



The Co-Operative Enterprise and Youths Employment Creation: Prospects and Challenges, (Reflections from Tanzanian Agricultural Sector)

Paulo Anania^{a*}, Damian B. Sambuo^b

^{a*}Department of Co-operative Development and Management of Moshi Co-operative University (MoCU),
United Republic of Tanzania

^bDepartment of Economics and Statistics of Moshi Co-operative University (MoCU),
United Republic of Tanzania

Abstract: Unemployment is among major challenges of development globally. Youths are the highly affected part by unemployment in African population. The governments have failed to adequately meet the employment needs for youths, hence private sector intervention in job creation, such as by co-operatives is needed. The co-operative enterprise become among the most viable organization to promote employment for youths. This paper is based on the Tanzania to reflect employment creation through co-operatives in the country. Mainly the paper aims to “determine the opportunities for youth’s employment creating through a co-operative enterprise”. Specifically the paper aims; to identify the factors contributing to youth’s unemployment and their implications to the youths, to determine the alternative approaches of employment creation for the youths through a co-operative enterprise, and to determine the constraints affecting successful creation of youth employments in co-operatives. The design of the paper is descriptive and more qualitative in its approach. The descriptions will base on the practical experience and theoretical conceptualization of the authors on the matters relating to co-operative and youth’s employment creation and secondary data. For the case of Tanzania, efforts to minimize unemployment among youths can be done through co-operatives in agricultural sector. They can support employment creation either; directly by employing youths a staffs, finance youths business, facilitate youth access to land and production facilities and forming business for youths with co-operatives, or indirectly by supporting youths to access markets, education and training and linking with creditors. The study will also reveal some challenges in creating youths’ employments through co-operatives as well as providing viable recommendations.

Keywords: Co-Operatives, Agricultural Co-Operatives, Youth, Employment and Unemployment.

1. Introduction

This part is providing introductory information about the paper. It has been divided into four sub-parts. These focus on descriptions about; agriculture and co-operatives in Tanzania, status of youth employment, objectives and Justification of the paper as provided below.

1.1. Agriculture and Co-operatives in Tanzania

The International Labour Organization (ILO) define “Co-operative” as an association of persons, united voluntarily to meet their common economic social and cultural needs and aspirations through jointly owned and democratically controlled enterprise. Cooperatives are guided by a set of ethical values which include honesty, openness, social responsibility and caring for others (International Labour Organization (ILO), 2012). Globally, in countries where the co-operative movement is active, co-operatives societies have been potential actors of socio-economic development of members and countries. The agricultural co-operatives have been established and promoted as part of promoting agriculture sector in Africa. The categories of agricultural co-operatives are based on various activities each perform like; supply of agricultural inputs, joint production and agricultural marketing. The input supply includes the distribution of seeds and fertilizers to farmers. The co-operatives in joint agricultural production assuming that members operate the cooperative on jointly owned agricultural farms. Also there are collective

agricultural marketing of producer crops, where members mobilize resources for the transformation, packaging, distribution and marketing of one or more agricultural product (Anania and Rwekaza, 2016).

In African countries including Tanzania, the agricultural co-operative model was imported during the colonial period with the key purpose of boosting the colonial economies that were directly linked with the Western European nations. Since its beginning in 1925, the co-operative model has focused much on exporting agricultural commodities, especially cash crops, the practice that has persisted up to date in Tanzanian co-operatives. The agricultural co-operatives have been among the key players in the co-operative movement and agriculture sector and they are largely composed of the long serving agricultural marketing co-operatives (AMCOS) dealing with cash crops. However overtime, other dimensions of agricultural co-operatives in agriculture sector emerged differently with non-traditional cash crops business. These included co-operatives dealing with horticulture, food crops, beekeeping, fishing, dairying and even diversification within traditional co-operatives.

Agriculture is the backbone of the Tanzanian economy and most of other African countries in the Sub Saharan region. The agricultural sector in Tanzania has been one of the key sources of national development contributing to more than 50% of the Gross Domestic Product (GDP) and also the sector employs about 75% of the total labour force and contributes 50% to Gross Domestic Product (GDP). The dominant mode of employment in agriculture is self-employment with households operating smallholdings and using low levels of technology, simple and rudimentary tools, hence low productivity (United Republic of Tanzania (URT), 2008). The agricultural co-operatives therefore are potential actors in the agriculture sector and in employment creation. With the large population of people engaging in agriculture, mostly in rural areas doing subsistence farming with low capital, technology and even minimal productivity, transforming lives of people have been taking place slowly. On the other side, the continuous growth of young population and the continuous entrance of youths (including graduates and school leavers) in the labour market annually have resulted into unemployment and underemployment.

Based on the Population and Housing Census of 2012 agriculture continues to be main activity for the majority of Tanzania Mainland private households. Results revealed that 66 percent of all private households in the country were engaged in agricultural activities during the 2011/12 agricultural season. Agriculture is also an economic activity even in urban areas where 15 percent of urban households reported to be engaged in agriculture in 2011/12 season. Forty two percent of all private households reported keeping at least one livestock on a Census night. However, fish farming was not common in Tanzania Mainland as only less than one (1) percent of households reported the activity (United Republic of Tanzania (URT), 2014). Since the agricultural sector has remained to be key sources of employment and income in rural areas, it has saved majority of the world's poor and hungry people live. The agricultural co-operatives are supporting the smallholder farmers and marginalized groups such as young people and women whose pooled resources provides them more purchasing and negotiating power. These cooperatives in rural areas further empower their members economically and socially through better access to markets and create sustainable rural employment (<http://www.euractiv.com>).

The experience in Tanzania indicates that, "many youth are engaged in sectors of agriculture, fishing, mining, animal husbandry and small-scale industries like carpentry and black smith, petty businesses like selling second-hand clothes, fruits and various foodstuffs. Despite the fact that some youth are self-employed they face many problems in doing their activities, such as; lack of working capital, equipment and technical know-how or necessary skills" (United Republic of Tanzania (URT), 2007). The National Strategy for Growth and Reduction of Poverty (NSGRP) Phase II understood unemployment as a key challenge to youths and set ambitious targets to reduce rates from 10% (in 2008) to 5% by 2015, but in reality up to 2016, the rate has still remained above 10%. In these situations of unemployment and underemployment as well the need to transform youths from informal to formal sectors, the agricultural co-operatives can play a potential role to make such initiatives possible.

The increasing rate of unemployment and predominating underemployment among youths in Tanzania call for serious intervention to empower the youths to become active players in the economy by mostly by being linked to the formal economy with high potentials within the agricultural sector and even engaging in informal economy with more potentials for growth instead of subsistence. The co-operatives in agriculture sector can be among the best alternative to use for overcoming unemployment and underemployment among youths in Tanzania both in rural and urban/peri-urban areas. However, there is still a need to do some reforms within the way such agricultural co-operatives operate so as to be viable for the younger generation of members.

1.2. Problem Setting: Status of Youth Employment

The United Nations has set the youth category as those people with the age of between 15 to 24 years. In Tanzania, the National Youth Development Policy of 2007 has indicated in terms of years that youths are the individuals aged between 15 to 35 years old. For decades now, youth unemployment has been among serious challenges in global development. In this part, youth unemployment has been described as a challenge in both Tanzania and other part of the world. There are various studies that have indicated the magnitude of youth unemployment challenge globally, in Africa and in Tanzania. In this paper youth unemployment has been viewed in Tanzanian and in global perspective.

1.2.1. Youth Unemployment: Global Perspective

Employment has been high on the social, economical and political agenda in the world (National Bureau of Statistics (NBS), 2015). Youth unemployment continues to be a development challenge globally and in several African countries including Tanzania despite the positive economic growth rates experienced over the past decade (Katebalirwe, 2014). The study by Lam (2014) indicated that many poor countries, especially in sub-Saharan Africa, continue to have high growth rates of the youth population and the such high youth growth rates are projected to continue in sub-Saharan Africa for several more decades, rising by 3.9 million a year and reaching 5.2 million a year over 2025–2030. Unemployment has become among the key challenges to young people worldwide. For instance in 2012, (International Labour Organization (ILO), 2012; Schuppler, 2012) indicated that nearly 75 million youth are unemployed around the world which was an increase of more than 4 million since 2007. And it is estimated that over 200 Million young people today live with less than 2 USD per day and the young people are almost three times more likely not to be employed than adults.

Roelants *et al.* (2014) added that the world is suffering from unprecedented unemployment (over 200 million persons), dramatic youth unemployment, an historic level of migration as well as a very substantial presence of informal and precarious employment. The International Labour Organization (ILO) (2013) indicated that youth unemployment is estimated at 12.6%, with 73 million young people unemployed. This indicated an increase of 3.5 million compared to 2007. It is also projected that, by year 2018 the global youth unemployment rate will to 12.8 per cent, with growing regional disparities, as expected improvements in advanced economies will be offset by increases in youth unemployment in other regions (Katebalirwe, 2014). Therefore, it is evident that the increase in youth population globally without serious intervention for employment creation will lead to serious unemployment and underemployment and possible many youths will remain trapped in the informal sector.

1.2.2. Youths and Unemployment in Tanzania

Youth age is an essential time of life for the youths to start fulfilling their aspirations, assuming their economic independence and finding their place in a community. The worldwide job crisis has intensified the vulnerability of young people in many ways like; higher unemployment, lower quality of jobs for those who find work, greater labour market inequalities among different groups of young people, longer and more insecure school-to-work transition as well as the increased detachment from the labour market (Shamchiyeva *et al.*, 2014). Unemployment has also been linked to gender constraints and location. For instance, the ILO School-to-work Transition Survey of 1988 youths aged 15 to 29 year found that young females have a harder time finding employment in Tanzania. The female youth unemployment rate was found to be around 48.9%, nearly double the male rate which was 27.9% per cent. Also they added that youth in urban areas had a higher unemployment rate (42.4%) than the youths in rural areas (37.2%) (*ibid*).

In terms of sector of employment, the National Bureau of Statistics in the Integrated Labour Force Survey of 2006 indicated that; the employment ratio for rural areas is higher (77.9%) than the urban (57.3%) among the youths age between 15 to 24 years. According to 2012 national population and housing census, the Tanzanian Labour force (ages 15 – 64) is 23,466,616 which is equivalent to 52.2% of the total population; and the youth (ages 15 – 35) is 15,587,621 (equivalent to 66.4% of the labour force). Unemployment is very high among the youth as compared to other age categories at 13.4% (males 12.3 % and females 14.3%) with urban youth suffering the most at 26.7% and rural youth at 7.9%. Furthermore, it is estimated that school and college graduates who enter labour market each year are leading into more number of unemployed youth in Tanzania. For instance, the study by Haji (2015) indicated that the country has almost one million new entrants into the domestic labour market every year. Also when classified unemployment of youth based on various age categories, the study revealed that youth unemployment in Tanzania is relatively low, at 6.5 percent among those 14-25 years and 9.9 percent

among the 15-35 year olds however there is a larger problem of chronic underemployment. About three-quarters of youth employment exist in agriculture, and much of it is informal, indicating youths' vulnerability within the Tanzanian labour market.

1.3. Objectives

The main objective of this paper is to determine the opportunities for youth's employment creating through a co-operative enterprise. And specifically the paper aims to address the following issues;

- (i) To identify the factors contributing to youths unemployment and their implications to the youths.
- (ii) To determine the alternative approaches of employment creation for the youths through a co-operative enterprise.
- (iii) To determine the constraints affecting successful creation of youth employments in co-operatives.

1.4. Justification of the Paper

The paper is providing a foundation for the interventions by various co-operative stakeholders in overcoming unemployment among the youths in Tanzania and elsewhere. The discussion and recommendation will help to identify the existing challenges to youths' employment within and outside the co-operatives and understand the possible strategies to use in tackling such challenges. For policy makers, the paper may be useful in helping planning for interventions to combat unemployment within a country where a "co-operative enterprise" may be one of the best approaches to use. For the stakeholders in the co-operative movement locally and global, the paper may be useful in giving a background to intervention for promoting youths' participation and inclusion for the purpose of meeting their needs and ensuring sustainability of the movement itself as youths are the engines for co-operative development. This paper will further help members in agricultural co-operatives to think on the alternative ways to deal with young members' challenges including unemployment and socio-cultural barriers within co-operatives.

2. Empirical Evidence on Employment Creation Through Co-Operatives

The term "employment" as provided by the International Labour Organization (ILO) refers to the any work, be it for wage or salary, profit or family gain, and includes both paid employment and self employment. The definition is also extending to the "cooperative employment" which refers to all employment performed both in and within the scope of cooperatives, consisting of both employees and worker-members working in co-operatives, and self-employed producer-members producing within the scope of cooperatives (in terms of processing, commercialization and/or inputs), as well as the employees of these self-employed producer members (Roelants *et al.*, 2014). On the other side, "unemployment" may be referred to as the share of the labour force that is without work but available for and seeking employment or may mean the status of individuals above a specified age who are without work, currently available for work, and actively seeking work (International Labour Organization (ILO), 2012; Katebalirwe, 2014).

There are various existing evidences indicating the potential role of the co-operative enterprises in employment creation worldwide. Being part of key sources of job creations, co-operatives have been among the important sectors for national and local development in various countries where the co-operative movements are stable and strong. The International Labour Organization (ILO) (2012) indicated that (in 1990s) the co-operatives are estimated to provide 100 million jobs world-wide. Even though the precise number of youth in this total is not clearly determined, cooperatives are clearly important source of creating employments. The co-operative organizations help to generate jobs to youths by providing salaried employment and assist their self-employment initiatives. The co-operative model is potential in both rural and urban areas and for persons of all academic and skill levels including recent graduates who have limited prospects of finding jobs. Also for people interested in salaried employment, co-operatives may be more attractive where youths entering the job market look for works that reflects to both their economic needs, but also to their desire to work in businesses that are responsive to people's needs, promote democratic practices in workplace and are responsible enterprises.

The findings from CICOPA study in 2014 revealed that co-operatives contribute to resilient employment, a sustainable economy and the well-being of people at work, making up almost 12% of the

entire employed population of the G20 countries. Co-operative enterprises generate partial or full-time employment involving at least 250 million individuals worldwide, either in or within the scope of co-operatives. In France, 21,000 co-operatives provide over 1 million jobs representing 3.5% of the active working population. In Kenya, 63% of the population derives their livelihoods from co-operatives. Approximately 250,000 Kenyans are employed or gain most of their income from co-operatives. In Colombia, the co-operative movement provides 137,888 jobs through direct employment and an additional 559,118 jobs as worker-owners in workers co-operatives - providing 3.65% of all jobs in the country. In Indonesia, co-operatives provide jobs to 288,589 individuals and in the United States, 30,000 co-operatives provide more than 2 million jobs (<http://www.cicopa.coop/Cooperatives-contribute-to.html>).

Similarly Roelants *et al.* (2014) argued that, the report estimates that cooperative employment, both full time and part time, involves at least 250 million people in the world according to official data from 74 countries covering 75% of the world’s population. 26.4 million of these people work in cooperatives, as employees (15.6 million) or worker-members (10.8 million), while 223.6 million producers organize their production together within the scope of cooperatives. The great majority of cooperative employment is to be found in the G20, where it makes up almost 12% of the entire employed population. For instance, the total estimate for cooperative employment in the G20 is almost 234 million. Employment in co-operatives is almost 20 million, including 10.7 million employees and 9.2 million worker-members. Employment within the scope of cooperatives involves close to 214 million persons. The table 1 below shows the distribution of employments created by co-operative globally.

Table 1: Co-operative employment numbers worldwide by continent and category

Continent	Category 1 Employees	Category 2 Worker-members	Category Producer-members (including their employees when data was available)	TOTAL
EUROPE	4,627,853	1,231,102	10,132,252	15,99,207
AFRICA	1,467,914	237	5,715,212	7,183,363
ASIA	7,734,113	8,200,505	204,749,940	220,684,558
AMERICAS	1,762,797	1,409,609	3,038,249	6,220,654
OCEANIA	26,038	No data	34,592	60,630
TOTAL	15,618,715	10,841,452	223,680,245	250,140,412

Source: (Roelants *et al.*, 2014)

3. Operationalization of the Paper

This paper adopted a desk review method where review of secondary data and information from various sources was made. This was done through reviewing various national and international reports and internet materials on matters relating to employment, youths and co-operative. The design of the paper is descriptive and more qualitative in its approach. The descriptions made in this study based much on the practical experience and theoretical conceptualization of the authors on the matters relating to co-operative and youth’s employment creation.

4. Discussion

This part is providing the discussion of the issues relating to the objectives of the paper. It has centered on three main issues being the; factors contributing to youths unemployment, employment creation through co-operatives and the constraints to youths employment creation through co-operatives.

4.1. Factors Contributing To Youths Unemployment: Review of Literatures

There are various factors contributing to unemployment among youths in Tanzania and globally. Although the development contexts may differ among countries of different level of development, the following studies indicate some of the basic factors contributing to youths’ unemployment. The International Labour Organization (ILO) (2012) indicated that the young people are facing specific challenges in entering the work force. These include; lack of professional experience may plunge them into the “experience trap”. As they fail to get a job, they also become unable to gain professional experience that would allow them to get a job. When there is economic downturn (depression), the youths

can be the last to be hired (due to lack of experience) and the first to be dismissed. Other factors identified were; inadequate quality and relevance of education and training can strongly affect the length and quality for their school-to-work transition as well as lack of alignment between the education system and the needs of employers hence creates a mismatch between supply and demand of labour. [Africa Development Bank \(AfDB\) et al. \(2012\)](#) revealed that the existing challenges which are faced by young people in most developing countries in accessing employment opportunities are attributed to limited expansion of employment opportunities, skills mismatches and limited or no work experience. It is also evident that insufficient employment opportunities in the rapidly growing young labour force can lead to social unrest and political instability if not adequately addressed.

[Katebalirwe \(2014\)](#) argued that the roots of current unemployment crisis among youth is a result of a mix of various issues in the global economic trends such as; poor global macroeconomic performance, rapid growing youth populations in developing regions, (uncertain) labor market structures and regulations as well as the quality and relevance of education which results into skills mismatch (compared to what employers demand in the market). Other factors identified were; freezing employment by the Public sector, the low capacity of the Private Sector in absorbing a bigger number of new labour entrants, low labour productivity at enterprise level including in rural settings, poor access to information on available opportunities, gender and cultural biases, ethnicity and corruption, unfavorable geographical distribution of employment opportunities, limited career guidance and inadequate financial resources.

The study by [Mjema \(1999\)](#) in Tanzania identified that; youth unemployment is caused by a number of factors such as general decline of the economy, education system (like curriculum not reflecting needs of employers), lack of skills and business training, overdependence on the government (for jobs and support), lack of credit facilities, employment emphasis being put in formal sector, neglect of agricultural sector, limited business advisory services, high youth population growth rate and influence of culture. The study by [Shamchiyeva et al. \(2014\)](#) based on the findings from the School-to Work Transition Survey (SWTS) of 2013, found main obstacle to finding work among youths based on area of residence and sex included; requirements for job were higher than education/training received, no enough jobs available, discriminatory prejudices (for example, disability or religion), lack of enough work experience, failure to know how or where to seek work , gender constraint (being male/female), low wages in available jobs, being considered too young and poor working conditions in available jobs. The findings are as indicated below in [table 2](#).

Table 2: Unemployed youth by opinion of main obstacles to finding work according to area of residence and sex in percentage

Obstacle to finding work	Total	Male	Female	urban	Rural
Requirements for job were higher than education/training received	35.4	32.7	36.9	36.7	35.0
No enough jobs available	17.4	28.5	11.1	16.6	17.6
Discriminatory prejudices (e.g. disability or religion)	13.2	4.0	18.5	9.0	14.6
No enough work experience	13.2	10.7	14.6	11.8	13.7
Did not know how and where to seek work	9.3	9.8	9	11.3	8.6
Others	3.6	4.2	3.2	8.4	2.1
Being male/female	2.9	1.0	4.0	0.2	3.8
Low wages in available jobs	2.0	3.5	1.2	1.1	2.3
Considered too young	2.0	3.6	1.1	3.4	1.6
Poor working conditions	0.9	2.0	0.3	1.5	0.7
Total	100	100	100	100	100

Source: ([Shamchiyeva et al., 2014](#))

[Food and Agriculture Organization \(FAO\) and International Fund for Agricultural Development \(IFAD\) \(2012\)](#) indicated that young people account for a large percentage of the rural population, and are often unemployed or underemployed, despite the need for labour force in the rural agriculture. The agricultural cooperatives have become among the effective machinery to involve youth in agriculture sector while increasing youth employment opportunities through on-farm and off-/non-farm activities. Apart from employment creation and overcoming underemployment, agricultural co-operatives can also reduce rural-urban migrations in Africa, and other developing countries.

4.2. Employment Creation Through Co-operatives

However, studies indicate low youth unemployment is most of the predominantly agricultural dependent particularly in African countries compared to the developed countries; agriculture still employs many people including youths though they remain in informal subsistence sector with limited capacity to transform their living conditions. [International Labour Organization \(ILO\) \(2012\)](#) revealed that in developing economies where more than 80 per cent of the world's youth live, often underemployed and working in the informal economy under poor conditions, the challenge is also to improve the quality of jobs available to them in addition to generating new employment opportunities. Furthermore, [International Labour Organization \(ILO\) \(2013\)](#) argued that the informal employment among young people remains persistent and transitions to decent work are slow and difficult. The co-operatives in Africa have created a substantial number of salaried jobs; however their biggest employment creation potential is in the field of direct and indirect self-employment. Cooperatives do have a comparative job creation advantage over other types of enterprises since they labour intensive and cost-effective in nature. Due to members' commitment and participation, they generate economies of scale and integrate well through horizontal and vertical integrations and also they form between the informal and formal sectors ([Schwettmann, 2000](#)).

The self-employment option is particularly important for young people to enter into the labour market when faced with problems of finding a first job due to lack of opportunities or lack of experience. Co-operatives can also formalize informal employment through collective voice and economies of scale and extension of social protection. In Africa co-operatives are showing signs of growth, with small and medium businesses whereby many of them are informal; come together to form a cooperative to share services ([Anania and Kimaro, 2016](#)). For the case of Tanzania, efforts to minimize unemployment among youths can be done through co-operatives in agricultural sector such as agricultural marketing co-operatives (AMCOS), dairy co-operatives, fishing co-operatives, bee-keeping co-operatives and others in agricultural sector. Being the organizations formed and managed by members, the agricultural co-operatives can build capacity of youths to engage in economic activities and get employed. The co-operatives can support employment creation by; direct employing youths and also by supporting youths to employ themselves as discussed below.

4.2.1. Direct Approach to Employment Creation

In supporting the government efforts to overcome youth's unemployment in Tanzania, the co-operatives in agricultural sector can promote employment creation directly for the youths in the following ways.

Employ Youths as Staffs and Servants

The agricultural co-operatives can help to reduce youths' unemployment by directly employing the youths into various positions within the co-operative organization. In order for the co-operatives to develop and operate effectively it need to have qualified staffs in their management. The agricultural co-operatives can employ youths who have competency in various areas of high demand by the co-operatives such as the accountants, credit officers, internal auditors managers, office attendants and cashiers (and where possible the agricultural extension officers). Also the semi-skilled and moderate skilled youths can work as security guards/watchmen and store keepers to take care of the co-operative assets. The other youths can also be contracted for some works as external auditor and inspectors and other consultancy works. Therefore, a cooperative as employer can employ salaried staffs who are not necessarily cooperative members. In similar context, [Roelants et al. \(2014\)](#) argued that most cooperatives have their own employees in order to achieve their own goals and economic activities, as mandated by members. The National Bureau of Statistics in 2015 indicates that co-operatives have the smallest proportion of employees (1.1%) to total employment in Tanzania.

Financing Youths' Income Generating Activities

Unemployment among youths can be reduced through financing youths' business activities. The agricultural co-operatives can set aside some of funds (from surplus or other sources) to help in financing income-generating activities done by the youths in their co-operatives. The youths can access this financial support (credits) at affordable interest rates so that they may start or expand their businesses. For example as part of income diversifications and expanding employment opportunities, the youths may use the credit to invest in horticulture, beekeeping, fishing, shops, tailoring and other opportunities in their areas. The capacity to access fund remains a challenge among youths. The study by [Food and Agriculture](#)

Organization (FAO) (2014) indicated that access to finance is a vital aspect in developing self-employment opportunities for youth, however the access is hindered by some barriers like; restrictions in the legal and regulatory environment (like minimum age and identification requirements), inappropriate and inaccessible financial products offered by financial service providers and also poor financial capabilities of youth. Therefore in this case, agricultural co-operatives can help youths to get means to access credits and borrowing guarantees for young members.

Initiating Youths Managed Businesses within Co-Operatives

Forming new business lines managed by youths can be another opportunity for extending employments to youths. The co-operatives can handle some of their activities/operations to be handled by the youths. This may be done in two ways; firstly by involving young members to perform some tasks and pay them commissions. Secondly, co-operatives can support youths to form their organizations that will work as agents for the co-operatives. For examples, the agricultural marketing co-operatives can handle transportation activities into youths within the co-operative and pay them or use youth groups with transport facilities to transport the crops to the market/auctions. Similarly, this may be done in beekeeping, dairy and even fishing co-operatives where youths may be employed to distribute honey, dairy and fish products to the market. The supply and/or transportation of inputs like fertilizers, agrochemicals (like pesticides and fungicides), storage facilities, fishing equipments, equipments for dairy productions and other inputs among agricultural co-operatives can be contracted to the youths who are members of the co-operatives or youth groups that have established relations with the co-operatives.

Facilitate Access to Land and Production Facilities

The agricultural co-operatives can help in combating youths' unemployment in Tanzania by enabling youth's access to land and production facilities. It is clearly known that most of the investment/income-generating activities are done on land. Youths' access to land as a valuable resource may help in creating employment opportunities to youths. The agricultural co-operatives with land may lease part of unused land to the youths to conduct their economic activities like farming, dairy keeping, poultry and building shops and other local business establishments on that land so they employ themselves and others. Agricultural co-operatives may even build market centres where youths can do their business activities. Alternatively, co-operatives may help youth in the processes to acquire land from responsible authorities (like district and village governments).

On the other side, agricultural co-operatives can support youths to access production facilities that may help to produce and get something do for their living. For example, the AMCOS may provide subsidized farm inputs like machines, fertilizers, agrochemicals, storage facilities and extension services to help youth engage in or expand their farming activities. Similarly, dairy co-operative may provide easy access to drugs for dairy cattle, cattle feeds, milking and storage facilities as well as means transportation. The fishing and beekeeping co-operatives may also give youths the facilities they need to conduct their bee keeping or fishing activities. This relates to Roelants *et al.* (2014) who indicated that co-operatives help the self-employed members where their co-operatives work as a supporter for people working as self-employed individual producers, such as farmers, fishermen, artisans or owners of small and medium businesses, who rely partly or totally on cooperatives in order to transform or commercialize their products or services, or to provide them with key production inputs. Co-operatives help to obtain essential production tools to carry out their economic activities so that employment under these work forms can be maintained and strengthened, allowing them to compete on the market place.

4.2.2. Indirect Approach to Employment Creation

As an alternative to direct employment creations to youths, the agricultural co-operatives may help to overcome youths' unemployment by supporting indirectly the creation of employments to youths. The indirect approach to youths' employment creation can be done in the following ways.

Supporting Youths Access to Markets

The existence of unstable or absence of reliable markets for local products is one of the factors for limited expansion of effective youths' employment in the agriculture sector (like changing from subsistence to commercialized farming). Therefore, the agricultural co-operatives may help in creating stable employments to youths by facilitating them to access markets. Once the youths are provided with facilities and credits to engage in production with assurance to get markets, then it is possible them to

employ themselves in crops production, dairy farming, poultry, beekeeping and fishing activities. The agricultural co-operatives may perform marketing task in two ways. First, by collecting/buying the agricultural produce (milk, bee products, crops and fishes) from members (including youths) and sell them directly or reprocess them into various finished products and sell them. Secondly, the co-operatives may link the members (youths) directly with buyers of their products locally and internationally. All these initiatives will influence effective youths' participation in production (agriculture) and hence create and expand employment opportunities.

The study by [Food and Agriculture Organization \(FAO\) \(2014\)](#) revealed that mostly the market structures in Malawi and Tanzania do not favour access by youth. The rural youth regularly lack the required knowledge on how markets work and lack information on prices. Also, young rural women face additional difficulties in accessing markets, as their freedom of movement may be restricted in many communities because of social and cultural norms. In this case co-operatives may be more useful since [International Labour Organization \(ILO\) \(2007\)](#), cooperatives maintain farmers' ability to be self-employed given that for many farmers the fact that they are members of a cooperative and derive income from the services (including marketing), allows them to continue to farm and contribute to rural community development.

Providing Education and Training to Youths

The agricultural co-operatives can facilitate employment creation through providing education and training to youths. By giving education and trainings to youths in issues such as entrepreneurship, business management and negotiations skills, skills for processing, quality control and marketing as well as improved production techniques may help the youths to employ themselves (and employ others) by starting and expand their business activities in farming, dairying, beekeeping and fishing (as well as fish farming). In achieving this role, agricultural co-operatives need to set aside part of their education funds to facilitate trainings to youths so they may employ themselves and produce sustainably for their short and long term socio-economic wellbeing. As the study by [Restless Development \(2011\)](#) found, "for self-employment, many youths have employed ourselves, but the problem is they have not obtained the knowledge on how to manage their strategies so that we can control their business and projects".

Linking Youths with Creditors

Agricultural co-operatives may also help creation of employments to youths by linking them with the financial institutions to access loans. In any production activities, apart from other factors, availability of adequate funds is important for effective production and sustainability of the activities. The credits (loans) can be obtained from various financial institutions like banks (investment, commercial or co-operative banks), non-banking microfinance institutions (like FINCA and Pride), savings and credit co-operative societies (SACCOS) and nowadays the social security institutions like Pension fund organizations provide loans. Therefore, the agricultural co-operatives can act as guarantors for the youths and help them to access loans (and negotiate interest rates so repayments cannot affect youths much). The access to credits may help youths to start or expand their economic activities hence minimize unemployment rate at local and national levels.

4.3. Constraints to Youths Employment Creation through Co-operatives

The co-operatives in agricultural sectors have been very potential in employment members and improve their socio-economic conditions for many years in Tanzania. However, creation of employment opportunities to youths through agricultural co-operatives has not been much successful due to a number of reasons. These include the following.

Low Capacity to Access Factors of Production among Rural Youths

Most of the youths within and outside co-operatives do not have adequate capacity to access the resources that are crucial for production. For examples, youths have limited capacity to access funds on their own due to lack of collateral securities (like land and houses to back up loans), lack of stable sources of income to expand their economic activities hence underemployment may be common among them. The lack of funds to buy land, control of land by elders members and complicated process to access land from responsible authorities limit youths' easy access to land for production and in employing themselves or others. The limitation in accessing other production factors like equipment's and getting education and training due to poverty or lack of support from co-operatives and other development agents make it harder

for employment creation for youths. Even for the educated youths, combination of above challenges and limited understanding of the operations of co-operative organizations prevent them to be well integrated in co-operatives and utilize available opportunities. The study by [Food and Agriculture Organization \(FAO\) \(2014\)](#) indicated that “in both Malawi and Tanzania, youths are often the most disadvantaged, with low levels of job experience, limited access to capital and other assets, and little or no voice in decision making processes. They often lack access to agriculture extension services, affordable input supplies, or marketing opportunities. Lack of information, technical skills, and basic education further weakens their situation”.

Low Youth Participation in Co-Operatives, Especially in AMCOS

In Tanzania, most of the youths are not members of the agricultural marketing co-operatives (AMCOS) hence the efforts to promote employment may be hindered. This type of agricultural co-operatives is mainly dominated by the adult members whom are mainly men and few adult women. The adult members' dominated structure hinder youths to participate effectively in co-operative affairs. Also in cash crops like coffee (in Moshi district and elsewhere), land with coffee is among the factors to become a member so the youths have to wait till they get land from their parents (adult male members) or get land inheritance so they can become members ([Anania and Kimaro, 2016](#)). All these discourage youths' membership and effective engagement in co-operative affairs. In this case, promoting youths' employment in AMCOS needs efforts to target the few youths within and majority of youths outside the co-operatives (by making them members first or cooperate with them to render various services to the co-operatives). More youths can be seen in non-cash crop co-operatives like fishing and dairy co-operatives where the nature of activities are attractive to youths particularly short production cycle and income generation, even if adult members are still dominating these co-operatives.

Dominating Traditional Model and Failure to Reflect the Needs/Interests of the Youths

The agricultural co-operatives, particularly those dealing with cash crops (like cotton, coffee, tobacco and cashew nuts) have for many years not fully considered interests of the younger generations of members and how to assist them. For example, the existing traditional co-operative model these co-operative has been more concerned about making the members produce more and market through co-operatives as well as ensuring members' loyalty to the co-operative. Also the emphasis has been on only one kind of business (like producing and selling only one type of crop) and the co-operatives became more interested in satisfying needs/interests of the existing members (who are mainly older people) rather than transforming the co-operatives towards incorporating new needs/interests from new young members. In creating their employments, youths need access to funds, market, improved production methods and technologies, enough production inputs, education and training as well as diversified income-generating activities in the co-operatives to realize their ambitions. The failure of many agricultural co-operatives to meet needs of the youths hinder effective employment creation for youths, particularly self employment. For example youths who wish to go for other activities different from what are being done by their co-operatives may not get any support from their co-operatives hence they tend to use their own means to carry on with their activities/ambition without the co-operative help. This has impact to low youth membership, withdrawal and low commitment. The entrepreneurial model with diversified activities may be more efficient for youths in co-operatives and attract those who are outside.

Limited Capital and Innovations in Co-Operatives

The capital for effective operations of co-operative activities, particularly funds, is a serious problem to many agricultural co-operatives (and even the non- agricultural one like SACCOS, housing, industrial and transport co-operatives). The shortage of funds may hinder youths employment creation and expansion in various ways such as; failure to employ youths as co-operative staffs and servants and also failure to provide education and training, credit provision, subsidized inputs for production and even diversifying co-operatives activities to attract youths and create more employment opportunities to them. The agricultural co-operatives also lack innovations for their development. The lack of innovative leaders have made co-operative to exist in many years with dependence on one (or few business/commodity) with minimal value addition and absence of diversification.

Short Value Chains of Products in Agricultural Co-Operatives

The short value chain in most of agricultural co-operatives accompanied with few activities is a limiting factor for expanding employment opportunities to youths and adult members. In most of agricultural co-operatives the value chain involves production, collecting and semi-processing, transporting and marketing (selling). Although the stages of the value chains may differ among AMCOS, beekeeping, dairy and fishing co-operatives, but yet the shorter value chains have limited the creation of more opportunities for jobs to members including youths. The extension of further activities by having units for processing of produce to make various finished products, packaging, selling and distribution can help to generate jobs to the youths. For examples forming a processing factory by cotton co-operatives (or their unions) to process cotton into fibers and clothes of various kinds, extracting cooking oil and animal feeds can help to increase jobs to co-operative members including youths. Similarly efforts can be done by processing coffee, tobacco, honey, milk and other agricultural produce into various finished products hence increase value and jobs to youths.

Limited and Un-Integrated Initiatives For Youth Employment in the Co-Operative Movement

Apart from various alternatives that primary agricultural co-operatives can do to create employments to youths, there is a need to organize the efforts at higher levels such the Unions, national and international levels of the co-operative movement. There are no coordinated efforts in Tanzania for creating youths' employments through co-operative societies. For example the Co-operative policy of 2002 has not laid a specific foundation for youths' prosperity through co-operatives. The new Co-operative Societies Act of 2013 has not described the position of youths in the co-operatives like youths' representation and opportunities for growth through co-operatives. Similarly the co-operative by-laws are mostly not clearly indicating the position of the youths in co-operatives and what should be done by co-operatives for their prosperity. The efforts for youths' empowerment are not well organized across local, national, regional and international structures of the co-operative movement. Even the main "National Youth Development Policy" of 2007 in Tanzania has not provided guidance on role of agricultural co-operatives in youth employment creation and welfare. In areas of employment creations, in one of the aspects the policy has indicated it will involve "encouraging the formation of youth development groups and the savings and credit Cooperative Societies. In this case, efforts to promote youth employments are not well coordinated within the co-operative movement and between the co-operative sector and other stakeholders like government and civil societies to understand the position of co-operatives in youth employment.

5. Conclusion, Recommendations and the Way Forward

5.1. Conclusion

The agricultural co-operatives of various kinds are formed for the purpose of fulfilling members' needs and aspiration in the socio-economic development process. Therefore these co-operatives need to ensure they accommodate these interests from members of all age categories; adult/old and young members. The youths being in desperate situation to get employments, the agricultural co-operatives and other types of co-operatives need to take initiatives to help these young members and those outside co-operatives so they become active workforce for local and national development.

5.2. Recommendations

In order to address the above identified constraints and to create the capacity agricultural co-operatives to effectively create employments to the youths, the following are recommended to be done.

Institutional Change within Agricultural Co-Operatives

There is a need to change the existing mindset (perceptions) and dominating older-members' structures within the co-operatives. The adult members need to value the younger members as equal and potential members to move their co-operatives into another level particularly in the current free market. There is a need to set more efforts to sensitize and encourage more youths' membership and commitment in co-operatives. The leadership in agricultural co-operatives needs to ensure the priorities for youths' development are known and supported. The co-operatives need also to give youths the leadership

opportunities and facilitate them with technologies, inputs/resources for production and education and training.

Transforming Into Entrepreneurial Model

Agricultural co-operatives need to transform from traditional to entrepreneurial model in their operations. There is a need for co-operatives to change their traditions of doing business, i.e. producing, collecting and selling produce only. They need to go further into more value addition and processing their produces into finished products. The co-operatives need also to expand into other types of business activities that will not contradict to the purpose (objectives) of their formation. The diversification into different income generating activities will help to attract more youths and give them job opportunities. Extending the value chain must be a priority to agricultural co-operatives.

Incorporating Youth's Affairs in Co-Operative Legislation

There is a need for the co-operative by-laws, national co-operative (Co-operative societies Act) and Co-operative Policy to have special provisions concerning youths' welfare. These may include their roles and position in the co-operatives and what should be improved by co-operatives and supporting institutions in supporting youth development.

Facilitating Youths' Access to Resources

There is a need for agricultural co-operatives (and other stakeholders the movement including government) to support youths to access the basic resources for production such credits, lands, education and training and agricultural facilities based on the nature of activities (business) done in their co-operatives. This will help in empowering youth to employ themselves and employ others base on their economic activities in crops production, fishing, beekeeping and dairy farming.

Increase Capital Base in Agricultural Co-Operatives

In order to be able to implement all the interventions above for overcoming youths' unemployment and underemployment, the agricultural co-operatives need to improve their technologies for production, build financial capital and management capacity so as to start new or expand existing business. This will be useful to attract youths within and outside the co-operatives to see the potentiality of the co-operatives to meet their needs and aspirations and in long run, it will ensure sustainability of co-operatives.

5.3. The Way Forward

This paper has been written much based on the practical experiences and theoretical understanding of the authors. There is a need to conduct a comprehensive field study to identify the actual number of youth directly and indirectly employed by agricultural co-operatives in Tanzania (and elsewhere). Also there is need for stakeholders' discussion on incorporating youths' affairs in co-operative by-laws, Co-operative policy and Law and in operations of the supporting institutions like Co-operative Unions, Tanzania Federation of Co-operatives (TFC), Tanzania Co-operative Development Commission (TCDC), Moshi Co-operative University and others.

References

- Africa Development Bank (AfDB), OECD, UNDP and UNECA (2012). *Africa economic outlook: Promoting youth employment*. Paris, France.
- Anania, P. and Rwekaza, G. C. (2016). The determinants of success in agricultural marketing co-operatives in Tanzania: The experience from Mweka-Sungu, Mruwia and Uru north Njari agricultural marketing co-operatives in moshi district. *European Journal of Research in Social Sciences*, 4(3): 62-75.
- Anania, P. and Kimaro, P. J. (2016). Factors affecting effective youths' participation in agricultural marketing co-operatives in Tanzania: Experience from selected agricultural co-operatives in Arusha and Moshi district councils, Tanzania. *International Journal of Economics, Commerce and Management*, 4(2): 709-31.
- Food and Agriculture Organization (FAO) (2014). FAO, Private and public partnership model for youth employment in agriculture; experiences from Malawi, Tanzania Mainland and Zanzibar archipelago. Rural employment, case studies series No.4, FAO, Rome, Italy. 33.

- Food and Agriculture Organization (FAO) and International Fund for Agricultural Development (IFAD) (2012). *Youth: The future of agricultural co-operatives*, FAO and IFAD, Rome, Italy. International Year of Cooperatives Issue Brief series. 4. Available: <http://www.fao.org/docrep/017/ap668e/ap668e.pdf>
- Haji, M. (2015). *Youth employment in Tanzania; taking stock of the evidence and knowledge gaps*. Ottawa, Canada: International Development Research Centre (IDRC). Available: https://www.idrc.ca/sites/default/files/sp/Documents%20EN/Youth_Employment_TANZANIA_REPORT_web-FINAL.pdf
- International Labour Organization (ILO) (2007). Fact sheet cooperatives and rural employment , COOP Fact Sheet No. 1. 2. Available: <http://www.gungho.org.cn/uploadfile/ILO%20Coop%20Factsheet.pdf>
- International Labour Organization (ILO) (2012). *A better future for young people what cooperatives can offer: Information note, international year of co-operative 2012*. ILO, Geneva, Switzerland: Available: http://www.ilo.org/wcmsp5/groups/public/---ed_emp/---ed_emp_msu/documents/publication/wcms_195535.pdf
- International Labour Organization (ILO) (2013). *Global employment trends for youth 2013: A generation at risk*. ILO Geneva, Switzerland: Available: http://www.ilo.org/wcmsp5/groups/public/@dgreports/@dcomm/documents/publication/wcms_212423.pdf
- Katebalirwe, T. D. (2014). *Combating youth unemployment through vocational education and training (vet): Addressing youth unemployment through TVET; policy perspective in Tanzania*, A paper presented at the vocational education and training (VET) Forum held at Naura Springs Hotel, in Arusha, Tanzania. 19.
- Lam, D. (2014). Youth bulges and youth unemployment. *IZA World of Labor*, 26: 1-10. Available: wol.iza.org
- Mjema, G. D. (1999). *Youth unemployment in Tanzania nature, magnitude and proposals for possible solution economic*. Revised Report Submitted To ILO-EAMAT-Addis Ababa June 1999, Dar Es Salaam, Tanzania.
- National Bureau of Statistics (NBS) (2015). *Tanzania in figures 2014*. Dar es salaam, Tanzania. Available: www.nbs.go.tz
- Restless Development (2011). *State of the youth in Tanzania; youth-led research in action*, The Annual Report 2011, Restless Development, Tanzania. 13. Available: <http://restlessdevelopment.org/file/youth-report-201213-englishlowresonline-pdf>
- Roelants, B., Hyungsik, E. and Terrasi, E. (2014). *Cooperatives and employment: A global Report*, CICOPA & Desjardins Group. 148.
- Schuppler, L. (2012). *Draft for cooperatives and youth empowerment, employment, engagement; concept note for a youth forum held as part of the closing events of the international year of cooperatives* UN Headquarters, New York 19 November 2012, unpublished.
- Schwettmann, J. (2000). *Cooperatives and employment in Africa*, Occasional discussion Paper 97 – 1, ILO Cooperative Branch, International Labour Office, Geneva, Switzerland.
- Shamchiyeva, L., Kizu, T. and Kahyarara, G. (2014). *Labour market transitions of young women and men in the united republic of Tanzania*, international labour office, youth employment programme, employment policy department. ILO, Geneva. Switzerland. (Work4Youth publication series; No. 26).
- United Republic of Tanzania (URT) (2007). *The national youth development policy*. Ministry of labour, employment and youth development. Dar es salaam, Tanzania.
- United Republic of Tanzania (URT) (2008). *The national employment policy*. Ministry of labour, employment and youth development. Dar es salaam, Tanzania.
- United Republic of Tanzania (URT) (2014). *Basic demographic and socio-economic profile report tanzania mainland*. National bureau of statistics and office of chief government statistician. Dar es Salaam, Tanzania.

<http://www.cicopa.coop/Cooperatives-contribute-to.html>, accessed on 6th June, 2016.
<http://www.euractiv.com>, Creating opportunity through agricultural cooperatives,
<http://www.euractiv.com/section/agriculture-food/opinion/creating-opportunity-through-agricultural-cooperatives/>, accessed on 6th June, 2016.