



CO-OPERATIVE PHILOSOPHY AND INDUSTRIALISATION IN TANZANIA: THE PAST, CURRENT AND THE FUTURE

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Abstract

Co-operatives were established to cater for marginalised communities' socio-economic needs in the world in the mid-1840s. Their establishment is best on the philosophy of co-operativism which is itself based on the ideals spelt in the co-operative principles and values. Co-operatives thrive on the basis of attainment of member expectations which are themselves spelt in the member's felt needs. In the Tanzanian economy, co-operatives bring together six million individuals who form, manage and operate businesses for betterment of member livelihood and income. Co-operatives managed and operated industries ranging from crop processing to manufacturing firms. The co-operative sector has experienced different policies and regulatory frameworks which have so far led to practices which are not felt needs backed. The philosophical stance of co-operatives is enshrined in their principles and values. The changes in the policy, legal frameworks and government actions have also changed the manner co-operatives behave and operate. The industrialisation process is articulated to be based on cantering the member and ensuring the benefits that accrue focus on enhancing his/her well-being. In the times of waning of cooperativism, industrialisation through and with the participation of co-operative members requires adherence to the co-operative philosophy and in particular the felt need aspect.

1. Introduction

Co-operative practises have a tendency of emerging and being implemented without a necessity for being backed by a philosophy as they are normally actuated by need rather than by theory (Norse, 1922). Philosophers like Sheldon (1954) talk of challenges of describing Co-operation from a philosophical point of view as Co-operation is seemingly pervasive among human beings. It seems natural selection has specifically designed human beings to cooperate. The early recorded co-operative undertakings in Scotland, England and Germany (Chambo, 2018) are described to be a result of a need to reduce exploitative contradictions of labour and capital rather than a particular philosophical thinking. In the same sequence, practices cannot stand vacuously for long as they need to be backed by theory or they themselves are converged into a philosophy. Practice leads to theory as theory does to practice! It is for this that co-operativism has been linked to theorists and activists like Robert Owen, Herman Schulze, Reifession, Charles Gide and William King (Kaleshu, 2018 Roy, 1981; Mercer, 1922).

Whereas, some writers like Faibairn (1994) have argued that the Rochdale Pioneers were influenced by the Owenites, there is little evidence to support their (the Rochdale Pioneers) philosophical leanings. The co-operative movement spurred by the Rochdale Pioneers in 1844 is described by Nourse (1922) to be philosophically short but long in practice. Nourse (1922) further asserts that three major pillars made co-operativism to be accepted and these were increased efficiency or reduced cost of services; distribution of savings or profits based on patronage rather than capital subscribed, and democratic control of members on their co-operative. The setting up of the principles certainly required a great deal of thought but the forerunner to the principles seems to be the need to reduce the exploitative situation. The current situation has definitely changed the conflicts between capital and labour experienced during the 1840s and indeed the expansive nature of co-operative undertaking has even altered the practice. The operational environment is now driven by knowledge and communication technology (Chambo, 2018, and Kaleshu *et al*, 2019).

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The old philosophical ideas on co-operatives and co-operation tend to stem from the understanding of philosophy as “**the love of wisdom**” and “what it means for them”. The love of wisdom, itself, does not dwell well into the role of common bond and felt need (Kafka, 2021, Wen and Xie 2020 and Viktoria 2020). Whilst other business models commonly pursue the goal of maximising profits, co-operatives focus on benefitting members. Co-operatives thrive as a result of Co-operation. Co-operation itself can be discussed through different theories such as mutual aid, socio-biological and behavioural theories and functional theory (Gouran, 2015). The functional theory focuses on group decision-making and suggests that the source of co-operative behaviour rests with the perceived needs of individuals in the group (Xu *et al*, 2021, li and Sha, 2020 and Gouran, 2015). Today, co-operative philosophers like Mwangeka (2020) and Brennan and Sayre-McCord (2019) assert as well that cooperation is a property of an outcome – one in which there is recognisable mutual positive interdependence among those whose actions jointly produce that outcome. Their argument reinforces the co-operative belief of felt need as elucidated in the functional theory and Co-operative principles (ICA 1995). The ICA statement of co-operative identity states that a co-operative is “an autonomous association of persons united voluntarily to meet their common, social and cultural needs and aspirations through jointly owned and democratically-controlled enterprise”.

The current discussion and focus on co-operatives and their role in industrialisation, call for a need to relate the felt need of co-operative society members and which is part of the broader co-operative philosophy and propelling the drive to owning and/or managing industries. Since, co-operatives’ involvement and participation in Industrialisation revolve around co-operative members, and since the key objective of co-operatives is to realise their felt needs, industrialisation could further complicate the path towards attainment of members’ main interest as a characteristic of co-operatives. The questions that arise due to Industrialisation is as to whether the co-operative advantage, (which is basically based on the felt need philosophy), is finally attained. This paper, therefore, is intended to shed light on how the co-operative philosophy can be instrumental in propelling co-operatives in the industrialisation era particularly so in Tanzania.

2. Co-operative Philosophy

Generally, philosophy leads us to understand the truths about an idea or activity. The Merriam Webster dictionary provides four definitions of philosophy for different applications. This paper has, however, adopted the fourth definition that describes philosophy as “the most basic beliefs, concepts, and attitudes of an individual or group”. The Philosophical Foundation describes philosophy as “a way of thinking about certain subjects such as ethics, thought, existence, time, meaning and value”. This appears to suit co-operative beliefs as vested in the principles and values as elucidated by the International Co-operative Alliance in 1995. The linchpin of co-operativism, in this respect, lies in the need to establish and manage an association from a felt need or functional result point of view and for purposes of jointly attaining the common goal at reduced and equitable cost (Fairbairn, 1994). Co-operatives in this respect are viewed as strategic instruments to industrialisation (Anania and Nade, 2020).

The co-operative principles define co-operatives in the context of resonance, action and practises. Arguments put up by different co-operative scholars like Roy (1981), Birchall (1997), and Cançado, Souza and Pereira (2014) point out the role and need to adhere to co-operative principles and values. Since the major focus of the principles and values is the centrality of a co-operative at its establishment, leadership and management, operationalisation and even the demise of a co-operative society, the philosophical stance of a member is critical for its success. The key issue is the application of a joint and collective action in the process of attainment of common goal through co-operatives (APR, 2019). The goal itself would be based on a felt need which is to be attained through joint efforts which, in reality, would be difficult to undertake individually. Reduction of individualism in the operations of a firm is a basic tenancy in the description of a co-operative. Different theories describe co-operative operations.

Theories like functional theory (Xu *et al*, 2020 and Gown, 2015), mutual incentive theory as discussed by Li *et al* (2020) and Birchall and Simmons (2004) show that individuals are motivated to cooperate where they expect/anticipate similar benefits/rewards in return from others. The Social Capital Theory, from the point of view of Putman (1993) and Coleman (2000), focuses on relational interactions between individuals, built on mutual trust and reciprocity and creates a powerful capital which is a prime determinant of a successful economically viable/developed institution, society or community. The economic theory, as elucidated by Kafka (2021), contends that co-operatives are aggregates of economic units whose co-operative operations depend on the interdependence nature of those economic units. Co-operatives thus hinge on mutuality, social capital, and trust, aggregation of economic units, interdependence and adherence to co-operative principles. The seven co-operative principles: Voluntary and Open Membership; Democratic Member Control; Member Economic

Participation; Autonomy and Independence; Education, Training and Information; Cooperation among co-operatives and Concern for Community, describe the behaviour and nature of co-operatives.

Institutional philosophies are shaped by the environment in which they operate in, including but not limited to socio-economic ruling at a particular moment. The emergence of cooperativism was by itself shaped by circumstances surrounded by the industrial revolution compounded with abuses, low wages and high prices (Chambo 2018 and Nourse, 1922). In that era the rigours of the capitalistic industrial system could only be mitigated by a business non-profit institution and the co-operative approach appeared to be the best alternative. According to Fairbairn (1994) and Bonner (1961), the establishment of an institution must be based on ideals. Bonner (1961) avows that the "Pioneers commenced business with the purpose of pioneering the way to a new and better social order. Without an ideal there would have been no Co-operative Movement." The ideal enables one to set a goal and it is itself a belief and thus, a philosophy. Since co-operativism is based on principles and values, the ideal cannot be detached from them and, thus, it is necessary to attest as to whether co-operatives industries established and currently operating do really led to attainment of members' philosophical and practical needs.

3. Co-operative Establishment and Industrialisation

3.1 The Past Experience (1850 to 2000)

The first recorded successful co-operative at Rochdale was established during the industrial revolution era and is associated with advancement in the sector. Industrialisation appears to be the catalyst for co-operative activities. While Rochdale was a forerunner for consumer co-operatives, the establishment of credit unions in Germany by Schulze-Delitzsch and Raiffeisen in the 1850s focused on serving the rural and urban poor during times of freed serfs as a result of mechanisation and Industrialisation (McKillop and Wilson, 2011). In the USA and Canada, similar trends shaped the formation of credit unions and other co-operatives. In the less developed economies, like Tanzania, the establishment of co-operatives particularly agricultural co-operatives was a result of market failures which was also a reason for establishment of similar undertakings in Canada, America and Asia in the early 1900s (Cardoso *et al.*, 2014, McKillop and Wilson, 2011 and Birchall, 1997). In all cases, co-operatives were viewed as the best alternatives to the marginalised.

The industrial revolution era also called for co-operatives to be self-reliant as a way of avoiding exploitation by merchants and the manufacturers. In England, the Consumer Co-operative Society (CCS) invested in plants, flour mills and bakeries to serve its members and community (Parker, 1925). Manufacturing led to value addition and this meant more gains were directed to the co-operative member. In the African and Tanzanian situation, agricultural co-operatives had to contend with the nascent and traditional role of suppliers of raw materials to industries within and outside the country (owned and managed by other investors) and the recipient of industrial products (Anania and Nade, 2020). To be able to remove the yoke of being oppressed by the industrial owners, importers and supplies, co-operatives acquired, established and managed their industries for purposes of value addition and for employment creation.

In Tanzania, agricultural co-operatives which were started to collect and market agricultural produce had to enhance member benefits through industries mostly in processing. A brief on The Co-operative Movement in Tanganyika written by Mr. Sadleir (then Divisional Officer for Co-operative Development) in which the foreword was written by the late Hon. Bomani in 1962, the World Bank on The Economic Development of Tanganyika (1961), Tanganyika's First Economic Development Plan and the Annual Report on Co-operative Development for the year 1965 published in 1968, show that co-operatives had invested heavily in agro-processing. The Victoria Federation of Co-operatives had 19 ginneries owned and operated by the co-operatives themselves, one oil mill and two rice mills. In the Coast region, the Coast Region Co-operative Union (CORECU) acquired 50% stake in the Coastal Industries Ltd which operated three cotton ginneries. The Mara Co-operative Union set aside £7,000.00 for completion of a ghee factory at Musoma. The Kilimanjaro Native Co-operative Union (KNCU) had partnered with the Tanganyika Coffee Growers Association Ltd to manage Tanganyika Coffee Curing Company (TCCCO) in the late 1940s, the Ngoni-Matengo Co-operative Union established a tobacco processing plant in 1936, and the Bukoba Co-operative Union also acquired and installed the Bukoba Coffee Curing Plant (BUKOP).

Developments in the sector, immediately after independence in 1961, were accentuated by the need to propel the nation's economic development. Co-operative expansion was, however, intercepted by capacity to manage expanded businesses (including factories), government and political suspicions. In 1967, the Arusha Declaration ushered in new thinking on co-operatives as they were treated as vehicles of development and thus rather focusing on members, they were required to service even non-members. According to the WB report of 1961

and Goran Hyden (1984) the registration and survival of co-operatives must be based on economic viability and undertaking. Hyden (1984), argued further that the rationale for establishment of co-operatives became political and convenient. In this sense, there was no focus on the ideal of felt need. In 1975, the Ujamaa Villages Act displaced the co-operatives from their natural values. Co-operative membership was by conscript rather than voluntary and all properties were taken over by the government and handed over to Crop Marketing Authorities. This action meant the Industrialisation process formerly undertaken by the co-operatives came to a sudden and unplanned halt. The co-operative philosophy, the felt need in particular, did not feature in co-operative establishment and undertakings.

The revival of co-operatives in 1982 unleashed a new wave of co-operatives whose membership was apathetic and did not contribute the requisite capital. The re-installation of co-operatives entailed a re-introduction of new co-operative unions which took over functions of the defunct ones. The performance of some co-operative unions - even after the re-installation- left a lot to be desired as they depended greatly on government support and borrowing from commercial banks. In 2001, co-operatives in Tanzania mainland were reported to be in an appalling state. By May 2001, the co-operative union owed banks TZS 17.8 billion, despite the cancellation of their TZS 44 billion debt by the government in the previous ten years (Mchomvu *et al.*, 2001:34 and Maghimbi, 2010). Co-operative unions like the KNCU, NCU and SHIRECU, almost collapsed due to heavy loan burdens and mismanagement¹⁵. Given this state, the Industrialisation effort could not continue.

3.2 The Current Experience (2000-2021)

The changes in the policy and legislations, undertaken between 2000 and 2013, focused on the revival of co-operatives and putting the members at the centre of their operations. The number of co-operatives increased from 8,551 in 2008 to 9,186 in June, 2021. Similarly, the co-operative members increased from 1,600,000 in 2008 to 6,050,324¹⁶. Table 1 summarises the distribution of co-operative societies and membership sector wise. Note that members in the secondary, apex and the federation as well in the joint enterprises and ventures are either the primary or unions.

Table 1: Types of Co-operatives in Tanzania as of 31st June, 2021

Co-operatives	Number of co-operative Societies	Ratio: %	Number of members	Ratio: %
AMCOS	4,039	44	2,726,452	45
SACCOS	3,831	42	2,523,548	42
Other Co-operative	1,215	13	800,342	13
Unions	58	0.6	-	-
Co-operative Joint Enterprises	42	0.4	-	-
Federation	1	0.0	-	-
Total	9,186	100	6,050,342	100

Source: TCDC, 2021

The increase in co-operative membership and activities was also coupled with the rehabilitation of some old factories in the ginning and curing activities and installation of new ones in other sectors. A survey undertaken in June, 2021, showed rehabilitated industries to include the Chato Cotton Ginning Plant owned by Chato Co-operative Union, Kahama Cotton ginning Plant owned by Kahama Co-operative Union and the Bukoba Coffee Curing Plant (Bukop) by the Kagera Co-operative Union. Other co-operative unions like KDCU installed new curing plants. Joint enterprises like Buha (Manyovu JE) acquired and installed new coffee curing plants. In Tanga, the Tanga Dairy Co-operative Union (TDCU) entered into a joint venture that established and manage one of the largest Dairy Plants (Tanga Fresh) in the country. Milling plants have also either been rehabilitated or acquired in various parts of the country and so have been the increased investment in dairy plants. Through a joint venture, co-operatives own majority shares in the Tanganyika Instant Coffee Company (TANICA) and in the Tanganyika Coffee Curing Company (TCCCO).

As at 30th November, 2021, statistics showed that Co-operatives owned two hundred and sixty-eight factories nationwide (268) of which, two hundred and sixteen (216) factories were functional while fifty-two (52) are either dormant or non-operational. In addition, some industries, especially the cotton and coffee processing industries, operated for a period between three to six months due to low crop production and the presence of

¹⁵ See also Sam Maghimbi (2010) Co-operatives in Tanzania: Revival and Growth pp 5 on the impact of abolishment of co-operatives in 1976.

¹⁶ The 2008 data cited from Maghimbi (2010) and the 2021 data from the Tanzania Co-operative Development Commission (TCDC) in August, 2021.

other competitive industries outside the Co-operative sector. Benefits to members are normally out of the surplus generated by factories. Three cases are summarised in relation to benefits to members.

(a) The Chato Agricultural Marketing Co-operative Society (1989) Ltd. The primary society majors in collection and marketing of cotton. Since its members engage in cotton, sunflower and maize, it decided to invest in both maize milling and sunflower oil processing. The sunflower milling activity alone made a cumulative gross income of Tshs 134.62 million between 2018 and 2020 and resulted in a cumulative income of Tshs 69.75 mill. The profits were partly invested in securing the loan for a new tractor and payment to members.

(b) The Chato Co-operative Union – Ginnery. The ginnery was rehabilitated in 2011. A total TZS 417.4 million was applied in the acquisition of 22 new double rollers for ginning. The union had to sell its shares in CRDB PLC. The new machines improved the processing time and quality from almost zero production to 55 bales per shift. The union could not, however, operate the ginnery even after rehabilitation due to lack of working capital and inability to acquire a bank loan. In the 2020/21 cotton season, the union acquired a 4.2 billion short term loan (one year) and Tshs 179.2 million long-term loan for acquisition of new machine spares from the Tanzania Agricultural Development Bank (TADB).

The Union collected 4,312,680 kgs of raw cotton from its members and non-members. It increased prices of raw cotton from the Tanzania Cotton Board prescribed farm gate price of Tshs 810 per kg to Tshs 900 and later to Tshs 1,100 to capture the increase in international market and to play its market mitigation role. The second action taken was to improve the ginning outcome from an average of 37.90% recorded by ginning outcomes when the plant was hired to Mohamed Enterprises to 38.25% for cotton lint. The dust was also reduced from 2.00% to 1.79%. The processing results were as summarised in Table 2.

Table2a: Chato Co-operative Union Ginning Outcome 2020/21

	Input		Output	
	KGS	TZS		KGS
Raw Cotton	4,312,680	3,881,412,000	Cotton Lint	1,645,606
			Cotton Seed	2,563,159
				4,208,765

Table2b: Chato Co-operative Union Ginning Outcome 2020/21

Sales	Kgs	TZS
Cotton lint	1,645,606	5,307,079,350
Cotton Seed (for processing)	1,891,159	1,373,212,434
Cotton Seed (TCB for seeds)	672,000	369,600,000
Total	4,208,765	7,049,891,784
Less Raw cotton		3,881,412,000
Gross Out Come		3,176,422,216
Operational costs including depreciation		1,898,700,000
Net surplus before Interest of the ginnery operations.		1,277,722,216

Source: Chato Co-operative Union, 2021

The union paid the short-term loan and the bank insisted on payment of the long-term loan in full (Principal Loan paid to TADB was TZS 4.420 billion). The Tanzania Cotton Board is yet to pay Tshs 216 million for cotton seed out of which the Union is planning to pay an additional Tshs 200 million to its members. In the current season (2021/22), the union has managed to increase farm gate prices to Tshs 1,300 per kilogram from Tshs 1,100 prescribed by the Tanzania Cotton Board. The union feels it will be able to meet its costs, pay its current short-term loan and operational costs as it has secured a minimum price of around Tshs 4,400 per pound of cotton lint.

(c) Tanganyika Coffee Curing Company Ltd (TCCCO)

The Company is currently owned by eight shareholders namely; KNCU Ltd (54%), TCGA (31%), ACU Ltd (10%), VCU Ltd (2.0%), TARECU Ltd (1.5%), MORECU Ltd (0.5%), RIVACU (0.5%) and BUHA (0.5%) (TCCCO 2020). The company, having been established in 1920, has changed hands from the German investor, Colonial Government after the Second World War, the Co-operatives (TCGA and KNCU), the Tanzania Coffee Authority and now the Co-operatives. The company was handed over to the current owners of whom 69% are co-operatives by the government to enable them to undertake the coffee curing businesses and increase benefits to their members. TCCCO's performance has been dismal. Its market share fell from almost 100% of arabica

coffee in 2004 to curing to as low as 992 tons about 1.8% in 2019/20 of its 50,000 tons capacity. It had an accumulated loss of TZS 11,543.54 million as of June 2019. This, in turn, reduced the net worth of the company to a negative of Tshs TZS 6,539.01 million (before assets revaluation).

3.3 The Future

Current socio-economic trends depict a society disunited and disgruntled with low employment opportunities, enlarged income gap, marginalisation of the poor and monopolisation of investment and business openings given the resources available. This is almost similar to what it was during the times of Rochdale Pioneers and thus the future can be held right for all if co-operativism is embraced. The past and the current can be applied to forecast tomorrow's events and actions. Co-operativism is itself a philosophical and felt need. The discussion of the past and the present show gaps in four major areas which need to be addressed: *The policy and regulatory framework particularly the role of government in the co-operative sector and towards it.*

The changes since 1932 have created instabilities in the manner the co-operative sector is handled in Tanzania. The events in the colonial period which directed all native farmers to sell through co-operatives introduced free riding. Similarly, the Ujamaa Village Act of 1975 and subsequent abolishment of the co-operative societies in 1976, entailed the demise of the co-operative beliefs and principles. As elucidated before, philosophical stands adopt the environment in which practice occurs as mitigating it, making it necessary to change to suit it. The current practices, in as far as the agricultural co-operatives are concerned, is that there is still a greater room for free riders who patronise them for selling and have no interest in their beliefs, principles and values. This kind of situation may not augur well with Industrialisation. Co-operatives thrive in stability of policies and actions taken and envisaged to be taken by governments. The future calls for predictability of government actions. Since at the moment, it is difficult to forecast the future, co-operative investments lack a basis for undertaking. Co-operative investments in industries need to be backed by a blueprint that guarantees a stability in policy and law.

4. Industrialisation and Benefit to Members and Members' 'Felt Needs' Benefits

The three cases show that engaging in the Industrialisation process by co-operative can be beneficial to the members if handled professionally and articulately. It can, as in the case of TCCCO, reduce the value of the investment made by the co-operative to zero. This shows that co-operatives are still faced with several challenges like low capitalization, management capacity, governance shortcomings and operational setbacks including but limited to low supply of inputs, unfair competition, inadequate electricity supply and inadequacies in the policy and regulatory framework.

Within the co-operative sector itself, experiences show low innovation to be one of the major challenges (Chambo, 2018), disaggregation of efforts among co-operatives- where co-operatives, instead of working together for a common purpose, split into smaller unions which are in most cases unviable (examples of Shinyanga Region Co-operative Union (SHIRECU) into Simiyu, Kahama, Mbogwe and SHIRECU; KNCU and the G32, Nyanza Co-operative Union (NCU), Geita Co-operative Union, Kagera Co-operative Union (KCU) and Karagwe District Co-operative Union (KDCU)). Union splits need to be discussed in terms of how the divisions could lead to better and viable second level co-operatives rather than the reduction in value and services. Other setbacks include low reinforcement among co-operatives, low self-regulations and low level of internal capitalization. The current challenges need to be surmounted in order to encourage and expand co-operative participation in the industrialisation processes. These challenges manifest into low performances when pitted against members' expected outcomes. This is also explained by non-adherence to the co-operative principles which require putting the member first.

Performances of both the Chato and Kahama Cotton ginning plants show improved member earnings as a result of value addition through ginning. It does not comprehensively show that members' felt needs were realised. A discussion with members of boards of the two co-operatives showed that members were not aware of their ownership of the ginning plants. This was because there was no explicit relationship between primary co-operatives and the plant. Their relationship was indirect through the unions. Secondly, contractual relations for collection and sale of cotton lie between the union and the primary co-operatives with no provisions for processing. Implying, the member is more satisfied with increases in cotton farm gates prices rather than gains from processing. Thirdly, rehabilitation costs and loan interests are negotiated and managed by the union without recourse to the primary co-operatives and their members.

The operationalisation of ginning plants is not so far linked closely to individual member felt needs. The philosophical discussions on cooperation and nature of members' expected benefits in co-operatives lie on functional and mutual interdependence. The cited examples do not show that the ginning functions carried upon by the co-operative unions are a result of members' felt needs which would have been depicted through increased primary co-operatives and individual co-operative member participation. A similar argument can be put forward on Mbogwe Co-operative Union (MBCU) cotton ginning plant which was closed and not operated for the whole of 2020 and 2021. If the members had a felt need for increased value, then they would have agitated for its opening.

In the case of TCCCO, the same experience shows that members' coffee is not cured through their plant. The plant remains virtually closed as it is operating at 1.8% of its installed capacity. Primary co-operatives in the Kilimanjaro region, who through KNCU own 54%, cured only 18% of their production through TCCCO. The rest was cured through other non-co-operative curing plants signifying that there was no felt need amongst the members to motivate them to use their facility. A sample of 23 primary co-operatives in Rombo, Moshi Rural, Siha and Hai Districts that were involved in a similar study showed that they felt that TCCCO is not their plant. All co-operatives sampled did not have any knowledge or information on their ownership in TCCCO and expressed no obligation nor reason to cure their coffee through the plant.

5. Internal Co-operative Arrangements and Governance

The co-operative movement in Tanzania is characterised by a structure which is not as conducive to industrial development as it is expected to be. Internally, co-operatives are expected to cooperate amongst themselves so as to reap from the opportunities availed by the sector. Currently, co-operatives are not required to be members of their union which reduces joint actions in capital formation and investments. Secondly, secondary co-operatives cannot easily form an apex or co-operative joint enterprise for purposes of undertaking an investment. In terms of representation in policy making bodies/forums, the low level of cooperation leaves the sector out of the policy formulation processes in the country. The future calls for joint efforts and associations. Formation of unions, apexes, joint enterprises and ventures is definitely the best alternative for establishment, financing, managing and operationalization of industries and firms. This cannot be ignored.

On the other hand, co-operative play two major roles in the Industrialisation process: Suppliers of inputs to the industries and secondly operationalization of own factories. Both roles require knowledge, skills and practices on the characteristics of the undertakings as well as vagaries and risks associated thereto. To be able to increase supplies, productivity and quality of output are essential. Similar attributes are required for establishment of own industries. It is thus imperative for co-operatives to acquire the necessary capabilities in terms of human and other resources if they are to play their future role effectively.

6. The Link between Industries, Primary Co-operatives and Individual Members

Members establish a co-operative because of the need to solve critical challenges mutually. Thus, it is a mutual interdependence issue among members and their institutions. It is also an outcome of felt needs. The four examples cited in this address show a de-link between the members and the plants which creates a gap. The gap does not augur well with Industrialisation. The gap can be described here to be co-operative principle related and thus industries tend to be viewed as non-co-operative institutions. On the other hand, a survey of eight (8) primary co-operatives which operate small dairy processing plants in Hai District, in Kilimanjaro Region, showed that members were eager to collect and process dairy milk on a daily basis through their co-operatives. Dairy cattle owners in the co-operatives expressed that processing increased their earnings.

7. Adoption of New Technologies and Approaches

New technologies, models, practices and actions are the words of the future. A review of current co-operatives operations in Tanzania does unfortunately tell of dilapidated machinery, skills and even the human resource remains with mindsets of the old times and in some cases archaic regardless of the age of the person. Innovativeness is necessary for the future of co-operatives. Innovation is best when the minds are free and thus over-regulation of actions may lead to stunted thinking and attitudes. Current co-operatives are over-regulated to the extent that no action can be taken without being authorised by the regulators. Co-operatives are voluntary associations which are now captives of the non-voluntary authorities. The future will be more knowledge-based rather than simply manual and stunt and this needs to be encouraged by both the cooperators and the governance environment.

The other crucial role of adoption of new approaches lies with current practices in which the investors seek to maximise their wealth no matter the consequence. Labour is being reduced as technology takes over. In financial terms, technology is a fixed cost element and thus any increase in production reduces unit costs. The more the labour outside the workplace the more the world becomes unjust and unequal. As it was before, co-operatives will be the only gatekeepers of low employment and key players in setting industries and adopting new approaches. The co-operative processes are seemingly unbacked by co-operative principles and values. One of the pointers is the enlarged gap between members and leaders, low participation and increased level of free riding which is highly noticed in the cashewnuts, cotton and coffee co-operatives. Industrialisation in a co-operative setting has to be based on co-operative ideals. The future focus should be on member benefit.

8. Conclusion

Co-operatives have a role to play in the future. In the Tanzanian context, the future development will harbour challenges of new approaches and undertakings. The future role of co-operatives in the Industrialisation process will be based on increased co-operation and collectivity. Since co-operatives are built upon members' aspirations which are also an outcome of voluntary associations, felt need and are co-operative principles led, their benefits must be enshrined in any industrialisation activities undertaken. Lack of linkages between members and the plants in terms of ownership and control, alienates members from the plants and may lead to lack of utilisation of industries set up. The co-operative philosophy puts emphasis on members' felt needs as the most significant aspect in establishment and operating a co-operative society and its investments. Felt needs must also be through the key aspects of co-operatives: user-owner, user-controlled and user benefiting. This analogy implies that, co-operatives cannot be key participants in the industrialisation processes unless members' benefits are explicit.

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