

Is the Integrated Cooperative Model (ICM) Suitable for Tanzania?

By

Suleiman Adam Chambo, Esther Towo, Gervas Machimu, Alban Mchopa &

Maulid Bwabo

Beyond Borders, 2021

Contractual cooperation was introduced in many African countries during the colonial phase. Contractual cooperation is different from the traditional forms of cooperation usually identified within African cultural settings. While traditional cooperation is based and driven by cultural norms of mutuality and reciprocity, its organization does not have a visible structure, nor does it have written constitutions. According to Craig and Pencavel (1995), contractual cooperation is a locally institutionalized form of organization with visible structures of management and systematic lines of communication. The cooperative movement in Tanzania with its traditional structure has been experiencing member-driven reforms (Allen & Maghimbi, 2009; Wanyama et al., 2008). Traditionally, the cooperative movement was based on a four-tier structure with primaries, secondary unions, apex cooperatives and the federation. As the liberalization continued in the 1990s, thereby encouraging economic reforms, the apex and unions were challenged by economic viability (ILO, 2002).

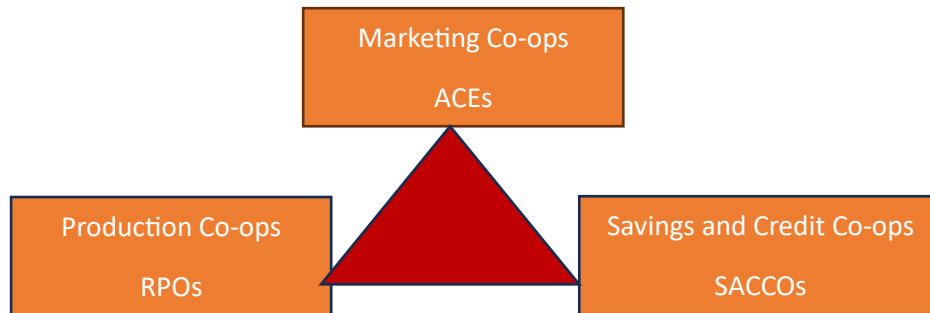
In Tanzania, for instance, the cooperative movement has a three-tier system, whereby there are primary cooperative societies, unions and apex (URT, 2014). The Cooperative Act 2013 in Tanzania has provided powers to the primary cooperative societies to operate as independent business entities. It has been indicated in part four (iv) section 19.2 of the Act that it is upon the wish of members to constitute a particular society (URT, 2014). This has reduced most of the functions that was accomplished by the unions on behalf of primary cooperative societies such as marketing and the procurement of inputs. Cooperative unions still exist in Tanzania, but are declining for two major reasons; first, as competition hardened, cooperative businesses lacked democratized practice and transparency. Second, the primaries positively started taking full business responsibilities for their members (Sumelius et al., 2013). Such a scenario of shifting full business responsibilities to the primary society is considered to be a positive outcome of liberalization. It is then a conducive environment to implement a cooperative integration in Tanzania.

Lawrence and Lorsch (1986) defined integration, for a single organization, as the state of collaboration that exists among departments that are required to achieve unity of effort. They found that most successful organizations simultaneously achieve high levels of both integration and differentiation, defining the latter as 'different departments having different structures and orientations (e.g. short versus long-term time orientation, relationship versus task focus, and high versus low formality of structure)'. This study is focused across and between co-ops rather than departments. Cooperatives can work together to achieve unity of effort and integration could help cooperative societies accommodate the needs of members. The word integration can mean different things in different contexts. Cooperatives can be integrated horizontally or vertically or can be part of vertical financing systems involving other organizations, which may or may not be cooperatives. The cooperative integration model is sought to open new possibilities for primary cooperative societies to operate differently, in a more self-reliant way.

In this context, the Canadian Cooperative Association (CCA) has been working with partners to support them in building their own tools and solutions for sustainable livelihoods, through owning and operating their own cooperative enterprises. For example, in the early 2000s, CCA helped introduce the component of finance, an innovation that certainly responded to the cooperative members' needs. Since

2004, the Uganda Cooperative Alliance (UCA) has been working with CCA to develop and support an integrated cooperative model for sustainable development. One model has emerged to improve the livelihoods of rural farmers in developing countries through the integration of three functions: (i) agricultural production, (ii) marketing, and (iii) access to financial services. These three areas of cooperation are essential ingredients of this holistic approach for rural development. The model can be depicted as follows:

Figure 1: The integrated cooperative model



Source: Own construction.

In this model, production, marketing support, and financial services are integrated, yet separate entities. Rural Producer Organizations (RPOs) are made up of individual smallholder farmers, who join together to increase their agricultural production and productivity, and to bulk, or aggregate, their production for sale. Area Cooperative Enterprises (ACEs) are second-tier co-ops focused on marketing, typically made up of six to ten production cooperatives working together to take advantage of the economies of scale. These cooperatives provide market information, store agricultural inputs in bulk, assist with the strengthening of market linkages, and help negotiate bulk sales at reasonable prices. They also help supply training and offer various other services to members. Saving and Credit Cooperative Societies (SACCOS) constitute the third element of the model: cooperative financial institutions that act as engines for the development and growth of the two other types of cooperatives involved. SACCOS are the ‘bloodstream’ for the other cooperative enterprises, as they provide the finance needed in order to enhance agricultural production and productivity and ensure sustainable farm businesses. Working within this integrated model, cooperative members identify opportunities and make choices, working together to attain both individual and collective aims that increase food production and productivity, create linkages to larger markets and access to higher prices, and provide access to affordable financial services. Previous research and practical experiences show that while small farmers acting alone do not always benefit from higher market prices, acting collectively in strong producer organizations and cooperatives make them more able to take advantage of market opportunities and mitigate the negative effects (FAO, 2012).

Whereas much cooperative development focuses on supporting a single cooperative or group of cooperatives at a time, this integrated model supports the inclusion of three distinct but interconnected cooperatives. It is not yet known whether this approach may be formally applicable to the cooperative societies in Tanzania. Therefore, the study assesses the mode of operations among cooperative societies that were considered to implement the integrated cooperative model in Tanzania. Second, the study identified the perceived benefits and challenges by cooperative members in the study area during the implementation of the model.

Methodology In this chapter, a cross-sectional study design was used, where the data on variables of interest was collected simultaneously, examined and the relationship between variables determined. Both quantitative and qualitative approaches were adopted targeting key stakeholders, especially cooperative members who participated in the development and implementation of the Integrated

Cooperative Model (ICM). For the purpose of comparison, non cooperative members were also interviewed. The study was conducted in the Mbinga District (Ruvuma Region) and the Moshi Rural District (Kilimanjaro Region). The two districts were selected because the cooperative societies had ICM features. The Mruwia Agricultural Marketing Cooperative Society (AMCOS) and the Mruwia SACCOS for Moshi Rural District were selected. The Kimuli AMCOS and the Muungano SACCOS were selected for the Mbinga District. The two districts were also identified as having a long history of cooperative business. To get a clear understanding of the research objectives, two research teams were formed (one for Mbinga and another for Moshi Rural). The teams pre-tested the research tools (questionnaire and checklist) before undertaking a survey among households. A total of 228 respondents were interviewed through questionnaires (single cooperative members 113, multiple cooperative members 53 and non-cooperative members 62). Respondents were randomly selected using farmers' lists available at the AMCOS and SACCOS. Non-cooperative members were also randomly selected among members around the cooperative societies in Mruwia and Kimuli villages. In the household survey a key task was to assess how the model was implemented in the selected study areas, and the assessment included a documentation on key activities, best practices, results, and challenges.

Furthermore, Focus Group Discussions (FGDs) were conducted in both districts. 62 key informants were purposively selected based on the positions they held in connection to the objectives of the study. 24 coffee farmers (8 double members, 8 single members, and 8 non-members) were selected from each district forming a total of two FGDs. Therefore, there were four FGDs adding up to a total of 48 participants for the two districts. In addition, one officer responsible for cooperative and community development from each district was selected for interview (2 key informants). Again, three board members from AMCOS and SACCOS in each district were interviewed (12 key informants). The main issues discussed included; cooperative services offered, strengths, opportunities and challenges faced by each group and, more importantly, if the integration was beneficial and practical to them.

The final activity of the research was a validation workshop. The purpose of the workshop was to present preliminary results of the investigation to the communities and get feedback from them, to finalize the project. The work shop participants included members of selected cooperative societies from the 252three groups, namely multiple members, single members, and non-members. Accordingly, selected staff and board members from the cooperative societies were included (the total number from the Mbinga and the Moshi Rural District was 35 and 37, respectively). Data was analyzed qualitatively and quantitatively. The collected data was coded, processed with the help of SPSS software and 'cleaned' for quantitative analysis. The household survey data was analyzed using descriptive statistics including frequencies, percentages, mean and standard deviation.

Findings and discussion

Demographic characteristics of respondents

The average age for multiple members was 54 years, for single members 41 years, and for non-members 47 years as depicted in Table 1. Although the difference is not very large, it gives an indication that the older the head of the household becomes, the higher is the likelihood of becoming a member of a cooperative society as compared to younger individuals. This may indicate that age comes with more experience in farming activities and other productive ventures, which may advantageously contribute to becoming a member of a cooperative society in the community. Furthermore, the results reveal that the percentage of female-headed households in all categories was smaller than that of male-headed households. This is due to cultural factors (patrilineal societies) and customary laws that are based on the inheritance of property whereby women are not allowed to own land).

Table 1: Demographic characteristics

Attributes		Multiple member (n=53)		Non -member (n=62)		Single member (n=113)	
Age	Minimum	27		24		24	
	Mean	54		47		41	
	Maximum	88		81		88	
	Descriptive	Freq	%	Freq	%	Freq	%
	Female	9	17.0	9	14.5	30	26.5
Sex	Male	44	83.0	53	85.5	83	73
5Education level	Never attended school	0	0	4.8	4	3.5	4.8
	Primary	41	77.4	85.5	80	70.8	83.5
	Secondary	6	11.3	1.6	4	3.5	1.6
	High school	1	1.9	6.5	20	17.7	6.5
	Vocational	0	0	1.6	2	1.8	1.6
	Certificate	2	3.8	0.0	1	0.9	0.0
	Diploma	3	5.7	0.0	2	1.8	0.0
*Main occupation	Casual labour	0	0	29	3.3	1	0.9
	Employed off farm	1	1.9	3	5.0	2	1.8
	Employed on farm	0	0	1	1.7	1	0.9
	Farming	52	98.1	53	88.3	108	95.6
	Own business	0	0	1	1.7	1	0.9

*Multiple responses statistics. Source: Own computation.

The findings also show that most of the respondents interviewed attained primary school education. This implies that small-scale farmers in rural cooperative societies attended primary level education. This poses a challenge to the type of education, mobilization techniques and approaches to be used in introducing changes in the existing cooperative model. The results further indicate that farming was the major occupation for all respondents. However, with regard to the subsidiary occupation, most of the non-members considered casual labour to be the major occupation.

Operational modalities among cooperative societies practicing ICM

Practices of ICM among the cooperative societies: The case of the Mbinga district

The integration of the operations between KIMULI AMCOS and Muungano SACCOS was accomplished by considering the sixth principle of the cooperative, which is: ‘cooperation among cooperatives. The principle calls for cooperatives to strengthen each other by working together through local, national, regional and international networks. Basically, the integration was established in order to improve the financing of the value chain in producing coffee. The history of integration goes back to 1993 when KIMULI AMCOS was officially registered and coffee smallholder farmers (the members) identified the need for a financial unit within AMCOS that could help them in coordinating financial transactions in society. The unit was also – among other things – responsible for making arrangements for members to access loans for buying farm inputs as well as catering to their household livelihood requirements. The pre sent Cooperative Legislation did not provide a legal mechanism for AMCOS to handle saving and credit functions. This led to the formation of Muungano SACCOS in the early 2000s after consultation with the District Cooperative Officer (DCO) who advised the members of KIMULI AMCOS to form a saving and credit cooperative society.

Recognizing that access to sufficient and well-timed financial services for all actors in the value chain is a key element for business success and sustained growth for both institutions, KIMULI AMCOS and Muungano SACCOS have jointly improved the horizontal coordination to serve their members. The statistics (until June 2015) from the DCO shows that the cooperatives (KIMULI and Muungano) are among the best top three performers (category wise) in the district with shares worth TZS 5,852,480 and TZS 21,213,250 for KIMULI AMCOS and Muungano SACCOS respectively.

The integration between AMCOS and SACCOS did, in particular, bring a significant impact to farmers who are members of both cooperative societies at the same time (multiple members). The multiple member farmers borrowed from SACCOS to buy farm inputs from AMCOS and continued with the production until the harvest season when the coffee was delivered to AMCOS for processing and selling. After selling the coffee, AMCOS and SACCOS officials made sure that the payment was transferred to the farmer's account in its SACCOS. If the farmer had a credit, it was automatically settled at its SACCOS and the remaining liquidity was transferred to the farmer's saving account. Hence, this innovative practice by the member farmers allowed them to access inputs on credit produced by quality output and enhanced the saving habits among coffee farmers. In short, the integration of the cooperatives ensured a financial stability among their members and did, in turn, strengthen the sustainability of both cooperative societies.

Practices of ICM among the cooperative societies: The case of Moshi Rural District

Pillars of good governance include democracy, member participation, accountability, transparency, and predictability. The predictability was improved when leaders followed the election period of three years, and members regarded the composition of the board as legitimated and AMCOS committees conducted meetings as scheduled. The results in Table 2 show that multiple members had higher levels of predictability (86.8 per cent) than single members. As for democratic practice, double members were ahead in terms of women 255 members' participation on boards as committee members (75.5 per cent). For accountability, again, multiple members had easier access to audit reports (81.1 per cent) compared to single members (69.3 per cent). The results imply that cooperative members participated in elections and regularly received reports. Out of the 11 attributes of governance used, multiple members scored higher on eight statements (attributes). This implies that the integration had a positive impact regarding the governance in the agricultural marketing cooperative societies assessed. This is emphasized by the Department of Trade and Industry (DTI, 2012) in the Republic of South Africa that stated that most of the successful cooperative societies worldwide practice good governance principles. The report from the department underlined that an integrated cooperative model has promoted cooperatives and unleashed their potential to create and develop income-generating activities and sustainable employment; reduced poverty, developed human resource capacities and knowledge; strengthened competitiveness and sustainability; increased savings and investment and improved social and economic well-being. In short, this supports the view that promoting cooperative societies to operate through the integrated model may facilitate the development. The use of the cooperative integration model among farmers in rural areas of Tanzania – and reinforcing sound principles of governance could be a successful path to sustained economic growth.

Table 2: Perceived governance by cooperative members on SACCOs

Attributes*	Multiple member		Single member	
	Count	%	Count	%
AMCOS leaders are elected after three years	46	86.8	63	84.0
AMCOS members involved in decision making	43	81.1	62	82.7
AMCOS members participate in electing members of the board	44	83.0	66	88.0
AMCOS members aware of type and composition of board committees	34	64.2	43	57.3
AMCOS women are committee members	40	75.5	42	56.0
AMCOS committees conduct meetings as scheduled	36	67.9	43	57.3
AMCOS audit reports made open to members	43	81.1	52	69.3
AMCOS members share surplus as per bylaws	30	56.6	43	57.3
AMCOS leaders are accountable	42	79.2	53	70.7
AMCOS has linkages with other cooperative societies	37	69.8	46	64.3
AMCOs has linkages with other cooperative organization and firms	29	54.7	35	46.7

***Multiple response statistics. Source: Own computation.**

The results in Table 2 indicate that the scoring was high when cooperative members perceived that the saving and credit cooperative societies (SACCOS) followed the pillars of good governance. Similar to what has been observed for AMCOS, in SACCOS, members participated in elections, received audit reports as well as attended the formal meetings. The result in Table 2 implies that members were closely connected to their SACCOS' activities. This is not surprising because SACCOS' operations were reported regularly over the year, as compared to those of AMCOS, which were only reported seasonally. SACCOS in Tanzania serve populations with different characteristics both in rural and urban areas, and women are also included, while they are likely to be excluded in AMCOS (Allen & Maghimbi, 2009). Therefore, opening up for women in AMCOS could be important in implementing a closer integration between SACCOS and AMCOS.

Table 3: Perceived governance by cooperative members on SACCOS Attributes

Attributes*	Multiple member		Single member	
	Count	%	Count	%
AMCOS leaders are elected after three years	39	86.7	31	96.9
AMCOS members involved in decision making	39	86.7	29	90.6
AMCOS members participate in electing members of the board	40	88.9	30	93.8
AMCOS members aware of type and composition of board committees	32	71.1	30	93.8
AMCOS women are committee members	42	93.3	30	93.8
AMCOS committees conduct meetings as scheduled	36	80.0	31	96.9
AMCOS audit reports made open to members	38	84.4	30	93.8
AMCOS members share surplus as per bylaws	29	64.4	29	90.6
AMCOS leaders are accountable	38	84.4	31	96.9
AMCOS has linkages with other cooperative societies	34	75.6	27	84.4
AMCOs has linkages with other cooperative organization and firms	24	53.3	19	59.4

***Multiple response statistics. Source: Own computation.**

With respect to the structure of the cooperative movement at the district level and the possibility of exercising the integrated cooperative model in the Mbinga and Moshi rural areas, the study indicates that the model is practical. The main reason for this success is that the cooperative movement at the district level is characterized by primary societies and most of these are SACCOS and AMCOS. These cooperative societies had to some extent already commenced cooperation, although at an informal level.

Accordingly, the Cooperative Act 2013 allowed them to operate as independent business entities and freely choose business partners. The result from the focus group discussions showed that membership in these societies was voluntary and individuals could be members of both AMCOS and SACCOS at the same time. However, membership in AMCOS was mainly limited to owners of farms, while membership in SACCOS had no limitations with regard to land ownership. As a result, most of the women have joined SACCOS, and for example at the Mruwia SACCOS, the chairperson was a woman during the interviews. Therefore, having more than one type of cooperative society increased the possibility for many groups of people to join the cooperative movement.

SACCOS and AMCOS were likely to integrate since they are usually located in close proximity; however, many of them still have no formal cooperation. The proximity was an advantage to double members who could receive their proceeds from AMCOS and deposit them in SACCOS. The cooperative officers at the district level regarded the integrated cooperative model as possible to apply at the grassroots level for several reasons. First, the government of Tanzania has been applying several approaches that are similar to the integrated cooperative model; these include the multipurpose cooperatives and the rural savings schemes. The multipurpose cooperatives had provisions for cooperatives to launch projects for their members, while the rural savings schemes constituted a financial arm of AMCOS. These approaches failed mainly because they were top-down governed (for instance, the integration was 258 introduced without member participation) and the staff lacked adequate skills and had a low entrepreneurial capacity.

Perceived benefits and challenges of practicing ICM

The results in Table 4 indicate that multiple members saw benefits of AMCOS and SACCOS working together (93.3 per cent) as well as single cooperative members (81.6 per cent). The findings imply that the two organizations are equally aware of the importance of complementing members' needs. During focus group discussions at Kimuli, AMCOS members asserted that more than 100 SACCOS members joined Kimuli AMCOS during the period 2011–2015. These SACCOS members could through loans buy land as well as plant coffee trees. Some of the non-cooperative members in the validation workshop stated that they envied the good life of cooperative members at Kimuli village and aspired to join the cooperative movement. Multiple members had financial support options as well as marketing advantages at the same time, implying that the two organizations were crucial in securing the livelihood of people in the area.

Table 4: Benefit from SACCOS and AMCOS working together (n=228)

Response		Multiple members (%)	Non-members (%)	Single members (%)
If the respondent benefits from AMCOS and SACCOS working together	No	6.7	50.0	18.4
	Yes	93.3	50.0	81.6

Source: Own computation.

The findings in Table 5 indicate that the majority of cooperative members had access to financial services (92.1 versus 96.0 per cent). But it also implies that members of AMCOS were attracted to access financial support services, and financing agriculture is of crucial importance in the area. Therefore, a closer joint effort of AMCOS and SACCOS is necessary.

Table 5: Benefits of double membership

*Perceived benefits	Multiple members	Single members
	Percentage (%)	Percentage (%)
Financial services	92.1	96.0
Agricultural inputs	4.3	4.0
Marketing/storage/ processing	27.7	16.0
Improved production	8.5	4.0
No benefit	8.5	32.0
Getting allowance	4.3	4.0
Prompt payment of produce	2.1	0.0

*Multiple response statistics as members experiences multiple benefits. Source: Own computation.

The household survey asked the respondents where they saved their money. Multiple members' category was 'leading' in using accounts at SACCOS (81.4 per cent) followed by single members (52.4 per cent). Multiple members used the services of SACCOS while the majority, two-thirds, of non-members saved their money at home, and one-third of the single cooperative member category used the same strategy. The single members who saved their money at home are likely to be members of AMCOS. The reasons for non-members saving at home were three-fold. First, the limited amount of savings made it difficult to justify savings outside the households. Second, savings were kept at home to mitigate unexpected risks. Third, there seemed to be non-members with limited knowledge about savings options. Furthermore, it was revealed in the focus group discussions by non-members that, SACCOS were a relatively safe way to save money, for instance as compared to Village Community Banking (VICOBA).

Table 6: Respondents' source of saving funds

Source of Saving	Multiple member		Non member		Single member	
	Freq	%	Freq	%	Freq	%
Commercial bank	0	0.0	0	0.0	5	7.9
Home	4	9.3	11	68.6	23	36.5
ROSCA	0	0.0	0	0.0	1	1.6
SACCOS	35	81.4	0	0.0	33	52.4
VICOBA	3	7.0	0	25.1	1	1.6
MPESA	1	2.3	4	6.3	0	0.0

Note: Rotating Credit and Savings Association (ROSCA); Saving and Credit Cooperative Societies (SACCOS); Village Community Banking (VICOBA); Vodacom Mobile Money Transfer (MPESA). Source: Own computation.

Furthermore, the findings from the household survey revealed that increased wealth could be created through membership in cooperative societies. A respondent at Kimuli village noted that: *'since I became a member of the SACCOS, I have been able to purchase 200 acres of land and expanded my livestock keeping project...the project offers me money to support my family's basic needs as well to pay school fees for my children....'* While another female multiple member said that: *'...I am lucky to become a cooperative member, my husband abandoned me five years ago, with cooperative services I support my family and I have been able to purchase a motorcycle for carrying passengers...the motorcycle is taken care of by my first born.'* This is a further argument that the joint efforts made by the two cooperative societies had supported members of the cooperative movement in the area.

Concerning the issue about ownership of livestock, multiple members had a larger number of animals, as compared to the other categories (Table 7). This points at the possibility that it was easier for double members to access credit but also that a higher number of livestock generated higher incomes, compared

to the other two groups. This was another opportunity to diversify cooperative activities from one crop to multiple agricultural productions.

Table 7: Average number of livestock

	Multiple member n=53	Single member n=113	Non member n=62
Mean	16	7	8
Std dev	19.04377	8.86412	13.77145
Maximum	102.00	39.00	111.00

Source: Own computation.

Similarly, the multiple members had a higher mean size (6.3 acres) of land owned and cultivated, and altogether the findings demonstrate that the possibility of succeeding increased by being a multiple member (Table 8).

Table 8: Size of land owned and cultivated acres

Type of respondent	Mean	Std. dev	Minimum	Maximum
Multiple member (n=53)	6.3349	8.15681	0.25	50.00
Single member (n=84)	3.1012	3.42610	0.25	20.00
Non member (n=51)	2.3333	3.14550	0.25	13.00
Total	3.8045	5.38368	0.25	50.00

Source: Own computation.

Table 9 shows that the amount of coffee harvested was higher for multiple members and implies that double members earned more income from coffee. However, the average amount of maize and beans harvested was higher among non-members. The reason may be that non-members have shifted from input intensive crops, such as coffee, to food crops that require less input at lower costs. The government subsidized these inputs, according to cooperative officers and farmers. Therefore, the availability of inputs at subsidized prices has likely attracted more farmers, especially non-cooperative members.

Table 9: Mean amount of crops produced per household

Type of respondent		Amount of coffee harvested in kgs	Amount of maize harvested in kgs	Amount of vegetable harvested in kgs	Amount of yams harvested in kgs	Amount of beans harvested in kgs	Amount of fruits harvested in kgs
	Mean	4,092	979	26	111	181	70
	n	26	31	1	9	25	2
	Min	50	20	26	10	40	20
	Max	18,200	5,500	26	400	600	120
Single member	Mean	3,388	527	12	91	134	155
	n	53	39	4	10	27	6
	Min	20	15	5	10	10	20
	Max	17,500	2,000	20	200	500	300
Non member	Mean	1,605	1,057	7	118	372	30
	n	35	14	4	10	9	2
	Min	70	10	1	15	100	30
	Max	12,600	6,000	20	900	1,000	30

Source: Own computation

Likewise, the household survey indicated that most of the multiple members had a high food security status, 41.5 per cent, while most of the non-members had a low food security status (38.7 per cent). This is likely due to the fact that multiple members had access to food because they focused on agricultural production. Non-members were often forced to do casual labour elsewhere and did not have enough time to take care of their farms, thereby reducing the output.

Challenges of implementing ICM

From the household survey, and the focused group discussions, several challenges were reported to be associated with the implementation of ICM. The first was the lack of joint management as well as business routines between SACCOS and AMCOS. Therefore, the joint effort was only occurring among individual members and not between the two entities. The second challenge was political interference, which sometimes created misunderstandings between cooperative leaders and governmental officials. The government appointed a leader at Kimuli AMCOS, who was difficult to replace, to take position in a governmental body, the third challenge was that unions under mined the autonomy of the primary societies. Some unions still force primary societies to link with them in business. This caused problems in developing new cooperatives as well as implementing the ICM. It has also been reported that AMCOS have failed to move from their traditional crops such as coffee to new crops such as maize and fruits.

Conclusions and recommendations

In general, this study shows that the integrated cooperative model is practical and has great potential benefits to improve the livelihoods among small-scale farmers but it has not been working as anticipated. The Agricultural Marketing Cooperative Society (AMCOS) did not adequately address farmers' marketing challenges. The SACCOS have tried but their anticipated role of financing activities requires improvement. The following are the specific conclusions:

- i) Cooperative members within the ICM, multiple members, experience fewer severe problems in production and marketing than those who are single and non-cooperative members.
- ii) Cooperative integration fosters a greater financial inclusion of small holder farmers including women who have traditionally been excluded by financial institutions.
- iii) The implementation of ICM requires joint management as well as business routines that are developed between SACCOS and AMCOS.
- iv) SACCOS are performing well in terms of sound governance compared to AMCOS.

In conclusion, cooperatives need to adopt new organizational models and management practices in order to meet new environmental challenges such as competition and sustainability. However, organizational change in the context of cooperatives is highly complex and needs to be sensitive to its members' (stakeholders') needs and interests. Furthermore, organizational changes need to be perceived as legitimate by the members in order to succeed. Organizational change is likely to be perceived as legitimate if the fundamental principles of democracy, member participation, accountability, transparency, and predictability are duly practiced by change leaders. Based on the findings and conclusions, the following is recommended:

- i) To the cooperatives.
 - There is a need for training of farmers in the roles of different cooperatives in the integrated model for an improved understanding of how the model is supposed to work.
 - Strengthen the capacity of AMCOS to provide the much-needed marketing services.
 - Create awareness in communities about ICM and their potential benefits.
 - Appropriate training to leaders, management staff and members about ICM.

- Financial services supplied by SACCOS, cooperative banks, insurance cooperatives and cooperative based social security funds are needed as part of the strategy for the integrated cooperative model.
 - The integration process may need to be located geographically at the village or cell levels where all members have easy access to cooperative services.
 - Pay particular attention to the fundamental principles of cooperatives in implementing organizational change.
- ii) To the Government of Tanzania.
- Encourage cooperation and formalization of ICM.
 - Create favourable political and economic policies that promote ICM.
- iii) To scholars of cooperatives
- Undertake further studies to understand the best way to guide a joint effort/business between SACCOS and AMCOS.
 - Come up with a round strategy for promoting the interaction between investor-owned firms and cooperative enterprises.

References

- Allen. E. & Maghimbi, S. (2009). African cooperative and the financial crisis. Coop AFRICA working paper No. 3. ILO. Dar es Salaam.
- Craig, B. & Pencavel, J. (1995). Participation and productivity: A comparison of worker cooperatives and conventional firms in the plywood industry. *Brookings Papers: Microeconomics*: 121–174.
- Department of Trade and Industry (the dti) (2012). *Integrated Strategy on the Development and Promotion of Cooperatives*. The DTI: South Africa.
- Food and Agricultural Organization (FAO) (2012). *Agricultural cooperatives: Key to feeding the world*. Food and Agricultural Organization. Retrieved October 19 2012: http://www.fao.org/fileadmin/templates/getinvolved/images/WFD2012_leaflet_en_low.pdf
- International Labour Organization (ILO) (2002). *The Promotion of Cooperatives Recommendation No. 193*. International Labour Office: Geneva.
- Lawrence, P. R. & Lorsch, J. W. (1986). *Organization and Environment: Managing Differentiation and Integration*. Boston: Harvard Business School Classics.
- Sumelius, J., Tenaw, S., Bäckman, S., Bee, F., Chambo, S., Machimu, G. & Kumburu, N. (2013). *Cooperatives as a Tool for Poverty Reduction and Promoting Business in Tanzania*. University of Helsinki, Department of Economics and Management Discussion Papers No. 65: Helsinki.
- United Republic of Tanzania (2014). *Cooperative Societies Act No. 1*. Dar es Salaam: Government Printer.
- Wanyama, F., Develtere, P. & Polet, I. (2008). *Co-operating out of poverty*. International Labour Office. Geneva: World Bank.