) of each questionnaire with a view to completeness and consistency. These checks were made to ensure that all sections, pages, and questions had been filled in and that the answers obtained for different questions were consistent. The questionnaire survey responses were analysed to measure the degree of importance of each of the statements.

5.3 Results

This part of the chapter essentially addresses the results from all sections of the survey, using tables and other descriptive statistics to illustrate the findings. The response profile of the sample population used for this research is described by the frequency tables as per Appendix C.

5.3.1 Description of the sample in terms of the background characteristics

The following tables (Tables 5.1, 5.2, and 5.3) describe the sample in terms of background characteristics. The “frequency” represents the unit of responses of the total of 101 returns received. In Table 5.1, a summary of a country partitioning of the responses to the questionnaire is presented as a percentage of the total answers received.
Table 5.1: Number of respondents per country

<table>
<thead>
<tr>
<th>State</th>
<th>Frequency</th>
<th>Percentage</th>
<th>Valid percentage</th>
<th>Cumulative percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>South Africa</td>
<td>35</td>
<td>34.7</td>
<td>34.7</td>
<td>34.7</td>
</tr>
<tr>
<td>Tanzania</td>
<td>33</td>
<td>32.7</td>
<td>32.7</td>
<td>67.3</td>
</tr>
<tr>
<td>Mauritius</td>
<td>33</td>
<td>32.7</td>
<td>32.7</td>
<td>100.0</td>
</tr>
<tr>
<td>Total</td>
<td>101</td>
<td>100.0</td>
<td>100.0</td>
<td>100.0</td>
</tr>
</tbody>
</table>

In Table 5.1, it is indicated that South Africa constitutes nearly 35% of the respondents, while Tanzania and Mauritius constitute nearly 33% each.

Table 5.2: Institutional categories studied

<table>
<thead>
<tr>
<th>Category</th>
<th>No</th>
<th>Yes</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Count</td>
<td>%</td>
<td>Count</td>
</tr>
<tr>
<td>Trade and industry</td>
<td>59</td>
<td>58.4%</td>
<td>42</td>
</tr>
<tr>
<td>Politics</td>
<td>79</td>
<td>78.2%</td>
<td>22</td>
</tr>
<tr>
<td>Education</td>
<td>84</td>
<td>83.2%</td>
<td>17</td>
</tr>
<tr>
<td>Social</td>
<td>81</td>
<td>80.2%</td>
<td>20</td>
</tr>
<tr>
<td>Other</td>
<td>72</td>
<td>71.3%</td>
<td>29</td>
</tr>
</tbody>
</table>

For more convenient analysis and comparison, the main institution is divided into the five broad categories as identified in Table 5.2, namely, trade and industry, politics, education, social, and other. Using these categories, it is apparent that the different occupations of the respondents represent a good cross section of respondents, with 42% from the trade and industry category, 22% from politics, 17% from education, 20% from social, and the balance of 29% being a combination of others, that is, non-governmental organisations and labour unions. Because of the diversity of the institutions, a significant number of respondents (29%) indicated the main business of their institution as "Other". Thus, they may not have been able to fit themselves comfortably into one of the more conventional categories. The trade and industry responses are high for the sample, probably due to the relatively high involvement of the respondents in regional cooperation activities. This implies that the majority of respondents indicated being in the trade and industry category.
Table 5.3: Respondent position in the institution

<table>
<thead>
<tr>
<th>What is your position in the organisation?</th>
<th>Frequency</th>
<th>Percentage</th>
<th>Valid percentage</th>
<th>Cumulative percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Valid</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Senior manager</td>
<td>54</td>
<td>53.5</td>
<td>54.5</td>
<td>54.5</td>
</tr>
<tr>
<td>Diplomat</td>
<td>7</td>
<td>6.9</td>
<td>7.1</td>
<td>61.6</td>
</tr>
<tr>
<td>Other</td>
<td>38</td>
<td>37.6</td>
<td>38.4</td>
<td>100.0</td>
</tr>
<tr>
<td>Total</td>
<td>99</td>
<td>98.0</td>
<td>100.0</td>
<td></td>
</tr>
<tr>
<td>Missing System</td>
<td>2</td>
<td>2.0</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>101</td>
<td>100.0</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Respondents were asked their management level in the institution (senior manager, diplomat, and other, that is, middle management or other individuals who did not want to state their managerial levels). Since the questionnaire survey focused on the decision-makers, it makes sense that, in Table 5.3, the majority of respondents (nearly 54%) indicated being in senior management positions, only seven indicated being diplomats, while the remaining respondents either did not answer the question (two) or indicated another position (38). The large proportion of the respondents at the managerial level places the calibre of their opinions at a high level and contributes significantly to the validity of the research results.

The respondents reported that their work experience ranged from one year to 34 years in the institutions. The mean is 8.97 years’ work experience. The wide range, however, suggests that the distribution of years’ experience is positively skew, that is, characterised by a few typical large numbers of years of experience.

5.3.2 Describing the sample in terms of opinion-related questions

The descriptive statistics in Appendix C contains the response frequency distribution of the balance of the questions answered by the respondents, being the non-biographical ones. This appendix has all the frequency statistics of all the data captured. The Likert scale initially used for categorising the answers provided five scales, leading to long tailed distributions in which extreme scores are more likely than in the normal distribution.

To statistically normalise this result, the five Likert scales were reduced to three in. This is termed appropriate according to Howell (1999) because of the nature of the questions and the
Likert scale of 1 to 5 used. In real terms, the respondent was required to agree, not agree, or remain neutral (not sure) if not knowledgeable about the subject. The Likert scale of 1 to 5 was converted (recoded) to scale 1 to 3. This was done by recording strongly disagree and disagree to disagree; not sure remained the same; strongly agree and agree were recoded to agree. Averaging techniques in Appendix C1 were used for finite element error control that establishes a class of averaging error estimators for boundary integral.

Descriptive statistics (see Appendix D) are used to describe the basic features of the data in a study. Below are the summaries of the sample in terms of opinion-related questions as categorised in the architecture and philosophy section in Chapter 4, Table 4.8, and the measures.

- **Economic**

Eight regional economic issues were reported by respondents to be important (those reported above 75%) among 13 major economic issues listed (see Section 4.7: Table 4.8). These are the current regional cooperation not meeting SADC requirements (75%: see Question 6), new SADC regional cooperation challenges being better met by means of appropriate regional cooperation (99%: see Question 28, Appendix A), opening investment in regional export-oriented projects to partners (89%: see Question 40, Appendix A), a developmental approach to integration (92%: see Question 44), aid funds used for cushioning of negative consequences to weaker states (91%: see Question 51), understanding of infrastructural problems (88%: see Question 60), and appropriate regional cooperation expanding trade (90%: see Question 63). It is clear that all respondents were almost in complete agreement (99%) that the new challenges of SADC countries could better be met by means of appropriate regional cooperation (see Question 28). Question 28 attracted the highest score and reinforces the need for the development of an appropriate regional cooperation model.

- **Barriers**

Three regional cooperation barriers were reported by respondents to be important (those reported above 75%) among seven major barriers listed (see Section 4.7: Table 4.8). These are weak central institutions (81%: see Question 8), a high degree of inequality in the levels of development (87%: see Question 8), and infrastructure (85%: see Question 10).
• **Strategy**

Five regional cooperation strategy issues were reported to be important (those reported above 75%) among 12 major strategic issues listed (see Section 4.7: Table 4.8). These are regional cooperation being less ambitious, more flexible, and non-holistic (79%: see Question 29), not to make unrealistic demands (technical and political) (79%: see Question 32), not to rule out the progression towards market integration (76%: see Question 35), creating regional institutions of all priority sectors (93%: see Question 48), and creating a Trade Negotiating Forum (93%: see Question 54).

• **Policy**

Six policy guideline issues were reported by respondents to be important (those reported above 75%) among 16 major policy guidelines listed (see Section 4.7: Table 4.8). These are guarding national sovereignty through voting rules (77%: see Question 42), a compensation scheme coupled with a development programme (88%: see Question 52), harmonisation of a foreign investment code (75%: see Question 56), each member state hosting a project among a package of approved projects (84%: see Question 58), and involvement of all stakeholders (93%: see Question 66).

• **Human resources**

Three human issues were reported by respondents to be important (those reported above 75%) among four major human issues listed (see Section 4.7: Table 4.8). These are establishing centres of educational excellence (96%: see Question 37), selection of members for regional institutions based on their expertise (79%: see Question 38), and research and development as integral activities in the SADC (75%: see Question 64).

• **Finance**

Two finance issues were reported by respondents to be important (those reported above 75%) among six major finance issues listed (see Section 4.7: Table 4.7.2). These are a clearing house to provide liquidity for intraregional trade (75%: see Question 39) and harmonisation of fiscal incentives and custom tariffs within the SADC (75%: see Question 55).
5.4 Ascertaining Differences between Countries in Terms of Views

In order to answer the sub-research question, that is, to what extent is there a difference between the three countries in terms of their views, cross-tab tables are used for the analysis of the relationship between two (or three) categorical variables. Cross-tab tables in the section below clearly display the relationship using counts, percentages, and totals.

5.4.1 Ascertaining differences between countries in terms of economy-related views

For the following questions (6, 40, and 63), there were different views between countries. The differences are depicted in the tables below.

Table 5.4: Opinions regarding the current SADC regional cooperation

<table>
<thead>
<tr>
<th>Cross-tab</th>
<th>Q6 The current SADC regional cooperation has not met the requirements of the majority of SADC states</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Disagree</td>
<td>Not sure</td>
</tr>
<tr>
<td>State</td>
<td></td>
<td></td>
</tr>
<tr>
<td>South Africa</td>
<td>5</td>
<td>5</td>
</tr>
<tr>
<td>% within state</td>
<td>14.3%</td>
<td>14.3%</td>
</tr>
<tr>
<td>Tanzania</td>
<td>6</td>
<td>0</td>
</tr>
<tr>
<td>% within state</td>
<td>18.2%</td>
<td>.0%</td>
</tr>
<tr>
<td>Mauritius</td>
<td>2</td>
<td>7</td>
</tr>
<tr>
<td>% within state</td>
<td>6.1%</td>
<td>21.2%</td>
</tr>
<tr>
<td>Total</td>
<td>13</td>
<td>12</td>
</tr>
<tr>
<td>% within state</td>
<td>12.9%</td>
<td>11.9%</td>
</tr>
</tbody>
</table>

In Table 5.4, it can be observed that the majority of respondents from Tanzania (82%), Mauritius (73%), and South Africa (72%) reported that they agreed with the statement that current SADC regional cooperation had not met the requirements of the majority of SADC states (see Question 6, Appendix A). For example, they were more likely to believe that current SADC regional cooperation had not met the requirements of the majority of SADC states. Ironically, there were more respondents from Tanzania (18%) who disagreed than from South Africa (14%) and Mauritius (6%). For Mauritius, 21% were neutral and for South Africa 14%, while Tanzania had 0%. The interpretation of the responses means that Tanzania's respondent results are not in agreement with those reported by South Africa and Mauritius. The total results (75%) obtained on "agree" tend to imply that respondents were of
the opinion that the current regional cooperation had not met the requirements of the three countries.

Table 5.5: Opinions regarding the opening of investment in the regional

<table>
<thead>
<tr>
<th>Cross-tab</th>
<th>Q40 SADC member states should increase their mutual trade by opening investment in regional export-oriented projects to partners from developed countries</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Disagree</td>
<td>Not sure</td>
</tr>
<tr>
<td>South Africa</td>
<td>Count</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>% within state</td>
<td>.0%</td>
</tr>
<tr>
<td>Tanzania</td>
<td>Count</td>
<td>4</td>
</tr>
<tr>
<td></td>
<td>% within state</td>
<td>12.1%</td>
</tr>
<tr>
<td>Mauritius</td>
<td>Count</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>% within state</td>
<td>.0%</td>
</tr>
<tr>
<td>Total</td>
<td>Count</td>
<td>4</td>
</tr>
<tr>
<td></td>
<td>% within state</td>
<td>4.0%</td>
</tr>
</tbody>
</table>

The majority of South African respondents (97%) reported that they agreed with the statement that the SADC member states had to increase their mutual trade by opening investment in regional export-oriented projects to partners from developed countries (see Question 40, Appendix A). For example, they were more likely to believe that member states had to increase their mutual trade by opening investment in regional export-oriented projects to partners from developed countries. Three per cent were neutral regarding the statement, while zero per cent disagreed. The majority of Mauritian respondents (88%) reported that they agreed with the statement, 12 per cent were neutral, while none of the respondents reported disagreeing with the statement. The majority of Tanzanian respondents (82%) reported that they agreed with the statement, 12 per cent reported that they disagreed, while six per cent were neutral. The results depicted in Table 5.5 indicate that the Tanzanian results are not in agreement with the results from Mauritius and South Africa. The high total score of 89% for this question clearly illustrates that, for regional cooperation to work, member states should increase their mutual trade by opening investment in regional export-oriented projects to partners from developed countries.
Table 5.6: Opinions regarding the expanding of trade to member states

<table>
<thead>
<tr>
<th>Cross-tab</th>
<th>Q63 An appropriate regional cooperation for the SADC should result in expanded trade to the majority of SADC member states</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Disagree</td>
<td>Not sure</td>
</tr>
<tr>
<td>South Africa</td>
<td>Count</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>% within state</td>
<td>.0%</td>
</tr>
<tr>
<td>Tanzania</td>
<td>Count</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>% within state</td>
<td>.0%</td>
</tr>
<tr>
<td>Mauritius</td>
<td>Count</td>
<td>3</td>
</tr>
<tr>
<td></td>
<td>% within state</td>
<td>9.1%</td>
</tr>
<tr>
<td>Total</td>
<td>Count</td>
<td>3</td>
</tr>
<tr>
<td></td>
<td>% within state</td>
<td>3.0%</td>
</tr>
</tbody>
</table>

From Table 5.6, it can be deduced that the majority of South African respondents (97%) reported that they agreed with the statement that an appropriate regional cooperation for the SADC had to result in expanded trade to the majority of SADC member states (see Question 63, Appendix A). For example, they were more likely to believe that appropriate regional cooperation resulted in expanded trade. Three per cent were neutral with regard to the statement. The majority of Tanzanian respondents (97%) reported that they agreed with the statement, and three per cent reported that they were neutral. The majority of Mauritian respondents (76%) reported that they agreed with the statement; nine per cent disagreed, while 15 per cent reported that they were neutral. The interpretation of the responses means that Mauritian respondents' results are not in agreement with those reported by South Africa and Tanzania. The question attracted a highest score of 90% and reinforces the opinion that appropriate regional cooperation would result in expanded trade.

5.4.2 Ascertaining differences between countries in terms of barrier-related views

For the following question (24), there were different views between countries. The differences are depicted in the tables below.
Table 5.7: Opinions regarding the differences in the levels of development

<table>
<thead>
<tr>
<th>State</th>
<th>Count</th>
<th>% within state</th>
<th>Q24 Differences in the economies and levels of development of SADC member states obstruct uniform implementation of the regional cooperation rules</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td>Disagree</td>
<td>Not sure</td>
</tr>
<tr>
<td>South Africa</td>
<td>5</td>
<td>14.3%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tanzania</td>
<td>4</td>
<td>12.1%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mauritius</td>
<td>5</td>
<td>15.2%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>14</td>
<td>13.9%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

From Table 5.7, it can be deduced that the majority of South African respondents (83%) reported that they agreed with the statement that the differences in economies and levels of development of SADC member states obstructed uniform implementation of the regional cooperation rules (see Question 24, Appendix A). For example, they were more likely to believe that the economies and levels of development of SADC member states obstructed uniform implementation of the regional cooperation rules. Fourteen per cent disagreed, and only three per cent were neutral with regard to the statement. The majority of respondents from Tanzania (76%) reported that they agreed with the statement, 12 per cent disagreed, and another 12 per cent were neutral with regard to the statement. Thirty per cent of respondents from Mauritius reported that they were neutral with regard to the statement, 15 per cent disagreed, and the majority (55%) were neutral with regard to the statement. The interpretation of the responses means that Mauritian respondents’ results are not in agreement with those reported by South Africa and Tanzania. The relatively high total score of 71% reinforces the perception that the economies and levels of development of SADC member states obstruct uniform implementation of the regional cooperation rules.

5.4.3 Ascertaining differences between countries in terms of comparison-related views

For the following questions (30 and 33), there were different views between countries. The differences are depicted in the tables below.
Table 5.8: Opinions regarding the more economically advanced SADC countries

<table>
<thead>
<tr>
<th>State</th>
<th>Count</th>
<th>% within state</th>
<th>Q30 More economically advanced SADC countries should take the lead on regional cooperation</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td>Disagree</td>
<td>Not sure</td>
</tr>
<tr>
<td>South Africa</td>
<td>1</td>
<td>2.9%</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>% within state</td>
<td></td>
<td></td>
<td>2.9%</td>
<td>2.9%</td>
</tr>
<tr>
<td>Tanzania</td>
<td>12</td>
<td>36.4%</td>
<td>3</td>
<td>6.1%</td>
</tr>
<tr>
<td>% within state</td>
<td></td>
<td></td>
<td>36.4%</td>
<td>9.1%</td>
</tr>
<tr>
<td>Mauritius</td>
<td>7</td>
<td>21.2%</td>
<td>2</td>
<td>6.1%</td>
</tr>
<tr>
<td>% within state</td>
<td></td>
<td></td>
<td>21.2%</td>
<td>6.1%</td>
</tr>
<tr>
<td>Total</td>
<td>20</td>
<td>19.8%</td>
<td>6</td>
<td>5.8%</td>
</tr>
</tbody>
</table>

The majority of South African respondents (94%) reported that they agreed with the statement that the more economically advanced SADC countries had to take the lead on regional cooperation (see Question 30, Appendix A). For example, they were more likely to believe that the more economically advanced SADC countries had to take the lead on regional cooperation. Three per cent reported that they disagreed, while three per cent were neutral. The majority of Mauritius’s respondents (73%) agreed, 21 per cent disagreed, and six per cent were neutral. Tanzania’s respondents (36%) disagreed with the statement. The majority of Tanzanian respondents (55%) reported that they agreed; 36 per cent disagreed, while nine per cent were neutral with regard to the statement. The survey results depicted in Table 5.8 indicate that Tanzania’s results are not in agreement with the results from South Africa and Mauritius. The respondents from South Africa and Mauritius, in their responses, tended to agree, while Tanzanians disagreed. There is agreement on this question with a total of 74%.
From Table 5.9, it can be deduced that the majority of Mauritius’s respondents (55%) reported that they disagreed with the statement that the SADC had to have one monetary currency (see Question 33, Appendix A), that is, they were more likely to believe that the SADC ought not to have one monetary currency. Forty per cent agreed, while six per cent were neutral with regard to the statement. The majority of South Africa’s respondents (66%) indicated that they agreed, 17 per cent disagreed, and another 17 per cent were neutral with regard to the statement. The majority of Tanzanian respondents (67%) reported that they agreed with the statement; 24 per cent disagreed, with nine per cent who were neutral with regard to the statement. The survey results depicted in Table 5.9 indicate that Mauritius’s results are not in agreement with the results from South Africa and Tanzania. The question attracted a relatively low total score of 57%, which implies that most of the respondents are in disagreement.

5.4.4 Ascertaining differences between countries in terms of strategy-related views

For the following questions (14 and 35), there were different views between countries. The differences are shown in the tables below.

<table>
<thead>
<tr>
<th>State</th>
<th>Count</th>
<th>% within state</th>
<th>Q33 The SADC should have one monetary currency, similar to the euro</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td>Disagree</td>
<td>Not sure</td>
</tr>
<tr>
<td>South Africa</td>
<td>6</td>
<td>17.1%</td>
<td>6</td>
<td>6</td>
</tr>
<tr>
<td>Tanzania</td>
<td>8</td>
<td>24.2%</td>
<td>3</td>
<td>9.1%</td>
</tr>
<tr>
<td>Mauritius</td>
<td>18</td>
<td>54.5%</td>
<td>2</td>
<td>6.1%</td>
</tr>
<tr>
<td>Total</td>
<td>32</td>
<td>31.7%</td>
<td>11</td>
<td>10.9%</td>
</tr>
</tbody>
</table>

Developing an appropriate model for regional cooperation in developing countries – the case of the SADC 183
Table 5.10: Opinions regarding the traditional market-type integration model

<table>
<thead>
<tr>
<th>State</th>
<th>Count</th>
<th>Disagree</th>
<th>Not sure</th>
<th>Agree</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>South Africa</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>% within state</td>
<td></td>
<td>22.9%</td>
<td>42.9%</td>
<td>34.3%</td>
<td>100.0%</td>
</tr>
<tr>
<td>Tanzania</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>% within state</td>
<td></td>
<td>43.8%</td>
<td>12.8%</td>
<td>43.8%</td>
<td>100.0%</td>
</tr>
<tr>
<td>Mauritius</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>% within state</td>
<td></td>
<td>27.3%</td>
<td>27.3%</td>
<td>45.5%</td>
<td>100.0%</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>% within state</td>
<td></td>
<td>31.0%</td>
<td>28.0%</td>
<td>41.0%</td>
<td>100.0%</td>
</tr>
</tbody>
</table>

The majority of Mauritius's respondents (46%) reported that they agreed with the statement that the market-type model was inappropriate for the SADC (see Question 14, Appendix A), that is, they were more likely to believe that the market-type model was inappropriate for the SADC. Twenty seven per cent disagreed, while another 27 per cent were neutral with regard to the statement. The majority of Tanzania's respondents (44%) reported that they agreed; 44 per cent disagreed, while 12 per cent were neutral with regard to the statement. The majority of South African respondents (43%) reported that they were neutral with regard to the statement; 34 per cent agreed, while 23 per cent disagreed with the statement. The survey results depicted in Table 5.10 indicate that South Africa's results are not in agreement with the results from Mauritius and Tanzania. The total results (41%) obtained on “agree” are in complete agreement that the market-type model is inappropriate for the SADC.
Table 5.11: Opinions regarding progression towards increasing market integration

<table>
<thead>
<tr>
<th>State</th>
<th>Count</th>
<th>% within state</th>
<th>Q35 The appropriate model for SADC regional cooperation should in no way rule out the progression towards increasing market integration</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>South Africa</td>
<td>3</td>
<td>8.6%</td>
<td>Disagree</td>
<td>Not sure</td>
</tr>
<tr>
<td>Tanzania</td>
<td>2</td>
<td>6.1%</td>
<td>Disagree</td>
<td>Not sure</td>
</tr>
<tr>
<td>Mauritius</td>
<td>4</td>
<td>12.1%</td>
<td>Disagree</td>
<td>Not sure</td>
</tr>
<tr>
<td>Total</td>
<td>9</td>
<td>8.9%</td>
<td>Disagree</td>
<td>Not sure</td>
</tr>
</tbody>
</table>

The majority of South African respondents (89%) reported that they agreed with the statement that the appropriate model for SADC regional cooperation ought in no way to rule out the progression towards increasing market integration (see Question 35, Appendix A). For example, they were more likely to believe that regional cooperation ought in no way to rule out the progression towards increasing market integration. Nine per cent disagreed, while only three per cent were neutral with regard to the statement. The majority of Tanzanian respondents (64%) reported that they agreed with the statement, 30 per cent were neutral, while six per cent disagreed. The majority of Mauritius's respondents (76%) reported that they agreed with the statement, 12 per cent disagreed, and 12 per cent were also neutral. The survey results depicted in Table 5.11 indicate that Tanzania's results are not in agreement with the results from South Africa and Mauritius. The total results of 76% obtained tend to imply that respondents are of the opinion that regional cooperation should in no way rule out the progression towards increasing market integration.

5.4.5 Ascertaining differences between countries in terms of policy-related views

For the following questions (18, 42, 46, 56, and 58), there were different views between countries. The differences are shown in the tables below.

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From Table 5.12, it can be observed that the majority of South Africa’s respondents (80%) and Mauritius’s respondents (79%) reported that they agreed with the statement that although SADC regional cooperation came from different states and different cultural backgrounds, there was a common understanding of what had to be done (see Question 18, Appendix A). For example, they were more likely to believe that there was a common understanding of what had to be done. Of the South Africans, 14% were neutral, and only six per cent disagreed with the statement. Of the Mauritians, six per cent were neutral, and 15 per cent disagreed. Of Tanzania’s respondents, 24 per cent disagreed; 24 per cent were neutral, while the majority (52%) agreed with the statement. The interpretation of the responses means that Tanzanian respondents’ results are not in agreement with those reported by South Africa and Mauritius. The relatively high total score of 70% indicates that respondents are aware of different cultural backgrounds in the countries.
Table 5.13: Opinions regarding the safeguarding of national sovereignty

<table>
<thead>
<tr>
<th>State</th>
<th>Count</th>
<th>% within state</th>
<th>Disagree</th>
<th>Not sure</th>
<th>Agree</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>South Africa</td>
<td>2</td>
<td>5.7%</td>
<td>2</td>
<td>5</td>
<td>28</td>
<td>35</td>
</tr>
<tr>
<td>Tanzania</td>
<td>3</td>
<td>9.1%</td>
<td>3</td>
<td>1</td>
<td>29</td>
<td>33</td>
</tr>
<tr>
<td>Mauritius</td>
<td>6</td>
<td>18.2%</td>
<td>7</td>
<td>7</td>
<td>20</td>
<td>33</td>
</tr>
<tr>
<td>Total</td>
<td>11</td>
<td>10.9%</td>
<td>13</td>
<td>12.8%</td>
<td>76.2%</td>
<td>101</td>
</tr>
</tbody>
</table>

The majority of Tanzania’s respondents (88%) reported that they agreed with the statement that the national sovereignty for SADC countries had to be safeguarded through adoption of carefully considered voting rules with the regional institutions (see Question 42, Appendix A). For example, they were more likely to believe that voting rules would safeguard the national sovereignty. Nine per cent disagreed, while three per cent were neutral with regard to the statement. The majority of South African respondents (80%) reported that they agreed with the statement, six per cent disagreed with the statement, while 14 per cent were neutral. The majority of Mauritius’s respondents (61%) reported that they agreed with the statement, 18 per cent disagreed, while 21 per cent were neutral. The survey results depicted in Table 5.13 indicate that Mauritius’s results are not in agreement with the results from Tanzania and South Africa. The total of all countries’ respondents’ responses that agree with the statement is 76%.
Table 5.14: Opinions regarding the equitable sharing of the benefits

<table>
<thead>
<tr>
<th>State</th>
<th>Count</th>
<th>Not sure</th>
<th>Agree</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>South Africa</td>
<td>31</td>
<td>1</td>
<td>3</td>
<td>35</td>
</tr>
<tr>
<td>Tanzania</td>
<td>21</td>
<td>3</td>
<td>9</td>
<td>33</td>
</tr>
<tr>
<td>Mauritius</td>
<td>19</td>
<td>3</td>
<td>11</td>
<td>33</td>
</tr>
<tr>
<td>Total</td>
<td>71</td>
<td>7</td>
<td>23</td>
<td>101</td>
</tr>
</tbody>
</table>

In Table 5.14, it can be observed that the majority of South African respondents (87%) reported that they disagreed with the statement that the ensuring of equitable sharing of the benefits of regional economic integration was not needed in SADC countries’ regional cooperation (see Question 46, Appendix A). For example, they were more likely to believe that equitable sharing of the benefits of regional economic integration was needed. Seven per cent disagreed, and three per cent were neutral with regard to the statement. The majority of respondents from Tanzania (64%) reported that they disagreed with the statement; 27 per cent agreed, while nine per cent were neutral. The majority of Mauritius’s respondents (58%) reported that they disagreed with the statement; 33 per cent agreed, while nine per cent were neutral. The interpretation of the responses means that South African respondents’ results are not in agreement with those reported by Tanzania and Mauritius. Most respondents (70%) disagreed with the statement intimating that equitable sharing of the benefits of regional economic integration was needed.
Table 5.15: Opinions regarding a harmonised foreign investment code

<table>
<thead>
<tr>
<th>State</th>
<th>South Africa</th>
<th>Tanzania</th>
<th>Mauritius</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Count</td>
<td>Disagree</td>
<td>Not sure</td>
</tr>
<tr>
<td></td>
<td></td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>% within state</td>
<td>5.7%</td>
<td>2.9%</td>
<td>91.4%</td>
</tr>
<tr>
<td>Total</td>
<td>Count</td>
<td>7</td>
<td>18</td>
</tr>
<tr>
<td>% within state</td>
<td>6.9%</td>
<td>17.5%</td>
<td>75.2%</td>
</tr>
</tbody>
</table>

In Table 5.15, it can be deduced that the majority of South African respondents (91%) reported that they agreed with the statement that a harmonised foreign investment code would serve to prevent foreign corporations from playing off one SADC country against another within SADC states (see Question 56, Appendix A). For example, they were more likely to believe that a harmonised foreign investment code would prevent double-playing standards by foreign corporations. Six per cent agreed, while three per cent reported that they were neutral with regard to the statement. The majority of Mauritius's respondents (70%) reported that they agreed with the statement; nine per cent disagreed, while 21 per cent were neutral. The majority of Tanzanian respondents (64%) reported that they agreed with the statement; six per cent disagreed, while 30 per cent were neutral. The interpretation of the responses means that South African respondents' results are not in agreement with those reported by Tanzania and Mauritius. The total results of 75% obtained suggest that respondents are aware of the double-playing standards by foreign corporations; hence, they believe in a harmonised foreign investment code.
Table 5.16: Opinions regarding member states hosting at least one project

<table>
<thead>
<tr>
<th>State</th>
<th>Count</th>
<th>Disagree</th>
<th>Not sure</th>
<th>Agree</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>South Africa</td>
<td></td>
<td>1</td>
<td>2</td>
<td>32</td>
<td>35</td>
</tr>
<tr>
<td>Tanzania</td>
<td></td>
<td>1</td>
<td>1</td>
<td>31</td>
<td>33</td>
</tr>
<tr>
<td>Mauritius</td>
<td></td>
<td>6</td>
<td>5</td>
<td>22</td>
<td>33</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>State</th>
<th>% within state</th>
<th>% within state</th>
<th>% within state</th>
<th>% within state</th>
</tr>
</thead>
<tbody>
<tr>
<td>South Africa</td>
<td>2.9%</td>
<td>5.7%</td>
<td>91.4%</td>
<td>100.0%</td>
</tr>
<tr>
<td>Tanzania</td>
<td>3.0%</td>
<td>3.0%</td>
<td>93.9%</td>
<td>100.0%</td>
</tr>
<tr>
<td>Mauritius</td>
<td>18.2%</td>
<td>15.2%</td>
<td>86.7%</td>
<td>100.0%</td>
</tr>
</tbody>
</table>

The majority of Tanzanian respondents (94%) reported that they agreed with the statement that for an appropriate regional cooperation, each participating country in the SADC had to get to host at least one project from among a package of approved projects (see Question 58, Appendix A). For example, they were more likely to believe that each participating country in the SADC had to get to host at least one project from among a package of approved projects. Three per cent of Tanzania's respondents reported that they disagreed with the statement, while three per cent were neutral. The majority of South African respondents (91%) reported that they agreed with the statement; three per cent disagreed, while six per cent reported that they were neutral. The majority of Mauritius's respondents (67%) reported that they agreed with the statement; 18 per cent disagreed with the statement, while 15 per cent reported that they were neutral. The results depicted in Table 5.16 indicate that Mauritius's results are not in agreement with the results from Tanzania and South Africa. The high total average score of 84% suggests that respondents are of the opinion that each participating country in the SADC should get to host at least one project from among a package of approved projects.
### Table 5.17: Opinions regarding the involvement of all stakeholders

<table>
<thead>
<tr>
<th>State</th>
<th>South Africa</th>
<th>Tanzania</th>
<th>Mauritius</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Count</td>
<td>% within state</td>
<td>Count</td>
<td>% within state</td>
</tr>
<tr>
<td></td>
<td>Disagree</td>
<td>Not sure</td>
<td>Agree</td>
<td></td>
</tr>
<tr>
<td>South Africa</td>
<td>0</td>
<td>0</td>
<td>35</td>
<td>35</td>
</tr>
<tr>
<td>Tanzania</td>
<td>0</td>
<td>1</td>
<td>32</td>
<td>33</td>
</tr>
<tr>
<td>Mauritius</td>
<td>2</td>
<td>4</td>
<td>27</td>
<td>33</td>
</tr>
<tr>
<td>Total</td>
<td>2</td>
<td>5</td>
<td>94</td>
<td>101</td>
</tr>
</tbody>
</table>

From Table 5.17, it can be observed that South African respondents (100%) reported that they agreed with the statement that there had to be involvement of all stakeholders when formulating SADC regional cooperation strategies (see Question 66, Appendix A). For example, they were more likely to believe that there had to be involvement of all stakeholders when formulating regional cooperation strategies. The majority of Tanzanian respondents (97%) reported that they agreed with the statement; three per cent reported that they were neutral. The majority of Mauritius's respondents (82%) reported that they agreed with the statement; six per cent disagreed, while 12 per cent reported that they were neutral. The interpretation of the responses means that Mauritian respondents' results are not in agreement with those reported by South Africa and Tanzania. The total results (93%) obtained tend to imply that respondents are of the opinion that all stakeholders should be involved when formulating regional cooperation strategies.
5.4.6 Ascertaining differences between countries in terms of human resource-related views

For the following questions (38 and 64), there were different views between countries. The differences are depicted in the tables below.

Table 5.18: Opinions regarding the selection of employees for the regional institutions

<table>
<thead>
<tr>
<th>State</th>
<th>South Africa</th>
<th></th>
<th></th>
<th>Total</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Count</td>
<td>Disagree</td>
<td>Not sure</td>
<td>Agree</td>
<td>Total</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>South Africa</td>
<td>5</td>
<td>1</td>
<td>29</td>
<td>35</td>
</tr>
<tr>
<td></td>
<td>% within state</td>
<td>14.3%</td>
<td>2.9%</td>
<td>82.9%</td>
<td>100.0%</td>
</tr>
<tr>
<td></td>
<td>Tanzania</td>
<td>2</td>
<td>4</td>
<td>27</td>
<td>33</td>
</tr>
<tr>
<td></td>
<td>% within state</td>
<td>6.1%</td>
<td>12.1%</td>
<td>81.8%</td>
<td>100.0%</td>
</tr>
<tr>
<td></td>
<td>Mauritius</td>
<td>1</td>
<td>8</td>
<td>24</td>
<td>33</td>
</tr>
<tr>
<td></td>
<td>% within state</td>
<td>3.0%</td>
<td>24.2%</td>
<td>72.7%</td>
<td>100.0%</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>8</td>
<td>13</td>
<td>80</td>
<td>101</td>
</tr>
<tr>
<td></td>
<td>% within state</td>
<td>7.9%</td>
<td>12.9%</td>
<td>79.2%</td>
<td>100.0%</td>
</tr>
</tbody>
</table>

From Table 5.18, it can be deduced that the majority of South African respondents (83%) reported that they agreed with the statement that the SADC employees for the regional institutions had to be selected on the basis of their expertise (see Question 38, Appendix A). For example, they were more likely to believe that regional institution employees had to be selected on the basis of their expertise. Fourteen per cent disagreed, while three per cent were neutral. The majority of Tanzanian respondents (82%) reported that they agreed with the statement, 12 per cent were neutral, while six per cent disagreed. The majority of Mauritius’s respondents (73%) reported that they agreed with the statement, 24 per cent were neutral, while three per cent disagreed. The interpretation of the responses means that Mauritian respondents’ results are not in agreement with those reported by South Africa and Tanzania. The high total score of 79% suggests that the majority of respondents are of the opinion that regional institution members should be selected on the basis of their expertise.
Table 5.19: Opinions regarding visa requirements for travelling between SADC states

<table>
<thead>
<tr>
<th>State</th>
<th>Count</th>
<th>Disagree</th>
<th>Not sure</th>
<th>Agree</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>South Africa</td>
<td>2</td>
<td>2</td>
<td>1</td>
<td>32</td>
<td>35</td>
</tr>
<tr>
<td>Tanzania</td>
<td>2</td>
<td>5</td>
<td>26</td>
<td>33</td>
<td>100.0%</td>
</tr>
<tr>
<td>Mauritius</td>
<td>19</td>
<td>3</td>
<td>11</td>
<td>33</td>
<td>100.0%</td>
</tr>
<tr>
<td>Total</td>
<td>23</td>
<td>9</td>
<td>69</td>
<td>101</td>
<td>100.0%</td>
</tr>
</tbody>
</table>

The majority of South African respondents (91%) reported that they agreed with the statement that there had to be no visa requirements for travelling between SADC states (see Question 64, Appendix A), that is, they were more likely to believe that there had to be no visa requirements for travelling between SADC states. Six per cent disagreed with the statement, while three per cent reported that they were neutral. The majority of Tanzanian respondents (79%) reported that they agreed with the statement; six per cent disagreed, while 15 per cent were neutral. The majority of Mauritius’s respondents (58%) reported that they disagreed with the statement; six per cent disagreed, while 15 per cent reported that they were neutral. The majority of Mauritius’s respondents (58%) reported that they disagreed with the statement; 33 agreed, while nine per cent reported that they were neutral. The results depicted in Table 5.19 indicate that Mauritius’ results are not in agreement with the results from South Africa and Tanzania. The total of all countries' respondents' responses that agree with the statement is 68%.

5.4.7 Ascertaining differences between countries in terms of finance-related views

For the following questions (21, 51, and 55), there were different views between countries. The differences are ascertained in the tables below.
Table 5.20: Opinions regarding SADC states retaining own currencies

<table>
<thead>
<tr>
<th>State</th>
<th>Q21 SADC states to retain their own currencies</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Disagree</td>
<td>Not sure</td>
</tr>
<tr>
<td>South Africa</td>
<td>17</td>
<td>6</td>
</tr>
<tr>
<td>% within state</td>
<td>48.6%</td>
<td>17.1%</td>
</tr>
<tr>
<td>Tanzania</td>
<td>11</td>
<td>4</td>
</tr>
<tr>
<td>% within state</td>
<td>34.4%</td>
<td>12.5%</td>
</tr>
<tr>
<td>Mauritius</td>
<td>6</td>
<td>5</td>
</tr>
<tr>
<td>% within state</td>
<td>18.2%</td>
<td>15.2%</td>
</tr>
<tr>
<td>Total</td>
<td>34</td>
<td>15</td>
</tr>
<tr>
<td>% within state</td>
<td>34.0%</td>
<td>15.0%</td>
</tr>
</tbody>
</table>

The majority of South African respondents (49%) reported that they disagreed with the statement that the SADC states had to retain their own currencies (see Question 21, Appendix A), that is, they were more likely to believe that SADC states ought not to retain their own currencies. Thirty four per cent agreed, while seven per cent were neutral with regard to the statement. The majority of Mauritius' respondents (67%) reported that they agreed with the statement, 15 per cent were neutral, while only 18 per cent agreed with the statement. Of Tanzania's respondents, 34 per cent disagreed with the statement, 13 per cent were neutral, and the majority (53%) agreed with the statement. The survey results depicted in Table 5.20 indicate that South Africa's results are not in agreement with the results from Mauritius and Tanzania. The low total score (51%) obtained of this question reflects the respondents' disagreement on this issue.
Table 5.21: Opinions regarding the cushioning of negative consequences

<table>
<thead>
<tr>
<th>State</th>
<th>Count</th>
<th>% within state</th>
<th>Disagree</th>
<th>Not sure</th>
<th>Agree</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>South Africa</td>
<td>8</td>
<td>22.9%</td>
<td>8</td>
<td>2</td>
<td>25</td>
<td>35</td>
</tr>
<tr>
<td>% within state</td>
<td>22.9%</td>
<td>5.7%</td>
<td>71.4%</td>
<td>100.0%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tanzania</td>
<td>2</td>
<td>6.1%</td>
<td>2</td>
<td>9</td>
<td>23</td>
<td>33</td>
</tr>
<tr>
<td>% within state</td>
<td>6.1%</td>
<td>24.2%</td>
<td>69.7%</td>
<td>100.0%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mauritius</td>
<td>7</td>
<td>21.2%</td>
<td>7</td>
<td>9</td>
<td>17</td>
<td>33</td>
</tr>
<tr>
<td>% within state</td>
<td>21.2%</td>
<td>27.3%</td>
<td>51.5%</td>
<td>100.0%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>17</td>
<td>16.8%</td>
<td>19</td>
<td>18.8%</td>
<td>64.4%</td>
<td>101</td>
</tr>
<tr>
<td>% within state</td>
<td>16.8%</td>
<td>18.8%</td>
<td>64.4%</td>
<td>100.0%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

The majority of South African respondents (71%) reported that they agreed with the statement that the developmental aid funds flowing to the SADC had to be partly used to cushion negative consequences of regional cooperation in the short term for weaker states (see Question 51, Appendix A). For example, they were more likely to believe that developmental funds had to be partly used to cushion negative consequences for weaker states in the short term. Twenty three per cent disagreed, while six per cent were neutral with regard to the statement. The majority of Tanzanians (70%) agreed with the statement; six per cent disagreed, while 24 per cent were neutral. The majority of Mauritius's respondents (52%) agreed with the statement; 21 per cent disagreed, while 27 per cent were neutral. The results depicted in Table 5.21 indicate that Mauritius's results are not in agreement with the results from South Africa and Tanzania. The relatively high total score of 64% indicates that respondents are of the opinion that developmental funds should be partly used to cushion negative consequences for weaker states in the short term.
Table 5.22: Opinions regarding the fiscal incentives and customs tariffs

<table>
<thead>
<tr>
<th>State</th>
<th>Count % within state</th>
<th>Q55 Harmonising fiscal incentives and customs tariffs within SADC member states would complement the ongoing efforts to create a conducive investment climate</th>
<th>Total % within state</th>
</tr>
</thead>
<tbody>
<tr>
<td>South Africa</td>
<td></td>
<td>Disagree 0 5 30</td>
<td>35 7.9%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Agree 85.7%</td>
<td>100.0%</td>
</tr>
<tr>
<td>Tanzania</td>
<td>3 9 21</td>
<td>14.3% 27.3% 63.6%</td>
<td>33 9.1%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Agree 63.6%</td>
<td>100.0%</td>
</tr>
<tr>
<td>Mauritius</td>
<td>5 4 24</td>
<td>12.1% 72.7%</td>
<td>33 15.2%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Agree 72.7%</td>
<td>100.0%</td>
</tr>
<tr>
<td>Total</td>
<td>8 18 75</td>
<td>17.8% 74.3%</td>
<td>101 7.9%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Agree 74.3%</td>
<td>100.0%</td>
</tr>
</tbody>
</table>

The majority of South African respondents (86%) reported that they agreed with the statement that the harmonising of fiscal incentives and customs tariffs within SADC member states would complement the ongoing efforts to create a conducive investment climate (see Question 55, Appendix A). For example, they were more likely to believe that harmonising fiscal incentives and customs tariffs would create a conducive investment climate. Fourteen per cent were neutral, while none reported that they disagreed. The majority of Mauritius’s respondents (73%) reported that they agreed with the statement; 15 per cent disagreed, while 12 per cent were neutral. The majority of Tanzanian respondents (64%) reported that they agreed with the statement; nine per cent disagreed, while 27 per cent reported that they were neutral. The results in Table 5.22 indicate that South Africa’s results are not in agreement with the results from Mauritius and Tanzania. The total of all countries’ respondents’ responses that agree with the statement is 74%.
5.5 Ascertaining Differences between those inside and outside the Trade and Industry Sector Category

Table 5.23: Opinions regarding the benefit from exchange of experiences

<table>
<thead>
<tr>
<th>Cross-tab</th>
<th></th>
<th></th>
<th></th>
<th>Q19 There is a common understanding about the benefit from an exchange of experiences of other regional cooperation in SADC member states</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Disagree</td>
<td>Not sure</td>
<td>Agree</td>
<td></td>
<td></td>
</tr>
<tr>
<td>What is your field of experience? Trade and industry</td>
<td>No</td>
<td>Count</td>
<td>13</td>
<td>14</td>
<td>31</td>
</tr>
<tr>
<td></td>
<td>% within “What is your field of experience? Trade and industry”</td>
<td>22.4%</td>
<td>24.1%</td>
<td>53.4%</td>
<td>100.0%</td>
</tr>
<tr>
<td></td>
<td>Yes</td>
<td>Count</td>
<td>3</td>
<td>8</td>
<td>31</td>
</tr>
<tr>
<td></td>
<td>% within “What is your field of experience? Trade and industry”</td>
<td>7.1%</td>
<td>19.0%</td>
<td>73.8%</td>
<td>100.0%</td>
</tr>
<tr>
<td>Total</td>
<td>Count</td>
<td>16</td>
<td>22</td>
<td>62</td>
<td>100</td>
</tr>
<tr>
<td></td>
<td>% within “What is your field of experience? Trade and industry”</td>
<td>16.0%</td>
<td>22.0%</td>
<td>62.0%</td>
<td>100.0%</td>
</tr>
</tbody>
</table>

From Table 5.23, it can be observed that the majority of respondents (74%) inside the trade and industry category reported that they agreed with the statement that there was a common understanding about the benefit from an exchange of experiences of other regional cooperation in SADC member states (see Question 19, Appendix A). For example, they were more likely to believe that there was a common understanding about the benefits. Seven per cent disagreed with the statement, while 19 per cent were neutral. The majority of the respondents (53%) outside the trade and industry category reported that they agreed with the statement; 22 per cent disagreed, while 24 per cent were neutral. The interpretation of the responses means that trade and industry respondents' results are not in agreement with those reported by those not in trade and industry. The relatively high score of 64% indicates that respondents are of the opinion that there is a common understanding about the benefits.
The majority of respondents (62%) inside the trade and industry category reported that they agreed with the statement that the non-convertibility of currencies of most SADC countries of the region, which resulted from inappropriate exchange rates, was a non-tariff barrier (see Question 22, Appendix A). For example, they were more likely to believe that the non-convertibility of currencies was a non-tariff barrier. Twenty six per cent disagreed, while 12 per cent were neutral. The majority of the respondents (48%) outside the trade and industry category reported that they agreed with the statement; 17 per cent disagreed, while 35 per cent were neutral. The survey results depicted in Table 5.24 indicate that trade and industry respondents' results are not in agreement with those reported by those not in trade and industry. The respondents (54%) from both inside trade and industry and outside the trade and industry sector in their responses tended to agree with the statement.
The majority of respondents (69%) outside the trade and industry category reported that they agreed with the statement that the relationships in SADC member states were competitive and unsupportive (see Question 23, Appendix A). For example, they were more likely to believe that the relationships were competitive and unsupportive. Twenty six per cent disagreed, while 12 per cent were neutral with regard to the statement. The majority of the respondents (43%) inside trade and industry reported that they disagreed with the statement; 26 per cent agreed, while 31 per cent were neutral. The survey results depicted in Table 5.25 indicate that trade and industry respondents’ results are not in agreement with those reported by those not in trade and industry. Most respondents (51%) agreed with the statement intimating that good relationships in SADC countries did not exist.

<table>
<thead>
<tr>
<th>Cross-tab</th>
<th>Q23 Relationships in SADC member states are competitive and unsupportive</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Disagree</td>
<td>Not sure</td>
</tr>
<tr>
<td>What is your field of experience?</td>
<td>No</td>
<td>Count</td>
</tr>
<tr>
<td></td>
<td>% within “What is your field of experience? Trade and industry”</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Yes</td>
<td>Count</td>
</tr>
<tr>
<td></td>
<td>% within “What is your field of experience? Trade and industry”</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>Count</td>
<td>29</td>
</tr>
</tbody>
</table>
Table 5.26: Opinions regarding the contribution of the necessary inputs

<table>
<thead>
<tr>
<th>Cross-tab</th>
<th>Q27 SADC states do not feel confident that other members will contribute the necessary inputs and knowledge to regional cooperation</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Disagree</td>
<td>Not sure</td>
</tr>
<tr>
<td>No: What is your field of experience? Trade and industry</td>
<td>3</td>
<td>15</td>
</tr>
<tr>
<td>% within &quot;What is your field of experience? Trade and industry&quot;</td>
<td>5.2%</td>
<td>25.9%</td>
</tr>
<tr>
<td>Yes: What is your field of experience? Trade and industry</td>
<td>10</td>
<td>8</td>
</tr>
<tr>
<td>% within &quot;What is your field of experience? Trade and industry&quot;</td>
<td>23.8%</td>
<td>19.0%</td>
</tr>
<tr>
<td>Total</td>
<td>13</td>
<td>23</td>
</tr>
<tr>
<td>% within &quot;What is your field of experience? Trade and industry&quot;</td>
<td>13.0%</td>
<td>23.0%</td>
</tr>
</tbody>
</table>

The majority of respondents (69%) outside trade and industry reported that they agreed with the statement that the SADC states did not feel confident that other members would contribute the necessary inputs and knowledge to regional cooperation (see Question 27, Appendix A). For example, they were more likely to believe that SADC states did not feel confident that others would contribute the necessary inputs and knowledge. Five per cent disagreed with the statement, while 26 per cent were neutral. The majority of the respondents (57%) inside trade and industry reported that they agreed with the statement; 24 per cent disagreed, while 19 per cent were neutral. The interpretation of the responses depicted in Table 5.26 means that trade and industry respondents’ results are not in agreement with those reported by those not in trade and industry. The relatively high total score of 64% of respondents (both inside and outside trade and industry) reinforces the perception that SADC countries do not trust one another.
Table 5.27: Opinions regarding the grandiose regional schemes

<table>
<thead>
<tr>
<th>Cross-tab</th>
<th>Q57 The grandiose SADC regional schemes should be avoided that involve a material chance of engendering a vicious cycle of mutual disagreement</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Disagree</td>
<td>Not sure</td>
</tr>
<tr>
<td>No</td>
<td>Count 5%</td>
<td>18%</td>
</tr>
<tr>
<td>% within &quot;What is your field of experience? Trade and industry&quot;</td>
<td>8.5%</td>
<td>30.5%</td>
</tr>
<tr>
<td>Yes</td>
<td>Count 10%</td>
<td>14%</td>
</tr>
<tr>
<td>% within &quot;What is your field of experience? Trade and industry&quot;</td>
<td>23.8%</td>
<td>33.3%</td>
</tr>
<tr>
<td>Total</td>
<td>Count 15%</td>
<td>32%</td>
</tr>
<tr>
<td>% within &quot;What is your field of experience? Trade and industry&quot;</td>
<td>14.9%</td>
<td>31.7%</td>
</tr>
</tbody>
</table>

The majority of respondents (61%) outside trade and industry reported that they agreed with the statement that the grandiose SADC regional schemes had to be avoided that involved a material chance of engendering a vicious cycle of mutual disagreement (see Question 57, Appendix A). For example, they were more likely to believe that the grandiose regional schemes had to be avoided that involved a material chance of engendering a vicious cycle of mutual disagreement. Nine per cent disagreed with the statement, while 31 per cent were neutral. The majority of the respondents (43%) inside trade and industry reported that they agreed with the statement; 24 per cent disagreed, while 33 per cent were neutral. The survey results depicted in Table 5.27 indicate that trade and industry respondents' results are not in agreement with those reported by those not in trade and industry. Most respondents (54%) agreed with the statement intimating that the grandiose regional schemes had to be avoided.
Table 5.28: Opinions regarding mimicking other regional cooperation

<table>
<thead>
<tr>
<th>Cross-tab</th>
<th></th>
<th>Q67 SADC regional cooperation should mimic other regional cooperation</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Disagree</td>
<td>Not sure</td>
</tr>
<tr>
<td>No</td>
<td>% within “What is your field of experience? Trade and industry”</td>
<td>37.3%</td>
<td>15.3%</td>
</tr>
<tr>
<td></td>
<td>Count</td>
<td>22</td>
<td>9</td>
</tr>
<tr>
<td>Yes</td>
<td>% within “What is your field of experience? Trade and industry”</td>
<td>40.5%</td>
<td>31.0%</td>
</tr>
<tr>
<td></td>
<td>Count</td>
<td>17</td>
<td>13</td>
</tr>
<tr>
<td>Total</td>
<td>% within “What is your field of experience? Trade and industry”</td>
<td>38.6%</td>
<td>21.8%</td>
</tr>
<tr>
<td></td>
<td>Count</td>
<td>39</td>
<td>22</td>
</tr>
</tbody>
</table>

The majority of respondents (48%) outside trade and industry reported that they agreed with the statement that the SADC regional cooperation had to mimic other regional cooperation (see Question 67, Appendix A). For example, they were more likely to believe that the SADC regional cooperation ought not to mimic other regional cooperation. Thirty seven per cent disagreed with the statement, while 15 per cent were neutral with regard to the statement. The majority of the respondents (41%) inside trade and industry reported that they disagreed with the statement; 29 per cent agreed with the statement, while 30 per cent were neutral. The interpretation of the responses depicted in Table 5.28 means that trade and industry respondents’ results are not in agreement with those reported by those not in trade and industry. The relatively low total score of 39% reinforces the perception that copying another regional cooperation would not entirely work for the SADC.

5.6 Experiences/Opinions

Some opinions obtained from respondents are noted. These are summarised from the additional information space provided in the questionnaire survey (see Appendix A).

- SADC trade was said to be low, slow, and uneven.
- South Africa was an over advantaged partner in the Southern African Development Community.
- Interregional trade was still very low, but what was more significant was that this was heavily loaded in favour of South Africa. South African exports to the region had risen from R215 billion in 2001 to R320 billion in 2005.
• Imports to South Africa were increasing too slowly and in an unsustainable way. It was in the interests of all SADC countries that interregional trade diversified faster, and more manufactured goods should make up a larger share of the overall trade in the region.

• Without intervention by next year, the SADC would be in a weaker state.

• Having opened up all tariff and other restrictions, it would be South African companies, in the absence of a holistic approach, that would benefit the most. This was seen as not being in the interest of other SADC countries.

• Today, the SADC provides an opportunity for states to interact with developed countries, including their former colonial powers, on the basis of mutual interests, shared commitments, and African leadership. Europe has realised it will not solve its own problems and, especially, migration, unless it pays serious attention to the underdevelopment of Africa.

• Many of the SADC's former trade and economic partners are concerned about Chinese involvement in the region. There is now a concern that China is paying too much attention to the SADC and Africa, and therefore, the Chinese factor must be balanced.

• SADC states should emphasise their desire to focus on unity of the region rather than differentiate between its key players.

• SADC states want to be one family. They know that if they come together as one unit, they will be more attractive than a single country. The issue of whether you are bigger or smaller falls away. These are the issues that have delayed regional integration because everyone hoards for himself and forgets about integration. They want the SADC to start debating on that they can depend on one another. They can esteem other people better than themselves. They can learn from others. We can work together as a bloc, and the individualistic approach should slowly fade away. Interdependence has higher value than independence.

• The SADC should speed up the harmonisation of policies; this would make countries trade more easily.

• Infrastructure development: SADC countries have poor infrastructure that cannot handle the transportation of goods.
• Communication and information: countries should know where there is a surplus of goods in other SADC countries before moving out of the bloc.

• Some stumbling blocks were noted: theft and corruption top the stumbling blocks to further trade and investment for SADC businesses. Customs regulations, procedures, and bureaucracy are the second largest obstacles to doing business in the region.

5.7 Conclusion

The purpose of this chapter was to document the results of a questionnaire survey into the current practice of regional cooperation in the SADC region, using South Africa, Tanzania, and Mauritius as a case study. The researcher considers that meaningful insight into the current regional cooperation in the SADC region was gained, within the constraints inherent in a survey of this nature. It is dictated that the current regional cooperation practice differs from the perceived situation in the region and the theory and practice presented in Chapter 2. It is clear from the results that the three countries have varying developmental category needs, which require assistance of the appropriate regional cooperation model.

The questionnaire survey results in combination with the theory and practice in Chapter 2 fulfil the first research objective, which was to understand the macro-level environmental factors that influence regional cooperation, the position of SADC states within the developed world economy, the present dilemma of unequal partnership that exists between SADC states, and the general level of regional cooperation among the states.

The findings and results also provide input and evidence for the second objective of this research, which is to identify factors that can facilitate the development of an appropriate regional cooperation model. These issues observed will be examined and analysed in the next chapter, which contains an analysis and synthesis of the findings.
6 CHAPTER 6: ANALYSIS AND SYNTHESIS OF THE RESEARCH FINDINGS

6.1 Introduction

This chapter provides an analysis and synthesis of the findings based on an examination of the results presented in Chapter 5. In addition, it provides discussions and linkage of these findings to the research hypotheses. One important aspect of this chapter is that all hypothesis testing is done at the 90% level of significance, since the sample of the study is very small, this reduces the probability of Type 1 errors (that is, of incorrectly rejecting the null hypothesis, by lower size $\alpha$ of their tests) (Statsoft, 2007)

6.2 Analysis Techniques

In order to analyse the results of this survey, descriptive methods as well as hypothesis testing were used. The descriptive statistics in Chapter 5 serve the purpose of describing the sample and the responses obtained in the opinion part of the questionnaire. In this chapter, hypothesis testing is used to answer the following research sub-questions:

(a) To what extent is there a difference between the responses obtained from the three countries?

(b) To what extent is there a difference between the current and the ideal regional cooperation?

The hypothesis testing procedures and methodologies were discussed in Chapter 4, Section 4.10, thus making it easier for the researcher to answer the sub-questions below hypothetically.

In order to test these hypotheses, the chi-square and Cramer's V-tests are used.

6.3 Hypothesis Testing – differences among respondents’ responses from three countries

The results were identified through the probabilities as indicated in the tables below. If the probability shown in the last column of the table is less that 0.1, the null hypothesis of no association is rejected at the 10% level but not at the 5% of significance level. Hence the two variables are not independent at the 10% level of significance.

Developing an appropriate model for regional cooperation in developing countries – the case of the SADC
6.3.1 Hypothesis testing on economy-related questions

In Chapter 5, it was shown that the three countries had different responses to the following economic questions (6, 40, and 63).

❖ Question 6 - The current regional cooperation is not meeting the requirements of the majority of SADC states

The three countries hold similar views in terms of the extent to which they regard the current SADC regional cooperation as not having met the requirements of the majority of SADC states.

- Chi-square tests

<table>
<thead>
<tr>
<th></th>
<th>Value</th>
<th>df</th>
<th>Asymp. sig. (two-sided)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pearson chi-square</td>
<td>8.761(a)</td>
<td>4</td>
<td>.067</td>
</tr>
<tr>
<td>Likelihood ratio</td>
<td>12.414</td>
<td>4</td>
<td>.015</td>
</tr>
<tr>
<td>Linear-by-linear association</td>
<td>.312</td>
<td>1</td>
<td>.576</td>
</tr>
<tr>
<td>N of valid cases</td>
<td>101</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

(a) Six cells (66.7%) have an expected count less than 5. The minimum expected count is 3.92.

The null-hypothesis of independence (no association is rejected at the 10% level of significance \(p\)-value =0.067<0.1) but not at the 5% level of significance. Hence the two variables are not independent (at the 10% level of significance). In this question, the value of Pearson chi-square equals 8.761. Its probability is 0.067. Therefore, confined to the members of our samples (Tanzania, Mauritius, and South Africa), respondents’ opinions are significantly related, \(p<.01\).

Obtained \(X^2 = 8.761\)

Degrees of freedom \((df=4)\)

\[ \alpha = 0.1 \]

The null hypothesis of the three countries holding similar views is retained and the alternate hypothesis of them not holding similar views is rejected.
The results of the chi-square test of contingency merely indicate whether or not there is a statistically significant relationship between categorical variables. It is desirable to include both a significance test and measure of the strength of the relationship.

- **Strength of the association: Cramer's V**

Cramer's V is applied to contingency tables that are larger than 2 x 2. The use of Cramer's V is to quantify the strength of the association between the countries and their opinions. Cramer's V is computed for the sample as shown below.

<table>
<thead>
<tr>
<th>Symmetric measures</th>
<th>Value</th>
<th>Approx. sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nominal by nominal</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Phi</td>
<td>.295</td>
<td>.067</td>
</tr>
<tr>
<td>Cramer's V</td>
<td>.208</td>
<td>.067</td>
</tr>
</tbody>
</table>

N of valid cases 101

(a) Not assuming the null hypothesis.
(b) Using the asymptotic standard error, assuming the null hypothesis.

The Cramer's V measure of association (0.208) indicates that there is a small association of difference in respondents' opinions among the countries. In particular a larger than expected percentage of Tanzanian respondents believe that SADC regional cooperation has not met the needs of SADC countries. Therefore, this hypothesis can be accepted as true.

In conclusion, the findings of the survey clearly indicate that a gap exists between the current and the ideal regional cooperation. The overwhelming impression based on the results is that the current SADC regional cooperation has not met the requirements of the majority of SADC states. There is a mismatch between the model currently in use and the nature of the requirements of the states. This becomes a serious challenge that needs to be addressed if regional cooperation sustainability is to be achieved. The results substantiate the need for the development of an appropriate regional cooperation model. Based on the information above, even though there is a small significant difference in respondents' opinions among the countries, there is
evidence that the three countries hold similar views on the statement although Tanzanian respondents were more likely to agree.

❖ Question 40 - SADC states should increase their mutual trade by opening investment in regional export-oriented projects to partners from developed countries

The three countries hold similar views in terms of the extent to which they believe that the SADC member states should increase their mutual trade by opening investment in regional export-oriented projects to partners from developed countries.

• Chi-square tests

<table>
<thead>
<tr>
<th></th>
<th>Value</th>
<th>df</th>
<th>Asymp. sig. (two-sided)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pearson chi-square</td>
<td>10.855(a)</td>
<td>4</td>
<td>0.028</td>
</tr>
<tr>
<td>Likelihood ratio</td>
<td>11.566</td>
<td>4</td>
<td>0.021</td>
</tr>
<tr>
<td>Linear-by-linear assoc.</td>
<td>0.770</td>
<td>1</td>
<td>0.380</td>
</tr>
<tr>
<td>N of valid cases</td>
<td>101</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

(a) Six cells (66.7%) have an expected count less than 5. The minimum expected count is 1.31.

The null-hypothesis of independence (no association is rejected at the 10% level of significance (p-value =0.028<0.1) but not at the 5% level of significance. Hence the two variables are not independent (at the 10% level of significance). Hence the two variables are not independent (at the 10% level of significance. The value of Pearson chi-square equals 10.855. Its probability is 0.028. The observed probability is less than 0.1. Tanzanian, Mauritian, and South African respondents’ opinions are significantly related, p< 0.1.

Obtained $X^2 = 10.855$

Degree of freedom $df = 4$

Alpha $\alpha = 0.1$

The null hypothesis of the three countries holding similar views is retained and the alternate hypothesis of them not holding similar views is rejected

---

Developing an appropriate model for regional cooperation in developing countries – the case of the SADC
• Strength of the association: Cramer's V

Cramer's V is computed for the sample as shown below.

<table>
<thead>
<tr>
<th>Symmetric measures</th>
<th>Value</th>
<th>Approx. sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nominal by nominal</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Phi</td>
<td>.328</td>
<td>.028</td>
</tr>
<tr>
<td>Cramer's V</td>
<td>.232</td>
<td>.028</td>
</tr>
<tr>
<td>N of valid cases</td>
<td>101</td>
<td></td>
</tr>
</tbody>
</table>

(a) Not assuming the null hypothesis.
(b) Using the asymptotic standard error, assuming the null hypothesis.

The Cramer's V measure of association (0.232) indicates that there is a small association of difference in respondents' opinions among the countries. In particular a larger than expected percentage of South African respondents believe that the SADC member states should increase their mutual trade by opening investment in regional export-oriented projects to partners from developed countries. Based on the information above, this hypothesis can be accepted as true.

A conclusion could be drawn from these results that, even though there is a small significant difference among the three countries, this difference is predominantly positive. This suggests that, for an appropriate regional cooperation to work, member states should increase their mutual trade by opening investment in regional export-oriented projects to partners from developed countries. There is evidence that the three countries hold similar views on the statement although South African respondents were more likely to agree.

❖ Question 63 - An appropriate regional model should result in expanded trade to SADC states

The three countries hold similar views in terms of the extent to which they believe that an appropriate regional cooperation for the SADC should result in expanded trade to the majority of SADC member states.
### Chi-square tests

<table>
<thead>
<tr>
<th></th>
<th>Value</th>
<th>df</th>
<th>Asymp. sig. (two-sided)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pearson chi-square</td>
<td>12.081(a)</td>
<td>4</td>
<td>.017</td>
</tr>
<tr>
<td>Likelihood ratio</td>
<td>12.260</td>
<td>4</td>
<td>.016</td>
</tr>
<tr>
<td>Linear-by-linear assoc.</td>
<td>8.935</td>
<td>1</td>
<td>.003</td>
</tr>
<tr>
<td>N of valid cases</td>
<td>101</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

(a) Six cells (66.7%) have an expected count less than 5. The minimum expected count is .98.

The null-hypothesis of independence (no association is rejected at the 10% level of significance (p-value =0.017<0.1) but not at the 5% level of significance. Hence the two variables are not independent (at the 10% level of significance). Hence the two variables are not independent (at the 10% level of significance. The value of Pearson chi-square equals 12.081. Its probability is 0.017. The observed probability is less than 0.1. Tanzanian, Mauritian, and South African respondents' opinions are significantly related, p< 0.1.

Obtained $X^2=12.081$

\[
df=4
\]

\[
\alpha =0.1
\]

*The null hypothesis of the three countries holding similar views is retained and the alternate hypothesis of them not holding similar views is rejected.*

The results of the chi-square test of contingency merely indicate whether or not there is a statistically significant relationship between categorical variables. It is desirable to include both a significance test and measure of the strength of the relationship.
**Strength of the association: Cramer's V**

Cramer's V is computed for the sample as shown below.

<table>
<thead>
<tr>
<th>Symmetric measures</th>
<th>Value</th>
<th>Approx. sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nominal by nominal</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Phi</td>
<td>.346</td>
<td>.017</td>
</tr>
<tr>
<td>Cramer's V</td>
<td>.245</td>
<td>.017</td>
</tr>
<tr>
<td>N of valid cases</td>
<td>101</td>
<td></td>
</tr>
</tbody>
</table>

(a) Not assuming the null hypothesis.
(b) Using the asymptotic standard error, assuming the null hypothesis.

The Cramer's V measure of association (0.245) indicates that there is a small association of difference in respondents' opinions among the countries. In particular a larger than expected percentage of South African and Tanzanian respondents' believe that an appropriate regional cooperation should result in expanded trade to the majority of SADC member states. Based on the information above, this hypothesis can be accepted as true.

A conclusion could be drawn from these results that, even though there is a small significant difference among the countries, this difference is predominantly positive. The attracted highest score of 90% reinforces the opinion that an appropriate regional cooperation for the SADC should result in expanded trade to the majority of SADC member states. The small significant difference indicates that other states have some fears concerning regional cooperation emanating from the current one that has not met their requirements. The whole developmental process for an appropriate SADC regional cooperation model should be designed taking into consideration the issue of appropriateness.

**Conclusion to 6.3.1**

In conclusion, it can be argued that a gap exists between the current and the ideal regional cooperation. The overwhelming impression based on the results is that the current SADC regional cooperation has not met the requirements of the majority of SADC states. It would appear from this survey that SADC countries partly established a regional cooperation and that their decisions to remain with it, even though it does
not meet their requirements, are arbitrary. There is a mismatch between the model currently in use and the nature of the requirements of the states. It would appear from this survey that the whole developmental process for an appropriate regional cooperation model should be designed taking into consideration the issue of appropriateness.

6.3.2 Hypothesis testing on barrier-related questions

In Chapter 5, it was shown that the three countries had different responses to the following barrier question (24).

❖ Question 24 - Differences in the economies and level of development of SADC member obstructing uniform implementation of regional cooperation rules

The three countries hold similar views in terms of the extent to which they believe that the differences in the economies and levels of development of SADC member states obstruct uniform implementation of the regional cooperation rules.

- Chi-square tests

<table>
<thead>
<tr>
<th></th>
<th>Value</th>
<th>df</th>
<th>Asymp. sig. (two-sided)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pearson chi-square</td>
<td>11.025(a)</td>
<td>4</td>
<td>.026</td>
</tr>
<tr>
<td>Likelihood ratio</td>
<td>11.587</td>
<td>4</td>
<td>.021</td>
</tr>
<tr>
<td>Linear-by-linear association</td>
<td>2.710</td>
<td>1</td>
<td>.100</td>
</tr>
<tr>
<td>N of valid cases</td>
<td>101</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

(a) Five cells (55.6%) have an expected count less than 5. The minimum expected count is 4.57.

The null-hypothesis of independence (no association is rejected at the 10% level of significance (p-value =0.026<0.1) but not at the 5% level of significance. Hence the two variables are not independent (at the 10% level of significance). Hence the two variables are not independent (at the 10% level of significance. The value of Pearson chi-square equals 11.025. Its probability is 0.026. Tanzanian, Mauritian, and South African respondents' opinions are significantly related, p<0.1.

Obtained $X^2=11.025$
The null hypothesis of the three countries holding similar views is retained and the alternate hypothesis of them not holding similar views is rejected.

- Strength of the association: Cramer's V

Cramer's V is computed for the sample as shown below.

<table>
<thead>
<tr>
<th>Symmetric measures</th>
<th>Value</th>
<th>Approx. sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nominal by nominal</td>
<td>Phi</td>
<td>.330</td>
</tr>
<tr>
<td></td>
<td>Cramer's V</td>
<td>.234</td>
</tr>
<tr>
<td>N of valid cases</td>
<td>101</td>
<td></td>
</tr>
</tbody>
</table>

(a) Not assuming the null hypothesis.
(b) Using the asymptotic standard error, assuming the null hypothesis.

The Cramer's V measure of association (0.234) indicates that there is a small association of difference in respondents' opinions among the countries. In particular a larger than expected percentage of South African respondents believe that differences in the economies and levels of development of SADC member states obstruct uniform implementation. Based on the information above, this hypothesis can be accepted as true.

A conclusion could be drawn from these results that the capacity of member states affects their participation in regional cooperation. Capacity factors can have an impact on each SADC member state concerning their participation and cooperation with other members with regard to their level of involvement in regional cooperation activities. An appropriate regional cooperation will have to look at the capacity building of member states. The opinion-related question solicited a total of 71% on “agree”. The three countries' significant differences are predominantly positive. SADC-appropriate regional cooperation, in a broad sense, may refer to improvements in the ability of all parties involved to perform appropriate tasks within the broad set of principles of that particular regional cooperation initiative. The important issue in capacity building that
needs to be considered is to conduct both institutional and individual-level capacity building.

Conclusion to 6.3.2

From the above results, it can be deduced that the differences in the economies and levels of development of SADC member states obstruct uniform implementation of regional cooperation. Therefore, it entails that appropriate regional cooperation should improve the ability of all parties involved to perform appropriate tasks of that particular cooperation initiative.

6.3.3 Hypothesis testing on comparison-related questions

In Chapter 5, it was shown that the three countries had different responses to the following barrier questions (30 and 33).

- Question 30 - More economically advanced SADC countries should take the lead on regional cooperation

The three countries hold similar views in terms of the extent to which they believe that the more economically advanced SADC countries should take the lead on regional cooperation.

- Chi-square tests

<table>
<thead>
<tr>
<th></th>
<th>Value</th>
<th>df</th>
<th>Asymp. slg. (two-sided)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pearson chi-square</td>
<td>14.419(a)</td>
<td>4</td>
<td>0.006</td>
</tr>
<tr>
<td>Likelihood ratio</td>
<td>16.502</td>
<td>4</td>
<td>0.002</td>
</tr>
<tr>
<td>Linear-by-linear association</td>
<td>4.377</td>
<td>1</td>
<td>0.036</td>
</tr>
<tr>
<td>N of valid cases</td>
<td>101</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

(a) Three cells (33.3%) have an expected count less than 5. The minimum expected count is 1.96.

The null-hypothesis of independence (no association is rejected at the 10% level of significance (p-value =0.006<0.1) but not at the 5% level of significance. Hence the two variables are not independent (at the 10% level of significance). Hence the two variables are not independent (at the 10% level of significance. The value of Pearson chi-square equals
11.025. Its probability is 0.06. Tanzanian, Mauritian, and South African respondents' opinions are significantly related, \( p < 0.1 \). The value of Pearson chi-square equals 14.419. Its probability is 0.006. Tanzanian, Mauritian, and South African respondents' opinions are significantly related, \( p < 0.1 \).

Obtained \( X^2 = 14.419 \)

\[ df = 4 \]

\[ \alpha = 0.1 \]

The null hypothesis of the three countries holding similar views is retained and the alternate hypothesis of them not holding similar views is rejected.

- **Strength of the association: Cramer's V**

Cramer's V is computed for the sample as shown below.

<table>
<thead>
<tr>
<th>Symmetric measures</th>
<th>Value</th>
<th>Approx. sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nominal by nominal</td>
<td>Phi</td>
<td>.378</td>
</tr>
<tr>
<td></td>
<td>Cramer's V</td>
<td>.267</td>
</tr>
<tr>
<td>N of valid cases</td>
<td>101</td>
<td></td>
</tr>
</tbody>
</table>

(a) Not assuming the null hypothesis.

(b) Using the asymptotic standard error, assuming the null hypothesis.

The Cramer's V measure of association (0.267) indicates that there is a small association of difference in respondents' opinions among the countries. In particular a larger than expected percentage of South African respondents believe that more economically advanced SADC countries should take the lead on regional cooperation. Based on the information above, this hypothesis can be accepted as true.

A conclusion could be drawn from these results that the SADC countries that are in a position of relative economic weakness seem to be suspicious of advanced countries for fear of becoming victims of exploitation by more powerful neighbours. An appropriate model development would have to present an inclusive and acceptable programme that would be preceded by a very thorough and comprehensive study of the potentials of the region. The whole process for an appropriate SADC regional
cooperation model should be designed to transform legitimised differences of opinion into consensus or negotiated compromise and to promote synergistic flow.

❖ Question 33 - SADC should have one monetary currency

The three countries hold similar views in terms of the extent to which they believe that the SADC should have one monetary currency, similar to the euro.

- Chi-square tests

<table>
<thead>
<tr>
<th></th>
<th>Value</th>
<th>df</th>
<th>Asymp. sig. (two-sided)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pearson chi-square</td>
<td>13.195</td>
<td>4</td>
<td>.010</td>
</tr>
<tr>
<td>Likelihood ratio</td>
<td>12.887</td>
<td>4</td>
<td>.012</td>
</tr>
<tr>
<td>Linear-by-linear association</td>
<td>8.153</td>
<td>1</td>
<td>.004</td>
</tr>
<tr>
<td>N of valid cases</td>
<td>101</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

(a) Three cells (33.3%) have an expected count less than 5. The minimum expected count is 3.59.

The null-hypothesis of independence (no association is rejected at the 10% level of significance (p-value =0.010<0.1) but not at the 5% level of significance. Hence the two variables are not independent (at the 10% level of significance). Hence the two variables are not independent (at the 10% level of significance. The value of Pearson chi-square equals 11.025. Its probability is 0.010. Tanzanian, Mauritian, and South African respondents' opinions are significantly related, p<.0.1. The value of Pearson chi-square equals 13.195.

Obtained X²=13.195

df=4

α =0.1

The null hypothesis of the three countries holding similar views is retained and the alternate hypothesis of them not holding similar views is rejected.

- Strength of the association: Cramer’s V

Cramer’s V is applied to contingency tables that are larger than 2 x 2.

The use of Cramer’s V is to quantify the strength of the association between the countries and their opinions. Cramer’s V is computed for the sample as shown below.
### Symmetric measures

<table>
<thead>
<tr>
<th></th>
<th>Value</th>
<th>Approx. sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Nominal by nominal</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Phi</td>
<td>.361</td>
<td>.010</td>
</tr>
<tr>
<td>Cramer's V</td>
<td>.256</td>
<td>.010</td>
</tr>
<tr>
<td><strong>N of valid cases</strong></td>
<td>101</td>
<td></td>
</tr>
</tbody>
</table>

(a) Not assuming the null hypothesis.

(b) Using the asymptotic standard error, assuming the null hypothesis.

The Cramer's V measure of association (0.256) indicates that there is a small association of difference in respondents' opinions among the countries. In particular a larger than expected percentage of Tanzanian respondents believe that SADC should have one monetary currency, similar to the euro. Based on the information above, this hypothesis can be accepted as true.

It may be concluded from the results above that the opinions of respondents suggest that the SADC states are not ready for total integration. The benefits of one currency in the SADC could most probably be seen once the countries have accepted an appropriate model that meets their requirements.

**Conclusion to 6.3.3**

It is apparent that there is a need for an appropriate regional cooperation that provides appropriate options to meet the requirements of the different states within the region. The SADC countries that are in a position of relative economic weakness seem to be suspicious of advanced countries for fear of becoming victims of exploitation by more powerful neighbours. An appropriate model development would have to present an inclusive and acceptable programme that would be preceded by a very thorough and comprehensive study of the potentials of the region.

**6.3.4 Hypothesis testing on strategy-related questions**

In Chapter 5, it was shown that the three countries had different responses to the following strategy questions (14 and 35).
The three countries hold similar views in terms of the extent to which they believe that the traditional market-type integration model is inappropriate for the SADC.

- Chi-square tests

<table>
<thead>
<tr>
<th></th>
<th>Value</th>
<th>df</th>
<th>Asymp. sig. (two-sided)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pearson chi-square</td>
<td>8.689(a)</td>
<td>4</td>
<td>0.069</td>
</tr>
<tr>
<td>Likelihood ratio</td>
<td>8.929</td>
<td>4</td>
<td>0.063</td>
</tr>
<tr>
<td>Linear-by-linear association</td>
<td>0.099</td>
<td>1</td>
<td>0.753</td>
</tr>
<tr>
<td>N of valid cases</td>
<td>100</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

(a) Zero cells (.0%) have an expected count less than 5. The minimum expected count is 8.96.

The null-hypothesis of independence (no association is rejected at the 10% level of significance (p-value =0.069<0.1) but not at the 5% level of significance. Hence the two variables are not independent (at the 10% level of significance). Hence the two variables are not independent (at the 10% level of significance. The value of Pearson chi-square equals 8.689. Its probability is 0.069. Tanzanian, Mauritian, and South African respondents' opinions are significantly related, p<0.1.

Obtained $X^2=8.689$

$df=4$

$\alpha =0.1$

The null hypothesis of the three countries holding similar views is retained and the alternate hypothesis of them not holding similar views is rejected.
Strength of the association: Cramer's V

Cramer's V is computed for the sample as shown below.

<table>
<thead>
<tr>
<th>Symmetric measures</th>
<th>Value</th>
<th>Approx. slg.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nominal by nominal</td>
<td>Phi</td>
<td>.295</td>
</tr>
<tr>
<td></td>
<td>Cramer's V</td>
<td>.208</td>
</tr>
<tr>
<td>N of valid cases</td>
<td></td>
<td>100</td>
</tr>
</tbody>
</table>

(a) Not assuming the null hypothesis.
(b) Using the asymptotic standard error, assuming the null hypothesis.

The Cramer's V measure of association (0.208) indicates that there is a small association of difference in respondents' opinions among the countries. In particular a larger percentage of Mauritian respondents believe that the traditional market type integration model is inappropriate for the SADC. Based on the information above, this hypothesis can be accepted as true.

A conclusion could be drawn from these results that, although the traditional market-type integration model could be applicable to the SADC, the majority of the states hold similar views as to its being an inappropriate model for meeting their requirements. The proposition is that the traditional market-type integration model is important almost universally and is accepted both officially and by the business and academic communities in other parts of the world. But the SADC states are not confident about its role and its ability to meet their requirements. Why are they not confident about the traditional market-type integration model that has been a success in other regions? This becomes a serious situation that needs to be addressed. An appropriate model has to be developed that will been seen as appropriate for SADC regional cooperation sustainability. For the reasons above, even though there is a small significant difference in respondents' opinions among the countries, there is evidence that the three countries hold similar views on the statement that the traditional market-type integration model is inappropriate for the SADC.
Question 35- Appropriate model should in no way rule out the progression towards increasing market integration

The three countries hold similar views in terms of the extent to which they believe that the appropriate model for SADC regional cooperation should in no way rule out the progression towards increasing market integration.

- Chi-square tests

<table>
<thead>
<tr>
<th></th>
<th>Value</th>
<th>df</th>
<th>Asymp. sig. (two-sided)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pearson chi-square</td>
<td>10.935(a)</td>
<td>4</td>
<td>0.027</td>
</tr>
<tr>
<td>Likelihood ratio</td>
<td>11.421</td>
<td>4</td>
<td>0.022</td>
</tr>
<tr>
<td>Linear-by-linear association</td>
<td>1.169</td>
<td>1</td>
<td>0.280</td>
</tr>
<tr>
<td>N of valid cases</td>
<td>101</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

(a) Five cells (55.6%) have an expected count less than 5. The minimum expected count is 2.94.

The null-hypothesis of independence (no association is rejected at the 10% level of significance (p-value =0.027<0.1) but not at the 5% level of significance. Hence the two variables are not independent (at the 10% level of significance). The value of Pearson chi-square equals 10.935. Its probability is 0.027. Tanzanian, Mauritian, and South African respondents' opinions are significantly related, p<0.1.

Obtained $X^2 = 10.3935$

$df = 4$

$\alpha = 0.1$

The null hypothesis of the three countries holding similar views is retained and the alternate hypothesis of them not holding similar views is rejected.
• Strength of the association: Cramer's V

Cramer's V is computed for the sample as shown below.

<table>
<thead>
<tr>
<th>Symmetric measures</th>
<th>Value</th>
<th>Approx. sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nominal by nominal</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Phi</td>
<td>.329</td>
<td>.027</td>
</tr>
<tr>
<td>Cramer's V</td>
<td>.233</td>
<td>.027</td>
</tr>
<tr>
<td>N of valid cases</td>
<td>101</td>
<td></td>
</tr>
</tbody>
</table>

(a) Not assuming the null hypothesis.
(b) Using the asymptotic standard error, assuming the null hypothesis.

The Cramer's V measure of association (0.233) indicates that there is a small association of difference in respondents' opinions among the countries. In particular a larger percentage of South African respondents believe that the appropriate model for SADC regional cooperation should in no way rule out the progression towards increasing market integration. Based on the information above, this hypothesis can be accepted as true.

A conclusion could be drawn from these results that, even though there is a small significant difference among the three countries, this difference is predominantly positive. The total results of 76% obtained suggest that the majority of the respondents are of the opinion that regional cooperation should not rule out the progression towards increasing market integration. The benefits of progression towards market integration will most probably be seen once the countries have accepted an appropriate model that meets their requirements. This should be taken step by step.

Conclusion to 6.3.4

The survey reveals that the traditional market-type model in the SADC is basically used as a "default model". In other words, there are indications to suggest that it is merely used because the states have failed to consider the issue of appropriateness. The benefits of progression towards market integration will most probably be seen once the countries have accepted an appropriate model that meets their requirements.
6.3.5 Hypothesis testing on policy-related questions

In Chapter 5, it was shown that the three countries had different responses to the following policy questions (18, 42, 46, 56, and 58).

❖ Question 18 – Although SADC regional cooperation comes from different states and different cultural backgrounds, there is a common understanding what has to be done.

The three countries hold similar views in terms of the extent to which they believe that although SADC regional cooperation comes from different states and different cultural backgrounds, there is a common understanding of what has to be done.

• Chi-square tests

<table>
<thead>
<tr>
<th></th>
<th>Value</th>
<th>df</th>
<th>Asymp. sig. (two-sided)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pearson chi-square</td>
<td>10.077(a)</td>
<td>4</td>
<td>.039</td>
</tr>
<tr>
<td>Likelihood ratio</td>
<td>10.687</td>
<td>4</td>
<td>.030</td>
</tr>
<tr>
<td>Linear-by-linear association</td>
<td>.405</td>
<td>1</td>
<td>.524</td>
</tr>
<tr>
<td>N of valid cases</td>
<td>101</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

(a) Four cells (44.4%) have an expected count less than 5. The minimum expected count is 4.90.

The null-hypothesis of independence (no association is rejected at the 10% level of significance (p-value = 0.039<0.1) but not at the 5% level of significance. Hence the two variables are not independent (at the 10% level of significance). Hence the two variables are not independent (at the 10% level of significance). The value of Pearson chi-square equals 10.077. Its probability is 0.039. Tanzanian, Mauritian, and South African respondents' opinions are not significantly related, p< 0.1.

Obtained $X^2 = 10.077$

\[\text{df} = 4\]

\[\alpha = 0.1\]

*The null hypothesis of the three countries holding similar views is retained and the alternate hypothesis of them not holding similar views is rejected.*
• Strength of the association: Cramer’s V

Cramer’s V is computed for the sample as shown below.

<table>
<thead>
<tr>
<th>Symmetric measures</th>
<th>Value</th>
<th>Approx. sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nominal by nominal</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Phi</td>
<td>.316</td>
<td>.039</td>
</tr>
<tr>
<td>Cramer’s V</td>
<td>.223</td>
<td>.039</td>
</tr>
</tbody>
</table>

N of valid cases: 101

(a) Not assuming the null hypothesis.
(b) Using the asymptotic standard error, assuming the null hypothesis.

The Cramer’s V measure of association (0.223) indicates that there is a small association of difference in respondents’ opinions among the countries. In particular a larger percentage of South African respondents believe that although SADC regional cooperation comes from different states and different cultural backgrounds, there is a common understanding of what has to be done. Based on the information above, this hypothesis can be accepted as true.

A conclusion could be drawn from these results that, in this situation (current regional cooperation), the states cannot identify or describe regional cooperation with certainty. It appears that there is a need for a regional cooperation model that provides functions to different states within regional cooperation. This entails that the appropriate regional cooperation model has to take into consideration that the social dynamics of national relations can have enormous effects on regional cooperation and costs within the business environment and poor decision-making due to poor communication channels. By examining the social dynamics of cultural difference within member states, it would be possible to understand why a high proportion of the capabilities of member nations are not functioning. Based on the findings, it is argued that regional problems related to regional cooperation processes are primarily due to an inappropriate understanding of cultures and the identification of regional cooperation.
Question 42 – National sovereignty for SADC countries should be guarded through the adoption of voting rules

The three countries hold similar views in terms of the extent to which they believe that the national sovereignty of SADC countries should be safeguarded through adoption of carefully considered voting rules with the regional institutions.

- Chi-square tests

<table>
<thead>
<tr>
<th></th>
<th>Value</th>
<th>df</th>
<th>Asymp. sig. (two-sided)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pearson chi-square</td>
<td>8.600(a)</td>
<td>4</td>
<td>.072</td>
</tr>
<tr>
<td>Likelihood ratio</td>
<td>9.391</td>
<td>4</td>
<td>.052</td>
</tr>
<tr>
<td>Linear-by-linear association</td>
<td>3.750</td>
<td>1</td>
<td>.053</td>
</tr>
<tr>
<td>N of valid cases</td>
<td>101</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

(a) Six cells (66.7%) have an expected count less than 5. The minimum expected count is 3.59.

The null-hypothesis of independence (no association is rejected at the 10% level of significance (p-value =0.072<0.1) but not at the 5% level of significance. Hence the two variables are not independent (at the 10% level of significance). Hence the two variables are not independent (at the 10% level of significance. The value of Pearson chi-square equals 8.600. Its probability is 0.072. Tanzanian, Mauritian, and South African respondents' opinions are significantly related, p<0.1.

 Obtained $X^2=8.600$

\[ df = 4 \]

\[ \alpha = 0.1 \]

The null hypothesis is retained and the alternate hypothesis is rejected.

- Strength of the association: Cramer's V

<table>
<thead>
<tr>
<th>Symmetric measures</th>
<th>Value</th>
<th>Approx. sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nominal by nominal</td>
<td>Phi</td>
<td>.292</td>
</tr>
<tr>
<td></td>
<td>Cramer's V</td>
<td>.206</td>
</tr>
<tr>
<td>N of valid cases</td>
<td>101</td>
<td></td>
</tr>
</tbody>
</table>

(a) Not assuming the null hypothesis.
(b) Using the asymptotic standard error, assuming the null hypothesis.
The Cramer's V measure of association (0.206) indicates that there is a small association of difference in respondents' opinions among the countries. In particular, a larger percentage of Tanzanian respondents believe that the national sovereignty of SADC countries should be safeguarded through adoption of carefully considered voting rules with the regional institutions. Based on the information above, this hypothesis can be accepted as true.

A conclusion could be drawn from these results that, even though the countries' respondents' opinions are significantly related, there is a small significant difference among the three countries. This difference is predominantly positive. This suggests that the whole process for an appropriate SADC regional cooperation model should be designed such that each member state will feel accommodated and that its national sovereignty is safeguarded through voting rules within the regional institutions. This will promote the synergistic flow of regional cooperation activities.

Question 46 - An equitable sharing of the benefits of regional economic integration is not needed in SADC countries' regional cooperation

The three countries hold similar views in terms of the extent to which they believe that ensuring an equitable sharing of the benefits of regional economic integration is not needed in SADC countries' regional cooperation.

- Chi-square tests

<table>
<thead>
<tr>
<th></th>
<th>Value</th>
<th>df</th>
<th>Asymp. sig. (two-sided)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pearson chi-square</td>
<td>8.922(a)</td>
<td>4</td>
<td>0.063</td>
</tr>
<tr>
<td>Likelihood ratio</td>
<td>9.810</td>
<td>4</td>
<td>0.044</td>
</tr>
<tr>
<td>Linear-by-linear assoc.</td>
<td>7.501</td>
<td>1</td>
<td>0.006</td>
</tr>
<tr>
<td>N of valid cases</td>
<td>101</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

(a) Three cells (33.3%) have an expected count less than 5. The minimum expected count is 2.29.

The null-hypothesis of independence (no association is rejected at the 10% level of significance (p-value = 0.063 < 0.1) but not at the 5% level of significance. Hence the two variables are not independent (at the 10% level of significance). Hence the two variables are
not independent (at the 10% level of significance. The value of Pearson chi-square equals 8.922. Its probability is 0.063. Tanzanian, Mauritian, and South African respondents’ opinions are significantly related, p<0.1.

Obtained $X^2 = 8.922$

$$df = 4$$

$$\alpha = 0.1$$

*The null hypothesis of the three countries holding similar views is retained and the alternate hypothesis of them not holding similar views is rejected.*

The results of the chi-square test of contingency merely indicate whether or not there is a statistically significant relationship between categorical variables. It is desirable to include both a significance test and measure of the strength of the relationship.

- **Strength of the association: Cramer’s V**

Cramer’s V is computed for the sample as shown below.

<table>
<thead>
<tr>
<th>Symmetric measures</th>
<th>Value</th>
<th>Approx. sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nominal by nominal</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Phi</td>
<td>.297</td>
<td>.063</td>
</tr>
<tr>
<td>Cramer’s V</td>
<td>.210</td>
<td>.063</td>
</tr>
<tr>
<td>N of valid cases</td>
<td>101</td>
<td></td>
</tr>
</tbody>
</table>

(a) Not assuming the null hypothesis.
(b) Using the asymptotic standard error, assuming the null hypothesis.

The Cramer’s V measure of association (0.210) indicates that there is a small association of difference in respondents’ opinions among the countries. In particular a larger percentage of South African respondents believe that ensuring an equitable sharing of the benefits of regional economic integration is needed in SADC countries' regional cooperation. Based on the information above, this hypothesis can be accepted as true.

A conclusion could be drawn from these results that, even though the countries’ respondents’ opinions are significantly related, there is a small significant difference among the three countries. This difference is predominantly positive. The three
countries' responses suggest that an equitable sharing of the benefits of regional economic integration is an important requirement in SADC regional cooperation. An appropriate regional cooperation model should spell out clearly how this equitable sharing will be done, as it will not occur naturally in situations of structured inequality; it must be deliberately engineered and built into the development of the appropriate model process.

Question 56 – A harmonised foreign investment code would serve, among others, to prevent foreign corporations from playing off one SADC country against the other.

The three countries hold similar views in terms of the extent to which they believe that a harmonised foreign investment code would serve, among others, to prevent foreign corporations from playing off one SADC country against another within the SADC.

- Chi-square tests

<table>
<thead>
<tr>
<th></th>
<th>Value</th>
<th>df</th>
<th>Asymp. sig. (two-sided)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pearson chi-square</td>
<td>9.772(a)</td>
<td>4</td>
<td>.044</td>
</tr>
<tr>
<td>Likelihood ratio</td>
<td>11.614</td>
<td>4</td>
<td>.020</td>
</tr>
<tr>
<td>Linear-by-linear association</td>
<td>3.058</td>
<td>1</td>
<td>.080</td>
</tr>
<tr>
<td>N of valid cases</td>
<td>101</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

(a) Three cells (33.3%) have an expected count less than 5. The minimum expected count is 2.29.

The null-hypothesis of independence (no association is rejected at the 10% level of significance (p-value =0.044<0.1) but not at the 5% level of significance. Hence the two variables are not independent (at the 10% level of significance). Hence the two variables are not independent (at the 10% level of significance). The value of Pearson chi-square equals 9.772. Its probability is 0.044. Tanzanian, Mauritian, and South African respondents' opinions are not significantly related, p<0.1.

Obtained $X^2=9.772$

$$df=4$$

$$\alpha=0.1$$
The null hypothesis of the three countries holding similar views is retained and the alternate hypothesis of them not holding similar views is rejected.

Strength of the association: Cramer's V

Cramer's V is computed for the sample as shown below.

<table>
<thead>
<tr>
<th>Symmetric measures</th>
<th>Value</th>
<th>Approx. sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nominal by nominal</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Phi</td>
<td>.311</td>
<td>.044</td>
</tr>
<tr>
<td>Cramer's V</td>
<td>.220</td>
<td>.044</td>
</tr>
<tr>
<td>N of valid cases</td>
<td>101</td>
<td></td>
</tr>
</tbody>
</table>

(a) Not assuming the null hypothesis.

(b) Using the asymptotic standard error, assuming the null hypothesis.

The Cramer's V measure of association (0.220) indicates that there is a small association of difference in respondents' opinions among the countries. In particular a larger percentage of South African respondents believe that a harmonised foreign investment code would serve, among others, to prevent foreign corporations from playing off one SADC country against another within the SADC. Based on the information above, this hypothesis can be accepted as true.

A conclusion could be drawn from these results that, even though there is a small significant difference among the countries regarding the harmonised foreign investment code, the total results of 75% obtained suggest that respondents are aware of these double standards by foreign corporations. Accommodating policies would have to be factored in the development of an appropriate model.

❖ Question 58 – Each participating country in the SADC should get to host at one project among a package of approved projects

The three countries hold similar views in terms of the extent to which they believe that for appropriate regional cooperation, each participating country in the SADC should get to host at least one project from among a package of approved projects.
• Chi-square tests

<table>
<thead>
<tr>
<th></th>
<th>Value</th>
<th>df</th>
<th>Asymp. sig. (two-sided)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pearson chi-square</td>
<td>11.701(a)</td>
<td>4</td>
<td>.020</td>
</tr>
<tr>
<td>Likelihood ratio</td>
<td>11.136</td>
<td>4</td>
<td>.025</td>
</tr>
<tr>
<td>Linear-by-linear association</td>
<td>7.790</td>
<td>1</td>
<td>.005</td>
</tr>
<tr>
<td>N of valid cases</td>
<td>101</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

(a) Six cells (66.7%) have an expected count less than 5. The minimum expected count is 2.61.

The null-hypothesis of independence (no association is rejected at the 10% level of significance \((p\text{-value}=0.020<0.1)\) but not at the 5% level of significance. Hence the two variables are not independent (at the 10% level of significance). Hence the two variables are not independent (at the 10% level of significance). The value of Pearson chi-square equals 11.701. Its probability is 0.020. Tanzanian, Mauritian, and South African respondents' opinions are significantly related, \(p<0.1\).

Obtained \(X^2=11.701\)
\[
df=4
\]
\[
\alpha=0.1
\]

The null hypothesis of the three countries holding similar views is retained and the alternate hypothesis of them not holding similar views is rejected.

• Strength of the association: Cramer’s V

Cramer’s V is computed for the sample as shown below.

<table>
<thead>
<tr>
<th>Symmetric measures</th>
<th>Value</th>
<th>Approx. sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nominal by nominal</td>
<td>Phi</td>
<td>.340</td>
</tr>
<tr>
<td></td>
<td>Cramer’s V</td>
<td>.241</td>
</tr>
<tr>
<td>N of valid cases</td>
<td>101</td>
<td></td>
</tr>
</tbody>
</table>

(a) Not assuming the null hypothesis.

(b) Using the asymptotic standard error, assuming the null hypothesis.
The Cramer’s V measure of association (0.241) indicates that there is a small association of difference in respondents’ opinions among the countries. In particular, a larger percentage of Tanzanian respondents believe that for appropriate regional cooperation, each participating country in the SADC should get to host at least one project from among a package of approved projects. Based on the information above, this hypothesis can be accepted as true.

A conclusion could be drawn from these results that the small significant difference indicates that SADC states have problems in trusting one another that some countries would have the capacity and technical ability to host projects successfully. The high total score of 84% suggests that respondents are of the opinion that each participating country should host at least one project from among a package of approved projects. This suggests that capacity building for SADC regional cooperation, in a broad sense, refers to improvements in the ability of all parties involved to perform appropriate tasks within the broad set of principles of that particular regional cooperation initiative.

❖ Question 66 - There should be involvement of all stakeholders when formulating SADC regional cooperation strategies

The three countries hold similar views in terms of the extent to which they believe that there should be involvement of all stakeholders when formulating SADC regional cooperation strategies.

- Chi-square tests

<table>
<thead>
<tr>
<th></th>
<th>Value</th>
<th>df</th>
<th>Asymp. sig. (two-sided)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pearson chi-square</td>
<td>10.211(a)</td>
<td>4</td>
<td>.037</td>
</tr>
<tr>
<td>Likelihood ratio</td>
<td>11.354</td>
<td>4</td>
<td>.023</td>
</tr>
<tr>
<td>Linear-by-linear association</td>
<td>8.068</td>
<td>1</td>
<td>.005</td>
</tr>
<tr>
<td>N of valid cases</td>
<td>101</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

(a) Six cells (66.7%) have an expected count less than 5. The minimum expected count is .65.

The null-hypothesis of independence (no association is rejected at the 10% level of significance (p-value =0.037<0.1) but not at the 5% level of significance. Hence the two
variables are not independent (at the 10% level of significance). Hence the two variables are not independent (at the 10% level of significance. The value of Pearson chi-square equals 10.211. Its probability is 0.037. Tanzanian, Mauritian, and South African respondents' opinions are significantly related, p<0.1.

Obtained $X^2 = 10.211$

\[ df = 4 \]
\[ \alpha = 0.1 \]

The null hypothesis of the three countries holding similar views is retained and the alternate hypothesis of them not holding similar views is rejected.

It is desirable to include both a significance test and measure of the strength of the relationship.

- **Strength of the association: Cramer's V**

Cramer's V is applied to contingency tables that are larger than 2 x 2.

<table>
<thead>
<tr>
<th>Symmetric measures</th>
<th>Value</th>
<th>Approx. sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nominal by nominal</td>
<td>Phi</td>
<td>.318 .037</td>
</tr>
<tr>
<td></td>
<td>Cramer's V</td>
<td>.225 .037</td>
</tr>
</tbody>
</table>

N of valid cases 101

(a) Not assuming the null hypothesis.
(b) Using the asymptotic standard error, assuming the null hypothesis.

The Cramer's V measure of association (0.225) indicates that there is a small association of difference in respondents' opinions among the countries. In particular a larger percentage of South African respondents believe that that there should be involvement of all stakeholders when formulating SADC regional cooperation strategies. Based on the information above, this hypothesis can be accepted as true.

A conclusion could be drawn from these results that, even though there is a small significant difference in respondents' opinions among the countries, their significant differences are predominantly positive (for opinion-related Question 66, the results...
were at a total of 93% on “agree”). South African respondents' opinions were at 100%, and the least was Mauritius at 82%. Clearly, this indicates that SADC states are at different levels of political maturity. This could be a serious problem in the development of a regional cooperation model and has to be treated as such. The appropriate model should afford the member states an opportunity to formulate the ideal regional cooperation framework in detail, within the states, as different SADC states have a varying understanding of its meaning.

Conclusion to 6.3.5
The survey reveals that the three countries suggest that an equitable sharing of the benefits of regional economic integration is an important requirement in SADC regional cooperation. An appropriate regional cooperation model should spell out clearly how this equitable sharing will be done, as it will not occur naturally in situations of structured inequality; it must be deliberately engineered and built into the development of the appropriate model process. The appropriate model should afford the member states an opportunity to formulate the ideal regional cooperation framework in detail, within the states, as different SADC states have a varying understanding of its meaning.

6.3.6 Hypothesis testing on human skills-related questions
In Chapter 5, it was shown that the three countries had different responses to the following policy questions (38 and 64).

❖ Question 38 – SADC members for regional institution should be selected on the basis of their expertise in SADC regional cooperation
The three countries hold similar views in terms of the extent to which they believe that the SADC members of the regional institution should be selected on the basis of their expertise in SADC regional cooperation.
Chi-square tests

<table>
<thead>
<tr>
<th></th>
<th>Value</th>
<th>df</th>
<th>Asymp. sig. (two-sided)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pearson chi-square</td>
<td>9.249(a)</td>
<td>4</td>
<td>.055</td>
</tr>
<tr>
<td>Likelihood ratio</td>
<td>9.810</td>
<td>4</td>
<td>.044</td>
</tr>
<tr>
<td>Linear-by-linear association</td>
<td>.007</td>
<td>1</td>
<td>.932</td>
</tr>
<tr>
<td>N of valid cases</td>
<td>101</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

(a) Six cells (66.7%) have an expected count less than 5. The minimum expected count is 2.61.

The null-hypothesis of independence (no association is rejected at the 10% level of significance (p-value =0.055<0.1) but not at the 5% level of significance. Hence the two variables are not independent (at the 10% level of significance). Hence the two variables are not independent (at the 10% level of significance). The value of Pearson chi-square equals 9.249. Its probability is 0.055. Tanzanian, Mauritian, and South African respondents’ opinions are significantly related, p<0.1.

Obtained \(X^2=9.249\)

\[df=4\]

\[\alpha =0.1\]

The null hypothesis of the three countries holding similar views is retained and the alternate hypothesis of them not holding similar views is rejected.

Strength of the association: Cramer's V

Cramer's V is computed for the sample as shown below.

<table>
<thead>
<tr>
<th>Symmetric measures</th>
<th>Value</th>
<th>Approx. sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nominal by nominal</td>
<td>Phi</td>
<td>.303</td>
</tr>
<tr>
<td></td>
<td>Cramer's V</td>
<td>.214</td>
</tr>
<tr>
<td>N of valid cases</td>
<td>101</td>
<td></td>
</tr>
</tbody>
</table>

(a) Not assuming the null hypothesis.

(b) Using the asymptotic standard error, assuming the null hypothesis.
The Cramer's V measure of association (0.214) indicates that there is a small association of difference in respondents' opinions among the countries. In particular a larger percentage of South African respondents believe that that the SADC members of the regional institution should be selected on the basis of their expertise in SADC regional cooperation. Based on the information above, this hypothesis can be accepted as true.

A conclusion could be drawn from these results that, even though there is a small significant difference among the three countries, this difference is predominantly positive. The three countries' responses suggest that the SADC members of the regional institution should be selected on the basis of their expertise in SADC regional cooperation. Members with expertise have an important role to play in promoting the regional cooperation spirit and giving impetus to regional programmes and projects. Progress to cooperation would be facilitated better if member countries were receptive to comments and criticisms emanating from the experts. Members with expertise might, for example, if the broad goals set for a time period are overambitious, through technical studies help in imparting a sense of realism. An appropriate regional cooperation model should accommodate those individuals who are exposed to this knowledge experience.

Question 64 - There should be no visa requirements for travelling in the SADC

The three countries hold similar views in terms of the extent to which they believe that there should be no visa requirements for travelling between SADC states.

<table>
<thead>
<tr>
<th>Chi-square tests</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Value</th>
<th>df</th>
<th>Asymp. sig. (two-sided)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pearson chi-square</td>
<td>38.133(a)</td>
<td>4</td>
<td>.000</td>
</tr>
<tr>
<td>Likelihood ratio</td>
<td>37.853</td>
<td>4</td>
<td>.000</td>
</tr>
<tr>
<td>Linear-by-linear association</td>
<td>28.489</td>
<td>1</td>
<td>.000</td>
</tr>
<tr>
<td>N of valid cases</td>
<td>101</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

(a) Three cells (33.3%) have an expected count less than 5. The minimum expected count is 2.94.
The null-hypothesis of independence (no association is rejected at the 10% level of significance (p-value =0.000<0.1) but not at the 5% level of significance. Hence the two variables are not independent (at the 10% level of significance). Hence the two variables are not independent (at the 10% level of significance. The value of Pearson chi-square equals 38.133. Its probability is 0.00. Tanzanian, Mauritian, and South African respondents' opinions are not significantly related, p<0.1.

Obtained $X^2=38.133$

$df=4$

$\alpha =0.1$

The null hypothesis of the three countries holding similar views is retained and the alternate hypothesis of them not holding similar views is rejected.

- **Strength of the association: Cramer's V**

Cramer’s V is computed for the sample as shown below.

<table>
<thead>
<tr>
<th>Symmetric measures</th>
<th>Value</th>
<th>Approx. sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nominal by nominal</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Phi</td>
<td>.614</td>
<td>.000</td>
</tr>
<tr>
<td>Cramer's V</td>
<td>.434</td>
<td>.000</td>
</tr>
<tr>
<td>N of valid cases</td>
<td>101</td>
<td></td>
</tr>
</tbody>
</table>

(a) Not assuming the null hypothesis.

(b) Using the asymptotic standard error, assuming the null hypothesis.

The Cramer’s V measure of association (0.434) indicates that there is a moderate association of difference in respondents' opinions among the countries. In particular a larger percentage of South African respondents believe that that there should be no visa requirements for travelling between SADC states. Based on the information above, this hypothesis can be accepted as true.

A conclusion could be drawn from these results that there is a moderate significant difference in respondents' opinions among the countries, although relatively positive. On opinion related to Question 64, Mauritius was far below the rest at 33% on “agree”,

Developing an appropriate model for regional cooperation in developing countries – the case of the SADC
while South Africa and Tanzania were at 91% and 79%, respectively. The results reflect mixed opinions among the countries' respondents, suggesting that SADC countries are different and that the appropriate regional cooperation model would have to factor in these differences in its development.

Conclusion to 6.3.6

The survey reveals that the three countries' responses suggest that the SADC members of the regional institution should be selected on the basis of their expertise in SADC regional cooperation. Members with expertise have an important role to play in promoting the regional cooperation spirit and giving impetus to regional programmes and projects. Progress to cooperation would be facilitated better if member countries were receptive to comments and criticisms emanating from the experts. The results reflect mixed opinions among the countries' respondents, suggesting that SADC countries are different and that the appropriate regional cooperation model would have to factor in these differences in its development.

6.3.7 Hypothesis testing on finance-related questions

In Chapter 5, it was shown that the three countries had different responses to the following policy questions (21, 51, and 55).

❖ Question 21- SADC states to retain own currencies

The three countries hold similar views in terms of the extent to which they believe that the SADC states should retain their own currencies.

• Chi-square tests

<table>
<thead>
<tr>
<th></th>
<th>Value</th>
<th>df</th>
<th>Asymp. sig. (two-sided)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pearson chi-square</td>
<td>8.390(a)</td>
<td>4</td>
<td>.078</td>
</tr>
<tr>
<td>Likelihood ratio</td>
<td>8.746</td>
<td>4</td>
<td>.068</td>
</tr>
<tr>
<td>Linear-by-linear association</td>
<td>8.079</td>
<td>1</td>
<td>.004</td>
</tr>
<tr>
<td>N of valid cases</td>
<td>100</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

(a) Two cells (22.2%) have an expected count less than 5. The minimum expected count is 4.80.
The null-hypothesis of independence (no association is rejected at the 10% level of significance (p-value =0.078<0.1) but not at the 5% level of significance. Hence the two variables are not independent (at the 10% level of significance). Hence the two variables are not independent (at the 10% level of significance). The value of Pearson chi-square equals 8.390. Its probability is 0.078. Tanzanian, Mauritian, and South African respondents' opinions are significantly related, p<0.1.

\[ \text{Obtained } X^2 = 8.390 \]
\[ df = 4 \]
\[ \alpha = 0.1 \]

The null hypothesis of the three countries holding similar views is retained and the alternate hypothesis of them not holding similar views is rejected.

- **Strength of the association: Cramer's V**

Cramer's V is computed for the sample as shown below.

<table>
<thead>
<tr>
<th>Symmetric measures</th>
<th>Value</th>
<th>Approx. sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Nominal by nominal</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Phi</td>
<td>.290</td>
<td>.078</td>
</tr>
<tr>
<td>Cramer's V</td>
<td>.205</td>
<td>.078</td>
</tr>
<tr>
<td><strong>N of valid cases</strong></td>
<td>100</td>
<td></td>
</tr>
</tbody>
</table>

(a) Not assuming the null hypothesis.
(b) Using the asymptotic standard error, assuming the null hypothesis.

The Cramer's V measure of association (0.205) indicates that there is a small association of difference in respondents' opinions among the countries. In particular a larger percentage of Mauritian respondents believe that the SADC states should retain their own currencies. Based on the information above, this hypothesis can be accepted as true.

It may be concluded from the results above (hypothesis) that there is a willingness to retain their own currencies by the majority of SADC states. These results are reasonable at this stage, since the demand for political independence was based on the right of each country to govern itself. There is a desire on the part of the majority of SADC states to find their own salvation in economic as well as other fields. While
this does not rule out joint initiatives, it does suggest the existence of real limits on the extent to which these countries are willing to part with their sovereignty, in this case their currencies. Therefore, the development of appropriate regional cooperation should be less demanding politically and technically on the SADC states.

❖ Question 51- Development aid funds flowing to the SADC should be partly be used to cushion negative consequences in the short term for the weaker states

The three countries hold similar views in terms of the extent to which they believe that the development aid funds flowing to the SADC should be partly used to cushion negative consequences of regional cooperation in the short term for the weaker states.

- Chi-square tests

<table>
<thead>
<tr>
<th></th>
<th>Value</th>
<th>df</th>
<th>Asymp. sig. (two-sided)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pearson chi-square</td>
<td>9.634(a)</td>
<td>4</td>
<td>.047</td>
</tr>
<tr>
<td>Likelihood ratio</td>
<td>11.339</td>
<td>4</td>
<td>.023</td>
</tr>
<tr>
<td>Linear-by-linear association</td>
<td>.910</td>
<td>1</td>
<td>.340</td>
</tr>
<tr>
<td>N of valid cases</td>
<td>101</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

(a) Zero cells (0%) have an expected count less than 5. The minimum expected count is 5.55.

The null-hypothesis of independence (no association is rejected at the 10% level of significance (p-value =0.047<0.1) but not at the 5% level of significance. Hence the two variables are not independent (at the 10% level of significance). Hence the two variables are not independent (at the 10% level of significance). The value of Pearson chi-square equals 9.634. Its probability is 0.047. Tanzanian, Mauritian, and South African respondents' opinions are significantly related, p<0.1.

Obtained $X^2=9.634$

$df=4$

$\alpha =0.1$

The null hypothesis of the three countries holding similar views is retained and the alternate hypothesis of them not holding similar views is rejected.
• **Strength of the association: Cramer’s V**

Cramer’s V is computed for the sample as shown below.

<table>
<thead>
<tr>
<th>Symmetric measures</th>
<th>Value</th>
<th>Approx. sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nominal by nominal</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Phi</td>
<td>.309</td>
<td>.047</td>
</tr>
<tr>
<td>Cramer’s V</td>
<td>.218</td>
<td>.047</td>
</tr>
<tr>
<td>N of valid cases</td>
<td>101</td>
<td></td>
</tr>
</tbody>
</table>

(a) Not assuming the null hypothesis.

(b) Using the asymptotic standard error, assuming the null hypothesis.

The Cramer’s V measure of association (0.218) indicates that there is a small association of difference in respondents’ opinions among the countries. In particular a larger percentage of South African respondents believe that the development aid funds flowing to the SADC should be partly used to cushion negative consequences of regional cooperation in the short term for the weaker states. Based on the information above, this hypothesis can be accepted as true.

A conclusion could be drawn from these results that, even though there are small significant differences, these differences are positive. This suggests that three countries believe that the development aid funds flowing to the SADC should be partly used to cushion negative consequences of regional cooperation in the short term for the weaker states. Therefore, a well-defined appropriate regional cooperation would have to take into consideration how these development aid funds will be managed.

❖ Question 55 – Harmonising customs tariff within SADC member states create a conducive investment climate

The three countries hold similar views in terms of the extent to which they believe that the harmonising fiscal incentives and customs tariff within SADC member states would complement the ongoing efforts to create a conducive investment climate.
- Chi-square tests

<table>
<thead>
<tr>
<th></th>
<th>Value</th>
<th>df</th>
<th>Asymp. sig. (two-sided)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pearson chi-square</td>
<td>8.639(a)</td>
<td>4</td>
<td>0.071</td>
</tr>
<tr>
<td>Likelihood ratio</td>
<td>10.803</td>
<td>4</td>
<td>0.029</td>
</tr>
<tr>
<td>Linear-by-linear association</td>
<td>3.571</td>
<td>1</td>
<td>0.059</td>
</tr>
<tr>
<td>N of valid cases</td>
<td>101</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

(a) Three cells (33.3%) have an expected count less than 5. The minimum expected count is 2.61.

The null-hypothesis of independence (no association is rejected at the 10% level of significance (p-value =0.071<0.1) but not at the 5% level of significance. Hence the two variables are not independent (at the 10% level of significance). Hence the two variables are not independent (at the 10% level of significance). The value of Pearson chi-square equals 8.639. Its probability is 0.071. Tanzanian, Mauritian, and South African respondents’ opinions are significantly related, p<0.1.

Obtained $X^2=8.639$

df=4

$\alpha =0.1$

*We retain the null hypothesis of the three countries holding similar views and reject the alternate hypothesis of them not holding similar views.*

- Strength of the association: Cramer's V

Cramer's V is computed for the sample as shown below.

<table>
<thead>
<tr>
<th>Symmetric measures</th>
<th>Value</th>
<th>Approx. sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nominal by nominal</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Phi</td>
<td>.292</td>
<td>.071</td>
</tr>
<tr>
<td>Cramer's V</td>
<td>.207</td>
<td>.071</td>
</tr>
<tr>
<td>N of valid cases</td>
<td>101</td>
<td></td>
</tr>
</tbody>
</table>

(a) Not assuming the null hypothesis.

(b) Using the asymptotic standard error, assuming the null hypothesis.
The Cramer's V measure of association (0.207) indicates that there is a small association of difference in respondents' opinions among the countries. In particular a larger percentage of South African respondents believe that that the harmonising fiscal incentives and customs tariff within SADC member states would complement the ongoing efforts to create a conducive investment climate. Based on the information above, this hypothesis can be accepted as true.

A conclusion could be drawn from these results that the three countries seem to believe that the harmonising of fiscal incentives and customs tariffs within SADC member states would complement the ongoing efforts to create a conducive investment climate. The development of an appropriate regional cooperation model would have to take into consideration the impact of external factors (such as tariffs), as the tariffs are one of the major sources of income for some of the SADC states.

Conclusion to 6.3.7
The survey reveals that there is a need to take into consideration the impact of external factors in the development of an appropriate regional cooperation model. There is a desire on the part of the majority of SADC states to find their own salvation in economic as well as other fields. While this does not rule out joint initiatives, it does suggest the existence of real limits on the extent to which these countries are willing to part with their sovereignty, in this case their currencies. Therefore, the development of appropriate regional cooperation should be less demanding politically and technically of the SADC states.

6.4 Hypothesis testing – differences between responses from those inside and outside the industry and trade sector
Hypothesis testing is used to answer the following sub-question:

- To what extent is there a difference between the responses obtained from those inside and outside the industry and trade sector?
Question 19 – There is a common understanding about the benefits from an exchange of experiences of other regional cooperations

The respondents inside trade and industry and outside this industry hold similar views in terms of the extent to which they believe that there is a common understanding about the benefit from an exchange of experiences of other regional cooperation in SADC member states.

- Chi-square tests

<table>
<thead>
<tr>
<th>Test</th>
<th>Value</th>
<th>df</th>
<th>Asymp. sig. (two-sided)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pearson chi-square</td>
<td>5.466(a)</td>
<td>2</td>
<td>.065</td>
</tr>
<tr>
<td>Likelihood ratio</td>
<td>5.824</td>
<td>2</td>
<td>.054</td>
</tr>
<tr>
<td>Linear-by-linear association</td>
<td>5.387</td>
<td>1</td>
<td>.020</td>
</tr>
<tr>
<td>N of valid cases</td>
<td>100</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

(a) Zero cells (.0%) have an expected count less than 5. The minimum expected count is 6.72.

The null-hypothesis of independence (no association is rejected at the 10% level of significance (p-value = 0.065 < 0.1) but not at the 5% level of significance. Hence the two variables are not independent (at the 10% level of significance). Hence the two variables are not independent (at the 10% level of significance. The value of Pearson chi-square equals 5.466. Its probability is 0.065. The opinions of those respondents inside trade and industry and those outside this industry are significantly related, p < 0.1.

Obtained X^2 = 5.466
\[ df = 4 \]
\[ \alpha = 0.1 \]

The null hypothesis of the three countries holding similar views is retained and the alternate hypothesis of them not holding similar views is rejected.
Strength of the association: Cramer's V

Cramer's V is applied to contingency tables that are larger than 2 x 2.

<table>
<thead>
<tr>
<th>Symmetric measures</th>
<th>Value</th>
<th>Approx. sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nominal by nominal</td>
<td>Phi</td>
<td>.234</td>
</tr>
<tr>
<td></td>
<td>Cramer's V</td>
<td>.234</td>
</tr>
<tr>
<td>N of valid cases</td>
<td>100</td>
<td></td>
</tr>
</tbody>
</table>

(a) Not assuming the null hypothesis.
(b) Using the asymptotic standard error, assuming the null hypothesis.

The Cramer's V measure of association (0.234) indicates that there is a small association of difference in respondents' opinions among the countries. In particular a larger percentage of the Trade and industry respondents believe that there is a common understanding about the benefit from an exchange of experiences of other regional cooperation in SADC member states. Based on the information above, this hypothesis can be accepted as true.

A conclusion could be drawn from these results that, although there is a small significant difference, respondents' opinions suggests that there is a need for common understanding about the benefit from the exchange of experiences from other regional cooperations. In the development of the appropriate regional cooperation model, this could be of help in terms of learning and tapping of valuable information that could be used as common platforms in the appropriate regional cooperation model for the SADC.

Question 22 - The non-convertibility of currencies is a non tariff barrier in SADC

The respondents inside trade and industry and those outside this industry hold similar views in terms of the extent to which they believe that the non-convertibility of currencies of most SADC countries of the region, which results from inappropriate exchange rates, is a non-tariff barrier.
Chi-square tests

<table>
<thead>
<tr>
<th></th>
<th>Value</th>
<th>df</th>
<th>Asymp. sig. (two-sided)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pearson chi-square</td>
<td>6.734(a)</td>
<td>2</td>
<td>0.034</td>
</tr>
<tr>
<td>Likelihood ratio</td>
<td>7.188</td>
<td>2</td>
<td>0.027</td>
</tr>
<tr>
<td>Linear-by-linear assoc.</td>
<td>0.082</td>
<td>1</td>
<td>0.774</td>
</tr>
<tr>
<td>N of valid cases</td>
<td>100</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

(a) Zero cells (.0%) have an expected count less than 5. The minimum expected count is 8.82.

The null-hypothesis of independence no association is rejected at the 10% level of significance (p-value = 0.034 < 0.1) but not at the 5% level of significance. Hence the two variables are not independent (at the 10% level of significance). Hence the two variables are not independent (at the 10% level of significance. The value of Pearson chi-square equals 6.734. Its probability is 0.034. The opinions of those respondents inside trade and industry and those outside this industry are significantly related, p<0.1.

Obtained $X^2 = 6.734$

$df = 4$

$\alpha = 0.1$

The null hypothesis of the three countries holding similar views is retained and the alternate hypothesis of them not holding similar views is rejected.

Strength of the association: Cramer’s V

Cramer’s V is computed for the sample as shown below.

<table>
<thead>
<tr>
<th>Symmetric measures</th>
<th>Value</th>
<th>Approx. sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nominal by nominal</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Phi</td>
<td>.260</td>
<td>.034</td>
</tr>
<tr>
<td>Cramer’s V</td>
<td>.260</td>
<td>.034</td>
</tr>
<tr>
<td>N of valid cases</td>
<td>100</td>
<td></td>
</tr>
</tbody>
</table>

(a) Not assuming the null hypothesis.

(b) Using the asymptotic standard error, assuming the null hypothesis.
The Cramer’s V measure of association (0.260) indicates that there is a small association of difference in respondents’ opinions among the countries. In particular a larger percentage of not Trade and Industry respondents believe that that the non-convertibility of currencies of most SADC countries of the region, which results from inappropriate exchange rates, is a non-tariff barrier. Based on the information above, this hypothesis can be accepted as true.

A conclusion could be drawn from these results that this was a question with mixed answers. For those outside trade and industry, the results were at 48% on “agree” on opinion-related Question 22, while those inside trade and industry were at 62%, with an overall total of 54%. It is possible that those outside trade and industry are far away from the actual dealings on trade and, hence, could lack knowledge on regional cooperation.

❖ Question 23 – Relationships in SADC member states are competitive and unsupportive

The respondents in trade and industry and those not in this industry hold similar views in terms of the extent to which they believe that the relationships in SADC member states are competitive and unsupportive.

- Chi-square tests

<table>
<thead>
<tr>
<th></th>
<th>Value</th>
<th>df</th>
<th>Asymp. sig. (two-sided)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pearson chi-square</td>
<td>17.878(a)</td>
<td>2</td>
<td>.000</td>
</tr>
<tr>
<td>Likelihood ratio</td>
<td>18.482</td>
<td>2</td>
<td>.000</td>
</tr>
<tr>
<td>Linear-by-linear association</td>
<td>14.261</td>
<td>1</td>
<td>.000</td>
</tr>
<tr>
<td>N of valid cases</td>
<td>100</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

(a) Zero cells (0%) have an expected count less than 5. The minimum expected count is 8.40.

The null-hypothesis of independence (no association is rejected at the 10% level of significance (p-value =0.000<0.1) but not at the 5% level of significance. Hence the two variables are not independent (at the 10% level of significance). Hence the two variables are
not independent (at the 10% level of significance). The value of Pearson chi-square equals 17.878. Its probability is 0.000. The opinions of those respondents inside trade and industry and those outside this industry are not significantly related, p<.0.1.

Obtained $X^2=17.878$

$$\text{df}=4$$

$$\alpha =0.1$$

The null hypothesis of the three countries holding similar views is retained and the alternate hypothesis of them not holding similar views is rejected.

- **Strength of the association: Cramer’s V**

<table>
<thead>
<tr>
<th>Symmetric measures</th>
<th>Value</th>
<th>Approx. sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nominal by nominal</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Phi</td>
<td>.423</td>
<td>.000</td>
</tr>
<tr>
<td>Cramer’s V</td>
<td>.423</td>
<td>.000</td>
</tr>
<tr>
<td>N of valid cases</td>
<td>100</td>
<td></td>
</tr>
</tbody>
</table>

(a) Not assuming the null hypothesis.

(b) Using the asymptotic standard error, assuming the null hypothesis.

The Cramer’s V measure of association (0.423) indicates that there is a small association of difference in respondents’ opinions among the countries. In particular a larger percentage of the Industry and Trade respondents believe that the non-convertibility of currencies of most SADC countries of the region, which results from inappropriate exchange rates, is a non-tariff barrier. Based on the information above, this hypothesis can be accepted as true.

A conclusion could be drawn from these results that there is a moderately significant difference in respondents’ opinions between those inside and those outside trade and industry. Those outside trade and industry have opinions that the relationships in SADC member states are competitive and unsupportive. The development of an appropriate regional cooperation model will have to stipulate clear roles and functions in order to minimise the competition.
Question 27 – SADC states do not feel confident that other members will contribute the necessary inputs to the regional cooperation

The respondents inside trade and industry and those outside this industry hold similar views in terms of the extent to which they believe that SADC states do not feel confident that other members will contribute the necessary inputs and knowledge to regional cooperation.

- Chi-square tests

<table>
<thead>
<tr>
<th>Value</th>
<th>df</th>
<th>Asymp. sig. (two-sided)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pearson chi-square</td>
<td>7.532(a)</td>
<td>2</td>
</tr>
<tr>
<td>Likelihood ratio</td>
<td>7.613</td>
<td>2</td>
</tr>
<tr>
<td>Linear-by-linear association</td>
<td>4.388</td>
<td>1</td>
</tr>
<tr>
<td>N of valid cases</td>
<td>100</td>
<td></td>
</tr>
</tbody>
</table>

(a) Zero cells (.0%) have an expected count less than 5. The minimum expected count is 5.46.

The null-hypothesis of independence (no association is rejected at the 10% level of significance (p-value =0.023<0.1) but not at the 5% level of significance. Hence the two variables are not independent (at the 10% level of significance). Hence the two variables are not independent (at the 10% level of significance. The value of Pearson chi-square equals 7.532. Its probability is 0.023. The opinions of those respondents inside trade and industry and those outside this industry are not significantly related, p<0.1.

Obtained $X^2=7.532$

$\text{df}=4$

$\alpha=0.1$

The null hypothesis of the three countries holding similar views is retained and the alternate hypothesis of them not holding similar views is rejected.
Strength of the association: Cramer’s V

Cramer’s V is computed for the sample as shown below.

<table>
<thead>
<tr>
<th>Symmetric measures</th>
<th>Value</th>
<th>Approx. sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nominal by nominal</td>
<td>Phi</td>
<td>.274 .023</td>
</tr>
<tr>
<td></td>
<td>Cramer’s V</td>
<td>.274 .023</td>
</tr>
<tr>
<td>N of valid cases</td>
<td></td>
<td>100</td>
</tr>
</tbody>
</table>

(a) Not assuming the null hypothesis.
(b) Using the asymptotic standard error, assuming the null hypothesis.

The Cramer’s V measure of association (0.274) indicates that there is a small association of difference in respondents’ opinions among the countries. In particular a larger percentage of not in the Trade and Industry respondents believe that SADC states do not feel confident that other members will contribute the necessary inputs and knowledge to regional cooperation. Based on the information above, this hypothesis can be accepted as true.

A conclusion could be drawn from these results that the sustainability of regional cooperation depends on the level of illumination of exploitative forces (that is, the regional knowledge inequalities) that are revealed and the sense of empowerment those suppressed individuals who are exposed to this knowledge experience. An appropriate regional cooperation model would have to take into consideration organisational factors that include information sharing that would help in the levelling of the knowledge inequalities.

Question 57- The grandiose SADC regional schemes should be avoided that involve a material chance of engendering a vicious cycle of mutual disagreement

The respondents inside trade and industry and outside this industry hold similar views in terms of the extent to which they believe that the grandiose SADC regional schemes should be avoided that involve a material chance of engendering a vicious cycle of mutual disagreement.
• Chi-square tests

<table>
<thead>
<tr>
<th></th>
<th>Value</th>
<th>df</th>
<th>Asymp. sig. (two-sided)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pearson chi-square</td>
<td>5.460(a)</td>
<td>2</td>
<td>.065</td>
</tr>
<tr>
<td>Likelihood ratio</td>
<td>5.442</td>
<td>2</td>
<td>.066</td>
</tr>
<tr>
<td>Linear-by-linear association</td>
<td>5.103</td>
<td>1</td>
<td>.024</td>
</tr>
<tr>
<td>N of valid cases</td>
<td>101</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

(a) Zero cells (.0%) have an expected count less than 5. The minimum expected count is 6.24.

The null-hypothesis of independence (no association is rejected at the 10% level of significance (p-value =0.065<0.1) but not at the 5% level of significance. Hence the two variables are not independent (at the 10% level of significance). Hence the two variables are not independent (at the 10% level of significance). The value of Pearson chi-square equals 5.460. Its probability is 0.065. The opinions of those respondents in trade and industry and those not in this industry are significantly related, p<0.1.

Obtained $X^2=8.689$

df=4

$\alpha =0.1$

The null hypothesis of the three countries holding similar views is retained and the alternate hypothesis of them not holding similar views is rejected.

• Strength of the association: Cramer's V

Cramer's V is computed for the sample as shown below.

<table>
<thead>
<tr>
<th>Symmetric measures</th>
<th>Value</th>
<th>Approx. sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nominal by nominal</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Phi</td>
<td>.233</td>
<td>.065</td>
</tr>
<tr>
<td>Cramer's V</td>
<td>.233</td>
<td>.065</td>
</tr>
<tr>
<td>N of valid cases</td>
<td>101</td>
<td></td>
</tr>
</tbody>
</table>

(a) Not assuming the null hypothesis.

(b) Using the asymptotic standard error. assuming the null hypothesis.
The Cramer's V measure of association (0.233) indicates that there is a small association of difference in respondents' opinions among the countries. In particular a larger percentage of not in the Trade and Industry respondents believe that believe that the grandiose SADC regional schemes should be avoided that involve a material chance of engendering a vicious cycle of mutual disagreement. Based on the information above, this hypothesis can be accepted as true.

A conclusion could be drawn from these results that, even though there is a small significant difference, the respondents' opinions suggest that grandiose SADC regional schemes should be avoided that involve a material chance of engendering a vicious cycle of mutual disagreement. This means that adoption of an appropriate regional model entails acceptance of small projects that would require small strains from member states. They hold the opinion that SADC countries do not have the capacity for grandiose SADC regional schemes as yet.

❖ Question 67 - SADC regional cooperation should mimic other regional cooperations

The respondents inside trade and industry and those outside this industry hold similar views in terms of the extent to which they believe that SADC regional cooperation should mimic other regional cooperation.

- Chi-square tests

<table>
<thead>
<tr>
<th></th>
<th>Value</th>
<th>df</th>
<th>Asymp. sig. (two-sided)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pearson chi-square</td>
<td>5.050(a)</td>
<td>2</td>
<td>0.080</td>
</tr>
<tr>
<td>Likelihood ratio</td>
<td>5.082</td>
<td>2</td>
<td>0.079</td>
</tr>
<tr>
<td>Linear-by-linear association</td>
<td>1.513</td>
<td>1</td>
<td>0.219</td>
</tr>
<tr>
<td>N of valid cases</td>
<td>101</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

(a) Zero cells (.0%) have an expected count less than 5. The minimum expected count is 9.15.

The null-hypothesis of independence (no association is rejected at the 10% level of significance (p-value =0.080<0.1) but not at the 5% level of significance. Hence the two variables are not independent (at the 10% level of significance). Hence the two variables are
not independent (at the 10% level of significance). The value of Pearson chi-square equals 5.050. Its probability is 0.080. The opinions of those respondents in trade and industry and those not in this industry are significantly related, p<0.1.

Obtained $X^2 = 5.050$

$df = 4$

$\alpha = 0.1$

*The null hypothesis of the three countries holding similar views is retained and the alternate hypothesis of them not holding similar views is rejected.*

- **Strength of the association: Cramer’s V**

Cramer’s V is computed for the sample as shown below.

<table>
<thead>
<tr>
<th>Symmetric measures</th>
<th>Value</th>
<th>Approx. sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nominal by nominal</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Phi</td>
<td>.224</td>
<td>.080</td>
</tr>
<tr>
<td>Cramer’s V</td>
<td>.224</td>
<td>.080</td>
</tr>
<tr>
<td>N of valid cases</td>
<td>101</td>
<td></td>
</tr>
</tbody>
</table>

(a) Not assuming the null hypothesis.

(b) Using the asymptotic standard error, assuming the null hypothesis.

The Cramer’s V measure of association (0.224) indicates that there is a small association of difference in respondents’ opinions among the countries. In particular a larger percentage of not in the Trade and Industry respondents believe that SADC regional cooperation should mimic other regional cooperation. Based on the information above, this hypothesis can be accepted as true.

A conclusion could be drawn from these results that, even though there is a small significant difference, this difference is predominantly positive. The respondents’ opinions suggest that an appropriate regional model for the SADC should be afforded a space to learn from other regional cooperation. This gives room to learn from others.

To summarise the conclusions for hypothesis testing, it would be useful to revisit the broad hypotheses set in Chapter 1 (see Section 1.7).
6.5 Broad Hypothesis Testing

In this section of the results, Cronbach's alpha test is used as a measuring instrument for the consistency and reliability of the questionnaire. The results are analysed with the ANOVA and the Levene test of homogeneity of variances. The differences between the responses from Tanzania, South Africa, and Mauritius, in association with the broad hypotheses, are tested. The ANOVA is the most suitable analysis for a comparison among three or more variables. The results were identified through the probabilities and means indicated in the tables.

❖ Main hypothesis (MH): SADC countries, with specific reference to South Africa, Tanzania, and Mauritius, hold similar views in terms of the extent to which there is a link between regional cooperation challenges and government preferences.

In order to answer the main hypothesis, a reliability test has to be done first. Reliability is the consistency with which a measuring instrument performs, that is, how well the instrument consistently yields similar results. Cronbach's alpha test is used in this research study as measuring instrument to test the consistency and reliability of the questionnaire (Nunnalny, 1978). Nunnalny (1978) states that a Cronbach's alpha of 0.7 is an acceptable reliability coefficient and that lower thresholds are sometimes used in literature.

Table 6.1 contains the result of the SPSS statistical program for Cronbach's alpha reliability test on the responses to the main hypothesis questionnaire. Here 14 questions (see Appendix F) in terms of the variable are evaluated for consistent response results.

<table>
<thead>
<tr>
<th>Reliability statistics</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Cronbach's alpha N of items</td>
<td></td>
</tr>
<tr>
<td>.403 14</td>
<td></td>
</tr>
</tbody>
</table>

Table 6.1 reflects the Cronbach's alpha test, which has been limited to the replies to 14 questions as 0.403, which indicates that the 14 questions do not reliably measure the construct associated with the main hypothesis. The small value of 0.403, although not indicating that the construct measured is measured reliably by the 14 questions, may be part
be due to the small sample size. Although some among others (Howell, 1999) indicated that most correlations are significant at the 0.05 level or even at lower 0.01 (two-tailed.). Santos (1999) states that the removal of some responses with weak correlations can improve the Cronbach's alpha. In this main hypothesis, questions have proven to have significant Pearson correlations at the 0.317 to 0.418 levels (see Appendix E). These have proven to be difficult for the removal of some responses, as none of the questions have significant outliers different from the rest.

Next, are the results of the Levene test of homogeneity of variance.

**Table 6.2: Test of homogeneity of variances**

<table>
<thead>
<tr>
<th>Test of homogeneity of variances</th>
<th>Main hypothesis</th>
</tr>
</thead>
<tbody>
<tr>
<td>Levene statistic</td>
<td></td>
</tr>
<tr>
<td>Levene statistic</td>
<td>df1</td>
</tr>
<tr>
<td>3.793</td>
<td>2</td>
</tr>
</tbody>
</table>

The Levene test indicates whether the second assumption has been met (that is, the group variances are homogenous). If the Levene’s test is significant (the value under “Sig.” is less than 0.05), the variances are significantly different. If it is not significant (“Sig.” is greater than 0.05), the variances are not significantly different; that is, the variances are approximately equal. In Table 6.2, the significance is 0.026, which is less than 0.05. It can be assumed that the variances are not approximately equal. The second assumption has not been met. The variances are significantly different.

Next, are the results of our one-way ANOVA test carried out as depicted in Table 6.3.

**Table 6.3: One-way ANOVA for the differences between the means of the three countries in regard to the construct of the main hypothesis**

<table>
<thead>
<tr>
<th>ANOVA</th>
<th>Main hypothesis</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Sum of squares</td>
</tr>
<tr>
<td>Between groups</td>
<td>.243</td>
</tr>
<tr>
<td>Within groups</td>
<td>6.142</td>
</tr>
<tr>
<td>Total</td>
<td>6.385</td>
</tr>
</tbody>
</table>
In Table 6.3, the F-value is 1.942. The significance value is .149. There is no significant difference between the groups (the significance is more than 0.05). Therefore, it can be stated that in the case of the main hypothesis (MH), there are no significant differences (significance > 0.05) among the three countries in terms of MH: South Africa, Tanzania, and Mauritius hold similar views in terms of the extent to which there is a link between regional cooperation challenges and government preferences. This aspect is analysed by means of Figure 6.1.
In Figure 6.1, the statistical mean of the Likert scores obtained from the countries' responses for all questions relating to the main hypothesis is graphically displayed. A Likert score of 2 is a “disagreement”, while a score of 4 means “agree”. From Figure 6.1, it is noted that all three countries have approximately the same average scores, from which one can infer that all the countries view the questions relating to the main hypothesis the same way.

The findings of the survey clearly indicate that the regional cooperation challenges are characterised by government preferences. Based on findings on the results in the group of questions in terms of the first dimension, that is, the extent to which regional cooperation is related to government preferences, there is no significant difference among the three countries (MH). The three countries hold similar views in terms of the extent to which there is a link between regional cooperation and government preferences. This important finding suggests that there are actual preferences peculiar to various states, which are not identified. Failure to identify the preferences of the states prevents the adjustments of the current regional cooperation to suit the appropriate regional cooperation characteristics. Based on
the findings, it is purported that regional cooperation problems are primarily due to an inappropriate alignment of government preferences and regional cooperation challenges; hence, the hypothesis is true.

❖ **Sub-hypothesis (SH1):** *the three SADC countries hold similar views in terms of the extent to which new challenges can be met through appropriate regional cooperation.*

Table 6.4 contains the result of the SPSS statistical program for Cronbach’s alpha reliability test on the responses to the Sub-hypothesis 1 questionnaire. Here 13 questions (see Appendix F) in terms of the variable are evaluated for consistent response results.

Table 6.4: Cronbach’s alpha reliability test on the Sub-hypothesis 1 responses

<table>
<thead>
<tr>
<th>Reliability statistics</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Cronbach’s alpha</td>
<td>N of items</td>
</tr>
<tr>
<td>.404</td>
<td>13</td>
</tr>
</tbody>
</table>

Table 6.4 reflects the Cronbach’s alpha test, which has been limited to the replies to 13 questions, as 0.404, which indicates that the questions for the sub-hypothesis 1 do not yield a reliable measure. However, the low value may be due to the small sample size. Although among others (Howell, 1999) indicated that most correlations are significant at the 0.05 level or even at the lower 0.01 level (two-tailed). Santos (1999) states that the removal of some responses with weak correlations can improve the Cronbach’s alpha. In Sub-hypothesis 1 (SH1), questions have proven to have significant Pearson correlations at the 0.304 to 0.421 levels (see Appendix E). These have proven to be difficult for the removal of some responses, as none of the questions have significant outliers different from the rest.

Table 6.5: Test of homogeneity of variances

<table>
<thead>
<tr>
<th>Test of homogeneity of variances</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sub-hypothesis 1</td>
</tr>
<tr>
<td>Levene statistic</td>
</tr>
<tr>
<td>.952</td>
</tr>
</tbody>
</table>

The Levene test indicates whether second assumption has been met (that is, the group variances are homogenous). If the Levene’s test is significant (the value under “Sig.” is less than 0.05), the variances are significantly different. If it is not significant (“Sig.” is greater than
0.05), the variances are not significantly different; that is, the variances are approximately equal. In Table 6.5, the significance is 0.390, which is more than 0.05. It can be assumed that the variances are approximately equal. The second assumption has been met.

Next, are the results of our one-way ANOVA test carried out as depicted in Table 6.6.

Table 6.6: One-way ANOVA for the differences between the means of the three countries in regard to the construct of the sub hypothesis 1

<table>
<thead>
<tr>
<th>ANOVA</th>
<th>Sum of squares</th>
<th>df</th>
<th>Mean square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Between groups</td>
<td>0.286</td>
<td>2</td>
<td>0.143</td>
<td>2.180</td>
<td>0.119</td>
</tr>
<tr>
<td>Within groups</td>
<td>6.434</td>
<td>98</td>
<td>0.066</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>6.720</td>
<td>100</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

In Table 6.6, the F-value is 2.180. The significance value is .119. There is no significant difference between the groups (the significance is more than 0.05). In this case, there are no significant differences (significance > 0.05) among the three countries in terms of SH1: South Africa, Tanzania, and Mauritius hold similar views in terms of the extent to which there is a link between regional cooperation challenges and government preferences. This aspect is analysed by means of Figure 6.2.
In Figure 6.2, the statistical mean of the Likert scores obtained from the countries' responses for all questions relating to the sub-hypothesis is graphically displayed. A Likert score of 2 is a "disagreement", while a score of 4 means "agree". From Figure 6.2, it is noted that all three countries have approximately the same average scores, from which one can infer that all the countries view the questions relating to Sub-hypothesis 1 the same way.

The findings of the survey clearly indicate that the regional cooperation in the SADC is predominantly characterised by an inappropriate regional cooperation system. The overwhelming impression based on the results is that the current regional cooperation is an adopted model and is used directly without substantial adjustments to meet the new challenges of SADC states. The findings clearly reveal that the traditional conventional integration model is used as a default model. This model is used merely because SADC states have failed to consider the issue of appropriateness. The three countries hold similar views that new challenges can be met through regional cooperation. The findings of this study support this hypothesis.
Sub-hypothesis 2 (SH2): the three countries hold similar views in terms of the extent to which regional cooperation is in line with national interests.

Table 6.7 contains the result of the SPSS statistical program for Cronbach's alpha reliability test on the responses to the Sub-hypothesis 2 questionnaire. Here 35 questions (see Appendix F) in terms of the variable are evaluated for consistent response results.

Table 6.7: Cronbach's alpha reliability test on the Sub-hypothesis 2 responses

<table>
<thead>
<tr>
<th>Reliability statistics</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cronbach's alpha</td>
</tr>
<tr>
<td>N of items</td>
</tr>
<tr>
<td>.716</td>
</tr>
<tr>
<td>35</td>
</tr>
</tbody>
</table>

Table 6.7 reflects the Cronbach's alpha test, which has been limited to the replies to 35 questions, as 0.716, which indicates that the reliability of this construct is acceptable, that is, there is an internal consistency.

Table 6.8: Test of homogeneity of variances

<table>
<thead>
<tr>
<th>Test of homogeneity of variances</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sub-hypothesis 2</td>
</tr>
<tr>
<td>Levene statistic</td>
</tr>
<tr>
<td>df1</td>
</tr>
<tr>
<td>df2</td>
</tr>
<tr>
<td>Sig.</td>
</tr>
<tr>
<td>.095</td>
</tr>
<tr>
<td>2</td>
</tr>
<tr>
<td>98</td>
</tr>
<tr>
<td>.909</td>
</tr>
</tbody>
</table>

The Levene test indicates whether the second assumption has been met (that the group variances are homogenous). If the Levene's test is significant (the value under "Sig." is less than 0.05), the variances are significantly different. If it is not significant ("Sig." is greater than 0.05), the variances are not significantly different; that is, the variances are approximately equal. In Table 6.8, we can see that the significance is 0.909, which is more than 0.05. It can be assumed that the variances are approximately equal. The second assumption has been met.

Next, are the results of our one-way ANOVA test carried out as depicted in Table 6.9.
Table 6.9: One-way ANOVA for the differences between the means of the three countries in regard to the construct of the sub hypothesis 2

<table>
<thead>
<tr>
<th>ANOVA Sub-hypothesis 2</th>
<th>Sum of squares</th>
<th>df</th>
<th>Mean square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Between groups</td>
<td>.398</td>
<td>2</td>
<td>.199</td>
<td>5.190</td>
<td>.007</td>
</tr>
<tr>
<td>Within groups</td>
<td>3.756</td>
<td>98</td>
<td>.038</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>4.154</td>
<td>100</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

In Table 6.9, the F-value is 5.190. The significance value is .007. There is significant difference between the groups (the significance is less than 0.05). The null hypothesis of no significant difference is rejected, that is, there are differences among the countries in terms of the extent to which they believe regional cooperation is in the national interest.

As there are differences among the countries, obviously we would like to know which differences are significant. This can sometimes be made through the determination of simple inspection. This informal method can be misleading, however; caution should be exercised in drawing conclusions about which means are significant. Hence, the introduction of a technique called the post hoc test or “after the fact” analysis, which permits research study to reliably identify significant differences between the sample means. Post hoc tests are a technique for determining which pairs of means are significantly different.

Post hoc tests are essential for comparing the means of all possible pairs of categories (that is, South Africa with Tanzania, Tanzania with Mauritius) that tells exactly which combinations of means contribute the most to the significance of making an Alpha error (hence, falsely rejecting a true hypothesis), and to correct for this, post hoc tests use more stringent criteria to identify significant differences.

In Table 6.9, it can be observed that the overall F-ratio is statistically significant with a value of 5.190 at the 0.05 level, allowing us to carry out all possible t-tests. The t-tests cannot be performed unless the overall F-ratio is statistically significant.
There are many multiple comparison procedures that are available to let the study to proceed when there are many tests to be performed or comparisons to be made. Two of these procedures are used in this study to test. The first is Dunnett's test, which determines the behaviour of the largest t-statistic when comparing all treatments to a control. The critical value for the three comparisons, according to Dunnett's test, is 2.54. The other test is Scheffe's test, which is the most flexible of the multiple comparison procedures. It allows the study to perform any comparison that might be thought of - not just pairs, but the mean of the first and second with the mean of the fourth and sixth, and so on. Scheffe's test allows the study to perform any comparison that can be thought of. When all we really want to do is compare all treatments to a control, we will be using a critical value of 3.05 instead of 2.54 and may miss some effective treatments. We look at the results of the post hoc comparisons to see exactly which pairs of groups are significantly different as depicted in Table 6.10.

### Table 6.10: Post hoc tests

<table>
<thead>
<tr>
<th>Multiple</th>
<th>Comparisons</th>
<th>(I) State</th>
<th>(J) State</th>
<th>Mean difference (I-J)</th>
<th>Std. error</th>
<th>Sig.</th>
<th>95% confidence interval</th>
<th>Lower bound</th>
<th>Upper bound</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>South Africa</td>
<td>Tanzania</td>
<td>.06172</td>
<td>.04750</td>
<td>.433</td>
<td>-.0564</td>
<td>.1798</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Mauritius</td>
<td>Tanzania</td>
<td>.15240(*)</td>
<td>.04750</td>
<td>.007</td>
<td>.0343</td>
<td>.2705</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>South Africa</td>
<td>Mauritius</td>
<td>-.06172</td>
<td>.04750</td>
<td>.433</td>
<td>-.1798</td>
<td>.0564</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
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</tbody>
</table>

* The mean difference is significant at the .05 level.
SPSS notes a significant difference with an asterisk (*). It can be observed that South Africa has a significantly higher mean value than Mauritius. Considering the questions in this sub-hypothesis, the post hoc tests concurred with the results from the respondents. In some questions, South Africa and Mauritius differed a lot in their responses; that is, in Question 64, the majority of South African respondents (91%) agreed to abolish visa requirements, while 58% of Mauritian respondents disagreed with the abolishment of the visa requirements. This is a negative position to regional cooperation, as appropriate regional cooperation entails free movement of factors of production (including labour). The mean values of the three countries are all positive as shown in Figure 6.3 below.

**Homogeneous subsets**

<table>
<thead>
<tr>
<th>Sub-hypothesis 2</th>
<th>State</th>
<th>N</th>
<th>Subset for alpha = .05</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td>1</td>
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<tr>
<td>Scheffe(a,b)</td>
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</tr>
<tr>
<td></td>
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<td>33</td>
<td>3.5279</td>
</tr>
<tr>
<td></td>
<td>South Africa</td>
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<td>3.5896</td>
</tr>
<tr>
<td></td>
<td>Sig.</td>
<td></td>
<td>.170</td>
</tr>
</tbody>
</table>

Means for groups in homogeneous subsets are displayed.

(a) Uses harmonic mean sample size = 33.641.

(b) The group sizes are unequal. The harmonic mean of the group sizes is used. Type I error levels are not guaranteed.
In Figure 6.3, the statistical mean of the Likert scores obtained from the countries' responses for all questions relating to Sub-hypothesis 2 is graphically displayed. A Likert score of 2 is a "disagreement", while a score of 4 means "agree". From Figure 6.3, it is significant to note that the three countries do not have the same average scores, from which one can infer that the countries do not view the questions relating to the sub-hypothesis the same way, although the average scores are positive above 2.9.

The conclusions drawn under the hypotheses MH and SH1 are relevant to this hypothesis. Since the traditional conventional integration model is used as a default regional cooperation model, the findings of this study do refute this hypothesis. The three countries do not hold similar views in that regional cooperation is in line with national interests.
6.6 Discussion

6.6.1 Comparison between theory, hypotheses, and results

This section discusses the results of the study that were reported in the previous sections. In reviewing the results, reference is made to the hypotheses of the study to see whether they have been answered and to establish whether the study has achieved what it has sought to accomplish. Comments are made on the implications of the results in light of regional cooperation management theory and the relationship between the results and previous studies. Personal interpretations of the results as perceived by the researcher are also given. Finally, there are conclusions that comment on the possible effects of the application of the recommendations to the SADC. These specifically look at the use to which the study can be put in making decisions about real situations, its contribution to knowledge, and its implications for further study.

The sample results show a number of marked contrasts between the research hypotheses. The findings of the survey in the main hypothesis (MH) clearly indicate that the regional cooperation challenges are characterised by government preferences. Based on the findings on the results in the group of questions in terms of the first dimension, that is, the extent to which regional cooperation is related to government preferences, there is no significant difference among the three countries (MH). The three countries hold similar views in terms of the extent to which there is a link between regional cooperation and government preferences.

The majority of respondents have a high frequency of responses on “agree”. Although there is a small percentage that neither agrees nor disagrees, this is hardly significant. Thus, to a large extent, the hypothesis and the research results are in harmony.

The research results and the main hypothesis are in support of the literature theory in Chapter 2 (see Section 2.7.3 (f)), where Hamilton (2003) asserts that government capacity may influence regional cooperation preferences because administrative feasibility can sometimes dictate choices. For example, a government that is hard-pressed to deliver basic health and education may find some cooperative disease control measures too demanding to be worthwhile. In such situations, cooperation may be pursued as a way of upgrading domestic...
capacity if this promises to yield political gains. This important finding suggests that regional cooperation cannot be made to succeed by applying theoretical models but ignoring the political parameters within which countries and their leadership function. Otherwise, differences in government capacity may mean that there is not enough policy convergence to make regional cooperation possible.

The overwhelming impression based on the survey results is that new challenges can be met through an appropriate regional cooperation. The results also show an agreement between Sub-hypothesis 1 (SH1) and the research results on the second dimension.

Sub-hypothesis 1 and the results are in support of the literature in Chapter 2 (see Section 2.3). Regional cooperation (see Mhone, 1993; Haarlov, 1997; Gibb, 2001; Schirm, 2002) creates enormous opportunities and challenges for nations. The main rationale for regional cooperation rests on the exploitation of dialogues among a group of countries, which support the efficient use of natural and human resources beyond national borders. Regional cooperation enhances economies of scale by enlarging regional markets and increasing competition. In addition, there are other positive effects such as increases in the rate of technological transfer and improvements in the investment climate and other consumer demand dynamics. There are substantial benefits from regional cooperation in the area of infrastructure, environmental protection, technology, trade, investment, and natural and human resource development. It is well accepted that improvement of regional infrastructure linkages, including transportation, communication, and power supply, is important for the success of regional cooperation. This important finding suggests that the small domestic markets, combined with generally high production costs and deficient investment climates, result in limited investment for the SADC region; therefore, regional cooperation is necessary, desirable, and beneficial to the SADC countries.

The results obtained in the third dimension (SH2) show a disagreement between Sub-hypothesis 2 and the research results. In terms of the last “dimension”, that is, the extent to which regional cooperation is in line with national interest, there is a significant difference among the countries: South Africa is significantly more in agreement than Mauritius. The
three countries do not hold similar views in terms of the extent to which regional cooperation is in line with national interests.

The observations made under Sub-hypothesis 2 (SH2) are relevant to this hypothesis. The three SADC countries are at different levels of development; hence, their national interests will not be similar on regional cooperation.

The empirical research in the literature, according to Leistner (1997) (see Section 2.13), shows that economic integration has the best prospects if it occurs among countries that (i) are at similar levels of development, (ii) have competitive industrial sectors, and (iii) have the potential to develop complementary industrial sectors.

As a result of the analysis of the questionnaires, a classification of nations was identified. The nations were broken into another three subgroups: firstly, countries in transition from developing to developed status (that is, South Africa); secondly, countries at an early stage of economic development (that is, Tanzania); and, thirdly, countries in between these stages (that is, Mauritius). Hence, South Africa is significantly more in agreement than Mauritius.

The theory and practice review in Chapter 2 and the tests of the hypothesis indicate that, as the three countries are at different levels of development and do not have competitive industrial sectors, their different views are acknowledged.

*The findings underline the desirability of regular consultations among the member countries on matters of common interest. Furthermore, the meeting of the official national planning organisations of the countries of the region is recommended to exchange ideas and experiences in the formulation of development strategies and methods of plan implementation. This should be guided by principles of the “subsidiary” that provide guidelines for dividing responsibilities among countries and regional organisations for facilitating the cooperation process. Given the differences in the SADC countries' conditions, appropriate regional cooperation means, fundamentally, credible cooperation, built on*
pragmatic, gradual steps that reinforce trust and commitment and make the process self-perpetuating.

6.7 Relationship between the Quantitative Results and the Qualitative Opinions
The majority of the respondents from the three countries emphasised the need for appropriate regional cooperation in the SADC region. This attribute is confirmed by the quantitative results as well as the qualitative opinion-related responses. There was generally no significant difference in the responses of the respondents of the different states in that the current regional cooperation does not meet the requirements of the majority of the SADC states.

The responses were, nevertheless, similar for both the quantitative research and the qualitative approaches.

6.8 Synthesis of Results and their Implications for the Hypotheses
The survey results as reported in Chapters 5 and 6 were discussed in Sections 6.3, 6.4, 6.5, 6.6, and 6.7. The purpose of this section is to combine the salient findings on the current regional cooperation that are causing it to be inappropriate or ineffective in meeting the requirements of the majority of the SADC states. Key factors for the ideal regional cooperation are also combined in order to establish critical areas that should form the basis of the conceptual model for an appropriate regional cooperation model.

6.8.1 Synthesis of results
The research survey results may be synthesised into the following points:

(a) The current regional cooperation model of the SADC demonstrates that it is used as a "default model"; there is a mismatch between the model currently in use and the nature of the requirements of the nations.

(b) Lack of implementation due to weak central institutions hinders SADC regional cooperation.

(c) Regional cooperation is affected by a high degree of inequality in the levels of development among SADC member states.
(d) Infrastructure in the majority of SADC member states is a big barrier to effective regional cooperation.

(e) SADC countries' new challenges can better be met by means of appropriate regional cooperation.

(f) The regional cooperation model for the SADC should be less ambitious, more flexible, and non-holistic and should be project by project.

(g) An appropriate model should not make unrealistic demands (technical and political) on participating SADC countries.

(h) The appropriate model for SADC regional cooperation should in no way rule out the progression towards increasing market integration.

(i) The SADC should establish centres of educational excellence within the region to provide high-potential manpower to ease the skills shortages that lead to institutional inefficiencies and difficulties.

(j) A clearing house within the SADC is needed that will provide the needed liquidity for intraregional trade by allowing the settlement of individual regional transactions in local currencies.

(k) SADC member states should increase their mutual trade by opening investment in regional export-oriented projects to partners from developed countries.

(l) National sovereignty for SADC countries should be safeguarded through the adoption of carefully considered voting rules with the regional institutions.

(m) A development-orientated approach to integration should be effective for SADC regional cooperation.

(n) There is a need to create regional institutions of all priority sectors in the SADC.

(o) The development aid funds flowing to the SADC should be partly used to cushion negative consequences of regional cooperation in the short term for the weaker states.

(p) Any compensation scheme to address the inequality for SADC countries should be coupled with a regional development programme aimed at increasing the production base and export capacities of less advanced member countries.

(q) Harmonising fiscal incentives and customs tariff within SADC member states would complement the ongoing efforts to create a conducive investment climate.
(i) A harmonised foreign investment code would serve, among others, to prevent foreign corporations from playing off one SADC country against another within the SADC states.

(s) For appropriate regional cooperation, each participating country in the SADC should get to host at least one project from among a package of approved projects.

(t) For appropriate SADC regional cooperation, there should be a comprehensive understanding of infrastructural problems plaguing the region.

(u) An appropriate regional cooperation for the SADC should result in expanded trade to the majority of SADC member states.

(v) There should be involvement of all stakeholders when formulating SADC regional cooperation strategies.

6.8.2 Implications of results for the hypotheses

Focusing on the above synthesised results, it is clear that the SADC states adopted a traditional market-type regional cooperation model, to which they have decided to stick to it. Although the SADC states have decided to stick to it, the following has resulted from this trend:

- Clear objectives and roles that are peculiar to SADC regional cooperation are not clearly identified, and hence, no appropriate procedures or regional cooperation systems have been developed for them.

The results lead to the following concluding comments:

(a) The SADC regional cooperation model currently in use differs significantly from the nature of the requirements of the nations. An inappropriate regional cooperation model is used in the SADC region.

(b) Regional cooperation in the SADC is predominantly characterised by an inappropriate regional cooperation system. The adopted model is used directly without substantial adjustments to meet the new challenges of SADC states. This model is used merely because SADC states have failed to consider the issue of appropriateness. Based on this comment, this indicates that the SADC is using an inappropriate regional cooperation model.
(c) The nature of the current regional cooperation leads to actual preferences peculiar to various states not being identified. Failure to identify the preferences of the states prevents the adjustment of the current regional cooperation to suit the appropriate regional cooperation characteristics. Based on this comment, this indicates that the regional cooperation problems are primarily due to an inappropriate alignment of government preferences and regional cooperation challenges.

6.8.3 Implications of results for the hypotheses and their relationship to organisational theory/regionalism

The purpose of this section is to draw together the principles of general organisation using a critical systems thinking theory approach or critical management science as a theoretical approach to the research study.

Jackson (2000) states that "A critical approach to systems design means planners making transparent to themselves and others the normative content of designs. All designs and proposed designs must be submitted to critical inspection and not presented scientistically as the only objective possibility".

The principles established will be used towards the proposition of a conceptual model for an appropriate regional cooperation model during the developmental process. Using the philosophy of critical systems thinking theory to reflect on the synthesised findings, the positions are used as proposed by the following authors: Brocklesby (1993), Flood and Jackson (1991), and Jackson (2000). These are critical awareness, incorporation of social awareness, and emancipation or improvement.

- Systems methodologies

According to Brocklesby (1991), the methodological cycle begins with the explicit representation of the symbolic world of human actors in the problem situation (that is, regional cooperation), embracing the diversity of alternative countries' views and actively encouraging the expressions of diverse perspectives. These symbolic representations in the case of regional cooperation may or may not embody concrete objectives and decision options for individuals or states that share a particular regional view, but there are no assumed a priori
system objectives; there is no single regional point of view. The real region cooperation is not ontologically systematic. Instead, the regional cooperation models reflect particular regional views. They describe the structure underlying perceptions of reality, not the reality itself. This crucial distinction between "hard" and "soft" notions of the "system" has led Checkland and Scholes (1990) to describe such models as "holons" rather than systems in order to avoid unnecessary confusion. In traditional hard notions, emphasis is on optimisation, finding the "best logical solution", and "solving" problems; and much of the activity has gone on at the operational level rather than the strategic level. The soft notion, in contrast, seeks to find ways to dealing will ill-structured multiple-perspective "messy" situations, often at the strategic level, while not comprising, prejudicing, or denying the legitimacy of individual world views. Thus, problem solving has been replaced by problem structuring, and optimisation has been replaced by iterative learning within a participative context of constructive debate.

Jackson and Flood (1991) state that "the concept ‘system’ is used not to refer to things in the world but to a particular way of organizing our thoughts about the world" and "second, we consider the notion of ‘system’ as an organizing concept".

Ulrich (1983) describes the systems as "The present study is an attempt to elaborate the epistemological and heuristic foundations of a critical or dialectical systems approach to socially rational planning, a systems approach that aims not at an objective, theoretical solution of practical reason but only at a critical solution".

Benton and Craib (2001) state the following: "So, realists in the theory of knowledge are committed to the existence of a real world, which exists and acts independently of our knowledge or beliefs about it. However, they hold that this external world is in principle knowable, and to some (discoverable) extent open to being changed on the basis of such knowledge as we are able to achieve."

The whole process for an appropriate SADC regional cooperation model should be designed to transform legitimised differences of opinion into consensus or negotiated compromise and to promote synergistic flow.

Developing an appropriate model for regional cooperation in developing countries – the case of the SADC
• Critical awareness

"Critical awareness" involves as one of its aspects critiquing the theoretical underpinnings, strengths, and weaknesses of available systems methodologies and the usefulness of a variety of systems models, methods, tools, and techniques in the service of different methodologies (that is, critiquing the current regional cooperation). It is here that critical systems thinking has drawn most heavily and successfully on social theory and, thus, helped advance systems thinking as a whole as a field of study.

• Sociological awareness

Another aspect of critical awareness can be described as a "social awareness" of the organisational and societal "climate" that determines the popularity of use of particular systems approaches at different times and the kind of impact that use has. As Flood (1990) and Flood and Romm (1995) insist, this must incorporate consideration of the effects that power at the micro-level can have on the formulation and development of knowledge.

The sociological awareness of critical systems thinking recognises that there are regional organisational and environmental/societal pressures (that is, regional characteristics in the case of the SADC region) that have led to certain systems methodologies being popular for guiding interventions at particular times. Sociological awareness should make users contemplate the social consequences of using particular methodologies. The choice of using the current SADC regional cooperation model clearly implies that one goal or objective (that is, political unity) is privileged at the expense of other possibilities (that is, regional development, regional country inequalities, etc.).

*The sociological awareness focus should help to ask a question: is this goal or objective for regional cooperation general to all SADC countries, or is it simply that it is meeting the requirements of the most powerful states?*

The appropriate conceptual model, at every stage of its development, should provide room for a question such as this to be asked because it will help in the adoption of the developed appropriate regional cooperation model by all involved.
Brocklesby (1994, 1997) asks that far more attention be paid by critical systems thinkers to the "cultural constraints" preventing easy combination of hard, soft, and emancipatory methodologies. He refers to the overall level of receptiveness to culture change in the community and how this might hinder acceptance of critical systems thinking (that is, from the current regional cooperation to the appropriate one). He also worries about the capacity of individual users (that is, in regional institutions) of methodologies to switch between paradigms and so become "multi-methodology literate". His conclusion, in this regard, is that the process of transforming an agent who works within a single paradigm (that is, state) into someone who is multi-methodology (that is, regional) literate is perhaps an unlikely, although by no means impossible, proposition.

"Cultural constraints" divide management science and the systems community into warring functions, each arguing for the primacy of its favoured approach – whether it be hard (approaches based on means-end), soft (approaches based on interpretations and their interrelations), or cybernetic (approaches based on laws of organisation) – and its ability to tackle all identified problems. Two arguments under this position are the pragmatist and isolationist.

Focusing on the findings of this research study, it can be argued that in the current regional cooperation in the SADC, where an inappropriate regional cooperation model is used, there is a direct reflection that the current regional cooperation process appears to borrow partly from traditional conventional integration models. The SADC states, in a sense, stick to the traditional market type integration model, neglecting the question of development for the majority of the states and their unequal development levels. The existence of a range of systems methodologies, each driven by different theoretical positions, should be seen as a strength rather than as a weakness of the systems movement.

It is important that the appropriate model, which will be developed in Chapter 7, should use the guidance offered by complementarism so that each methodology is put to work on the kinds of issues or problems (that is, for regional cooperation) for which it is the most suitable.
According to Habermas (1974), two fundamental conditions underpin social life. These are work and interaction. Work allows individuals (that is, in regional institutions) to accomplish objectives and enhance material well-being through social labour. This requires individuals (that is, in regional cooperation institutions) to achieve mastery over the environment (regional cooperation), and it requires the international development of knowledge to support "technical interests" in the prediction, manipulation, and control of natural and social systems. This interest is best served by positivist onto-epistemology and empirical-analytical (objective) methodology.

The validity of knowledge claims is based on the supposed neutrality of theoretical formulations and on the technical quality of the "evidence" marshalled to support or disprove the theory of the appropriate regional cooperation model.

Interaction importance leads towards enhancing the possibilities for mutual understanding among those involved in social systems (that is, the SADC states) and the "practical interest" in finding the means of securing better understanding on regional cooperation matters. The practical interest is best served by phenomenological epistemology and idiographic (subjective) methodology. The validity of knowledge claims depends on the depth of understanding of various meanings of regional cooperation issues that accrue.

A third condition – power – does not have "pre-eminent anthropological status", but is seen as inherent in socio-economic and political systems such a capitalism that employ structural inequalities. Habermas (1974) and Ulrich (1983) remind us that the powerful (that is, states) and the weak (that is, states) rarely compete on a level playing field. The odds are heavily stacked in favour of the already powerful because they have the advantage of powers of intellect, better access to information, the capacity to communicate effectively, and the power to act ideologically.

Regional cooperation in the SADC involves many states that are at different levels of economic development. There are some who are powerful, that is, economically advanced,
and some who are not that economically advanced. A regional cooperation problem could be compounded when the weak states are unable to distinguish fact from ideology and make ideology transparent. The result, according to both Habermas and Ulrich, is that the debate (that is, on regional issues) is not carried out in a "true speech" situation; the weak states do not possess "communicative competence". This will not occur naturally in situations of structured inequality; it must be deliberately engineered and built into the development of the appropriate model process.

Power can prevent the free and open discussion that is said to be necessary for the success of interaction and for enhancing material well-being for all individuals.

The "emancipatory interest" aims to liberate individuals (that is, in regional institutions) from the constraints that the system imposes on them, thereby allowing them to control their own destinies through genuine participatory democracy in an "ideal speech" situation. It can be served by both objective and subjective onto-epistemologies. The validity of knowledge claims depends on the level of illumination of exploitative forces (that is, the regional inequalities) that are revealed and the sense of empowerment that suppressed individuals who are exposed to this knowledge experience.

Although the various systems methodologies are rooted within different paradigms, they are nonetheless compatible because they serve the three key interests articulated by Habermas (1974). The development of the appropriate model in Chapter 7 must save as a fact that it is exactly what a critical systems thinking theory approach can provide.

_The principles of general organisation management science using a critical systems theory approach should be known and respected by all who use the conceptual model because it is through this management science approach that an appropriate regional cooperation model will be developed._

6.9 Conclusion

The purpose of this chapter was to document an analysis of the findings reported in Chapters 5 and 6 regarding the current regional cooperation so as to combine the salient findings that
render it inappropriate or ineffective in meeting the requirements of the majority of SADC states. Key factors suitable for the ideal regional cooperation are also combined to help in the development of an appropriate regional cooperation conceptual model.

It was established that the SADC regional cooperation model currently in use differs significantly from the nature of the requirements of the nations. This has several implications for the ideal regional cooperation. Some of the implications may be considered to represent a set of basic requirements that the conceptual model developed in Chapter 7 must address. It is suggested that these requirements form the basis for the development of an appropriate regional cooperation model. These basic requirements, as they substantiate the need for an appropriate model, are carried over to Chapter 7 to be used in the development of an appropriate regional cooperation conceptual model.
7 CHAPTER 7: THE APPROPRIATE REGIONAL COOPERATION MODEL

7.1 Introduction

A detailed description of the essential features of the current regional cooperation in the SADC region was provided in Chapter 5. In Chapter 6, a discussion of the significant results reported in Chapter 5 was presented.

This chapter deals with the third objective as indicated in Figure 1.1 in Chapter 1 of this research study, "a conceptual model for regional cooperation", together with a discussion of various factors that are a predetermination in the development of appropriate regional cooperation.

One of the objectives of the research study is to develop an appropriate regional cooperation model. In Section 7.2, the question will be asked and the answer provided whether there is still a need for the development of an appropriate regional cooperation model.

In Chapter 3, the richness of model building theory and practice to establish a deeper understanding so as to derive a model that aligns with the objective of the study was explored. The development and analysis of a wide variety of models were discussed. Models and model buildings were discussed in fairly general terms. In Section 7.3, a brief recap on the development of the models in order to understand the usefulness of the conceptual model that will be developed will be provided. In Section 7.4, a conceptual appropriate regional cooperation model is developed. An evaluation of the developed conceptual model is provided in Section 7.5. Lastly, in Section 7.6, the contribution of the developed conceptual appropriate model to the body of knowledge of regional cooperation is provided.

7.2 Is there still a Valid Reason for an Appropriate Model?

The survey results in Chapter 5, analysed in Chapter 6, reveal that the traditional market-type integration regional cooperation model is basically used as a "default model" for the SADC region.
This research study established, in Chapters 5 and 6, that the traditional market-type integration regional cooperation model discussed in Chapter 2 is categorised and classified as a basic model in the SADC region. While the region has continued to stick to this regional cooperation model, the requirements of the majority of SADC states have continued to be poorly met. The multiplicity of problems and difficulties facing the SADC implies the existence of various obstacles in the path of appropriate regional cooperation. The majority of the respondents to the empirical survey provided some answers to the reasons behind why the current regional cooperation has not met the requirements of the majority of SADC states by suggesting that the regional cooperation currently in use could not clearly be defined or identified.

It is argued that the failure to define regional cooperation has prevented the selection of an appropriate model that is ideally suited to the prevailing circumstances within the region. This is clearly illustrated by the opinions of the empirical survey respondents regarding the characteristics of the current regional cooperation in Section 5.3 and in Tables 5.4, 5.5, 5.6, and 5.5.1. The opinion that most of the SADC states do not have a common understanding of what has to be done regarding regional cooperation indicates that the adopted traditional market-type integration regional cooperation model, which has delivered positive results elsewhere in the world, is not delivering the goods in the SADC, where background conditions differ substantially. As the SADC is a unique region in the world facing its unique problems and difficulties, adopting the traditional market type integration regional cooperation model is a direct indication that there is a clear problem in that the SADC states lack an appropriate approach to selecting an appropriate model that meets the requirements of the majority of SADC states.

The implications of the above observations are significant for this research study. They suggest the following:

- As discussed in Chapters 1 (Section 1.1) and 6 (Section 6.8), the development of a regional cooperation system, through its respective agreements, defines what is to be cooperated on, and the roles of the states and various parties provide a framework for
the model to be developed. It is apparent that in order to propose an appropriate regional cooperation model, it is necessary to establish a method of selecting an appropriate regional cooperation system first (as discussed in Chapter 6, Section 6.8.2). The establishment of an appropriate model requires that an appropriate regional cooperation system be selected first. Based on the foregoing, it is apparent that a framework of the most appropriate regional cooperation system will have to be established.

The above implications suggest that the third objective of this research study is still valid. There is a need for an appropriate regional cooperation model in the SADC region.

7.3 Reintroducing Models

7.3.1 Definitions and descriptions

Definitions of the models were covered in Chapter 3 (Section 3.2), and these will again be revisited in this section to be used to address the model systems. According to Cooper and Emory (1995), a model is defined as a representation of a system that is constructed to study some aspect of that system or the system as a whole. Models differ from theories in that a theory's role is explanation, whereas a model's role is representation.

A model is not an explanation; it is only the structure and/or function of a second object or process. A model is the result of taking the structure or function of one object or process and using that as a model for the second. When the substance, either physical or conceptual, of the second object or process has been projected on the first, a model has been constructed. The purpose of developing a model is to understand reality by organising it and simplifying it.

Using the philosophy of a critical systems thinking theory approach as described in Chapter 6 (Section 6.8), according to Brocklesby (1993), Flood and Jackson (1991), and Jackson (2000), the system model describes the system boundaries, the actors and their responsibilities, and the services offered by the system. Interactions between the system and its environment are identified and might also be detailed by modelling stimuli and responses using sequence diagrams. The goals of the system model should be to:

- Identify and describe system boundaries, main services, and actors;
• assure a common understanding of the system and its purpose; and
• identify interactions between the system and its environment.

They argue that defining the boundaries of the system means finding out what is inside the system and what is outside the system (the outside is what the system interfaces with). The boundaries of the system are determined by the roles of the system in the regional cooperation model.

The model as described above cannot be considered outside the methodology through which it is developed, and it is, therefore, important that the next sections discuss the model and methodology.

7.3.2 Model and methodology

Jackson (2000) and Khazanchi (2006) in Chapters 3 and 6 provide an overview of modelling methodology. They propose that initially there is some "problem entity" developed for a particular study to be modelled. The focus of attention on modelling should include those who are involved in the decision-making for them to embrace the model purposefully. Task formulation is essential, which helps to consider what might be an appropriate way forward in the development of the appropriate regional cooperation.

• Identifying the purposes of the model

According to Jackson (2000), a potentially worthwhile investigation at this stage is to undertake a critical review of extant models. Using this research study, many difficulties of regional cooperation have already been addressed in Chapters 2 and 5, and the summary of the findings was reported in Chapter 6. By using the summary of the findings as reported in Chapter 6 and supported by regional cooperation theory and practice reported in Chapter 2, clearly the basis of establishing essential characteristics of an appropriate regional cooperation model in the SADC has been accomplished. The discussions above represent a proposed organisational design of which, for completeness, a thorough assessment of users/participants may be warranted so that a relevant design is undertaken. The research study reports on the assessment of participants in Chapters 5 and 6.
• **Model development**

According to Martis (2006), modelling is a comparatively new area of activity involving the marriage of ideas from various disciplines and is an essential and inseparable part of all scientific activity. It brings special skills and techniques to bear in order to produce results that are insightful, reliable, and useful. Model development should provide the face validity test answers to questions such as these: does the model structure look like the real system? Is it a recognisable representation of the real system? Does a reasonable fit exist between the feedback structure of the model and the essential characteristics of the real system? The model development should take into consideration its appropriateness for the audience, that is, is the size of model, its simplicity or complexity, and its level of aggregation or richness of detail appropriate for the audience (regional cooperation participants) for the study?

According to Martis (2006) and Jackson (2000), the usual approach to model development is to characterise the system, make some assumptions about how it works, and translate these into equations and a simulation program. These insights are needed to access whether the assumptions of the model are correct and complete. The modeller must be able to recognise whether a model reflects reality and to identify and deal with divergences between theory and data.

• **Model validation**

The model validation criterion was covered in Chapter 3 (Section 3.6). According to Khazanchi (1996), validation is the process of determining the degree to which a model or simulation is an accurate representation of the real world from the perspective of the intended uses of the model simulation. Conceptually, if the model is “valid”, then it can be used to make decisions about the system similar to those that would be made if it were feasible and cost-effective to experiment with the system itself. The power of a model or modelling technique is a function of validity, credibility, and generality (Solberg, 1992). Hence, model validation is not an option but a necessity in a dynamic modelling scenario. The criteria for validation as suggested by Khazanchi (1996) are as follows:

- Is it plausible / reasonable?
- Is it effective?
• Is it pragmatic?
• Is it empirical?
• Is it predictive?
• Is it inter-subjectively certifiable?
• Is it inter-methodologically certifiable?

A conceptual model for research study was proposed in Chapter 3 (Section 3.7). According to Martis (2006), "conceptual model validation" is the process of determining that the theories and assumptions are correct and that the model representation of the problem entity is reasonable for the intended purpose of the model. The objective of this research study is to develop a conceptual model for regional cooperation, not a scientific model that requires computerised model verification; hence, no empirical validation will be required.

• Model formulation

Formulation of a model (Vinze, Sen & Liou, 2001) involves capturing the problem descriptions or semantics, understanding the essential elements by studying structure, selecting a suitable tool with its underlying structure, and finally mapping the problem structure onto the tool structure. The process involves three categories of tasks: formulation tasks, or steps in the construction of the model; control tasks to determine what to do next; and formulation process planning tasks, which refer to control-like concerns, only on a longer time horizon. Model formulation can then be thought of as a design activity that is monitored by control and planning processes. The last step is the produced model. As the model is partially a description of a system, before converting, it could be tested. In its earlier sections, this research study proposed a conceptual model (not a scientific model); hence, no simulation is necessary, but validation will still be carried out.

7.4 A Conceptual Model for Appropriate Regional Cooperation

An appropriate regional cooperation model, which is the ultimate goal of this research study, must address the problems that have continuously led to poor delivery in the requirements of the majority of SADC states. These problems were highlighted in Chapter 6 (Section 6.8 – synthesis of results). Implications of the results as discussed in Chapter 6 (Section 6.8) propose that most of the problems have to do with the adoption of the traditional market-type regional cooperation, which does not take into consideration the unequal partners. The
conceptual model to be developed must take into consideration the requirements of the majority of the states. It is purported that the appropriate regional cooperation model to be developed must be a generic regional cooperation model that can be used by various developing countries. The reason for this is that the model should be driven by the region's requirements, which are determined, firstly, by the states' requirements. In other words, to what extent are the countries' capabilities available to meet the regional cooperation demands?

This section applies systems theory, the method for understanding the dynamic behaviour of complex systems in formulating the conceptual model. The emphasis here is on addressing the problems facing the SADC region as reported in Chapters 5 and 6. The development of an appropriate regional cooperation conceptual model is performed in the following sections:

7.4.1 What the conceptual model should represent
7.4.2 Conceptual model description

7.4.1 What the conceptual model should represent
The research has identified a long list of major factors/issues that influence or contribute to the SADC regional cooperation initiative in general. The presentation of a long list in Chapter 6, Section 6.8, was not in a form that could help the study to facilitate the design and the development of an appropriate model. Therefore, after many discussions with researchers in this field and based on the lessons learnt from the methodologies used by other researchers, this list has been classified into three key major factors that influence and contribute to the development of a regional cooperation model. These classes of factors are environmental factors, capacity factors, and regional organisational factors. These three classes of factors have been identified based on the discussion of the current situation in the SADC (Chapter 2), the results of the analysis of the survey questionnaires (Chapter 6), the model suggested in Chapter 3, and also lessons learned from other researchers. The three classes of factors together affect the participation rate. In other words, by considering these three classes of factors in the design and implementation of regional cooperation, it can be expected to increase the rate of involvement and participation of member states.
- **Environmental factors**

The environment is the overall structure within which the social system operates (that is, regional cooperation) and is characterised by internal and external factors. Therefore, the different characteristics of social systems or communities adopting the regional cooperation concept can be attributed to a number of environmental factors, including the different cultures of the communities, political factors, and development issues. The external factors are those factors outside the border of the social system (that is, regional cooperation) that affect, or could potentially affect, the performance of an organisation. These factors impinge more on the management levels. The internal factors are those factors inside the border and affect both the management and member levels. Therefore, determining an appropriate social border for study and analysis of a social system is very important (understanding the social system is the first step). It determines how we define implementation success and the drivers of implementation success.

Examples of external factors are globalisation (the global market, global economics, other global initiatives) and the global environment (see Chapter 2). Examples of internal factors are the political climate, political structure and procedures, relationships with regional organisations, technological pressure, financial stability of each member nation, organisational structure of the coordinating agency (this is one of the most important factors), and market pressure.

The social dynamics of national relations can have enormous effects on regional cooperation and costs within the business environment and poor decision-making. By examining the social dynamics of cultural difference within member states, it would be possible to understand why a high proportion of capabilities of member nations are not functioning. Regional cooperation coordinating agencies must, therefore, assess the impact of cultural factors in the appropriate model development. If the risk of these factors is seen to be too high, then the strategy for development can be redesigned. This can be done through human resource policy, selection of a conceptual model, training, and language schemes.
• **Capacity factors**

Capacity building refers to improvements in the ability of institutions and (regional, government, and non-government) organisations to carry out their functions and achieve desired results over time. Therefore, based on this definition, capacity building for SADC regional cooperation, in a broad sense, may refer to improvements in the ability of all parties involved to perform appropriate tasks within the broad set of principles of that particular regional cooperation initiative.

The important issue of capacity building that needs to be considered is to conduct both institutional and individual-level capacity building. In this regard, the importance of training in creating a successful environment for appropriate regional cooperation adoption needs to be realised. Training should be of the largest possible breadth and depth. It is not simply a matter of learning a particular concept. It goes much further than that to a whole new way of thinking about sharing and exchanging ideas and about optimum solutions. Capacity factors, therefore, are those factors that cover the state of infrastructure and communications, technology pressures, the economic and financial stability of each member nation (including the ability to cover participation expenses), the necessity for long-term investment plans, regional market pressures (the state of regional markets and proximity to other markets), the availability of resources (lack of funding can be a stimulus for building partnerships; however, there should be a stable source of funding), and the continued building of business processes.

Capacity factors can have an impact on each SADC member state regarding their participation and cooperation with other members with regard to their level of involvement in regional cooperation activities.

• **Organisational factors**

Organisational factors are related to the way in which an appropriate model is defined, designed, and implemented. These mainly include all core components of the conceptual model, including technical and institutional issues such as management and organisational structures, communication infrastructures, the legal framework, access policies, access
networks, and technical standards. Examples of organisational factors are the suitability and degree of complexity of the appropriate regional conceptual model, the availability of information, and the integration and inter-flow of information from different parties. Organisational factors have important implications for the ownership and control of information and access to the networks.

The appropriate regional cooperation model for the SADC region should be comprised of the following:

(a) Key factors that influence, and critical tasks that contribute to, the SADC regional cooperation initiative based on the observation of the current regional cooperation as reported in the findings of the survey.

(b) A standard process model that can apply to any regional cooperation; hence, it will be important to avoid certain terms that are primarily identified with particular regional cooperations.

(c) The model must have features (referenced as appropriate regional cooperation model requirements (ARCMR)). These features are referenced to facilitate cross-referencing in the diagrammatic representation of the appropriate regional cooperation model. The following must be allowed to take place in the model:

- **ARCMR1**: the appropriate regional cooperation model that has been developed and that should be maintained by the regional cooperation coordinating agencies.

- **ARCMR2**: a regional cooperation management system to assess and define the regional environment and the overall structure within which the social systems operate. Determine its appropriate social border (analyse the external and internal environments) that defines implementation success and the drivers of implementation success. A regional cooperation management system to assess the impact of cultural factors in the appropriate model development if its risk must be redesigned. Define the regional cooperation structure, responsibilities, processes, and resources applicable to conform to the requirements of the majority of the states.
- **ARCMR3**: a regional management system to ensure that the building of a well-thought-out business case for regional cooperation that is inclusive of all stakeholders regardless of power or weakness is in place.

- **ARCMR4**: the continuous and critical review of the regional cooperation to unearth the culture and hidden practices, focusing on the intangible aspects of the organisation.

- **ARCMR5**: a regional cooperation management system to review the regional cooperation, strategy, structure, and systems to ensure that the regional cooperation conforms to the states' requirements. This focuses on the tangible aspects in the organisation and looks at the regional written documents and its systems and structures in light of the appropriate regional cooperation.

- **ARCMR6**: to ensure that an effective regional communication strategy is in place and all modes of communication and language are used for effectiveness of information sharing.

- **ARCMR7**: process control – to monitor and evaluate on an ongoing basis to ensure the effectiveness of the regional cooperation model.

- **ARCMR8**: training of regional cooperation coordinating personnel.

- **ARCMR9**: to ensure that feedback is effectively disseminated.

(d) The application of regional cooperation theory and practice and a critical systems theory approach as discussed in the earlier chapters.

(e) The appropriate model should finally draw together a combination of the best and sustainable regional cooperation practices from both the developed and the developing countries in a way that ensures that the model will accepted by the majority of the states.

### 7.4.2 Conceptual model description

The requirements of the conceptual model discussed above provide a framework of the conceptual model and reflect a particular set of areas/factors that, put together, will achieve the stated objectives of regional cooperation. In order to describe the regional cooperation system model, it is important to identify the key tasks of importance as stated above. The composition of these key tasks is identified as the key factors for any regional cooperation, under which there would be many subtasks for cooperation. The critical tasks of a learning
organisation (Finger & Brand, 1999) are used for this model. The critical tasks on the development of the appropriate regional cooperation are as follows:

- **Collect information:**
  - Find information that already exists in paper documents, databases, and personal sources.
  - Verify that the information is true.
  - Inquire and question answers to get the information that is only in people’s heads.
  - Observe and directly look at what people do and how they do things.

- **Do benchmarking:**
  - Search for industry best practices (not just performance numbers) that will lead to superior performance, both inside and outside of the region.
  - Copy, analyse, adopt, and implement best practices.
  - Stimulate creative thinking.

- **Examine past experiences and learn from them:**
  - Review as a regular practice.
  - Do it systematically.
  - Record it in a form that is useful and accessible to the rest of the organisation.

- **Experiment with new knowledge applications:**
  - Cultivate a continual flow of new ideas.

- **Do community of practice problem solving in a systematic way:**
  - Distinguish hard facts from gut facts.

- **Transfer knowledge through multiple venues:**
  - Traditional methods of written, oral, and visual reports.

Evaluating the critical tasks during the developmental stage will prevent any deficiencies accruing by:

- conducting usability testing at every phase of incremental redesign; and
- conducting a fairly comprehensive usability study of the appropriate regional cooperation before and after a redesign and identifying successes and failures for correction.
7.4.3 An appropriate regional cooperation conceptual model

The purpose of this section is to draw together the findings of regional cooperation system analysis of the SADC region. These findings, synthesised in Section 6.8.1, differ significantly from the expected results in the theoretical models discussed in Chapter 2. The proposed regional cooperation environment model shown in Figure 7.1 highlights these significant differences and provides an appropriate description of an appropriate regional cooperation model of the SADC region.

The key factors identified in Chapter 7, Section 7.4, form the hub of the discussion around the model. There are three key factors of importance in examining the model:

- The environmental factors
- The capacity factors
- The organisation factors

These three classes of factors have been identified based on the discussion of the current situation in the SADC (Chapter 2), the results of the analysis of the survey questionnaires (Chapter 6), the model suggested in Chapter 3, and also the lessons learned from other researchers.

The key factors are to consider the input elements to each imperative that makes up the regional cooperation. The input elements depicted in Figure 7.1 should always be appropriate to the specific imperative requirements in question in terms of regional cooperation. The appropriate regional cooperation is defined by the following proposition:

\[ \text{ARC} = f \{P, Q, R\} \]

With variables \( P \) (environmental imperatives), \( Q \) (capacity imperatives), and \( R \) (organisational imperatives) being coefficient and \( \text{ARC} \) (appropriate regional cooperation) the dependent variable.

The theoretical cooperation proposition leads to the development of an appropriate model as shown in Figure 7.1 below.
Figure 7.1: Appropriate regional cooperation model

Developing an appropriate model for regional cooperation in developing countries – the case of the SADC
7.4.4 The elements of the appropriate regional cooperation (Figure 7.1)

The appropriate regional cooperation model (ARCMR1)

It must state, in writing, the regional cooperation objectives and implementation policies that contain the cooperation intentions and the direction. The regional cooperation system must be implemented by regional cooperation coordinating agencies under the guidance of the representatives of the member states. It must define the responsibility and the roles of all employees of the regional cooperation agencies who manage and perform the work that affects regional cooperation. It must delegate, in writing, authority and the power to take action. It must ensure that the regional cooperation agencies’ personnel have the necessary skills and experience and have appropriate training that fits their responsibility and roles to perform the required duties. It must take responsibility to nominate members of the states into the agencies: those with well-defined authority and responsibility for ensuring that the requirements of the regional cooperation system are able to be implemented and be maintained. It must state, in writing, the timelines for the review of the regional cooperation system to ensure its continuing effectiveness.

Regional cooperation initiative driven from the top (ARCMR2)

Top management must provide a clear, compelling vision and mission for the regional cooperation that ensures motivation and the directing of critical change efforts. Assume responsibility for appropriate regional cooperation programme management at regional headquarters to ensure smooth relations between the national operations and the headquarters. Assist in coordination, integration, and monitoring of the various activities under the regional cooperation. Assist in supervising, coordinating, and reviewing the work of domestic, regional, and international consultants. Prepare background papers on the development management and policy issues in regional cooperation relevant to the design of appropriate regional cooperation programmes, particularly issues and challenges in the regional cooperation. Facilitate consultation with key stakeholders on the structure, management, and work programme of the regional cooperation. Assist in synthesising stakeholder inputs into clear options for the structure, management, and work programme of the regional cooperation. Assist in the preparation and updating of the regional cooperation work plans. Assist in consolidating data and providing support to the programme manager.
and other academic and non-academic regional staff in dealing with relevant regional and other expert institutions and individuals. Assist in organising and implementing steering committee meetings.

**Appropriate regional cooperation case (ARCMR3)**

It is important to ensure that the building of a well-thought-out sustainable case for an appropriate regional cooperation model that is inclusive of all stakeholders regardless of power or weakness is in place. It is important to assign a group of members to work on this component from different angles and by interacting with other groups working on other components. This group must evaluate the current situation with respect to the existence requirement of infrastructure and awareness of the appropriate model and then, based on this evaluation, provide the most possible and suitable solutions for the implementation and utilisation of the appropriate model initiatives.

**Critical review (ARCMR4)**

Procedures must be included for continual critical reviewing of the planning, control, and documentation. The procedures may be upgraded gradually. Written statements must be included where there would be a change that affects other parts of regional cooperation. Stages of changes must be defined, controlled, and documented to be assessed at the end of the changes. A procedure must be established that ensures that the regional cooperation member states' requirements are adequately defined, documented, and clearly specified. The procedure must be able define and have mechanisms to resolve any misunderstandings within the member states.

**Review (ARCMR5)**

Procedures must be established to review regional cooperation strategy, structure, and systems to ensure that the regional cooperation conforms to the states’ requirements.

**Communication (ARCMR6)**

In order to ensure effectiveness of communication, a regional communication strategy should be in place and documented. This should include all modes of communication and languages for effectiveness of information sharing.
Monitoring and evaluation (ARCMR7)

In order to ensure the effectiveness of the regional cooperation system, monitoring procedures should be in place for evaluating purpose. This assists in regional cooperation of corrective action in the event of non-conformance on meeting the requirements of the states. This should be done on an ongoing basis to ensure the effectiveness of the regional cooperation model.

Training (ARCMR8)

There must be clear-cut procedures to ensure that:

(i) regional cooperation coordinating personnel’s training records are kept and are available for assessments; and

(ii) regional cooperation personnel’s skills gaps are identified and corrected through training.

Feedback (ARCMR9)

To ensure that feedback is effectively disseminated throughout the organisation and all the states and to the political organs of the states.

7.5 Implications for the Regional Cooperation Model – Evaluation Criteria and Specification

In the above section, an appropriate regional cooperation for the SADC was developed reflecting elements of the planning and control environment within which acceptable cooperation levels occur. In this section, the implications of the characteristics of the elements for that environment of regional cooperation modelling are presented. In meeting the requirements of the majority of states, it can be suggested that the regional cooperation methodology in the SADC region should be evaluated in terms of how effectively it deals with the following:

• Environmental factors

Models should primarily function within the regional environment (externally and internally), which is the overall structure within the social systems. Determining an appropriate social border of regional cooperation and analysis of the social system should be the first step. The
different characteristics of social systems or communities on adopting the concept of an appropriate regional cooperation model can be attributed to a number of environmental factors, including the different cultures of the communities, political factors, and developmental issues. The adoption of critical systems thinking theory as an approach in selecting an appropriate model will accelerate the participation rate of member states and pave the way in addressing regional cooperation issues.

- **Capacity factors**
Models should facilitate the understanding of the social system to help with the selection of an appropriate strategy for regional cooperation development. Models should facilitate the establishment of procedures to ensure that there is involvement of groups of experts, people from different disciplines such as academic institutional sectors and regional organisations (public and private), as well as member states’ delegates in ensuring that regional cooperation conforms to the majority of the states’ requirements.

- **Organisation factors**
Models should provide the way in which an appropriate regional cooperation is defined, designed, and implemented. This mainly includes all core components of the conceptual model, including technical and institutional issues such as management and organisational structures, communication infrastructures, the legal framework, access policies, access networks, and technical standards. Models should facilitate the integration and inter-flow of information from different parties. As was mentioned in Chapter 1, one major obstacle in gaining support for regional cooperation is defining regional cooperation and its related conceptual model. The models should allow a system that is compatible with the requirements of the majority of the member states.

- **Regional cooperation initiative driven from the top**
The models must provide the provisions that the regional cooperation initiative be driven by top management in order to gain importance with the region. Models should facilitate the establishment of a clear vision of what appropriate regional cooperation ultimately means in the region. Models should provide provisions for management to compel the vision for
regional cooperation within the region. A compelling vision is crucial for the purpose of motivating people and directing critical change efforts.

- **Building a sustainable regional case for regional cooperation**
Models should facilitate the establishment of facilities for building a well-thought-out regional case for regional cooperation that is inclusive of all stakeholders regardless of power or weakness. Models should provide the elucidation space of regional cooperation benefits in order to ensure the success of any regional cooperative initiative.

- **Continuous and critical review of regional cooperation organisation**
The models must provide a facility for continuous and critical reviews of the regional cooperation organisation, as this exercise will unearth the culture and hidden practices in the regional cooperation organisation. Models should have provisions to reveal the unwritten rules within the organisation. Models should provide a facility to focus on the intangible aspects within the organisation.

- **Review of the strategy, structure, and systems of regional cooperation organisation**
Models should allow the provisions of dealing with the reviewing of strategy, structure, systems/procedures, and resources applicable to ensuring that the regional cooperation conforms to the requirements of the majority of the states. Models should facilitate the reviews being conducted simultaneously with the organisational review. The model should facilitate a focus on the tangible aspects in the organisation and objectively look at the regional written documentation and its systems and structures in light of the appropriate regional cooperation.

- **Developing an effective regional communications strategy**
Models should provide the facility for an effective regional communication strategy, as it is an essential part of the battle plan. If the strategy is ineffective or communication is inadequate, it can contribute heavily to the failure of the regional cooperative initiative. The SADC consists of states of diversity in terms of language and culture. Models should ensure that not only modes of communication be considered, but also the language of communication.
- **Conducting training**

Models should facilitate focus group discussions in order to determine areas of concern, and the results of these discussions must be included in training sessions. Training should start off by being generic in nature and cover aspects of regional cooperation. However, these generic sessions must be followed by sessions that focus on the specific areas of concern within the states. The training sessions should provide individuals with the opportunity to freely express their thoughts and opinions and provide an atmosphere that is not intimidating. Questions that participants may have can feed into the communication loop and be widely communicated within the regional organisation. The training should be a continuous process, flexible enough to incorporate inputs from participants. The organisational review is an important prerequisite for any training session.

- **Monitoring and evaluation**

The models must provide a facility for monitoring and evaluation on an ongoing basis as a means of management control. In order for any regional cooperative initiative to be successful, it is vital that the initiative and its results be monitored and evaluated on an ongoing basis. This can provide valuable inputs into the regional cooperation organisation. It is highly recommended that the success of the regional cooperative initiative be incorporated in job compacts of individuals who have power and authority to affect the success of the initiative. Models should have provisions for regional cooperation to be driven by regional effort, since the benefits of regional cooperation will, ultimately, be regional benefits.

- **Effectiveness**

There are essentially ten steps in the model. However, there are four steps, namely, communication, training, monitoring, and feedback, that are vital in that they are not once-off steps, but rather continuous or repetitive steps in the model that receive and distribute inputs from other steps.

**7.6 Contribution of the Developed Model to the Scientific Literature**

Throughout this study, it has been emphasised that developing countries, which have unusually high degree of inequality in the levels of development among themselves, cannot rely on traditional market-type regional cooperation processes to guide them in meeting their
developmental needs. This model has contributed by offering the alternative approach that regional cooperation characteristics must be identified and defined before selecting regional cooperation systems that contain the basic framework of the appropriate regional cooperation model.

The most important contribution that this model has made is embedded in the concept of selecting the appropriate regional cooperation systems that meet the requirements of the member states. In particular, the model offers a contribution towards solving the uncertainty of what the regional cooperation for developing countries should be. This was done by relating the regional cooperation to the requirements of the member states of the region. A further contribution of this model has been the formulation of the concept that both developing and developed countries may be served and that appropriate regional cooperation could vary among regions, depending on the specific region.

Regarding the contribution to the body of existing scientific literature, an important contribution that has been made through this model is the exposure of a new school of thought in regional cooperation literature. Traditionally, four generations of regional cooperation evolution are referred to in the literature. These are: (i) the first generation: traditional free trade areas; (ii) the second generation: regional import substitution; (iii) the third generation: collective self-reliance; and (iv) the fourth generation: regional cooperation (see Section 2.5). The new school of thought that has emerged from this model defines regional cooperation from the complexity perspective: the unequal partners. The major differences identified in this model are that the complexity approach has moved beyond the equal-partners approaches by relating the interrelationship of the member states' requirements with the regional cooperation environments. While the traditional market-type approaches are oriented towards equal-partnership regional cooperation, the unequal-partners approach provides a bridge in linking the member states' capacities, the surrounding environments, and the organisation factors to the specific regional environment within which the member states are cooperating.
7.7 Conclusion

The purpose of this chapter was to document and develop an appropriate regional cooperation system in the SADC region. In the documentation, it was found that the regional cooperation model purported to be in use in the SADC region differed significantly from that portrayed by theory and practice in Chapter 2, and this is primarily due to the use of an inappropriate regional cooperation model. This has several implications for the desired characteristics of the requirements of the majority of SADC states. These implications represent a set of evaluation criteria and specifications of an appropriate regional cooperation model.
8 CHAPTER 8: SUMMARY OF THE FINDINGS, CONCLUSIONS, AND RECOMMENDATIONS

8.1 Introduction
In this chapter, a summary of the research findings, conclusions, and recommendations for research study is provided. These are the key points to project the relationships between perceived highlights of the many facts derived in the theory and practice literature, other findings, the hypotheses, and the conclusions that emerged from this research study. It draws the overall conclusions of this study and suggests areas for further research pertaining to regional cooperation.

8.2 Summary of the Findings
8.2.1. The current regional cooperation model of the SADC demonstrates that it is used as a "default model"; there is a mismatch between the model currently in use and the nature of the requirements of the nations.
8.2.2. Lack of implementation due to weak central institutions hinders SADC regional cooperation.
8.2.3. Regional cooperation is affected by a high degree of inequality in the levels of development among SADC member states.
8.2.4. Infrastructure in the majority of SADC member states is a big barrier to effective regional cooperation.
8.2.5. SADC countries' new challenges can better be met by means of appropriate regional cooperation.
8.2.6. The regional cooperation model in the SADC should be less ambitious, more flexible, and non-holistic, but be project by project.
8.2.7. An appropriate model should not make unrealistic demands (technical and political) on participating SADC countries.
8.2.8. The appropriate model for SADC regional cooperation should in no way rule out the progression towards increasing market integration.
8.2.9. The SADC should establish centres of educational excellence within the region to provide high-potential manpower.
8.2.10. A clearing house in the SADC is needed that will provide the needed liquidity for intraregional trade by allowing the settlement of individual regional transactions in local currencies.

8.2.11. SADC member states should increase their mutual trade by opening investment in regional export-oriented projects to partners from developed countries.

8.2.12. National sovereignty for SADC countries should be safeguarded through the adoption of carefully considered voting rules with the regional institutions.

8.2.13. A developmentally orientated approach to integration should be effective for SADC regional cooperation.

8.2.14. There is a need to create regional institutions of all priority sectors in the SADC community.

8.2.15. The development aid funds flowing to the SADC should be partly used to cushion negative consequences of regional cooperation in the short term for the weaker states.

8.2.16. Any compensation scheme for SADC countries should be coupled with a regional development programme aimed at increasing the production base and export capacities of less advanced member countries.

8.2.17. Harmonising fiscal incentives and customs tariff within SADC member states would complement the ongoing efforts to create a conducive investment climate.

8.2.18. A harmonised foreign investment code would serve, among others, to prevent foreign corporations from playing off one SADC country against another within SADC states.

8.2.19. For appropriate regional cooperation, each participating country in the SADC should get to host at least one project from among a package of approved projects.

8.2.20. For appropriate SADC regional cooperation, there should be a comprehensive understanding of infrastructural problems plaguing the region.

8.2.21. Appropriate regional cooperation for the SADC should result in expanded trade to the majority of SADC member states.

8.2.22. There should be involvement of all stakeholders when formulating SADC regional cooperation strategies.

General aspects: the regional cooperation model purported to be in use in the SADC region differs significantly from the requirements of the majority of the states.
8.3 Conclusions

8.3.1 Regional cooperation challenges and government preferences

It seems strange that the majority of respondents from the three SADC states hold similar views that there should be a link between regional cooperation challenges and government preferences, while the current regional cooperation model in use does not meet the requirements of the majority of the states. Holding similar views supports the other researchers in Chapter 2 who stressed the need for a link between regional cooperation challenges and government preferences.

This important finding suggests that there are actual preferences peculiar to various states that are not identified. Failure to identify the preferences of the states prevents the adjustment of the current regional cooperation to suit the appropriate regional cooperation characteristics. Based on the findings, it is purported that regional cooperation problems in the SADC are primarily due to an inappropriate alignment of government preferences and regional cooperation challenges; hence, the hypothesis is true.

8.3.2 Appropriate regional cooperation as a facilitator of meeting new challenges

The findings of the survey clearly indicate that regional cooperation in the SADC is predominantly characterised by an inappropriate regional cooperation system. The overwhelming impression based on the results is that the current regional cooperation is an adopted model and is used directly without substantial adjustments to meet the new challenges of SADC states. The findings clearly reveal that the traditional market-type integration model is used as a "default model". This model is used merely because SADC states have failed to consider the issue of appropriateness. The findings of this study support this hypothesis.

8.3.3 Regional cooperation and national interests

The conclusions drawn under hypotheses MH and SH1 are relevant to this hypothesis. Since the traditional market-type integration model is used as a "default model", the findings of this study do refute this hypothesis.
8.3.4 Patterns of the current regional cooperation in the SADC region

In the research study, the findings revealed some characteristics of the regional cooperation model in use in the SADC region:

- The current regional cooperation not meeting the requirements of the majority of the states
- The adoption of a traditional market-type integration model without adjustments
- There being no common understanding of regional cooperation issues

8.3.5 The conceptual model of an appropriate regional cooperation system

The suggested conceptual model in Chapter 7 is capable of addressing the problems that have led to poor delivery of regional cooperation in the SADC region. The problem is the inability of the SADC member states to select an appropriate regional cooperation system and, hence, opting to adopt a model that does not meet their requirements. A standard process model that can apply to any regional cooperation, specifically to developing countries, has been proposed in Chapter 7. The model is comprised of the following:

(a) The key factors that influence, and critical tasks that contribute to, the SADC regional cooperation initiative based on the observation of the current regional cooperation as reported in the findings of the survey.

(b) A standard process model that can apply to any regional cooperation, specifically to developing countries; hence, it will be important to avoid certain terms that are primarily identified with particular regional cooperations.

(c) The model must have features (referenced as appropriate regional cooperation model requirements).

(d) The application of regional cooperation theory and practice and a critical systems theory approach as discussed in the earlier chapters.

(e) The appropriate model should finally draw together a combination of the best and sustainable regional cooperation practices from both the developed and the developing countries in a way that ensures that the model will be accepted by the majority of the states.

8.3.6 Organisation for an appropriate regional cooperation model

The research study has shown that there are no common understandings about the current regional cooperation within the SADC states. Regional cooperation characteristics were not
identified with certainty, nor clearly defined; hence, inappropriate regional cooperation was used. It is one of the important findings of this research study that regional cooperation characteristics must be identified and defined before selecting regional cooperation systems that contain the basic framework of the appropriate regional cooperation model.

The direct adoption of the traditional market-type integration model that does meet the requirements of member states shows that the SADC region needs a fundamental paradigm shift in its choice of regional cooperation systems.

The research study has indicated that one of the basic requirements for developing an appropriate regional cooperation model is to select an appropriate regional cooperation system that suits each of the member states. The lessons learned from this research study should be added to some of the lessons learned from the studies of Axline (1994), Laszio (1980), Mhone (1993), Haarlov (1997), Bhalla (1997), Schirm (2002), Hamilton (2003), and ADB (2005). The following are prerequisites of a successful regional cooperation system:

• Environmental factors
The regional cooperation system should primarily function within the regional environment (externally and internally), which is the overall structure within the social systems. Determining an appropriate social border of regional cooperation and analysis of the social system should be the first step. The different characteristics of social systems or communities on adopting the concept of an appropriate regional cooperation model can be attributed to a number of environmental factors, including the different cultures of the communities, political factors, and developmental issues. The adoption of a critical systems thinking theory as an approach in selecting an appropriate model will accelerate the participation rate of member states and pave the way in addressing regional cooperation issues.

• Capacity factors
The regional cooperation system should facilitate the understanding of the social system to help with the selection of an appropriate strategy for regional cooperation development. Models should facilitate the establishment of procedures to ensure that there is involvement
of groups of experts, people from different disciplines such as academic institutional sectors and regional organisations (public and private), as well as member states’ delegates in ensuring that regional cooperation conforms to the majority of the states’ requirements.

- Organisational factors

The regional cooperation system should provide the way in which an appropriate regional cooperation is defined, designed, and implemented. This mainly includes all core components of the conceptual model, including technical and institutional issues such as management and organisational structures, communication infrastructures, the legal framework, access policies, access networks, and technical standards. Models should facilitate the integration and inter-flow of information from different parties. As was mentioned in Chapter 1, one major obstacle in gaining support for regional cooperation is defining regional cooperation and its related conceptual model. The models should allow a system that is compatible with the requirements of the majority of the member states.

- Regional cooperation initiative driven from the top

The regional cooperation system must provide the provisions that the regional cooperation initiative be driven by top management in order to gain importance with the region. Models should facilitate the establishment of a clear vision of what appropriate regional cooperation ultimately means in the region. Models should provide provisions for management to compel the vision for regional cooperation within the region. A compelling vision is crucial for the purpose of motivating people and directing critical change efforts.

- Building a sustainable regional case for regional cooperation

The regional cooperation system should facilitate the establishment of facilities for building a well-thought-out sustainable case for regional cooperation that is inclusive of all stakeholders regardless of power or weakness. Models should provide the elucidation space of regional cooperation benefits in order to ensure the success of any regional cooperative initiative.

- Continuous and critical review of regional cooperation organisation

The regional cooperation system must provide a facility for continuous and critical reviews of the regional cooperation organisation, as this exercise will unearth the culture and hidden
practices in the regional cooperation organisation. Models should have provisions to reveal the unwritten rules within the organisation. Models should provide a facility to focus on the intangible aspects within the organisation.

- Review of the strategy, structure, and systems of regional cooperation organisation
The regional cooperation system should allow the provisions of dealing with the reviewing of strategy, structure, systems/procedures, and resources applicable to ensuring that the regional cooperation conforms to the requirements of the majority of the states. The regional cooperation system should facilitate the reviews being conducted simultaneously with the organisational review. The model should facilitate a focus on the tangible aspects in the organisation and objectively look at the regional written documentation and its systems and structures in light of the appropriate regional cooperation.

- Developing an effective regional communications strategy
The regional cooperation system should provide the facility for an effective regional communication strategy, as it is an essential part of the battle plan. If the strategy is ineffective or communication is inadequate, it can contribute heavily to the failure of the regional cooperative initiative. The SADC consists of states of diversity in terms of language and culture. Models should ensure that not only modes of communication be considered, but also the language of communication.

- Conducting training
The regional cooperation system should facilitate focus group discussions in order to determine areas of concern, and the results of these discussions must be included in training sessions. Training should start off by being generic in nature and cover aspects of regional cooperation. However, these generic sessions must be followed by sessions that focus on the specific areas of concern within the states. The training sessions should provide individuals with the opportunity to freely express their thoughts and opinions and provide an atmosphere that is not intimidating. Questions that participants may have can feed into the communication loop and be widely communicated within the regional organisation. The training should be a continuous process, flexible enough to incorporate inputs from participants. The organisational review is an important prerequisite for any training session.
• Monitoring and evaluation

The regional cooperation system must provide a facility for monitoring and evaluation on an ongoing basis as a means of management control. In order for any regional cooperative initiative to be successful, it is vital that the initiative and its results are monitored and evaluated on an ongoing basis. This can provide valuable inputs into the regional cooperation organisation. It is highly recommended that the success of the regional cooperative initiative be incorporated in job compacts of individuals who have power and authority to affect the success of the initiative. Models should have provisions for regional cooperation to be driven by regional effort, since the benefits of regional cooperation will, ultimately, be regional benefits.

• Effectiveness

There are essentially ten steps in the model. However, there are four steps, namely, communication, training, monitoring, and feedback, that are vital in that they are not once-off steps, but rather continuous or repetitive steps in the regional cooperation system that receive and distribute inputs from other steps.

8.4 Study Limitations

The critical limitation of the study is the sample size. In this study only the minimum sample size was used to test the relationships. Future research needs to increase the sample size in order to make results more generalisable. However, in support of the contribution of the present study the difference of finding appropriate sample to meet the required data collection needs must be recognised. The sample used in this study met its requirements.

8.5 Recommendations for Further Research

While this research may have shed a significant new light on the area of regional cooperation development, much additional work needs to be done in order to respond to the following areas regarding the potential impacts of regional cooperation's.
As was explained in this research, in terms of effectiveness of factors, the effects of cultural factors on regional cooperation development can be extremely high. The social dynamics of national relations can cause enormous effects on cooperation and costs within the regional environment and poor decision making. Therefore, by examining the social dynamics of cultural difference within jurisdictions, it would be possible to understand why a high proportion of capabilities of member states are hidden or not functioning.
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NEPAD: www.nepad.org
SADC Trade, Industry and Investment Report: www.sadc-review.com
Southern African Development Community: www.sadc.int
StatSoft: www.statsoft.com
World Bank, World Development indicators online: www.worldbank.org/data/
APPENDIX A: Questionnaire survey

COVERING LETTER

Dear Respondent

My name is Michael Ndlovu. I am currently studying towards a Doctorate in Business Leadership at the UNISA Graduate School of Business Leadership in Johannesburg. The requirement for the successful completion of this degree is to complete a thesis. Part of the thesis is to conduct a survey whereby respondents would be asked to respond to questions on a questionnaire. My research is conducted in a management regional cooperation area.

The title of my thesis is “Developing an appropriate model for regional cooperation in developing countries – the case of SADC”. The aim of this research questionnaire is to facilitate developing an appropriate model for regional cooperation in developing countries – the case of the SADC.

"The specific research problem question to be answered in this research study is: to what extent is the SADC approach to regional cooperation and development appropriate for the development needs of the region, faced with the dilemma of unequal partners that are at different levels of development?"

For the purposes of this research, regional cooperation refers to the process/initiatives through which nation states, in common, solve tasks and create improved conditions in order to maximise economic, political, social, and cultural benefits for each participating country. The emphasis is on nation states voluntarily agreeing on joint action in certain areas where they reckon that each country may achieve an outcome that is more favourable than if it had acted on its own. The cooperative efforts take place on a continuum stretching from a systematic framework, aiming at continuously increasing the level of cooperation, to an episodic style, where cooperation is limited to scattered projects created more by coincidence than intent.
In order for me to complete my thesis, I will need to get a response from you. By way of this letter, I hereby request your permission to conduct the survey with you. I also commit to strict confidence concerning the information I receive. Respondents will remain anonymous.

The data collected from respondents will be used to identify what the biggest influencers of regional cooperation are. The contribution of this study is that, once we can identify causal factors, management can target these causal factors when looking at enhancing regional cooperation. I really appreciate your assistance in this regard.

My contact details are:
Michael Ndlovu
Telephone no.: +27 11 800-5956
Fax no.: +27 11 800-4414
Cellular phone: +27 82 467 4984
Email: ndlovumi@eskom.co.za
QUESTIONNAIRE

Please read the questions carefully, and be as honest as possible in your responses. Please answer all the questions.

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<th>Type of organisation</th>
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|   | What is your position in the organisation?  
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<td>Senior manager</td>
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<th>State (PLEASE TICK APPLICABLE OPTION)</th>
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<td>South Africa</td>
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<td>Mauritius</td>
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|   | What is your field of experience?  
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<td>Trade and industry</td>
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<td>Politics</td>
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<td>Other – specify</td>
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<th>How many years’ work experience do you have in the organisation?</th>
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PLEASE INDICATE YOUR AGREEMENT WITH EACH OF THE FOLLOWING STATEMENTS. For each statement, please enter the number corresponding to your answer.

The following statements refer to the current nature of the SADC regional cooperation.

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<td>Strongly disagree</td>
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<td>Disagree</td>
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<td>6</td>
<td>The current SADC regional cooperation has not met the requirements of the majority of SADC states.</td>
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<td>7</td>
<td>SADC member states find it difficult to agree on regional cooperation due to ethical norms.</td>
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<td>8</td>
<td>Lack of implementation due to weak central institutions hinders SADC regional cooperation.</td>
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<td>9</td>
<td>Regional cooperation is affected by a high degree of inequality in the levels of development among SADC member states.</td>
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<td>10</td>
<td>Infrastructure in the majority of SADC member states is a big barrier to effective regional cooperation.</td>
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<td>11</td>
<td>Labour mobility restriction within SADC states results in the inter-country income inequality in the SADC.</td>
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<td>12</td>
<td>The economic weakness and relative stagnation of the majority of the countries of the SADC render cooperative arrangements unsuccessful.</td>
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<td>13</td>
<td>Absence of adequate efficient national mechanisms to implement regional integration programmes is not the reason for the failure of SADC regional cooperation.</td>
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<td>14</td>
<td>The traditional market-type integration model is inappropriate for the SADC.</td>
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<td>15</td>
<td>Overlapping SADC membership with other regional cooperation makes administration of the SADC regional process extremely difficult.</td>
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<td>16</td>
<td>The SADC sectoral structure is an appropriate means to consolidate member states to commitment to regional cooperation.</td>
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<td>17</td>
<td>SADC regional cooperation is not an end itself; it serves to facilitate integration into the world market.</td>
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<td>18</td>
<td>Although SADC regional cooperation comes from different states and...</td>
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<td>1 = Strongly disagree</td>
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<td>different cultural backgrounds, there is a common understanding of what has to be done.</td>
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<td>There is a common understanding about the benefit from an exchange of experiences of other regional cooperations in SADC member states.</td>
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<td>Underdeveloped manufacturing sectors in most member states do not contribute to the poor performance in the intra-SADC trade.</td>
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<td>SADC states to retain their own currencies.</td>
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<td>The non-convertibility of currencies of most majority SADC countries of the region, which results from inappropriate exchange rates, is a non-tariff barrier.</td>
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<td>Relationships in SADC member states are competitive and unsupportive.</td>
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<td>Differences in the economies and levels of development of SADC member states obstruct uniform implementation of the regional cooperation rules.</td>
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<td>Each SADC member state is competent to perform its part of the task without supervision.</td>
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<td>SADC national governments are not prepared to cede control over the policy lever as the money supply to a supranational regional authority.</td>
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<td>SADC states do not feel confident that other members will contribute the necessary inputs and knowledge to regional cooperation.</td>
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The following statements refer to your perception about the ideal in terms of SADC regional cooperation.

<p>| 28 | SADC countries’ new challenges can better be met by means of appropriate regional cooperation. |
| 29 | The regional cooperation model in the SADC should be less ambitious, more flexible, and non-holistic project by project. |
| 30 | More economically advanced SADC countries should take the lead on |</p>
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<td>regional cooperation (that is, Japan with the East Asian countries).</td>
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<td>31 An SADC country should be allowed to independently negotiate trade with countries outside of the SADC.</td>
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<td>32 An appropriate model should not make unrealistic demands (technical and political) on participating SADC countries.</td>
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<td>33 The SADC should have one monetary currency, similar to the euro.</td>
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<td>34 The SADC should have two monetary currencies, for example, the SA rand and Botswana pula.</td>
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<td>35 The appropriate model for SADC regional cooperation should in no way rule out the progression towards increasing market integration.</td>
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<td>36 The SADC should have a regional development bank, with the key role being the financing and planning of economic development of the region as a whole.</td>
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<td>37 The SADC should establish centres of educational excellence within the region to provide high-potential manpower.</td>
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<td>38 SADC members for the regional institution (that is, regional bank) should be selected on the basis of their expertise in SADC regional cooperation.</td>
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<td>39 A clearing house in the SADC is needed that will provide the needed liquidity for intraregional trade by allowing the settlement of individual regional transactions in local currencies.</td>
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<td>40 SADC member states should increase their mutual trade by opening investment in regional export-oriented projects to partners from developed countries.</td>
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<td>41 An appropriate regional cooperation should be an &quot;open regionalism&quot; based on competition, comparative advantage, and &quot;free markets&quot;.</td>
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<td>42 National sovereignty for SADC countries should be safeguarded through the adoption of carefully considered voting rules with the regional institutions.</td>
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<td>43 Regionalism that incorporates interventionism and affirmative action designed to reduce spatial and structural inequalities in order to assist underdeveloped countries is not effective for the SADC.</td>
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<td>44 A developmentally orientated approach to integration should be effective for SADC regional cooperation.</td>
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<td>45 The SADC regional cooperation dilemma can be solved only with the intervention of the donor countries.</td>
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<td>46 Ensuring an equitable sharing of the benefits of regional economic integration is not needed in SADC countries' regional cooperation.</td>
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<td>47 Distribution of revenue in SADC countries should be both accounting and equity payments based solely on the ultimate destination of imports.</td>
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<td>48 There is a need to create regional institutions of all priority sectors in the SADC community.</td>
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<td>49 SADC member states should not establish a free trade area.</td>
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<td>50 The SADC should establish industry exchanges of inputs and allocate industries equitably among member countries.</td>
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<td>51 The development aid funds flowing to the SADC should be partly used to cushion negative consequences of regional cooperation in the short term for the weaker states.</td>
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<td>52 Any compensation scheme for SADC countries should be coupled with a regional development programme aimed at increasing the production base and export capacities of less advanced member countries.</td>
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<td>53 The multilateral trading system should take into account the interaction between trade policies and development policies.</td>
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<td>54 SADC member states to create the “Trade Negotiating Forum” in which private economic interests of SADC companies are also represented.</td>
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<td>55 Harmonising fiscal incentives and customs tariff within SADC member states would complement the ongoing efforts to create a conducive investment climate.</td>
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Developing an appropriate model for regional cooperation in developing countries – the case of the SADC
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<td>4 = Agree</td>
<td>5 = Strongly agree</td>
<td></td>
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<tr>
<td>43</td>
<td>Regionalism that incorporates interventionism and affirmative action designed to reduce spatial and structural inequalities in order to assist underdeveloped countries is not effective for the SADC.</td>
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<tr>
<td>44</td>
<td>A developmentally orientated approach to integration should be effective for SADC regional cooperation.</td>
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</tr>
<tr>
<td>45</td>
<td>The SADC regional cooperation dilemma can be solved only with the intervention of the donor countries.</td>
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<tr>
<td>46</td>
<td>Ensuring an equitable sharing of the benefits of regional economic integration is not needed in SADC countries' regional cooperation.</td>
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<tr>
<td>47</td>
<td>Distribution of revenue in SADC countries should be both accounting and equity payments based solely on the ultimate destination of imports.</td>
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<tr>
<td>48</td>
<td>There is a need to create regional institutions of all priority sectors in the SADC community.</td>
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<tr>
<td>49</td>
<td>SADC member states should not establish a free trade area.</td>
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<tr>
<td>50</td>
<td>The SADC should establish industry exchanges of inputs and allocate industries equitably among member countries.</td>
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<tr>
<td>51</td>
<td>The development aid funds flowing to the SADC should be partly used to cushion negative consequences of regional cooperation in the short term for the weaker states.</td>
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<tr>
<td>52</td>
<td>Any compensation scheme for SADC countries should be coupled with a regional development programme aimed at increasing the production base and export capacities of less advanced member countries.</td>
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<tr>
<td>53</td>
<td>The multilateral trading system should take into account the interaction between trade policies and development policies.</td>
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<tr>
<td>54</td>
<td>SADC member states to create the &quot;Trade Negotiating Forum&quot; in which private economic interests of SADC companies are also represented.</td>
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<tr>
<td>55</td>
<td>Harmonising fiscal incentives and customs tariff within SADC member states would complement the ongoing efforts to create a conducive investment climate.</td>
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Developing an appropriate model for regional cooperation in developing countries – the case of the SADC
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<th>3 = Not sure</th>
<th>4 = Agree</th>
<th>5 = Strongly agree</th>
</tr>
</thead>
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<tr>
<td><strong>56</strong></td>
<td>A harmonised foreign investment code would serve, among others, to prevent foreign corporations from playing off one SADC country against another within SADC states.</td>
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<tr>
<td><strong>57</strong></td>
<td>The grandiose SADC regional schemes should be avoided that involve a material chance of engendering a vicious cycle of mutual disagreement.</td>
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<tr>
<td><strong>58</strong></td>
<td>For an appropriate regional cooperation, each participating country in the SADC should get to host at least one project from among a package of approved projects.</td>
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<tr>
<td><strong>59</strong></td>
<td>Research and development must be established as integral activities in the SADC for appropriate regional cooperation.</td>
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<tr>
<td><strong>60</strong></td>
<td>For appropriate SADC regional cooperation, there should be a comprehensive understanding of infrastructural problems plaguing the region.</td>
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<tr>
<td><strong>61</strong></td>
<td>For SADC regional cooperation to work, regional means must be more important than national means.</td>
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<tr>
<td><strong>62</strong></td>
<td>SADC regional cooperation trading partners should have similar structures of demand and supply.</td>
<td></td>
<td></td>
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</tr>
<tr>
<td><strong>63</strong></td>
<td>An appropriate regional cooperation for the SADC should result in expanded trade to the majority of SADC member states.</td>
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<tr>
<td><strong>64</strong></td>
<td>There should be no visa requirements for travelling between SADC states.</td>
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<tr>
<td><strong>65</strong></td>
<td>SADC member states should not involve the enterprise sector in the regional economic integration process.</td>
<td></td>
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<tr>
<td><strong>66</strong></td>
<td>There should be involvement of all stakeholders when formulating SADC regional cooperation strategies.</td>
<td></td>
<td></td>
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</tr>
<tr>
<td><strong>67</strong></td>
<td>SADC regional cooperation should mimic other regional cooperation(s).</td>
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</table>

*Developing an appropriate model for regional cooperation in developing countries – the case of the SADC*
**DEMOGRAPHIC INFORMATION**

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</tr>
<tr>
<td>State</td>
</tr>
<tr>
<td>City</td>
</tr>
<tr>
<td>Contact details</td>
</tr>
<tr>
<td>Date of interview</td>
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</tbody>
</table>

**THANK YOU FOR YOUR COOPERATION AND VALUABLE TIME.**

My contact details: Michael Ndlovu

Telephone number: 011 800 5956
Fax number: 011 800 4414
Cellular phone number: 082 467 4984
Email address: ndlovumi@eskom.co.za
APPENDIX B: Target population

The population of the research constitutes the following:

<table>
<thead>
<tr>
<th>SOUTH AFRICA</th>
<th>TANZANIA</th>
<th>MAURITIUS</th>
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</thead>
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<tr>
<td><strong>Business</strong></td>
<td></td>
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<tr>
<td>• Business Unity South Africa</td>
<td>• Tanzania National Business Council</td>
<td>• Mauritius Chamber of Industry</td>
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<td></td>
<td>• Board of External Trade</td>
<td>• Board of Investment (BOI)</td>
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<tr>
<td></td>
<td>• Confederation of Tanzania Industries (CTI)</td>
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</tr>
<tr>
<td></td>
<td>• Tanzania Investment Centre</td>
<td></td>
</tr>
<tr>
<td><strong>Government</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Department of Labour</td>
<td>• Ministry of Labour</td>
<td>• Ministry of Labour and Industrial Relations and Employment</td>
</tr>
<tr>
<td></td>
<td>• Department of Trade and Industry (IDC, SEPA, etc.)</td>
<td></td>
</tr>
<tr>
<td>• Ministry of Agriculture and Industry (TCCIA)</td>
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<td>• Mauritius Industrial Development Authority (MIDA)</td>
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<tr>
<td>• Ministry of Industry, Youth, and Sports Development</td>
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<td>• Ministry of Industry, Small and Medium Enterprises, Commerce, and Cooperatives</td>
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<tr>
<td>• Ministry of Foreign Affairs and International Cooperation</td>
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<td>• Ministry of Foreign Affairs, International Trade, and Regional Cooperation</td>
</tr>
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<td>• Department of Public Works</td>
<td>• Ministry of Works</td>
<td>• Ministry of Public Utilities</td>
</tr>
<tr>
<td></td>
<td>• Ministry of Works</td>
<td>• Ministry of Public Infrastructure, Land, Transport, and Shipping</td>
</tr>
<tr>
<td>• National Treasury</td>
<td>• Ministry of Finance</td>
<td>• Ministry of Finance and Economic Development</td>
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<tr>
<td>• Other departments</td>
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<tr>
<td><strong>Community</strong></td>
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<tr>
<td>• The National Association of Small Industries</td>
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<td>• Mauritius</td>
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Developing an appropriate model for regional cooperation in developing countries – the case of the SADC
<table>
<thead>
<tr>
<th>Cooperatives of South Africa Development Organisation</th>
<th>Cooperative Movement</th>
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<td>• Small and Medium Industries Development Organisation (SMIDO)</td>
</tr>
<tr>
<td>• South African Youth Council</td>
<td>• Board of Investment</td>
</tr>
<tr>
<td>• Women's National Coalition</td>
<td>• National Youth Council</td>
</tr>
<tr>
<td>• Disabled People South Africa</td>
<td>• SHIVYAWATA - Tanzania Federation of Disabled People's Organisations</td>
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<tr>
<td>• South African National Civics Organisation</td>
<td>• Tanzania Association of Non-governmental Organisations (TANGO)</td>
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<td>• National Solidarity and Senior Citizens Welfare and Reform Institutions</td>
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<tr>
<td>Labour</td>
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<td>• Congress of South African Trade Unions</td>
<td>• Trade Union Congress of Tanzania (TUCTA)</td>
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<td>• Mauritius Labour Congress</td>
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<td>• Free Democratic Union</td>
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<td>• Federation of Unions in South Africa</td>
<td>• Researchers, Academics, and Allied Workers Union (RAAWU)</td>
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<td>• Progressive Unions</td>
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<td>Banking</td>
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<td>• Development Bank of Southern Africa (DBSA)</td>
<td>• Bank of Tanzania</td>
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<td>• Bank of Mauritius</td>
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*Developing an appropriate model for regional cooperation in developing countries – the case of the SADC*
APPENDIX C: Tables for frequency statistics of all basic response data

Question 2: What is your position in the organisation?

<table>
<thead>
<tr>
<th>What is your position in the organisation?</th>
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<th>Percentage</th>
<th>Valid percentage</th>
<th>Cumulative percentage</th>
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<td>7.1</td>
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<td>Other</td>
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<td>37.6</td>
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<tr>
<td>Total</td>
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<td>Total</td>
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Question 3: What is your state?

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<th>State</th>
<th>Frequency</th>
<th>Percentage</th>
<th>Valid percentage</th>
<th>Cumulative percentage</th>
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<td>South Africa</td>
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<td>Mauritius</td>
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<td>Total</td>
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Question 4: What is your field of experience?

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<th>No</th>
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<tr>
<td></td>
<td>Count %</td>
<td>Count %</td>
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<tr>
<td></td>
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<tr>
<td>Trade and industry</td>
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<tr>
<td>Politics</td>
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<td>Education</td>
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<td>Other</td>
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Question 5: How many years’ work experience do you have in the organisation?

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<th>Descriptive statistics</th>
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<th>Mean</th>
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<td>How many years’ work experience do you have in the organisation?</td>
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APPENDIX C: Tables for frequency statistics of all basic response data

<table>
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<th>Question</th>
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<tr>
<td></td>
<td>Count %</td>
<td>Count %</td>
<td>Count %</td>
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Developing an appropriate model for regional cooperation in developing countries – the case of the SADC
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*Developing an appropriate model for regional cooperation in developing countries – the case of the SADC*
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Developing an appropriate model for regional cooperation in developing countries – the case of the SADC

343
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| Q47 | 101 | 2 | 4 | 3.17 | .801 | -1.315 | 240 | -1.370 | .476 |
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| Q49 | 101 | 2 | 4 | 2.35 | .685 | 1.719 | 240 | 1.394 | .476 |
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| Q62 | 101 | 2 | 4 | 3.04 | .859 | -0.77 | 240 | -1.650 | .476 |
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Valid N (list-wise) 91

Developing an appropriate model for regional cooperation in developing countries – the case of the SADC
### Appendix E: Item-total statistics

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### Appendix F: Hypothesis variables

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<tr>
<th>Hypothesis</th>
<th>Variables (questions making the hypotheses)</th>
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<td><strong>Main hypothesis (MH):</strong> SADC countries, with specific reference to South Africa, Tanzania, and Mauritius, hold similar views in terms of the extent to which there is a link between regional cooperation challenges and government preferences.</td>
<td>6, 9, 12, 14, 19, 24, 25, 26, 27, 30, 31, 40, 66, 67,</td>
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<td><strong>Sub-hypothesis (SH1):</strong> the three SADC countries hold similar views in terms of the extent to which new challenges can be met through appropriate regional cooperation.</td>
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<td><strong>Sub-hypothesis 2 (SH2):</strong> the three countries hold similar views in terms of the extent to which regional cooperation is in line with national interests.</td>
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Glossary

The following glossary of terms is designed to cover most of the major concepts and organisations discussed in the research study.

Absolute (cost) advantage – if Country A can produce more of a commodity with the same amount of real resources than Country B (that is, at a lower absolute unit cost), Country A is said to have absolute cost advantage over Country B.

Advanced capitalism – an economic system characterised by private ownership, but with a major role played by the public sector. Most developed market economies such as those in North America, Western Europe, Japan, and Australia are examples of advanced capitalism.

African Development Bank – a regional bank, established in 1963, to assist independent African countries through the provision of loans and technical assistance.

Aggregate demand – a measure of the real purchasing power of the community. Commonly referred to as the total effective demand or total expenditure, it normally comprises private consumption (C), private and public investment (I), government expenditure (G), plus net exports (X-M).

Appropriate model – a model that is appropriate for existing factor endowments. For example, a model employing a higher proportion of labour relative to other factors in a labour-abundant economy is usually more appropriate than one that uses smaller labour proportions relative to other factors.

Asian Development Bank (ADB) – a regional development bank whose major objective is to assist the development of Asian nations through the provision of loans and technical assistance.

Autarchy – a closed economy that attempts to be completely self-reliant.
Balanced trade – a situation where the value of a country’s exports and the value of imports of visible items are equal.

Barter transactions – the trading of goods for other goods in economics not fully monetised.

Basic transfer – net foreign exchange inflow or outflow related to a country’s international borrowing. The quantitative difference between the net capital inflow (gross inflow minus amortisation on past debt) and interest payments on existing accumulated debt.

Black market – a situation in which there is illegal selling of goods at prices above a legal maximum set by the government. It occurs due to relative scarcity of the goods concerned and the existence of an excess demand for them at the established price.

Buffer stocks – stocks of commodities held by countries or international organisations to moderate the commodities price fluctuations.


Centralised planning – the determination by the state of what shall be produced and how factors of production shall be allocated among different uses. Central planning is done at the centre and then dictated to various sections in the economy.

Ceteris paribus – a Latin expression widely used in economics meaning "all else being equal", that is, all other variables are held constant.

Closed economy – an economy in which there are no foreign trade transactions or any other form of economic contacts with the rest of the world.
Collectivism – an economic system in which the means of production are owned by collective agencies, such as the government or community, and not by private individuals or business firms.

Collusion – an agreement among sellers of a commodity (or commodities) to set a common price and/or share their commodity market.

Commercial bank – a financial institution that provides a wide range of services, including accepting deposits and making loans for commercial purposes.

Common external tariff – a tariff imposed by members of a customs union, common market, or economic community on imports from non-members.

Common fund – UNCTAD’s proposed buffer stock, incorporating at least 10 core commodities.

Common market – a form of economic integration in which there is free internal trade, a common tariff, plus the free movement of labour and capital among partner states. The EEC (European Economic Community) provides an example.

Comparative advantage – a country has a comparative advantage over another if, in producing a commodity, it can do so at a relatively lower opportunity cost in terms of the foregone alternative commodities that could be produced. Taking two countries, A and B, each producing two commodities, X and Y, Country A is also said to have comparative advantage in the production of X if its absolute advantage margin is greater or its absolute disadvantage is less in X than in Y.

Conditionality – usually refers to the requirement imposed by the IMF that a borrowing country undertake fiscal, monetary, and international commercial reforms as a condition to receiving a loan for balance of payments difficulties.
Consumption economies advantages (benefits) – that accrue to individuals or society as a whole as a result of increases in the consumption of certain types of goods or services by other individuals (for example, education, health care).

Cost-benefits analysis – a basic tool of economic analysis in which the actual and potential costs (both private and social) of various economic decisions are weighed against actual and potential private and social benefits. Those decisions or projects yielding the highest benefit/cost ratios are usually thought to be most desirable. Also see project appraisal.

Currency substitution – the use of foreign currency (for example, US dollars) as a medium of exchange in place of, or along with, the local currency (for example, Mexican pesos).

Current account balance – the difference between exports of goods and imports of goods and services plus unrequited transfer to the rest of the world. Included in this figure are all interest payments on external public and publicly.

Customs union – a form of economic integration in which two or more nations agree to free all internal trade while levying a common external tariff on all non-member countries. Also see common market and free trade area.

Debt outstanding (external public) – the amount of public and publicly guaranteed loans that has been disbursed, net of cancelled loan commitments and repayments of principal.

Decentralised planning – regionalised or sectoral planning as opposed to planning at the centre. See centralised planning.

Dependence – a corollary of dominance; a situation where the LDCs have to rely on developed country domestic and international economic policy to stimulate their own economic growth. Dependence can also mean that the LDCs adopt developed country education systems, technology, economic and political systems, attitudes, consumption patterns, dress, etc.
**Devaluation** – a lowering of the “official” exchange rate between one country’s currency and those of the rest of the world.

**Development** – the process of improving the quality of all human lives. Three equally important aspects of development are as follows: (1) raising people’s living levels, that is, their incomes and consumption levels of food, medical services, education, etc., through “relevant” economic growth processes; (2) creating conditions conducive to the growth of people’s self-esteem through the establishment of social, political, and economic systems and institutions that promote human dignity and respect; and (3) increasing people’s freedom to choose by enlarging the range of their choice variables, for example, increasing varieties of consumer goods and services.

**Development banks** – specialised public and private financial intermediaries providing medium-term credit for development projects.

**Development plan** – the documentation by a government planning agency of the current national economic conditions, proposed public expenditures, likely developments in the private sector, a macroeconomic projection of the economy, and a review of government policies. Many LDCs publish five-year development plans to announce their economic objectives to their citizens and others.

**Division of labour** – allocation of tasks among the workers such that each one engages in what he/she performs most efficiently. Division of labour promotes worker specialisation and thereby raises overall labour productivity. It has its historical origins in Adam Smith’s *Wealth of Nations*.

**East Africa Community (EAC)** – an integrated economic grouping of the three East African countries – Kenya, Uganda, and Tanzania – established by the Treaty of East Africa Cooperation of 1967, but eventually dismantled in the mid-1970s. Cooperation took the form of joint administration of a number of common public services (railways, airways, ocean and...
lake transport, and research) and customs union that involved internal free trade and a common external tariff on imports.

**Economic Commission for Africa (ECA)** – a regional branch of the United Nations system located in Addis Ababa, Ethiopia, and devoted to the analysis of economic development and trends in African nations. Statistical bulletins and technical analyses of economic trends in individual countries and groups of countries in various regions of Africa are published regularly. Also see ECLA and ECAFE.

**Economic Commission for Asia and the Far East (ECAFE)** – a regional branch of the United Nations system located in Bangkok, Thailand, and devoted to the technical and statistical analysis of economic developments and trends in the diverse countries of Asia and the Far East. Also see ECA and ECLA.

**Economic Commission for Latin America (ECLA)** – a regional branch of the United Nations system located in Santiago, Chile, and devoted to the regular publication of technical and statistical analyses of economic trends in Latin America as a whole and in individual American nations. Also see ECA and ECAFE.

**Economic community** – economic union of countries seeking to coordinate fiscal and monetary policies as a step toward a common currency. This takes place in addition to maintaining a common external tariff and similar commercial policies and to removing restrictions on trade within the community.

**Economic constraint** – a barrier to the attainment of a set target (for example, economic growth) in a particular period of time. For example, physical capital has long been thought of as the major constraint on economic growth in LDCs.

**Economic growth** – the steady process by which the productive capacity of the economy is increased over time to bring about rising levels of national income.
Economic infrastructure — the underlying amount of capital accumulation, embodied in roads, railways, waterways, airways, and other forms of transportation and communication plus water supplies, financial institutions, electricity, and public services such as health and education. The level of infrastructural development in a country is a crucial factor determining the pace and diversity of economic development.

Economic integration — the merging, to various degrees, of the economies and economic policies of two or more countries in a given region. Also see common market, customs union, free trade area, trade creation, and trade diversion.

Economic plan — a written document containing government policy decisions on how resources shall be allocated among different uses in order to attain a targeted rate of economic growth over a certain period of time. See economic planning, centralised planning, planning model, and plan implementation.

Economic planning — a deliberate and conscious attempt by the state to formulate decisions on how the factors of production shall be allocated among different uses or industries, thereby determining how much of the total goods and services shall be produced in the ensuing period(s). Also see economic plan and centralised planning.

Economic policy — statement of objectives and methods of achieving these objectives (policy instruments) by a government, political party, business concern, etc. Some examples of government economic objectives are maintaining full employment, achieving a high rate of economic growth, reducing income and regional development inequalities, and maintaining price stability. Policy instruments include fiscal policy, monetary and financial policy, and legislative controls (for example, price and wage control, rent control).

Economic principles — basic concepts of economic theory that provide the tools of economic analysis. Examples of economic principles are the principle of substitution, the principle of economy, the principle of diminishing returns, and the concept of scarcity.
Economic system – the organisational and institutional structure of an economy including the nature of resource ownership and control (that is, private versus public). Major economic systems include subsistence economy, pure market capitalism, advanced capitalism, market socialism, command socialism, and the mixed systems that characterise most LDCs.

Economies of scale – these are economies of growth resulting from expansion of scale of productive capacity of a firm or industry, leading to increases in its output and decreases in its cost production per unit of output.

Economic Community of West African States (ECOWAS) – an economic community, formed in 1975, of 15 West African countries – nine French, five British, and one Portuguese – with a total population of over 125 million and a land area of 6.5 million square miles. It is the largest example of economic integration in Africa and includes such countries as Nigeria, Ghana, Upper Volta, Senegal, Niger, and Chad.

European Economic Community (EEC) – a European economic federation (common market) established under the Treaty of Rome in 1975 with a view to abolishing interstate tariffs within the federation in order to increase trade volume (and, hence, GDP) of member states. The current membership of the EEC includes Germany, Luxembourg, Great Britain, Italy, Denmark, Austria, Belgium, France, and the Netherlands.

Employment gap – (a) deflationary: amount by which employment at equilibrium national output falls short of employment that would obtain at capacity output; (b) inflationary: amount by which prices at equilibrium national output exceed those which would obtain at capacity or potential output level. The employment gap is a major Keynesian concept, but one that has limited relevance for many LDCs.

Exports – (of goods and non-factor services) represent the value of all goods and non-factor services sold to the rest of the world; they include merchandise, freight, insurance, travel, and other non-factor services. The value of factor services (such as investment receipts and...
workers' remittances from abroad) is excluded from measure. Also see merchandise exports and imports.

**Exports dependence** – a situation in which a country relies heavily on exports as the major source of finance needed for carrying out development activities. This is a situation of many LDCs that must export primary products to earn valuable foreign exchange.

**Factors of production** – resources or inputs required to produce a good or service. Basic categories of factors of production are land, labour, and capital.

**Factor endowment trade theory** – the neoclassical model of free trade, which postulates that countries will tend to specialise in the production of those commodities that make use of their abundant factors of production (land, labour, capital, etc.). They can then export the surplus in return for imports of the products produced by factors with which they are relatively less endowed. The basis for trade arises because of differences in relative factor prices and, thus, domestic price ratios as a result of differences in factor supplies. Also see comparative.

**Factor mobility** – the unrestricted transference or free voluntary movement of factors of production among different uses and geographic locations.

**False paradigm-model of underdevelopment** – the proposition that Third World countries have failed to develop because their development strategies (usually given to them by Western economists) have been based on an incorrect model of development, one that, for example, overstressed capital accumulation without giving due consideration to needed social and institutional change.

**Financial liberalisation** – eliminating various forms of government intervention in financial markets, thus allowing supply and demand to determine the level of interest rates, for example.
**First World** – the now economically advanced capitalist countries of Western Europe, North America, Australia, New Zealand, and Japan. These were the first countries to experience sustained and long-term economic growth.

**Foreign aid** – the international transfer of public funds in the form of loans or grants either directly from one government to another (bilateral assistance) or indirectly through the vehicle of a multilateral assistance agency such as the IBRD (World Bank).

**Free trade** – trade in which goods can be imported and exported without any barriers in the form of tariffs, physical quotas, or any other kind of restriction.

**Free trade area** – a form of economic integration in which free internal trade exists among member countries, but each member is free to levy different external tariffs against non-member nations.

**Gains from trade** – the increase in output and consumption resulting from specialisation in production and free trade with economic units including persons, regions, or countries.

**General Agreement on Tariffs and Trade (GATT)** – an international body set up in 1947 to probe into ways and means of reducing tariffs on internationally traded goods and services. Between 1947 and 1962, GATT held about seven conferences, but met only moderate success. Its major success was achieved in 1967 during the "Kennedy Round" of talks when tariffs on primary commodities were drastically slashed.

**Gross domestic investment** – consists of the outlays for additions to the fixed assets of both the private and public sectors plus the net value of inventory changes.

**Gross domestic product** – measures the total final output of goods and services produced by a country’s economy – that is, within the country’s territory by residents and non-residents, regardless of its allocation between domestic and foreign claims.
Gross domestic savings – shows the amount of gross domestic investment financed from domestic output. It is calculated as the difference between gross domestic investment and the deficit on the current account of goods and non-factor services (excluding net current transfers). It comprises both public and private savings.

Gross national product – measures the total domestic and foreign output claimed by residents of a country. It comprises gross domestic product plus factor incomes accruing to residents from abroad, less the income earned in the domestic economy accruing to persons abroad.

International Bank for Reconstruction and Development (World Bank) (IRBD) – an international financial institution owned by its 148 member countries and based in Washington, DC. One of its main objectives is to provide "development funds" to the needy Third World countries (especially the poorest) in the form of interest-bearing loans and technical assistance. The World Bank operates with borrowed funds.

International Monetary Fund (IMF) – an autonomous international financial institution that originated from the Bretton Woods Conference of 1944. Its main purpose is to regulate the international monetary exchange system, which also originated from the conference, but has since been modified. In particular, one of the central tasks of the IMF is to control fluctuations in exchange rates of the world currencies in a bid to alleviate balance of payments problems.

Imperfect competition – a market situation or structure in which producers have some degree of control over the price of their product. Examples include monopoly and oligopoly.

Import substitution – a deliberate effort to replace major consumer imports by promoting the emergence and expansion of domestic industries such as textiles, shoes, and household appliances. Requires the imposition of protective tariffs and physical quotas to get the new industry started.
**Income effect** – the implicit change in real income resulting from the effects of a change in a commodity's price on quantity demanded.

**Income gap** – the gap between the incomes accruing to the bottom poor and the top rich sectors of the population. The wider the gap, the greater the inequality in the income distribution. Also used to refer to the gap between income per capita levels in rich and poor nations.

**Income inequality** – the existence of disproportionate distribution of total national income among households, whereby the share going to rich persons in a country is far greater than that going to the poorer persons (a situation common to most LDCs). Inequality of personal income can be reduced by steeply progressive income and wealth taxes.

**Industrialisation** – the process of building up a country's capacity to process raw materials and to manufacture goods for consumption or further production.

**Infant industry** – a term given to a newly established industry usually set up behind the protection of a tariff barrier as part of a policy of import substitution. Once the industry is no longer an infant, the protective tariffs are supposed to disappear, but they often do not.

**Informal sector** – that part of the urban economy of LDCs characterised by small competitive individual or family firms, petty retail trade and services, labour-intensive methods of doing things, free entry, and market-determined factor and product prices.

**Institutions** – norms, rules of conduct, and generally accepted ways of doing things. Social institutions refer to well-defined and formal organisations of society that govern the way that society operates – for example, the class system, private versus communal ownership, and the educational system – while political institutions refer to the systems that govern the operations of government of a particular society, for example, formal power structures, political parties, and mechanism of getting into power.
Interdependence – interrelationship between economic and non-economic variables. Also, in international affairs, the situation in which one nation’s welfare depends to varying degrees on the decisions and policies of another nation, and vice versa.

Invisible hand – this term has its origin in Adam Smith’s famous book *Wealth of Nations*, published in 1776. It argues that the unbridled pursuit of individual self-interest automatically contributes to the maximum of the social interest.

Inward-looking development policies – policies that stress economic self-reliance on the part of LDCs, including the development of indigenous appropriate technology, the imposition of substantial protective tariff and non-tariff trade barriers in order to promote import substitution, and the general discouragement of private foreign investment.

Keynesian model – model developed by Lord John Maynard Keynes in the early 1930s to explain the cause of economic depression and, hence, the unemployment of that period. The model states that unemployment is caused by insufficient aggregate demand (AD), and it can be eliminated by, say, government expenditure that would raise AD and activate idle and/or underutilised resources and, thus, create jobs.

Latin American Free Trade Association (LAFTA) – an economic federation of 11 Latin American states formed in 1960 and within which all commodities are traded free of tariffs. Each member state, however, may charge tariffs and legislate other trade restrictions on goods entering it from countries that are not members of the federation. The primary purpose of LAFTA is to encourage trade creation in the economically integrated area; its current membership includes Brazil, Argentina, Chile, and Venezuela.

Laissez-faire – an expression often used to represent the notion of free enterprise and market capitalism.

Laws – a law is a universal truth – it holds in all situations, and its validity is independent of the social and/or political context in which it is observed (for example, in physical sciences,
the law of gravity holds whether an experiment is conducted in North America, China, or Botswana). On the other hand, tendencies (as economics) are only inclinations of behaviour or phenomena that may occur under similar conditions, but are not always true in different social contexts.

**Macroeconomics** – that branch of economics that considers the relationships among broad economic aggregates such as national income, total volumes of saving, investment, consumption expenditure, employment, money supply, etc.

**Market economy** – a free private enterprise economy governed by consumer sovereignty, a price system, and the forces of supply and demand.

**Market failure** – a phenomenon that results from the existence of market imperfections (for example, monopoly power, factor immobility, significant externalities, lack of knowledge) that weaken the functioning of a free market economy – that is, it fails to realise its theoretical beneficial results. Market failure often provides the justification for government interference with the working of the free market.

**Market mechanism** – the system whereby prices of commodities or services freely rise or fall when the buyer's demand for them rises or falls or the seller's supply of them decreases or increases.

**Market socialism** – economic system in which all resources are owned by the state, but their allocation in the economy is done primarily by market price system.

**Microeconomics** – that branch of economics concerned with individual decision units – firms and households – and the way in which their decisions interact to determine relative prices of goods and factors of production and how much of these will be bought and sold. The market is the central concept in microeconomics.
**Mixed systems** – economic systems that are a mixture of both capitalist and socialist economies. Mixed economic systems characterise most developing countries. Their essential feature is the coexistence of substantial private and public activity within a single economy.

**Model** – an analytical framework used to portray functional relationships among economic factors.

**Monopoly** – a market situation in which the output that does not have close substitutes is being produced and sold by a single seller.

**Multinational corporation (MNC)** – an international or transnational corporation with headquarters in one country, but branch offices in a wide range of both developed and developing countries.

**Neoclassical counter-revolution** – 1980s phenomenon of resurgence of neoclassical free market orientation toward development problems and policies; counter to interventionist.

**Neoclassical model of underdevelopment** – model whose main proposition is that underdevelopment exists in Third World countries because of continuing exploitative economic, political, and cultural policies of former colonial rulers toward less developed countries.

**Newly industrialising countries (NICs)** – a small group of countries at a relatively advanced level of economic development with substantial and dynamic industrial sectors and with close links to the international trade, finance, and investment system (Argentina, Spain, Taiwan, and Mexico).

**Non-tariff trade barrier** – barriers to free trade that take forms other than tariffs such as quotas and sanitary requirements for imported meats and dairy products.
Normative economics – the notion that economics must concern itself with “what ought to be”. Thus, it is argued that economics and economic analysis always involve value judgements, whether explicit or implicit, on the part of the analyst or observer.

North-south trade models – recent vintage of trade and development models that focus on unequal exchange between the north (MDCs) and the south (LDCs). Attempts to show theoretically why the south gains less from trade than the north.

Organisation for Economic Cooperation and Development (OECD) – an organisation of 20 countries from the Western world, including all those in Europe and North America. Its major objective is to assist the economic growth of its member nations by promoting cooperation and technical analysis of national and international economic trends.

Oligopoly market control – exists when a market structure has a small number of rival but not necessarily competing firms dominating the industry. Thus, all recognise the fact that they are interdependent and can maximise their individual advantages through explicit (cartel) or implicit (collusion) joint actions.

Oligopoly – a market where there are a few sellers and many buyers of similar but differentiated products. OPEC provides a good example of international oligopoly.

Open economy – an economy with foreign trade and has extensive financial and non-financial contacts with the rest of world, for example, in areas such as education, culture, and technology.

Outward-looking development policies – policies that encourage free trade, the free movement of capital, workers, enterprise, and students, a welcome to multinational corporations, and an open system of communications.

Package of policies – a set of multidimensional economic and social policies aimed, for example, at removing inequalities and improving living standards for the masses. In short, a
set of different but mutually reinforcing policies designed to achieve a single objective or multiple objectives.

**Paradigm** – implicit assumptions from which theories evolve; a model or framework of analysis.

**Perfect competition** – a market situation characterised by the existence of (a) very many buyers and sellers of (b) homogeneous goods or services with (c) perfect knowledge and (d) free entry so that no single buyer or seller can influence the price of the good or service.

**Planning model** – a mathematical model (for example, input-output or macro planning model) designed to simulate quantitatively the major features of the economic structure of a particular country. Planning models provide the analytical and quantitative basis for most national and regional development plans.

**Political will** – a determined, deliberate, purposeful, independent decision on, or choice of, a course of action by persons in political authority, such as elimination of inequality, poverty, and unemployment through various reforms of social, economic, and institutional structures. Lack of political will is often said to be one of the main obstacles to development and the main reason for the failure of many development plans.

**Positive economics** – the notion that economics should be concerned with “what is”, was, or will be, with answers to economic questions based on facts or empirical observation.

**Principle of economy** – the proposition in perfect competition that for a given level of resources (inputs), producers will tend to minimise costs for a given level of output or maximise output for a given cost. The need to “economise” arises because resources are scarce and are, therefore, not free.
Private sector – that part of an economy whose activities are under the control and direction of non-governmental economic units such as households or firms. Each economic unit owns its own resources and uses them mainly to maximise its own well-being.

Privatisation – preponderance of private ownership of means of production. Selling public assets (corporations) to private business interests.

Profit – the difference between the market value of output and the market value of inputs that were employed to produce that output. Alternatively, a firm’s or farm’s profits can be defined as the difference between total revenue and total cost.

Profit maximisation – making as large as possible the profits of a firm. Producers often desire to find the level of output that results in maximum profits, at least according to a fundamental assumption of Western economic theory.

Public sector – that portion of an economy whose activities (economic and non-economic) are under the control and direction of the state. The state owns all resources in this sector and uses them to achieve whatever goals it may have – for example, to promote the economic welfare of the ruling elite or to maximise the well-being of society as a whole.

Pure market capitalism – economic system in which all resources are privately owned and their allocation is done exclusively by a price system.

Quota – a physical limitation on the quantity of any item that can be imported into a country, for example, so many automobiles per year.

Redistribution policies – policies geared to reducing inequality of incomes and expanding economic opportunities in order to promote development. Examples include progressive tax policies, provision of services financed out of such taxation to benefit persons in lower-income groups, rural development policies giving emphasis to raising levels of living for the rural poor through land reform, and other forms of asset and wealth distribution.
Research and development (R&D) – a scientific investigation with a view toward improving the existing quality of human life, products, profits, factors of production, or just plain knowledge.

Rigid institutions – institutions designed in such a way that they cannot be adjusted or adjust themselves to accommodate development requirements; for example, a social system – typically a clan unit – that has conservative values that render it resistant to modernisation ideals is often referred to as a rigid institution.

Risk – a situation in which the probability of obtaining some outcome of an event is not precisely known; that is, known probabilities cannot be precisely assigned to these outcomes, but their general level can be inferred.

Second World – the now economically advanced socialist countries.

Self-reliance – reliance on one’s own capabilities, judgement, resources, and skills in a bid to enhance political, economic, social, cultural, attitudinal, and moral independence. Countries may also desire to be self-reliant in particular respects such as food production, manpower, and skills. Increasingly, the term “collective self-reliance" is being used in Third World forums.

Skewed distribution of income – skewness is a lack of symmetry in a frequent distribution. If income is perfectly distributed, such a distribution is said to be symmetrical. A skewed distribution of income is one diverging from perfect equality.

Stages-of-growth model of development – this theory of development is associated with the American economic historian WV Rostow. According to Rostow, in achieving development, a country inevitably passes through the following five stages: (a) traditional and stagnant low per capita stage; (2) transitional stage (in which the “preconditions for growth” are laid down; (3) the “take-off” stage (beginning of the economic growth process); (4) the “drive to maturity” stage; and (5) industrialised, mass production and consumption stage (development stage).
State-owned enterprises — public corporations and parastatal agencies owned and operated by the government.

Structural adjustment loans — loans by the World Bank designed to foster structural adjustment in the LDCs by supporting measures to remove excessive governmental controls, getting factor and product prices to better reflect scarcity values and promoting market competition.

Structural theory of underdevelopment — hypothesis that underdevelopment in Third World countries is due to underutilisation of resources arising from structural and/or institutional factors that have their origins in both domestic and international dualistic situations. Development, therefore, requires more than just accelerated capital formation as espoused in the “stages of growth” and “false paradigm” models of development.

Subsidy — a payment by the government to producers or distributors in an industry to prevent the decline of that industry (for example, as a result of continuous unprofitable operations).

Subsistence economy — an economy in which production is mainly for own consumption and standard of living yields no more than the basic necessities of life — food, shelter, and clothing.

Tariff — a fixed percentage tax (for example, 30%) on the value of an imported commodity levied at the point of entry into the importing country.

Third World — the present 144 or so developing countries of Asia, Africa, the Middle East, and Latin America. These countries are mainly characterised by low levels of living, high rates of population growth, low levels of per capita income, and general economic and technological dependence on the First and Second World economies.

Trade (as engine of growth) — free trade has often been described as an engine of growth because it encourages countries to specialise in activities in which they have comparative
advantages, thereby increasing their respective production efficiencies and, hence, their total outputs of goods and services.

**Trade creation** – a situation in the theory of customs unions that occurs when, following the formation of the union, there is a shift in geographic location of production from higher-cost to lower-cost member states.

**Trade diversion** – occurs when the formulation of a customs union causes the locus of production of formerly imported goods to shift from a lower-cost non-member state to a higher-cost member nation.

**Trade-off** – the necessity of sacrificing something in order to get more of something else – for example, sacrificing consumption now for consumption later by devoting some present resources to investment.

**Traditional (Western) economies** – the economics of capitalist market economies characterised by consumer sovereignty, profit maximisation, private enterprise, and perfect competition. The major focus is on the efficient allocation of scarce resources through the price system and forces of supply and demand.

**Transfer payment** – any payment from one economic entity to another takes the form of a gift – that is, it is not for a service rendered, and it need not be repaid. Examples include unemployment insurance, food stamps, welfare payments, subsidies, and bilateral grants.

**United Nations (UN)** – a global organisation set up at the end of the Second World War with the basic aim of cultivating international cooperation and, hence, ensuring that any conflicts or misunderstanding between or among countries would be resolved by peaceful means. At present, the UN has a membership of over 160 countries drawn from both the developed and less developed nations.
Underdevelopment – an economic situation in which there are persistent low levels of living in conjunction with the following characteristics: absolute poverty, low per capita incomes, low rates of economic growth, low consumption levels, poor health services, high death rates, high birth rates, vulnerability to and dependence on foreign economies, and limited freedom to choose between variables that satisfy human wants.

United Nations Development Programme (UNDP) – a body of the United Nations family whose major function is to promote development in Third World countries. Major development-oriented projects financed and carried out by the UNDP include the initiation of nutrition, health, and education programmes and the building up of agricultural, industrial, and transport infrastructure.

United States Agency for International Development (USAID) – a bilateral assistance agency of the US government whose primary objective is to assist Third World countries in their development efforts as part of US foreign policy. The economic assistance given by USAID normally takes the form of educational grants, special interest loans, and technical assistance. However, much of USAID’s activity consists of non-economic assistance to friendly LDC governments.

Vested groups – groups of persons that have acquired rights or powers in any sphere of activities within a nation or international affairs that they often struggle to guard and maintain. Examples of powerful vested interest groups in developing countries include lard lords, political elites, and wealthy private local and foreign investors.