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MINISTRY OF EDUCATION, SCIENCE AND TECHNOLOGY
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CHUO KIKUU CHA USHIRIKA MOSHI



PROCEEDINGS OF THE SECOND INTERNATIONAL CONFERENCE

**HELD AT MOSHI CO-OPERATIVE UNIVERSITY
TANZANIA FROM 1st to 3rd SEPTEMBER 2021.**

Theme: **CO-OPERATIVES AND INDUSTRIALISATION:
PUTTING MEMBERS AT THE CENTRE**

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PREFACE

The co-operative sector has an immense contribution to many areas of socio-economic development worldwide. Such areas include but are not limited to agriculture, industry, finance, housing, transport, fishing and mining. This is because of a fact that a co-operative is a mobile sub-sector which can form and be found in most development sectors. Co-operatives have no border if co-operators want to seize the available opportunities in both large and small sectors of development. Co-operatives significantly contribute to social integration, job creation and poverty reduction. In many countries, co-operatives have led to financial growth and independence of its members due to mobilisation of savings and provision of loans at low-interest rates, creation of employment opportunities and increase of production in agriculture and non-agriculture sectors. In the provision of social services, for example, co-operatives contribute significantly to the electricity sector in the USA and Europe; while in Africa, it has stepped up in the provision of reliable transport and housing services, for example, Kenya and Zambia.

At the global level, co-operators form at least 12% of the world's population. There are over three million co-operatives registered worldwide that employ about 10% of the global population. This is a viable indication that life without co-operatives could be awesomely challenging in many ways. Having 10% shock absorbers of employment is massively a heartfelt success which should be viewed not as the end but a stepping stone for more success at the country and regional levels. This should further give the reasons for those who are yet to embrace co-operatives too. Statistics show that about 300 largest co-operatives generate more than USD 2 billion in turnover; this is again a tangible live evidence-based fact that the world's countries cannot make it to better development without co-operatives.

These are the proceedings of the second international conference held at the J. K. Nyerere Hall, Moshi Co-operative University, Tanzania from 1st to 3rd September 2021 with a theme, "*Co-operative and Industrialisation: Putting members at the centre*". The Conference was jointly organised by the Moshi Co-operative University (MoCU) and the Tanzania Co-operative Development Commission (TCDC). This conference was opened by Honourable Prof. Adolf Faustine Mkenda (MP), Minister for Agriculture and closed by Honourable Prof. Maulilio J. Kipanyula Director of Science Technology and Innovation, Ministry of Education, Science and Technology. It was also attended by Dr. Benson Otieno Ndiege, Registrar for Co-operatives, Tanzania, Dr. Chiyoge B. Sifa, Regional Director, International Co-operative Alliance-Africa (ICA-Coop Africa), Ms. Theresia Alex Chitumbi, Chairperson, Tanzania Federation of Co-operatives (TFC), CPA Xavery Mkingule, Director General, Co-operative Audit and Supervision Corporation (COASCO), and many other distinguished leaders and co-operators.

During this conference, more than 22 scholarly papers were presented and discussed. These papers were categorised in eleven sub-themes namely; the role of co-operatives in industrialisation; innovation in co-operatives; resilience and sustainability of co-operative models; co-operative and supply chains management; co-operative financial management; co-operative policy and regulatory framework; co-operatives and environmental sustainability; youth inclusion in co-operatives; professionalism and governance in co-operatives; ethical conducts in co-operatives as well as ICT and co-operative development.

The linkage between co-operatives and industrial development is apparent and cannot be masqueraded. We are thinking of poverty reduction in all sorts of our development plans. The citizens are at the centre of all development plans. Thus, co-operatives have significantly contributed to industrial development in many countries. Moreover, members have also been beneficiaries of industrialisation in terms of socio-economic gains. Unfortunately, co-operatives' contribution to industrial development for most developing countries, Tanzania inclusive, is still minimal.

ACKNOWLEDGEMENTS

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ABBREVIATIONS AND ACRONYMS

ACFSMC	-	All-China Federation of Supply and Marketing Co-operatives
AfCFTA	-	The African Continental Free Trade Area
AGRA		Alliance for a Green Revolution in Africa
AMCOS	-	Agricultural Marketing Cooperative Society
AMREF	-	African Medical and Research Foundation
ASO	-	Analogue Switch-Off
AU	-	African Union
AWIB SACCOS	-	Arusha Women in Business SACCOS Limited
BUKOP	-	Bukoba Coffee Curing Plant
CBT	-	Cashewnuts Board of Tanzania
CCM	-	Chama Cha Mapinduzi (a Tanzania's Ruling Party)
CCS	-	Consumer Co-operative Society
CCU	-	Chato Co-operative Union
COASCO	-	Co-operative Audit and Supervision Corporation
CORECU	-	Coast Region Co-operative Union
CPA	-	Certified Public Accountant
CPSPs	-	Co-operatives - Private Sector Partnerships
CSR	-	Corporate Social Responsibility
CVP	-	Customer Value Proposition
DADPs	-	District Agriculture Development Plan
EAC	-	East African Community
FAO	-	Food and Agriculture Organization
FGDs	-	Focus Group Discussion
FYDP	-	Five Years Development Plan
G.N. No	-	Government Notice No
GDP	-	Gross Domestic Product
GRN	-	Goods Receipt Note
HEIs	-	Higher Education Institutions
ICA	-	International Co-operative Alliance
ICA-Coop Africa	-	International Co-operative Alliance-Africa
ICT	-	Information and Communications Technology
ILO	-	International Labour Organization
ILRI	-	International Livestock Research Institute (ILRI)
IMF	-	International Monetary Fund
IRDI	-	Kenya Industrial Research and Development Institute
ISI	-	Import Substitution Industries
IT	-	Information Technology
KACU	-	Kahama Co-operative Union
KCU	-	Kagera Co-operative Union
KNCU	-	Kilimanjaro Native Co-operative Union
MoCU	-	Moshi Co-operative University
MP	-	Member of Parliament
MSMEs	-	Micro, Small and Medium Enterprises
MVIWATA	-	Mtandao wa Vikundi vya Wakulima Tanzania (National Networks of Farmers' Groups in Tanzania)
MVP	-	Member Value Proposition
MWECAU		Mwenge Catholic University

NCU	- Nyanza Co-operative Union
NGOs	- Non-Governmental Organisations
OECD	- Organisation for Economic Co-operation and Development
PPPs	- Public–Private Partnerships
SACCOS	- Savings and Credit Cooperative Societies
SADC	- Southern Africa Development Co-operation
SBT	- Sugar Board of Tanzania
SCCULT	- Savings and Credit Co-operative Union League of Tanzania
SDGs	- Sustainable Development Goals
SHIRECU	- Shinyanga Region Co-operative Union
SIDO	- Small Industries Development Organization
SIDP	- Sustainable Industrial Development Programme
SMEs	- Small and Medium Enterprises
SOEs	- State-Owned Enterprises
SUA	Sokoine University of Agriculture
SUSIE	- Sustainable Business and Employability through HEIs’ Innovative Pedagogy
TADB	- Tanzania Agricultural Development Bank
TAHA	- Tanzania Horticultural Association
TANAPA	- Tanzania National Parks Authority
TANECU	- Tandahimba Newala Co-operative Unions
TANESCO	- Tanzania Electric Supply Company Limited
TANICA	- Tanganyika Instant Coffee Company
TARI	- Tanzania Agricultural Research Institute
TASAF	- Tanzania Social Action Fund
TCCCO	- Tanganyika Coffee Curing Company
TCDC	- Tanzania Co-operative Development Commission
TDCU	- Tanga Dairy Co-operative Union
TDV	- Tanzania Development Vision 2025
TFC	- Tanzania Federation of Co-operatives
TOSCI	- Tanzania Official Seed Certification Institute
TUAS	- Turku University of Applied Sciences
TUDARCo	- Tumaini University Dar es Salaam College
UN	- United Nations
UNDESA	United Nations Department of Economic and Social Affairs
UNIDO	- United Nations Industrial Development Organization
URT	- United Republic of Tanzania
USA	- United States of America
USD	- United States of America Dollar
WBCSD	World Business Council for Sustainable Development
WRRB	- Warehouse Receipts Regulatory Board
WRS	- Warehouse Receipt System
WTO	- World Trade Organisation

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ROLE OF CO-OPERATIVES IN INDUSTRIALISATION IN TANZANIA SINCE INDEPENDENCE

Honest P. Ngowi¹

Abstract

This paper documents and discusses industrialisation efforts in Tanzania since the country's 1961 political independence. It also dwells briefly on the roles of co-operatives in Industrialisation. It is based on secondary data and content analysis of the same. After documenting the key global, continental and sub-regional Industrialisation frameworks, the paper documents various Industrialisation efforts that have been undertaken in Tanzania. They range from the efforts undertaken by the first phase government under the presidency of Mwalimu Julius Kambarage Nyerere to those undertaken by the sixth phase government under the presidency of President Samia Suluhu Hassan. Generally, the efforts include various strategies such as basic and small-scale industries, agro-processing industries, import substitution industries, nationalisation and later privatisation of industries. There have been some successes in as far as the Industrialisation journey in Tanzania is concerned. However, there have been some challenges and solutions in the Industrialisation efforts in Tanzania. In totality, there have been relatively good results of the various Industrialisation efforts in Tanzania but areas of improvements remain. It is documented that co-operatives have potential for successful Industrialisation in Tanzania if some prerequisites are fulfilled. Going forward, it is important to bench-mark Tanzania's Industrialisation efforts to various global, continental and sub-regional frameworks as well as learning from successful countries and from Tanzania's earlier Industrialisation efforts.

1. Introduction

As is the case with many other countries, Tanzania has introduced several initiatives aiming at economic development of the country. Among other things, it attempted to industrialise a few years after the 1961 political independence. Whereas several achievements have been recorded in this space, the country is yet to attain a high level of Industrialisation. However, Industrialisation is still among the top priorities of the country and a focus of the 5th and 6th phase governments that came to power in 2015² and 2021³, respectively. The Industrialisation literature, in general, is very broad. It covers themes such as geography of Industrialisation (Hayter and Patchell, 2016), capitalism, Industrialisation and development (Corbridge, 1986), Africa's Industrialisation debate (Nzau, 2010), Industrialisation as driver of sustainable economic growth in Africa (Opoku and Yan, 2018), trade, technology and the role of the state in industrial development for Africa (Sampath, 2014), and Industrialisation and economic transformation in Africa (Ajakaiye and Page, 2012). The literature on Industrialisation in Tanzania is rich. It includes the works of Msami and Wangwe (2016) on industrial development in Tanzania; Rweyemamu (1973) on underdevelopment and Industrialisation in Tanzania; Skarstein and Wangwe (1986) on some critical issues in industrial development in Tanzania; Szirmai and Lapperre (2001) on the industrial experience in Tanzania; UNIDO (2004) on Tanzania Review of Industrial and Trade Performance; Macro-economy Commodities; Industrial Subsectors; Export Processing Zones; and Mufuruki, Mawji, Kasiga and Marwa (2017) among others. The authors have covered various aspects of Tanzania's Industrialisation since its 1961 political independence from Britain. At the core of succeeding in Tanzania's Industrialisation move lies understanding of what Industrialisation means and entails. Pass *et al* (2000) describe the term 'Industrialisation' to imply the extensive development of organised economic activity for the purpose of manufacturing. It is characterised by transformation of a primarily agrarian economy into a more specialised, capital – as opposed to labour – intensive economy. Industrialisation took the form of the Industrial Revolution in Western Europe and North America in the 18th and 19th centuries.

¹ Mzumbe University

² Under the late President John Joseph Pombe Magufuli

³ Under President Samia Suluhu Hassan

Elsewhere in the economic and business literature (see Bishop, 2009 for example), Industrialisation is described as the process in which a country transforms itself from a basically agricultural society into one based on manufacturing of goods and services. Whereas manual labour is more often than not replaced by mechanised and automated high tech-mass production, craftsmen are replaced by assembly lines. Industrialisation is associated with the growth and development of large urban centres and suburbs. There are many potential advantages embedded within the industrial economy. These include, but are not limited to, potentials for direct and indirect jobs and, therefore, incomes creation and improved standards of living. Industrialisation also poses potentials for foreign exchange earnings through exports and foreign exchange saving through imports substitution. It can also generate government revenues from related taxes and non-tax revenues. It stands to develop other sectors of the economy through inter-sectoral linkages via both backward and forward linkages that can trigger development of many other sectors through providing them with markets as well as supplying these sectors with factor inputs, both intermediate and finished.

2. Methodology

This paper is informed by secondary data and analysis of the same. In-depth documentary review of literature relevant to the study informing this work was done. Then, content analysis of the collected secondary data was conducted.

3. Findings and Discussion

3.1 Overview of Industrialisation

In order to have a better understanding of Industrialisation efforts in Tanzania, it is important to understand and contextualise Industrialisation in various global, continental and sub-regional levels first. This is because the Industrialisation efforts in Tanzania do not and are not supposed to be taking place in vacuum but in a broad context. They have to be bench-marked, informed, influenced, moved and shackled by similar efforts elsewhere. Various global, continental and sub-regional Industrialisation frameworks stand to provide various lessons for Tanzania's Industrialisation efforts. Needless to say, country-specific Industrialisation efforts across the world stand to provide lessons that can be contextualised in Tanzanian situations on the ground. It is beyond the scope of this piece to dwell on country-specific Industrialisation efforts in the context of Tanzanian Industrialisation efforts.

3.2 Industrialisation at the Global Level: Case of Sustainable Development Goals

Within the context of the agenda 2030 of the United Nations (UN), Industrialisation is well captured in one of the 17 Sustainable Development Goals (SDGs). This is SDG number nine (SDG 9). It is about Industry, Innovation and Infrastructure. It focuses on building resilient infrastructure, promoting inclusive and sustainable Industrialisation and fostering innovation.

Industrialisation falls under several targets of SDG 9. Target two is about promoting inclusive and sustainable Industrialisation and, by 2030, significantly raise industry's share of employment and gross domestic product (GDP). This share should be in line with national circumstances, and double its share in least developed countries. Target three is on increasing access to financial services and markets. This includes increasing the access of small-scale industrial and other enterprises, in particular in developing countries, to financial services, including affordable credit, and their integration into value chains and markets. Other SDG 9 targets, with direct connection to Industrialisation, include target four which is on upgrading all industries and infrastructures for sustainability; target five which is on enhancing research and upgrading industrial technologies; target 9b which is on supporting domestic technology development and industrial diversification.

3.3 Industrialisation at Continental Level: African Union's Agenda 2063

In the Agenda 2063 popular version 2015, industrialisation is mentioned three times as partly captured in box I:

Box I: Industrialisation in Agenda 2063

... Learning from past and present African development efforts and challenges and forging an African-centred approach to transformation which includes lessons from post-independence state and nation-building, **Industrialisation** and modernization efforts,

We hereby adopt Agenda 2063, as a collective vision and roadmap for the next fifty years and therefore commit to speed-up actions to: ... Transform, grow and industrialise our economies through beneficiation and value addition of natural resources:

- Enhancing the Productivity Agenda for Africa, as an essential engine for **Industrialisation**,

Critical enablers for Africa's transformation

The determination, participation, self-reliance and solidarity of Africa's peoples and leadership are preconditions for success and we therefore recognize the following as critical enablers of continental transformation:

... *African resources to finance its development*: Looking inwards to mobilise African resources to finance and accelerate its transformation, integration, peace, security, infrastructure, **Industrialisation**, democratic governance and strengthen continental institutions.

Source: African Union (2015)

3.4 Industrialisation at SADC Level

Industrialisation is among the top agendas in the Southern Africa Development Co-operation (SADC) regional economic Co-operation group. It is well captured (16 times) and detailed in the SADC Industrialisation Strategy and Roadmap 2015-2063, approved by the Summit on 29th April 2015, as partly captured in box 2.

Box 2: Industrialisation in SADC

The Industrialisation Strategy aims at achieving self-sustaining development for our countries, through value addition to our products and thus increasing returns from the export of our natural resources. The SADC Industrialisation Strategy and Roadmap, 2015 – 2063, is the first of its kind. It has a long-term perspective, and is aligned to national, regional, continental and international dimensions. The primary orientation of the Strategy is the importance of technological and economic transformation of the SADC region through **Industrialisation**, modernization, skills development, science and technology, financial strengthening and deeper regional integration. The Strategy is anchored on three pillars namely: **Industrialisation** as champion of economic and technological transformation; competitiveness as an active process to move from comparative advantage to competitive advantage; and regional integration and geography as the context for industrial development and economic prosperity. Its long-term vision is aligned to the African Union Agenda 2063. The primary orientation of the strategy is the necessity for the structural transformation of the SADC region by way of Industrialisation, modernization, upgrading and closer regional integration. SADC August 2014 Summit at the Victoria Falls directed that Industrialisation takes central stage in SADC's regional integration Agenda. The strategy is premised on the conviction that regional integration will promote Industrialisation. It recognizes that industrial policy and implementation will be largely undertaken at the national level and that its success depends on forging a compact for industry consisting of the government, the private sector, civil society, labour and the development partners.

The SADC Industrialisation Strategy has been articulated as a long-term project of economic and societal transformation. The envisaged three phases straddling the period from 2015 to 2063 correspond to the main vision frameworks of SADC and ultimately that of the African Union Agenda 2063. The associated goals and targets permeate all phases although the policy emphasis and interventions are tailored to meet the challenges to be met over time. Throughout, the challenges of speedy and broad-based industrial development are addressed within the context of elevated competitiveness and deeper regional integration. This interdependence will enable swift catching up of SADC countries and ensure the realisation of progressively higher rewards in income, employment and broader social wellbeing.

Source: SADC (2015)⁴.

3.5 Industrialisation at EAC Level

Within the East African Community (EAC), Industrialisation is well detailed in its Industrialisation strategy 2012 – 2032, as shortly captured in box 3.

Box 3: Industrialisation in EAC

The strategy document elaborates key interventions necessary for effective implementation of the East African Community Industrialisation Policy (2012-2032). The Strategy is premised on the collective commitment of the EAC Partner States to fast track equitable and sustainable development of the region for the benefit of the people of East Africa. Implementation of the strategy holds the key to unlocking the region's development potential through structural transformation and diversification of the regional economy. The EAC has made a commitment to transform the regional economy through industrialisation. The region's overriding objective is to create a modern, competitive and dynamic industrial sector, fully integrated into the global economy. The region is committed to economic structural transformation through industrialisation. It is underpinned by national Industrialisation policies and strategies. It is instrumental in realising the objectives of the EAC Industrialisation Policy (2012-2032).

Source: EAC (2012)⁵

⁴ SADC Industrialisation Strategy and Roadmap
⁵ EAC Industrialisation Policy 2012 - 2032

3.6 Industrialisation in Tanzania

Industrialisation in Tanzania is captured in a number of documents. These include, but are not limited to the country's documents that guide development. They include Tanzania Development Vision (TDV) 2025, the third Tanzania Five Years Development Plans (FYDPs), the ruling party (CCM) election manifesto of 2020, presidential (the late President Magufuli and President Samia Suluhu Hassan) speeches in the Parliament of November, 2020 and March 2021, annual development plans and budgets. Some of these are captured in what follows.

Box 4: Industrialisation in Selected Key Documents in Tanzania

Industrialisation in the TDV 2025

Industrialisation is discussed in TDV 2025⁶ (42 pages) including in its 5th objective which revolves around building a strong and competitive economy. The vision aims at creating a strong, diversified, resilient and competitive economy which can effectively cope with the challenges of development and confidently adapt to the changing market and technological conditions in the region and global economy. The targets (see the 3rd target of TDV 2025 in URT, 2000: 13) include having a semi-industrialized economy with a substantial industrial sector comparable to typical middle-income economies.

Industrialisation in CCM Election Manifesto 2020

Similar to the 2015 ruling party (CCM) election manifesto which revolved around the axis of industrial economy in Tanzania, the 2020 manifesto (308 pages) emphasised on Industrialisation among other things. The word 'viwanda' (industries) appears 180 times in the 2020 manifesto. Among other things, it recognizes achievements attained in strengthening the industrial economy. Other Industrialisation aspects in the manifesto include priorities of the CCM Government from 2020 to 2025 which include building a modern, inclusive and competitive industrial-based economy, increasing productivity in agriculture, fishing and livestock in order to stimulate economic development especially in the industrial sector, stimulating economic growth through the industrial sector.

Industrialisation in FYDP III

URT (2021)⁷ documents Tanzania's Third National Five-year Development Plan 2021/22–2025/26 (FYDP III). The theme of the document (189 pages) is realising competitiveness and industrialisation for human Development. Similar to its FYDP II⁸ predecessor, the plan is industrialisation-heavy.

Chapter four of the FYDP III is on strategic positioning for implementation of the plan. Among the highpoints of the FYDP III is Industrialisation and services (See URT, *ibid*: 72). Chapter five of the plan is on strategic interventions for competitiveness, Industrialisation and human development. Issues here include interventions for promoting Industrialisation for economic growth.

Source: URT (*ibid*)

3.7. Contextualising Industrialisation Efforts by the 5th and 6th Governments

The Industrialisation moves in Tanzania by the fifth and sixth phase governments are not new. There have been several Industrialisation efforts since independence. Detailed descriptions of Industrialisation efforts in Tanzania have been documented widely. These include, but are not limited to the works of Kim (1966)⁹. According to Kim (*ibid*), at independence in 1961, Tanzania had a very low level of Industrialisation. It was the least industrialised of the three East African Common Market partners. Its development strategy placed emphasis on agricultural development. Industrial production was oriented towards agro-processing and light manufacturing without internal linkages to domestic raw materials.

Kim (*ibid*) further informs that Tanzania's first comprehensive Industrialisation effort began with the First Five Year Plan in 1964. While continuing with an emphasis on the agricultural sector, the Plan called for an ambitious Industrialisation programme that was to rely on private foreign and domestic investments for expansion of import substitution industries (ISI). Incentive schemes included tax holidays, accelerated depreciations, tax rebates, guarantees for repatriation of capital and tariff protection. With the adoption of the Arusha Declaration in 1967, the Government set a new course in Industrialisation strategy consistent with Tanzanian socialism and self-reliance (*Ujamaa na Kujitegemea*). The Declaration stipulated two principles that must be adopted in the future industrial plan. Firstly, the future strategy should not be significantly dependent on foreign investment; and secondly, private ownership of industry must gradually be substituted by state ownership in the form of parastatal corporations. The Arusha Declaration did not stipulate any action plans.

⁶ URT (2000). Tanzania Development Vision 2025

⁷ The Third National Five-year Development Plan 2021/22–2025/26

Realising Competitiveness and Industrialisation for Human Development

⁸ The FYDP II (2016/17–2020/21) theme 'Nurturing an Industrial Economy' was re-worded as 'Nurturing Industrialisation for Economic Transformation and Human Development'

⁹ Kim, K. S (1996). Issues and perspectives in Tanzanian industrial development –with special reference to the role of SADC. Working Paper #87 - December 1966. The Helen Kellogg Institute for International Studies

In the context of what it takes to industrialise, the nationalisation of industries that came with the Arusha Declaration was bad economics. This is due to inadequate preparations in terms of having, among others, competent management of these industries. It was in the Second Five Year Plan which began in 1969 that the Industrialisation strategy was spelled out in detail. While calling for a continuous process of transferring the means of production to the state, industries included, the plan prescribed a restructuring of industry, placing priorities on the production of simple import-substitution manufactures, intermediate and capital goods, and agro-industry based products for export. The extent to which these industries could produce competitively for the domestic market and export just after the 1967 nationalisation is doubtful. This is due to inadequate expertise and experience in managing such industries. Also, emphasis was placed on the promotion of labour-intensive, small-scale firms and the decentralisation of industry, where this was considered economically appropriate. Issues with labour-intensive Industrialisation include availability of qualified industrial labour needed to produce competitively just after the nationalisation.

The progress in industrial restructuring in subsequent years was very slow. In 1974, the government laid down for the Third Five Year Plan more drastic measures for structural changes in the direction of self-reliance. Efforts for Industrialisation aimed at processing of agricultural products and import substitution of basic industries. Agro-processing Industrialisation falls natural for Tanzania given the abundance of agricultural raw materials in this basically agrarian economy. These industries were meant to promote Tanzania's capacity to be self-reliant in industrial production as well as fulfil the basic needs of human life for the majority of Tanzanians. For the latter category, the industries would include those producing such necessities as food, shelter and clothing. Self-reliance, in the context of industrial restructuring, was to be interpreted as an economic independence. Given the diverse needs of industrial goods and capacity for a single country like Tanzania to produce them, it is very challenging for a country to be self-sufficient.

Tanzanian industry depends heavily on intermediate and capital goods imports. This is due to inadequate capacity to produce them domestically. The industries producing these goods were considered not only as the cornerstone of the country's industrial structure upon which other branches of industry could be developed, but also as exerting important linkage effects in generating economy-wide employment. The strategy thus sought development of this branch of industry through import substitution. Importation of industrial capital goods necessarily calls for huge demand for foreign currencies to pay for these imports. This, in turn, calls for adequate foreign currency earnings mainly through exports of goods and services and partly through remittances from Diaspora, incoming tourists, foreign capital and aid that are denominated in foreign currencies. Arguably, this was not easy for Tanzania just after the 1967 Arusha Declaration as there was no adequate foundation for a strong exporting economy. Neither were there much remittances, aid, incoming tourists and foreign investments given the state of the economy then. Alternative to foreign currencies earnings through exports would be borrowing which leads to swelling of national debt and dependence on aid which can have attached conditions.

From the late 1970s, Tanzania began to be affected by a series of economic malaises of external origins. First, the war with Uganda in 1979, the second global oil crisis and the fall in world price of coffee, which has been Tanzania's main export product. Tanzania had to put on hold further implementation of its Industrialisation strategy, as the government sought adjustment by cutting imports and per capita expenditure by 50%. There were virtually no expansionary capital budget increases. Without such expansion, it was not possible to increase importation of the highly needed industrial capital goods.

The recurrent budgets had to be drastically reduced as a response to the hard-economic realities on the ground. With the rapid increase in external debt and arrears, and largely in response to increased pressures from the International Monetary Fund (IMF), the government decided to reverse the earlier strategy of overprotecting industry, and instituted new measures to support agriculture by increasing agricultural producer prices by 30-35 percent in 1983/84. At the same time, it gave the economy a more export-oriented structure. Export incentives included devaluations of the Shilling, the scheme for export retention and, most importantly, that for own funds imports. Export orientation strategy is good economics in the context of increasing a country's foreign currency earnings that can be used to finance imports including importation of industrial capital goods in the context of this work.

3.8 Mid-1980s Reforms

In the mid-1980, there were major and far-reaching reforms in the management of the economy. These included major liberalizations and privatisation of the economy. Almost all sectors of the economy, including the industrial sector, were liberalised and privatised. Among other things, the former state-owned enterprises (SOEs) were

privatised. Over time there have been various efforts to industrialise including statements in the Tanzania Development Vision 2025 and Sustainable Industries Development Strategy (SIDP) 1996 – 2020. It is seen, therefore, that the Industrialisation moves in Tanzania by the 5th and 6th phase Governments are not new.

3.9 The Fifth and Sixth Phase Governments' Industrialisation Efforts

The Industrialisation efforts of the fifth and sixth phase governments are discussed jointly. This is because of the very thin line that exists (if at all) between the efforts of the two phases. The sixth phase is a natural extension of the fifth one, albeit some departures in some aspects. When this piece was written, the sixth phase government had been in power for about just five months, continuing with most of what was initiated by the fifth phase in the Industrialisation space. It, therefore, falls natural and logical to treat and discuss the Industrialisation efforts of the two faces jointly.

Debates and plans on Tanzania's fifth phase government (and by implication the 6th phase government) economic future revolve around the axis of Industrialisation. These have been the main economic projects for the fifth and sixth phase governments. This Industrialisation move is packed in various documents. They include the ruling party's (*Chama Cha Mapinduzi*) 2015 and 2020 election manifestos and the late President Magufuli's maiden speech in the Parliament on 20th November 2016 (as well as President Samia Suluhu Hassan maiden speech in the Parliament). Other documents emphasising Industrialisation in Tanzania include the Second Five Years Development Plan (FYDP II) that saw the light of the day in July 2016 and the FYDP III of 2021. These are reflected in various annual plans, national budgetary measures (such as protecting and promoting domestic industries) and budgets for the ministries responsible for industries. The government has several prospects in its new Industrialisation move as partly captured in its various documents outlined in what follows.

3.9.1 Industrialisation in CCM manifestos

What the fifth phase government has been attempting to implement in the bid to industrialise the country is derived from the ruling party's (*Chama Cha Mapinduzi – CCM*) 2015 and 2020 election manifestos. The word 'Industrialisation' is mentioned over 70 times in the 2015 CCM manifesto. Among other things, the manifesto aimed at accomplishing and implementing Sustainable Industrial Development Programme (SIDP) Phase Three covering the time period 2010–2020. It also aimed to attain industrial sector contribution in Tanzania Development Vision 2025. The manifesto aimed at increasing the industrial sector Gross Domestic Product (GDP) contribution from 9.9% in 2013 to 15% in 2020 and to have 40% of employment in the country coming from the industrial sector by 2020. It is important to conduct objective evaluation to assess the extent to which these goals have been reached by 2020. This (evaluation) is beyond the scope of this work. The manifesto also talks about mobilising the private sector to invest in middle and large industries as well as protecting them against foreign industries. Protectionisms (such as that shown in various budgetary measures including the 2021/22 budget¹⁰) may be a good argument for infant domestic industries that cannot withstand competition. However, it can be bad to consumers by way of reducing their consumption menu. Furthermore, protecting inefficient industries that are not likely to grow is bad economics. As if the above were not enough, protectionism in the globalised world of the World Trade Organisation (WTO) and possibilities of retaliations need to be re-thought.

3.9.2 Industrialisation in the late President Magufuli's speech

In the late President Magufuli's speech in the Parliament on 20th November 2015 the word Industrialisation appears about 35 times covering five out of 48 pages or 10.4% of the volume of his speech. On page 20 of the speech, the late President acknowledges that he deliberately dwelt on the matter (Industrialisation) in length. The speech (page 19) insisted on the type of industries that the fifth phase government was aiming at. These are mass employment-creating industries; industries for domestic mass consumption goods and industries for export goods.

¹⁰ Including high tax on imported industrial goods and low tax on industrial factor inputs such as raw materials

3.9.3 Industrialisation in the FYDP II and FYDP III

The Second Five Years Development Plan (FYDP) that was unveiled in the Parliament in the last week of April 2016 focused on Industrialisation. Its theme was 'Nurturing Industrialisation for Economic Transformation and Human Development'. The FYDP has been implemented annually through annual plans funded through annual budgets. These annual budgets, on the other hand, have been guided by annual budget guidelines. One, therefore, needs to understand the FYDP, the annual plans, annual budget guidelines and their corresponding annual budgets to unpack and analyse the extent to which the planned Industrialisation efforts will be unfolding.

3.10 Discussion of the Goals in Tanzania's Industrialisation Efforts

There are several goals in Tanzania's Industrialisation efforts. These are outlined and discussed in what follows.

3.10.1 Employment – creating industries

The government desire has been to have 40% of employment in Tanzania coming from the industrial sector by the year 2020. For Tanzania to attain the rather ambitious mass employment-creating Industrialisation, it has to opt for labour intensive Industrialisation if the envisaged jobs are to be coming directly from industries. Labour intensive production techniques employ more labour than capital and, therefore, create more jobs than capital intensive production techniques that rely on automation. However, there are several downsides of labour-intensive production technique and, by extension, labour intensive Industrialisation. These include limited ability to enjoy economies of scale through large scale production. These are advantages of large-scale production including, but not limited to, managerial, financial and commercial economies of scale. Other downsides of labour-intensive Industrialisation include less speed in production, less efficiency, and at times, less quality and standardisation of products. For this type of Industrialisation, employment can only be mainly created along industrial value chains and nodes through backward and forward integration and linkages. It calls for strong inter-sectoral linkages in the context of input-output relationships and holistic approach to Industrialisation. All sectors related to the industrial sector need to be adequately developed. The sectors include, but are not limited to, agriculture, transport, finance, education, mining, etc. A review of the Industrialisation goals in this new move shows, among other things, that the fifth phase government aimed at having industries that will create mass employment for Tanzanians. This should be very well understood and a good goal partly given the unfortunate state of affairs of high unemployment especially amongst youth. Unemployment is among the key social, political and economic challenges that can be potentially solved through Industrialisation.

3.10.1.1 Reality on the ground

In modern day Industrialisation, characterised by the Fourth Industrial Revolution (FIR) digital technologies, one is likely to see and embrace a more capital intensive than labour intensive Industrialisation process. Involved here are highly mechanised, automated, digitalized, computerised and hightech driven state of the art industries. These present a more transformative Industrialisation than their labour-intensive counterparts. They augur well with modern day Industrialisation in which state of the art, high tech, capital intensive, mechanisation and automation are key words. These are industries with a bigger competitive edge than labour intensive ones. They are better suited for mass production and therefore enjoyment of economies of scale by corporate chiefs and captains and titans of the industry whose bottom line is profit. These types of industries are more likely to produce higher quality and standardised goods and services and at a bigger speed and lower per unit cost than labour intensive ones.

3.10.1.2 Capital displaces labour

On employment creation, however, capital intensive industries will not create as many direct industrial jobs as will their labour-intensive counterparts. This is because in capital-intensive production technique, capital in the shapes and names of machines displaces labour. What could be done by a dozen of labour is done by just one person who presses machines' buttons on and off as required. Therefore, capital intensive industries will not create direct mass industrial employment as desired by the government. There is, therefore, a need for all stakeholders in the new Industrialisation move to understand this reality on the ground correctly in order to manage expectations and avoid unnecessary surprises when the true employment colours are seen.

3.10.1.3 Potentials for indirect jobs-creating industries

The uncomfortable truth that capital intensive industries will not create mass direct industrial jobs should not be the end of mass employment creation through industry goals. *Ceteris paribus* (all other things being equal), employment through Industrialisation can be created along the long and many industrial value chains nodes. Through the backward forward integration in the context of inter-sectoral linkages and the associated multiplier effects, many indirect jobs can be created. These will be jobs created by the sectors that supply factor inputs of

all kinds to the industrial sector through backward integration as well as those that serve as markets for the same through forward integrations. This calls for strong inter-sectoral linkages and holistic approach in the new Industrialisation move. All sectors touched and moved by and touching and moving the new Industrialisation move should be optimally developed to absorb and support what comes from the move. When sectors such as agriculture, fishery, livestock, infrastructure, financial services, education and much more are optimally developed to support the industrial sector then mass employment can see the light of the day. Short of that, the mass jobs creation goal through Industrialisation will remain a wishful thinking.

3.10.2 Industries for mass consumption

The fifth phase Government aimed at having industries that would produce goods for mass consumption. They include industrial goods from agro-processing such as food and related items, textile, footwear etc. Among other things, these industries do make use of locally available raw materials. Issues in this space include consumer behaviour issues. Sophisticated as they are likely to be, Tanzanian consumers – middle and high class mainly – are becoming increasingly picky and more inclined to consuming imported than domestically produced goods and services on account of perceived or actual quality.

3.10.3 Industries for export

Tanzania aims at having industries that will produce for the domestic market and export excess. This is in line with export-oriented Industrialisation. For this to succeed, a number of conditions have to be fulfilled. They include, but are not limited to, having export market access. In turn, this is a function of, among other things, having the quantity and quality of export industrial products demanded by the export market. This boils down to domestic business environment and investment climate issues. It calls for having the needed attractive environment to attract and retain investors that will produce what is needed for export both in the needed quantity and quality. The needed business environment and investment climate include predictability in the legal, policy and regulatory frameworks; adequate quantity and quality of hard and soft infrastructure; adequate quantity and quality of hard and soft skills and talents in the labour market; availability of the needed utilities such as power and water; availability of ready-to-occupy business premises land; absence of corruption and unnecessary bureaucracy; easiness of getting and renewing work permits and enforcing contracts, and many others along that line.

3.10.4 Industries using domestic raw materials

The Government aims at industries that will use domestic raw materials. This is very important in the context of local content and its potential for rapid development. Given the nature and structure of Tanzania's economy which is largely agrarian, the most feasible industries in the context of using available domestic raw materials are agro-processing industries. They include those that will process the generally readily available agricultural products such as grains, fruits and vegetables in general terms. These industries are very important in adding value to agricultural products. In this way, they create markets for the agriculture sector value chains and nodes. This goal of using domestic raw materials can contribute to rural Industrialisation. This will be the case when and if industries are located in rural areas. Economically this will be the case where industries have to be located near sources of raw materials. These are generally bulk and fragile raw materials.

3.11 Co-operatives and Industrialisation

3.11.1 Role of co-operatives in industrialisation

Generally, co-operatives are business organisations voluntarily formed, owned and operated by a group of individuals (members) for their mutual benefit. They are associations of individuals united voluntarily to meet their various common needs and aspirations. The needs and aspirations may be economic, social and cultural in nature and scope in their very broad sense. The individuals unite to jointly establish, own, operate, finance and democratically control enterprises. They may be variants of financial or agricultural-based enterprises including industrial ones in the context of this piece. In the Tanzania context, agricultural (crops) based co-operatives have a longer history than the financial-based ones and have been around well before independence. Co-operatives are of great relevance in Industrialisation efforts. Among other things, various kinds of co-operatives such as financial and crops-based co-operatives can establish, finance, own and operate various kinds of industrial enterprises. They include micro, small and medium enterprises (MSMEs) and even large industrial enterprises.

In his work on the role of co-operative organisations in Tanzania's Industrialisation, Katundu (2018)¹¹ argues and correctly so, that Tanzania has a sound network of co-operatives throughout the country. These are suitable for guiding the country's Industrialisation process. Katundu (*ibid*) argues further that what is often missing is the

¹¹ Katundu, M. (2018). The Role of Co-operative Organisations in Tanzania's Industrialisation. In: Efobi U., Asongu S. (eds) Financing Sustainable Development in Africa. Palgrave Macmillan, Cham. https://doi.org/10.1007/978-3-319-78843-2_15

political will of utilising the existing co-operative network to facilitate coordination and implementation. According to the author, co-operatives are institutions capable of translating government industrial intentions into action. They can do this explicitly and implicitly. He informs that co-operatives can be used as vehicles for rural Industrialisation by utilising the existing network of co-operatives in the country among others. In their work, Moturi and Wekesa (undated)¹² state that co-operatives in Kenya are classified into agricultural and non-agricultural co-operatives. The latter are proliferated especially in provision of financial services. On their part, agricultural co-operatives mainly engage in marketing of members' produce. In Tanzanian context, they include crops co-operatives in such crops as coffee in Kilimanjaro, Kagera and Ruvuma, cotton in Mwanza and Shinyanga and cashewnuts co-operatives in Mtwara and Lindi. They also include milk processing co-operatives. According to Moturi and Wekesa (*ibid*), in the recent past, some co-operatives for example coffee and dairy ones, have ventured into manufacturing in the bid to add value in Kenya. Anania and Nade (2020)¹³ in their work on strategies for agricultural-based Industrialisation through co-operatives in Tanzania inform that co-operatives have been involved in the Industrialisation process in Tanzania and that the Government recognizes them as among key development partners in the Industrialisation efforts. The authors describe mechanisms that may be used to finance the Industrialisation process through co-operatives and possible constraints. The authors conclude that there are direct and indirect options for co-operatives to enter into the Industrialisation process and in financing the same.

3.1.1.2 Pre-requisites for successful co-operatives-based industrialisation

It is the author's view that for co-operatives in Tanzania to be able to play their rightful role in the Industrialisation process, a number of conditions have to be fulfilled. They include, but are not limited to the co-operatives in question, understanding the concept of Industrialisation and what it takes to industrialise successfully and capacity building in various areas related to having successful co-operatives. These areas include such broad and closely intertwined areas as governance, finance, trust, business orientation, entrepreneurship, marketing and related ones. Training and re-training on at least key co-operative issues such as principles is very important in this context. Show-casing successful industrial co-operatives is a good motivation for those aspiring to industrialise through the platform of co-operatives. Another key prerequisite is having good and attractive legal, policy and regulatory frameworks in the co-operatives space in general and industrial and related areas in particular.

4. Conclusions and Recommendations

4.1 Conclusions

The paper concludes that there are various global, continental, sub-regional and national frameworks for Industrialisation that Tanzania should bench-mark with. It is also concluded that there have been several Industrialisation efforts in Tanzania since its political independence in 1961 to 2021 when this piece was written. These efforts have had mixed results. There have been some successes and failures. In its totality, however, there has been progress in terms of Industrialisation over time. However, there are areas of improvement as far as Industrialisation in Tanzania is concerned. These areas include those related to investment climate and business environment. It is, however, acknowledged that there have been improvements in this space over time but areas of improvement still exist. In the context of co-operatives, it is concluded that there is a close relationship and potentials between co-operatives and Industrialisation in Tanzanian and beyond. Co-operatives provide platforms for establishing, owning, managing, operating and even financing industrial enterprises. When the needed prerequisites are in place, co-operatives are very good platforms for Industrialisation in Tanzania.

4.2 Recommendations

For the Industrialisation process in Tanzania to succeed, it is very important to bench-mark against existing global, continental and sub-regional frameworks. These include the SDGs, Agenda 2063, SADC and EAC Industrialisation strategies and policies. There is a need to tailor these to Tanzanian context and learn from countries that have succeeded as well as those that have failed. Learning from earlier Tanzanian Industrialisation efforts is very important as well. The aim of learning lessons includes avoiding re-inventing the wheel. On the part of co-operatives, it is recommended that the Industrialisation potentials embedded in the co-operatives should be actualized by ensuring that there are environments for this to happen.

¹² Moturi, M. C. Z and Wekesa, I (undated). Linking RTI, Co-operatives and Industrialisation

¹³ Anania, P, and Nade, P. (2020). In the Quest for Semi-Industrialized Economy: Strategies for Agricultural-Based Industrialisation through Co-operatives in Tanzania. CIRIEC No. 2020/06

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

Jones T. Kaleshu¹⁴

Abstract

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

1. Introduction

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

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

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

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

2. Co-operative Philosophy

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

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

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

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

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

3. Co-operative Establishment and Industrialisation

3.1 The Past Experience (1850 to 2000)

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

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

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

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

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

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

3.2 The Current Experience (2000-2021)

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

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

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

Source: TCDC, 2021

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

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

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

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

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

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

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

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

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

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

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

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

Source: Chato Co-operative Union, 2021

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

(c) Tanganyika Coffee Curing Company Ltd (TCCCO)

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

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

3.3 The Future

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

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

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

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

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

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

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

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

5. Internal Co-operative Arrangements and Governance

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

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

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

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

7. Adoption of New Technologies and Approaches

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

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

8. Conclusion

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

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AFRICA AND INDUSTRIALISATION THROUGH CO-OPERATIVES: PAST, PRESENT, FUTURE ASPIRATIONS AND TRENDS

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Abstract

Africa's industrialisation is inevitable in the work of attaining better economic status which defines the social dimension and the general wellbeing of the people. This industrialisation process, although is already taking place, requires rapid and multidimensional approaches. The current rapid intervention for that could be through co-operatives movements. The high investments in technology, transportation, housing and agriculture by Africa's co-operatives could easily pave a way to more industrial flourishing. Structural transformations that give co-operatives a realm of development could also see many countries joining South Africa in terms of innovations, business opportunities and industrial development. This paper has highlighted some key reasons as why Africa is not industrialising faster on earth. While reason is visible, the new rethinking should be placed on co-operatives which have not been adequately tapped despite the high potentials in the making of economic and industrial growth.

I. Introduction

Since the third Millennium (2000), Africa as a continent has recorded impressive rates in terms of economic growth. In the past two decades, we have witnessed a remarkable performance that has been driven by the continued commodity thrive and development support. This has, for sure, brought to our attention that wherever Industrialisation occurs, then there is a reliable force in steering economic diversification and competition which contributes to development growth.



Industrialisation has always played a vital role in sustainable economic development in Africa. It boosts economic activity along value chains, from raw materials to finished products; it lifts productivity by introducing new equipment and new techniques; it increases the capabilities of the workforce, and diffuses these improvements into the wider economy; it also tends to generate formal employment which, in turn, creates social stability and it improves the balance of trade by creating goods for export and replacing imports.

Nevertheless, while the continent shows great diversity in the socio-economic trajectories from its different countries, growth rates have generally masked an underlying lack of structural transformation, which is needed to achieve socially inclusive and environmentally sustainable development. In light of this statement, the

United Nations (UN) adopted Resolution A/RES/70/293, proclaiming 2016-2025 as the Third Industrial Development Decade for Africa (IDDA III), to firmly anchor Africa on a path towards inclusive and sustainable

¹⁷ International Co-operative Alliance's Africa

industrial development. This is important in envisioning a transformation of African countries into locations of competitive industrial production.

For IDDA III to succeed, it is very vital to have enabling framework conditions for industrial transformation. As a continent, we need to strengthen some of the key elements of industrial productive capacity which include: infrastructure, innovation and technology transfer, industrial financing, industrial knowledge and skills, and the support from public and private sector institutions that regulate and advocate for industrial development. These are very heavy and critical elements that require strong partnerships for financial and non-financial support, ownership and leadership from the government's side (good will), and an enabling business environment.

The Industrial Development Report 2020, presented us another angle of Industrialisation globally – the Advanced Digital Production (ADP). This has now presented evidence on the future of Industrialisation in the context of a technological paradigm shift which is now being clustered around the fourth industrial revolution (4IR). This has widened the gap even further in terms of comparing Industrialisation in Africa with other continents. Arguably, a recent report by the United Nations Industrial Development Organisation (UNIDO) stated that Africa remains the world's least industrialised region, with only one country on the entire continent, South Africa, currently categorised as industrialised. Furthermore, Covid-19 impact on the economies has also contributed to the dragging of Industrialisation in Africa with manufacturing growth in the least developed countries grinding almost to a halt.

1.2 Why is Africa not Industrialising fast Enough?

The UNIDO report states that Africa remains the world's least industrialised region, with only one country on the entire continent, South Africa, currently categorised as industrialised. The causes of this low Industrialisation in Africa according to the report includes

a. Infrastructure deficit

Africa faces an acute infrastructure deficit, which is estimated to account for 30% to 60% of productivity losses of firms and 40% to 80% of this is due to the energy sector in half the countries. Poor energy quality imposes additional costs on companies such as idle workers, spoiled materials, lost production, damaged equipment, and restart costs. Between 2010 and 2016, there were on average 8.5 power outages a month, with an average duration of 4.1 hours. The cost of power outages is estimated at 5.4% of annual sales. To deal with these cuts, 51.3% of firms use their own generators for about 13.4% of their electricity consumption, increasing their costs.

b. Investing in human capital

Lack of appropriate skills is one of the main constraints Africa faces for investing in manufacturing activities. The continent boasts of only a few scientists and engineers in sectors that drive African economic transformation. For example, the share of students in science subjects such as engineering, manufacturing and construction ranges from as low as 3% in Burundi to only 12.8% in Morocco compared with Germany, Austria, Mexico, and Malaysia, all above 20%. By 2060, the African population is expected to reach 1.6 billion, more than 70% of which will be under 30 years of age. This demographic structure can be turned into an economic dividend if this abundant workforce is endowed with the appropriate skills. So, investment in human capital must be a priority for developing countries aspiring to transform the structure of their economies.

c. Unfavourable business environment

The business environment has improved considerably in recent years in a number of African countries. Despite the progress, there is much more to do in regulation, financing, fighting corruption, and securing investments. The business environment can be improved by establishing a single contact point between government and existing or new manufacturing firms.

d. Inadequate financing for industrial development

Access to affordable credit is one of the most binding constraints in Africa, mainly due to information asymmetries for project profitability and lack of collateral or credit history, underdeveloped financial market and low remittances. In the formal sector, micro, small and medium-sized enterprises (MSMEs) face a credit gap in excess of US\$ 136 billion. Among other constraining factors, long-term and equity financing is especially rare in Africa. Almost 60% of loans in Africa are short-term and less than 2% of loans are for more than ten years.

1.3 Industrialisation through Co-operatives

The co-operative business model is still seen and proven to be the best bet in achieving Industrialisation in Africa. This was evidenced after World War II, where co-operatives were used as an instrument of development policy and Industrialisation – take the case of Kibbutz and Moshav in Israel. According to the International Co-operative Alliance (ICA) - the voice of co-operatives worldwide; around 3 million co-operatives on earth contribute to sustainable economic growth and stable, quality employment, which is at least 12% of humanity. Notably, the co-operative movement provides over 280 million jobs or work opportunities across the globe, with top 300 co-operatives generating about 2.1 trillion USD in turnover. In its work, ICA endeavours to elevate participation within the membership and enhance governance to a new level through co-operative engagement; support co-operative development and position co-operatives as builders of sustainability; build the co-operative message and secure the co-operative identity; ensure supportive legal frameworks and identify and secure reliable co-operative capital while guaranteeing member control.

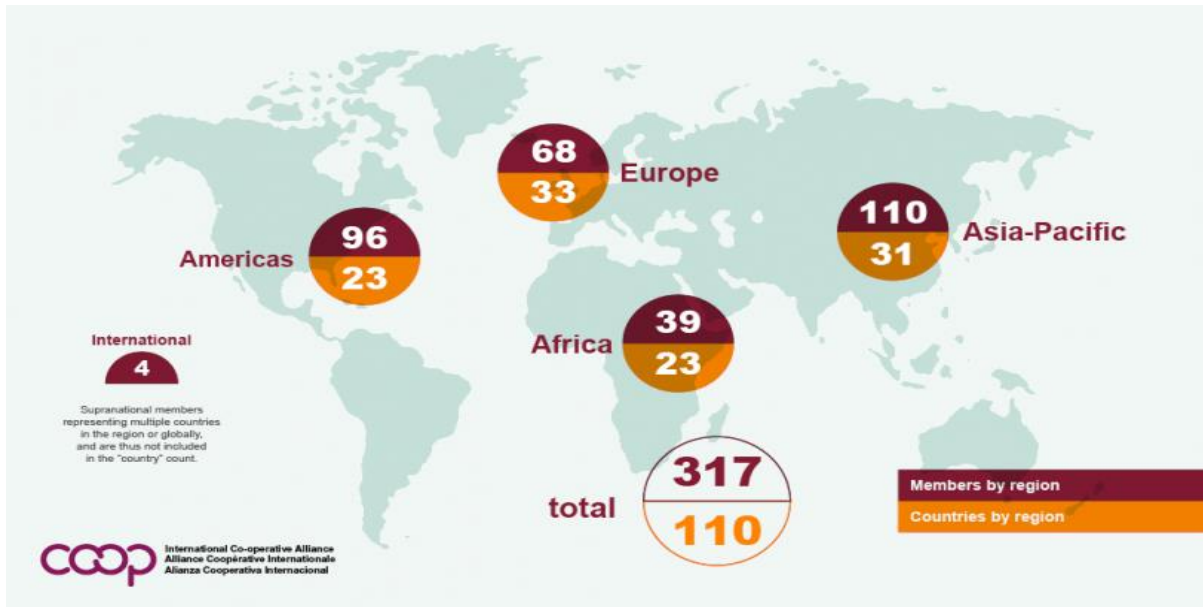


Figure 1: ICA Membership as at August 2021

Co-operative business model is also considered as an efficient business model that can lead to Industrialisation. It is an efficient model that strengthens individual economic powers, which is useful not only in increasing income and creating new employment opportunities through Industrialisation but can also make considerable contributions to social life.

Co-operative enterprises are, by design, a well-suited model for Industrialisation in Africa. Guided by the core values and the 7 co-operative principles;

- The co-operative sector is an indispensable and integral part of the global economy; it includes co-operatives ranging from small-scale to multi-million-dollar businesses in all sectors of the economy.
- Co-operatives allow people to take control of their economic future and, because they are not owned by shareholders, the economic and social benefits of their activities stay in the communities where they are established, which resonates well with 'Africa trading with itself'.
- Co-operatives are formed by small farmers, it involves them in local, national and world trade. Co-operatives have managed to survive in spite of strong competition and increasing prices of agricultural and food products and the global economic crisis; Co-operatives have contributed significantly to international trade.
- One of the benefits of co-operative involvement in world trade is respect for the values and principles in accordance with which the co-operatives are established, which is manifested by a fair trade.
- Co-operatives are resilient and sustainable forms of business.
- Co-operatives operate in all sectors of the economy.

Given their nature, co-operatives are contributing to the realisation of the AU Vision: "an integrated, prosperous, and peaceful Africa, driven by its own citizens and representing a dynamic force in the international arena." They are also contributing significantly to the implementation of the SDGs (UN Agenda 2030). Co-operatives can do more, if they are supported through enabling environments.

2. Other Solutions to Enhance Industrialisation in Africa

2.1 AU Agenda 2063: The Africa we Want

Agenda 2063 is Africa's blueprint and master plan for transforming Africa into the global powerhouse of the future. It is the continent's strategic framework that aims at delivering its goal for inclusive and sustainable development and is a concrete manifestation of the pan-African drive for unity, self-determination, freedom, progress and collective prosperity pursued under Pan-Africanism and African Renaissance. One of the goals of the agenda 2063 is transformed economies whereby the priority area is manufacturing, Industrialisation and value addition which corresponds to SDG 9 on building resilient infrastructure, promoting inclusive and sustainable Industrialisation and fostering innovation.

2.2 Africa Continental Free Trade Area (AfCFTA)

The African Continental Free Trade Area (AfCFTA), a free trade area, outlined in the African Continental Free Trade Agreement which became operational on 1st January 2021, will usher in new and dynamic opportunities by enhancing intra-African trade and fostering an environment that can unlock foreign direct investment in the continent.

2.3 Present and Future Aspirations and Trends – Case Studies

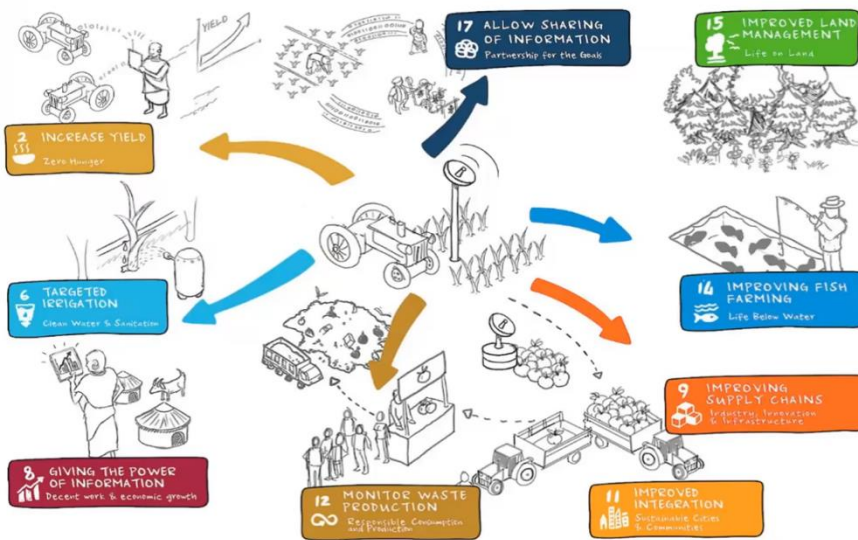
a) Digital technologies by All-China Federation of Supply and Marketing Co-operatives (ACFSMC) – a good example of platform co-operative too.



Fig 2: Digital Technology, E- Commerce Explained

b) Digital Innovation with Affordable Technology – National Agricultural Co-operative Federation (NACF) in South Korea

Innovation with digital technology



- Automation
- Robots
- Self-driving machines
- Drones
- Sensors
- IoT
- Big Data



Fig.3: Innovation with Digital Technology

c) Legacoop in Italy – it works to promote the development of the associated companies and the diffusion of co-operative principles and values. It brings together over 15 thousand co-operative enterprises, active in all sectors to create development, putting people and territory at the centre.

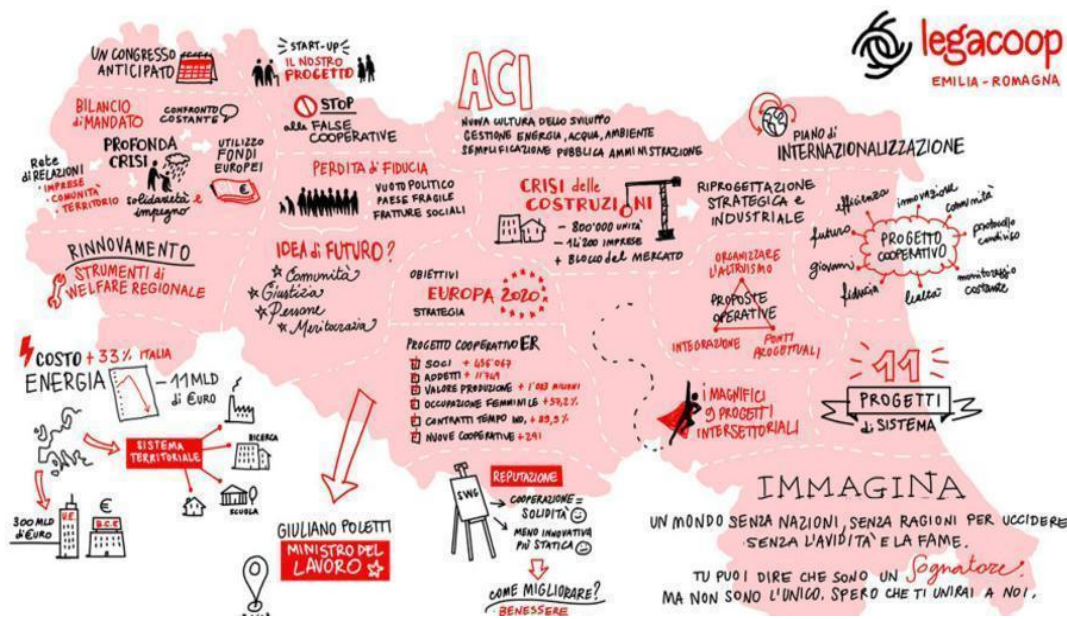


Figure 4: Diffusion of co-operatives

d) **Business Council of Co-operatives and Mutuals (Australia)**

Delivering Co-operative Business Growth



Figure 5: Business growth

e) Japan Workers' Co-operative Union - The labour and co-operative movements were formed out of the first industrial revolution. Now we must adapt to the next



Photo 1: Workers' Co-operative Union

3. Conclusions

Co-operatives are recognized as vehicles that promote the social, economic and cultural interests of their members and, by extension also, the communities in which they operate. They are, by design, a more sustainable and reliable vehicle to drive Industrialisation in the continent. They have proven both here in Africa and in the rest of the world that they are key players in national and global economies.

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- Third Industrial Development Decade for Africa <https://www.unido.org/who-we-are/idda3>
- Why does Africa's Industrialisation matter? Challenges and opportunities? <https://www.afdb.org/en/news/01/28/2019-1407/why-does-africas-Industrialisation-matter-challenges-and-opportunities-724>



CO-OPERATIVE AND INDUSTRIALISATION: PUTTING MEMBERS AT THE CENTRE

Kamau Ngamau¹⁸

Abstract

There is a growing need for Industrialisation in developing countries to open opportunities for the large number of youth. However, in many cases, Industrialisation in different parts of the world has been characterised with practices that do not put the people and community at the centre. Thus, a meaningful discussion of the place of co-operatives in Industrialisation needs to delve into a deeper analysis of what role co-operatives need to play in catalysing evolution of Industrialisation with a different spirit. This paper interrogates the spirit that underlies the co-operative movement, and evaluates the potential force inherent in the attributes of co-operative organisations that can be tapped to catalyse Industrialisation in East African Community Member States that puts members and the community at the centre: Industrialisation with a different spirit.

I. Introduction

A close analysis of ideas of founders of co-operatives as we know them today reveals a deep belief in the interest of members and the community that led to early co-operatives. Robert Owen (1771–1858) for example, who is considered to be the father of the co-operative movement believed in putting his workers in a good environment with access to education for themselves and their children, ideas which were put into effect successfully in the cotton mills of New Lanark, Scotland. Dr. William King (1786–1865); Charles Fourier; and, Beatrice Webb was also spurred by a belief in members at the centre of co-operative organisation, cushioning them from conditions that exploited and made them the poor. The underlying philosophy was not taking advantage of existing situations to exploit to advantage (Walton, 2015).

The Rochdale Pioneers, a group of 28 impoverished weavers working in the cotton mills in the town of Rochdale, England, who in 1844 founded a mutual-aid society (the Rochdale Society of Equitable Pioneers) also had members at the centre. The weavers in these cotton mills in Rochdale faced miserable working conditions and low wages, and they could not afford the high prices of food and household goods. They decided that by pooling their scarce resources and working together they could access basic goods at a lower price (Gibson, 2005, Abell, 2004). To meet the needs of members, Rochdale pioneers of England established a flour mill in 1850, a shoe factory and textile plant in 1855, were also emulated in the country.

Evolving from early ideas, co-operatives have evolved over years, but retaining much of the early ideas that define the identity of co-operatives as putting Members at the Centre, implications for Industrialisation. Central to developing and sustaining a co-operative remains the desire for developing and promoting community spirit as observed by Gibson (2005). From the ideas of the founders of the co-operative movement, co-operatives have evolved to represent an alternative business model based on a set of values and principles. As member-based organisations, co-operatives work to ensure social and economic well-being of their members and the community, operating under seven principles: 1) voluntary and open membership, 2) democratic member control, 3) member economic participation, 4) autonomy and independence, 5) education, training and information, 6) Cooperation among co-operatives and 7) concern for the community (ICA, 2003; ILO Recommendation 193, 2002). Essentially, co-operatives are created to meet their members' interests and needs; members having double status as both owners and users of goods and services provided by co-operatives.

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Going back to the ideas of the founders of the co-operative movement, which underlie the principles of co-operatives to date, co-operatives have inherent force of immense value that can and need to be tapped towards establishing and catalysing development of industries that have particular focus on member and community interests, decent work being key among them. They can contribute immensely to defining Industrialisation towards inclination to provide work that is productive and delivers a fair income; provides security in the workplace and social protection for workers and their families; offers better prospects for personal development and encourages social integration; gives people the freedom to express their concerns and participate in decisions that affect their lives; and guarantees equal opportunities and equal treatment for all as key attributes of decent work (ILO, 2007), which is aligned to early ideas of founders of the co-operative movement. Co-operatives and trade unions have a long history of relationship and collaboration based on the fact that both are membership-based organisations and that they share similar principles, namely principles 1, 2 and 5 (Roelants, *et. al.* 2019). Co-operatives have an underestimated opportunity to deliver decent work.

2. The Need for Industrialisation in Developing Countries

The role of the industrial sector and the need for Industrialisation are well recognized by the development all over the world. The Industrial sector, through its forward and backward linkages with other sectors, plays a very important role in achieving rapid growth and development. The widespread development of manufacturing, employing a large number of people, promoting international market, development of specialised skills, science, technology, and increasing application of technologies to enhance productivity associated with Industrialisation are a desire of every country. Hence, development strategies in different countries attach a lot emphasis to rapid Industrialisation to achieve faster growth and progress. This is premised on the appreciation of the role the industrial sector plays in raising national income; creating employment opportunities; increasing living standards of people; providing market to other sectors; providing inputs to other sectors; providing consumer goods to other sectors, and adding value to primary products, all of which facilitate technological change.

Rural Development is defined as a strategy designed to improve the economic and social life of a specific group of people, 'the rural poor', by the World Bank. In the less developed and developing countries, most people have been living in rural areas and engaged in agriculture. That is why the major development challenge of these countries is the development of agricultural structure and improvement of the life standards of the people engaged in agriculture.

In these countries, most of the farmers are still in the subsistence class. These subsistence farms produce barely enough for the basic requirements of the family. Subsistence agriculture is characterised by extremely limited capital resources, using of traditional production methods, low land and labour productivity. These characteristics tend to perpetuate the existing situation whereby agriculture produces barely enough for survival, and cannot therefore make a substantial contribution to economic growth. As a result, countries in which the majority of the population is engaged in subsistence agriculture, and which have no other important natural resources, are inevitably poor and their economies remain stagnant.

The problems of lower productivity, lower income and under-employment have also accelerated migration from rural areas to urban centres. Although they are changing from country to country, this migration is attributed to two main sociological reasons. The first reason is the unattractiveness of the rural areas because of the changing structure of agricultural production, population increase, etc. The second one is the attractiveness of the urban centres due to the existing rather high level of living conditions and the hope of finding a job. On the other hand, unbalanced development level in the regions have also caused a movement of labour and capital from under-developed to developed regions.

Prevailing problems in the rural areas are not only affecting the rural inhabitants, i.e. rural life, but also the life of the whole society. Especially, rapid migration from rural areas and uncontrolled urbanisation has undesired results, creating cities that just look like rather big villages.

Less developed and developing countries have faced almost similar problems in their economic and rural development struggles. The important one of the rural development problems is to find an effective way to break the vicious circle mentioned above. Agricultural development could be achieved by breaking off this vicious circle through moving from subsistence, traditional agricultural structure to a rather modern and commercialised agriculture. It does not mean rural development. The approach, which is aiming at only improving agricultural productivity and income, will not have served to reach the general nation's development targets. The few privileged farmers who participate in the development activities have succeeded, but what about others; the

majority of the rural population? The underemployment part of the vicious circle has been ignored. Then, solving the development problems can be achieved only by creating non-agricultural employment possibilities through the establishment of small-scale industries not only agricultural-based but also non-agricultural industries and even service sectors. This movement can be named as rural Industrialisation which helps to decrease the proportion of population engaged in agriculture through creating new employment opportunities either in non-agricultural industries, and service sectors, etc. Among the other alternatives, development of the food industry does not only provide new employment opportunities but also increase farmers' income via accruing value addition.

In agriculture, fewer farmers produce more. This greater production is consumed by the non-agricultural population, which is on the increase in urban as well as rural areas. On the other hand, the farmers earn a greater income which enables them to consume more and invest in their farms. Establishment of small-scale industries in rural areas will reduce inequality, poverty and unemployment. At the same time, it will be an efficient way of avoiding migration from rural areas to urban centres via creating new employment opportunities for the rural inhabitants in their areas.

Recognizing the importance of Industrialisation, the first ten-year Implementation Plan (2013 – 2023) of Africa Agenda 2063, realisation of goal no. 1, achieving a high standard of living, quality of life and wellbeing for all citizens, has Industrialisation at its core. Similarly, the role of Industrialisation in creating jobs and decent work; reduction of poverty, inequality and hunger, and realisation of modern and liveable habitats and basic quality services has been clearly set out in the East African Industrialisation Strategy (2012-2032). In this strategy, the East African Community Member States made a commitment to transform the regional economy through Industrialisation. The region's overriding objective is to create a modern, competitive and dynamic industrial sector, fully integrated into the global economy.

Guided by East African Industrialisation Strategy (2012-2032), various East African Community Member States have adopted different development agenda which put special emphasis on Industrialisation. Uganda's vision 2040, in its first ten years of implementing the Vision, has put special emphasis on establishment of economic lifeline industries including; agro-based industries, iron and steel industry, oil and gas industry and building a strong STEI foundation that will be a springboard for advanced Industrialisation. The Kenya Vision 2030 aims to transform Kenya into a newly industrialising, middle-income country providing a high quality of life to all its citizens by 2030 in a clean and secure environment. Likewise, Tanzania in its Vision 2025 prioritises Industrialisation as the centre of its development. Through the Vision 2025, Tanzania aspires that by 2025 the economy will have been transformed from a low productivity agricultural economy to a semi-industrialized one led by modernised and highly productive agricultural activities which are effectively integrated and buttressed by supportive industrial and service activities in the rural and urban areas (The URT Development Vision 2025). Similarly, Burundi's Vision 2025 and Rwanda Vision 2050 all place special emphasis on Industrialisation for promoting economic growth, prosperity and high quality of life.

The Co-operative landscape in East Africa represent a strong, vibrant, and viable economic alternative. Co-operatives are formed to meet peoples' mutual needs. They are based on the powerful idea that together, a group of people can achieve goals that none of them could achieve alone. Co-operatives represent a strong, vibrant, and viable economic alternative. Co-operatives are formed to meet peoples' mutual needs. They are based on the powerful idea that together; a group of people can achieve goals that none of them could achieve alone. Co-operatives are community-based, rooted in democracy, flexible, and have participatory involvement, which makes them well suited for economic development (Gertler, 2001). The process of developing and sustaining a co-operative involves the processes of developing and promoting community spirit, identity and social organisation as co-operatives play an increasingly important role worldwide in poverty reduction, facilitating job creation, economic growth and social development (Gibson, 2005). Co-operatives are community-based, rooted in democracy, flexible, and have participatory involvement, which makes them well suited for economic development (Gertler, 2001). The process of developing and sustaining a co-operative involves the processes of developing and promoting community spirit, identity and social organisation as co-operatives play an increasingly important role worldwide in poverty reduction, facilitating job creation, economic growth and social development (Gibson,2005). The East African region is known to be endowed with plenty of natural resources including fertile land, water, and other forms of natural resources. Modernization of agriculture will provide the basis for establishment of agriculture-based manufacturing. However, the EA countries are yet to tap this potential – especially in the agro-processing sub-sector by adding value to agricultural exports. Currently, the region exports mostly primary commodities with a limited range of value-added commodities.

Promotion of industrial co-operatives has an opportunity to increase involvement of citizens in managing their economies by creating avenues for value addition of their agricultural commodities but also creating employment opportunities. However, East Africa co-operatives have not adequately taken advantage of the opportunities that exist. They are still highly concentrated at the primary society level especially in areas of finance and agriculture. This scenario is partly explained by the nature of the economic structure of East African member states which are dominated by smallholder agriculture, with subsistence farmers constrained by limited access to finance, technology, extension services, and marketing. Like in many other developing countries, co-operatives in East African countries have experienced turbulence from state controls to autonomous and independent co-operatives at varying degrees in each country. Their performances after trade liberalisation have not been very impressive. Many of them have experienced various challenges ranging from limited access to capital, poor governance and management; limited co-operation among themselves, and lack critical skills such as entrepreneurship.

In addition, the co-operative sector suffers an internal handicap of its own making: the frequent failure of various types of co-operatives to work closely together as a sector. Because of their voluntary and democratic nature, co-operatives have been reluctant to impose discipline on themselves. They prefer to act on consent and persuasion. Management of co-operative societies relies on relationships and is moved by sympathy to act against the societies' bylaws. This has repercussions especially in the developing economies and is against the 6th co-operative principle: Cooperation among co-operatives. Co-operatives face challenges in terms of reaching wider markets. If their economic contribution is to be enhanced, then marketing needs to be improved. Undeveloped networks and value chains impact negatively on co-operatives. Given the limited access to finance, technology, and other critical business infrastructure, existing and emerging co-operatives find themselves limited to small local markets. This, in turn, impacts their profitability, which affects their ability to sustain operations. A lack of adequate government commitment to procure from co-operatives makes it difficult for these ventures to survive the harsh market conditions.

Given that many formerly disadvantaged people are embracing the co-operative concept and success stories are still limited, the need for external help cannot be overemphasised. The low asset base among communities is a huge factor curtailing the success of co-operatives. This, however, has to be given in a manner that does not undermine the basic principles of co-operatives. One of the challenges facing co-operatives is the lack of targeted support given inadequate economic and social impact statistics on co-operatives. Bellow, (2005) notes that limited promotion and awareness, accessibility of co-operative registration to local communities, avoidance of formalisation of informal self-help groups, and limited support from enterprise development agencies are some of the challenges curtailing the success of co-operatives.

3. Co-operatives and Industrialisation in East Africa

Co-operative movement is considered an efficient way of Industrialisation. As an efficient way of strengthening individual economic powers, co-operative movement would be useful not only to increase income and create new employment opportunities through Industrialisation but also make considerable contribution to social life. Co-operatives have come to represent a resilient, vibrant and viable economic alternative for the achievement of societal goals because they are formed with the intention to meet people's everyday needs. They are rooted in the notion that a group of individuals can collectively accomplish goals which none of them could otherwise accomplish alone (Thaba and Mbohwa, 2015).

Although co-operatives are expected to be in almost all sectors of the economy, they are mostly concentrated in finance and agriculture. Perhaps this scenario is explained by the nature of the economic structure of African countries, which is dominated by smallholder agriculture – mainly subsistence farming. Subsistence farmers are constrained by limited access to finance, technology, extension services, and marketing, among others. Consequently, the problems of food insecurity and environmental degradation are prevalent in almost all countries. Co-operatives' success stories indicate that the environment within which they operate is critical. Such an environment entails co-operative policies and how governments render support. An enabling environment has to be created that promotes successful co-operatives. Drawing from the case of Kenya, Muthuma (2012) concludes that facilitative policies promote co-operative development through consultation and targeted involvement.

There should be promotion of establishment of co-operatives in all sectors of the economy including industries. Since agriculture is the most dominant sector in the region, improving productivity and marketing must be given a priority. However, this has to go hand in hand with value-addition through establishment of industrial co-operatives so as to tap on the existing opportunities. Co-operatives, with their members' participation, are relevant in leading the agricultural transformation processes and promoting value addition in agriculture.

In addition, there has to be a consolidation of various programmes bent towards economic development. There is a need to anchor co-operative development in the country with adequate resources in terms of skilled facilitators especially in sectors where co-operatives are still few. Co-operative businesses must have a stable funding and access to modern technology. Improvement in co-operative businesses calls for an improved access to capital. In order to improve access to capital, co-operatives must come up with innovative funding strategies. These could include improving operational efficiency and increasing member patronage, but also attracting more member capital as well as new members. Science, Technology and Innovation are essential ingredients in the Industrialisation and sustainable development of nations as a component of growth and development. When looking at a knowledge-based economy, the capacity to compete in the global market is highly dependent on the ability to innovate and apply the relevant technologies to industries and productive sectors. The goal of research and innovation is to create new knowledge and technologies (processes/products). However, it is the successful transfer of the knowledge and innovations to the end users (industry, academia, policy makers and others) that enable translation of the research to realise gains in the economy (job creation, improved competitiveness, increase in foreign direct investments and exports, new markets, etc. Agricultural co-operatives and industry in East Africa can benefit from Research Technology and Innovation (RTI) through structural transformation of the agro-processing sector and upgrading production systems. This can be achieved through the transfer of RTI outputs to co-operatives and industry. Modes of technology transfer include; strengthening technical capacities and capabilities in value addition.

Value addition is an essential part of transforming agriculture. Agro processing is considered necessary for (a) development of industry to provide employment to the unemployed/underemployed, youth, etc; (b) sustainability and productivity management in farm produce and value chain management; and (c) processing of produce to ensure marketing as well as maintaining price levels. Opportunities exist between RTI institutions and co-operatives, where public and private partnerships can be explored to bring synergies together to further develop and advance the co-operative agenda especially in the area of value addition to agricultural produce. RTI institutions are endowed with various expertise in processing and storage technologies which agricultural co-operatives and industry can tap. In Kenya for example, we have the case of Kenya Industrial Research and Development Institute (KIRDI) where various training programmes are offered in agro-processing in the areas of food, leather processing, animal feed formulation and natural products technologies. The training programmes offered include production technology, quality control, good manufacturing practices, packaging, branding and necessary support for entrepreneurs to get their products certified by the Kenya Bureau of Standards.

Establishment of common manufacturing plants act as a simulated industrial manufacturing environment, with best practice capabilities, from which the co-operatives and SMEs can learn. Further, the location of the facilities in most cases is resource based, and thus can be employed as a tool for jumpstarting rural Industrialisation and dispersion (decentralisation) of industrial location. Prior to the setup of the facilities, feasibility studies are undertaken to establish the commercialization potential, where enablers such as raw material sustainability, market opportunities, competition, infrastructure support, land and licences are captured.

Collaboration, networking and partnerships (through PPPs). The co-operative movements all over the world acknowledge that Co-operatives - Private Sector Partnerships (CPSPs) bring into play synergies such as injection of additional investment capital, technology and superior management services. In Kenya, we have co-operative societies that have collaborated with the government and NGOs, in various areas such as agriculture, livestock management and fishing, among other sectors. For example, in Livestock the Turkana Livestock Marketing Co-operative Society has partnered with the Government of Kenya, AMREF (Italy) and AM-REF (K) to establish a meat processing plant (Turkana Pastoralists Meat Processing factory-Lomidat). In Fishing, Turkana Fishermen Co-operative Society has partnered with Samaki (2000) Limited to rehabilitate and modernise the Kalokol Fish Processing Plant. Such plants serve as training sites, demonstration sites and model manufacturing set-ups for benchmarking. They are also being employed as facilities for common manufacturing. Their activities have contributed towards rural Industrialisation, job creation and contribution to the economy.

In order to achieve the above, there must be the necessary policy and regulatory framework requisite for co-operative development and Industrialisation. Other co-operative aspects that will promote Industrialisation include Co-operative entrepreneurship. Co-operatives will inevitably have to be innovative to remain viable and to adapt to the needs of their members on the basis of their strengths and unique features. To survive in a competitive environment all co-operatives have to be led and managed by entrepreneurs who have a sense of co-operative enterprise and who know how to innovate to respond to their needs. For example, a housing co-operative will have to be innovative in making appropriate use of local materials. It will also have to learn to collaborate with sources of funding including credit union networks.

4. Conclusions and Recommendations

Developing countries are characterised as rural nations where most of the people are living in rural areas and engaged mainly in agriculture. That is why, despite the differences of the real meanings, the concept of development and rural developments are almost used having the same meaning for those countries, because rural development inevitably is the major challenge for them. Developing countries have to use development strategies which will result in a rather balanced inter regional and sectoral development. Development problems can be solved successfully only by creating non-agricultural employment possibilities through the establishment of small-scale industries not only agricultural based but also non-agricultural industries and even service sectors. This movement can be named as rural Industrialisation which helps to decrease the proportion of population engaged in agriculture through creating new employment opportunities in non-agricultural industries, service sectors, etc. Although public policies and state support are so important in the rural development efforts, participation and involvement of the individuals (farmers) who are organised under non-governmental organisations (NGOs) are vital. Of course, one of the efficient ways of these kinds of organisations is co-operative movement.

Co-operatives are an essential business model with a potential to play a meaningful role towards Industrialisation that puts members at the centre. However, to achieve this, there is a need for governments to play a facilitative role that enables co-operatives to function as autonomous entities and, in addition, help co-operatives thrive by committing a percentage procurement share to co-operatives. Every country has its own conditions to be successful in co-operative movement. But in general, it could consider the general principles of co-operative movement identified by the International Co-operative Alliance. Especially, while providing the government's support, which is vital for developing countries, co-operatives uniqueness has to be noted that they are non-governmental organisations which have economic aims. On the other hand, co-operatives have to take internal measures that help build Co-operative entrepreneurship to take advantage of existing opportunities in the East African region to contribute to Industrialisation that puts members at the centre. They need to adhere to aspects of technological improvement, managerial competence, innovation and quality control in their operations. Co-operative societies have for decades been potential partners in promoting development including in the Industrialisation process. This can be achieved directly through self-initiatives by individual co-operatives, registering co-operatives as pure industrial entities, cooperation among co-operatives and with private sector and government as well as using secondary societies such as Co-operative Unions to help co-operative involvement in Industrialisations.

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INDUSTRIALISATION AT THE AGE OF DIGITAL REVOLUTION AND ENVIRONMENTAL DEGRADATION: A RHETORIC DISCUSSION ON THE ROLE OF CO-OPERATIVES

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Abstract

Co-operatives, through collective bargaining, are capable of waiving the barrier for marginalised populace to participate in industrial economy and their principles, values and purpose made them ideal organisations for an inclusive socio-economic development worldwide. Also, wide sectoral coverage and the flexible nature of co-operatives create a window of opportunities to address dynamic challenges associated with the digital era and environmental sustainability, which constantly shape the Industrialisation process. This paper, therefore, used primary and secondary data to rhetorically assess what roles co-operatives play in Industrialisation at the age of digital revolution and environmental changes. The study came up with experiences of industrial co-operative examples from Tanzania in areas of agri-processing, dairy-processing, tailoring and shoe making, among others, that relied on simple available technologies and raw materials. In addition, global trends in technology and environmental sustainability open up various opportunities for co-operatives. Consequently, non-traditional co-operatives are emerging and participating in various processes of Industrialisation and potentially will play an important role in Industrialisation under the fourth industrial revolution and current global environmental trends. However, for effective participation in Industrialisation, co-operatives will need an enabling environment; favourable governance, policy and regulatory frameworks; access to capital and technology, among others.

I. Introduction

Industrialisation is broadly defined as “a set of economic and social processes related to the discovery of more efficient ways for creation of value” that is categorised as a secondary sector (Simandam, 2009). The primary sector involves agriculture, hunting, fishing, and resource extraction whereas tertiary refers to services. Thus, Industrialisation involves the process of shifting the economy from the primary sector into sectors that exhibit higher levels of productivity and technological advancement. In this sense, Industrialisation does not mean establishment of a factory, rather it has to exhibit a qualitative economic and social change reflected in terms of its contribution to GDP, employment creation, and changes in the landscape of the area. Typically, industrial activities are characterised by high knowledge content and significant opportunities for technological advances. As a result, industrial development, more often than not, distributes the benefits of its development by accelerating growth in other sectors of the economy, thereby boosting the population’s overall welfare through improvement of living standards.

Historically, industrial revolution started in England (1763 – 1846); followed by the United States of America, USSR, Germany, and Japan, and later after WWII by the South East Asian countries (Simandam, 2009). Today, industrial revolution is categorized into four epochs – the first industrial revolution relied on water and steam power to mechanize production; the second used coal and electric power to create mass production; and the third used electronics and information technology to automate production. The world has entered the fourth industrial revolution (4IR), the “digital era” which is characterised by a fusion of technologies that lines up the physical, digital, and biological spheres (Koloszár and Németh, 2020). At this era, technology has advanced to the extent that machines are capable of performing the tasks that normally would require human intelligence (Schwettmann, 2015). For example, self-driving cars, bank automated customer services, travel online bookings

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and 3-D printing technology. Unmatched digital technology progression in 4IR is transforming the global traditional economy towards digital and no country is immune, nonetheless, the pace varies between countries (Schwettmann, 2015).

The digital economy is fundamentally changing Industrialisation (ILO, 2013:2016). It is affecting the patterns and geographical location of industries, employment and economic growth, and there are various opportunities and disruptions that come along with these developments. The emergence of technology-aided Industrialisation requires specialised skills; hence demand for a new approach to education and training, research and innovation, and review of public policies. The experience of East Asia where investment in Industrialisation moved from developed countries to less developed countries due to low labour cost may not be applicable to Africa during the digital economy as investment attraction is driven by availability of talents and skills (ILO, 2016). Automation and digitization in 4IR are improving productivity through increased efficiencies, which potentially benefit the environment by alleviating environmental resources deterioration and depletion. However, ongoing efforts of Industrialisation across Africa and other regions will consequently lead to increased resource extraction, environmental pollution and accelerated loss of biodiversity.

Over the past 50 years, 60% of the earth's ecosystem has been depleted and by 2050 natural-resource consumption will rise by three to six times due to human population increase (Brahmbhatt, et al., 2017). Climate change is augmenting the resource scarcity and this situation has impact on Industrialisation process; thus, high time to explore more climate technology aided Industrialisation alternatives (Terrapon-Pfaff et al., 2012; World Bank, 2015; Buseth, 2017; Brahmbhatt, et al., 2017; NEMC, 2017; Luken and Clarence-Smith, 2019). For instance, with the aid of advanced bioengineering technology in agriculture, varieties of drought-resistant crops that can feed intensive industries are being developed particularly for climate sensitive production zones such as Africa. Technological innovations in recycling help to reduce environmental pollution and resource depletion problems (World Bank, 2019). Considering the growing trend of declining natural resources, green growth is becoming a concern (Brahmbhatt, et al., 2017; Luken and Clarence-Smith, 2019). As such, the green economy, inclusive economy, and climate change mitigation are now central to many global sustainability discussions unlike before.

1.1 Industrialisation and African Countries Catch up Potentials

African countries, have adopted various development strategies including Import Substitution Industrialisation Model (ISI -1960s-1970s), Rural Development Model (RDM - 1970-1980s), and Structural Adjustment Programmes (SAPs mid 1980s-1990s) (Nzau, 2010; Heidhues and Obare, 2011; Mendes et al., 2014). ISI was state dominated and aimed at minimising reliance on manufactured foreign imports. The model failed to facilitate industrial development partly due to lack of competition resulting from government control, and corruption (Nzau, 2010). RDM was adopted in order to mainstream informal rural agricultural industry into the countries' economy. Similar to the ISI model, government control dominated the RDM process and eventually the model failed to transform the industrial sector (Tafirenyika, 2016). Failure of RDM resulted in the de-Industrialisation period of the 1980s when most developing countries experienced economic crises. Subsequently, most developing countries adopted Structural Adjustment Programmes (SAP) with financial support from international financial institutions. SAP encouraged a reduction in the public sector and privatisation of publicly owned companies. Liberalisation of the economy exposed most developing countries into unfair competition and, thus, the SAP policy is considered the first reason for stagnation of Africa's Industrialisation. Hitherto, Africa is at the bottom of the global Industrialisation partly because it exports raw materials or semi-processed products (Zamfir, 2016). Lately, the Industrialisation agenda across Africa has been stronger than previous and the continent has potential to industrialise her economy.

Africa has the potential to industrialise faster because processes can now benefit from leapfrogging through replication of production methods, technologies, and institutions of developed countries. The same approach was used and worked for economies like Japan, the Asian tigers and China to accelerate their Industrialisation process. Besides, Africa has relatively weaker diminishing returns (in particular, to capital) which potentially give the continent an opportunity to invest in the industrial economy. Furthermore, in the past few decades, the developing world, particularly Asia, became the world factory due to low cost of production in terms of labour and raw materials. Recently, the cost of production in Asia has risen and is now similar to high-income countries (Brahmbhatt, et al., 2017). The increasing cost of production in Asian countries, coupled with domestic demand policies and advancement of technologies are opening a window of opportunities for African countries to attract industrial investors based on low production cost. In addition, the Chinese policy of "offshoring" a portion of low-end manufacturing to Africa (Omoruyi, 2016) is expected to boost the continent's manufacturing sector.

1.2 Tanzania and the Pursuit for Industrialisation

Tanzania's drive to Industrialisation has gone through various stages since independence, from nascent and undiversified to state – led ISI, and subsequently to de-Industrialisation in the 1980s. Consequently, the government took various initiatives: first, the Sustainable Industrial Development Policy (SIDP) of 1996 – 2020 that focused on enhancing sustainable development of the industrial sector that will transform the economy, create employment, and enhance the contribution of the private sector. Secondly, Tanzania Development Vision TDV 2025 (1999 – 2025) which aimed at transforming Tanzania into a semi-industrialized country by 2025. The government adopted the Integrated Industrial Development Strategy 2025 (IIDS 2011 – 2025) to realise the TDV 2025 and currently, Industrialisation is on the top government development policy agenda.

Although these various development strategies recognized the role of the private sector in the Industrialisation processes, to which co-operatives belong, the role of the co-operative sector is not clearly defined. Co-operatives as member owned, controlled and democratically governed enterprises are ideal organisations for people centred industrial development agenda. Unfortunately, the Co-operative Development Policy 2002 and the subsequent Co-operative Reform and Modernization Programme (2005 – 2015) did not provide for co-operative Industrialisation strategy as part of the broader national Industrialisation strategy. However, co-operatives can utilise available natural resources and opportunities to enhance effective member participation in Industrialisation processes in both urban and rural areas.

1.3 Co-operatives and Industrialisation: General Perspectives

Co-operatives are unique business, social, and democratic enterprises where people unite and pool resources together and make decisions jointly over their common economic, social, and cultural needs. As a modern form of enterprises, their history can be traced back to the founding of Rochdale Society of Equitable Pioneers in the United Kingdom in 1844 (Abell, 2004). Expansion of urban-capitalist society, which brought hardship and poverty to the masses was among the motivation behind their formation. Later co-operatives spread in European countries, the United States of America and Canada. In Africa, modern forms of co-operatives were introduced during the colonial period; partly as a drive to commercialise the economies through the support of cash crop production - that were needed by the colonial administration; but also, as a means to liberating the natives from colonial masters (Khumalo, 2014). It was for this reason those early co-operatives were associated with the production of cash crops – mainly cotton, coffee, and tobacco. Co-operatives were also used as a vehicle for political struggles in many countries. After independence, co-operatives were engaged by the independent government to undertake delivery of multifaceted development objectives including modernization of agriculture and the transformation of the rural sector.

The democratic and voluntary membership nature of these enterprises provide an institutional framework through which local communities collectively exert control over productive activities, which drive their livelihoods (ICA, 2020; Gibson, 2005; Wanyama et al., 2009). The co-operative framework provides a viable platform for marginalised and ordinary people to participate in the industrial economy through collective bargain gained through organisational access. This could be done by mobilisation of personal and saving deposits that are injected into the co-operative industries and collection and supply of industrial raw materials to feed the co-operatives and non-co-operative industries. Co-operatives exist in almost all sectors of the economy: the wide sectoral coverage provides a window of opportunities for co-operatives to participate in the industrial economy through a broad and dynamic Industrialisation process. The co-operatives potentially hold a bright future especially now that economic inequality has made it difficult for the poor population to participate in Industrialisation. Co-operatives are ideal organisations for redressing inequalities – as they promote economic and political democracy, establish co-operative business enterprises, increase peoples' control over resources and economies, manage environment friendlier, provide equal access to opportunities, can utilise emerging technological revolution friendlier, and promote peace and security. The early co-operatives were established among weavers, workers in cottage industries, who were aggrieved by moneylenders and mercantile economy during the early industrial revolution. Indeed, this is one of the arguments that co-operatives are still valid during this 4IR.

I.4 The Context, Outline of the Paper and Methodology

Co-operatives, in this paper, are defined as: “*people centred enterprises owned, controlled, and run by and for their members to realise their common economic, social, and cultural needs and aspirations*”. The paper attempts to steer rhetoric discussions on the role co-operatives can play in promoting Industrialisation in Tanzania at the age of digital revolution and environmental changes. First of all, the paper takes a stock of co-operatives present and participating in the Industrialisation process in the country. Based on these experiences, available raw material, and technology, the paper provides candid assessment on the roles and potentials that co-operative organisations played, and can continue to play in addressing development challenges including environmental degradation which impact human lives negatively. The paper is organised in four sections. Section one provides the introduction, background information, Industrialisation and Africa catching up, Tanzania and the pursuit for Industrialisation, co-operatives and Industrialisation and the context, methodology and an outline of the paper. Section two contains co-operatives Industrialisation in Tanzania with some examples. Section three presents the co-operative Industrialisation at the age of digital revolution and environmental degradation: a bright future. Section four contains concluding remarks and a way forward.

The paper is based on the data collected from the Tanzania Co-operative Development Commission (TCDC) in July - August in 2021 and Tanga Dairy Co-operative Union Limited. Also, secondary data from Tanzania Milk Processing Association (TAMPA), Government Ministries and institutions were used to supplement information from TCDC. Attempts were also made to discuss the subject matter with some experts on the topic presented here. SPSS and Excel computer programmes were the main software employed in data processing and thematic content analysis and descriptive statistics were the main analysis approaches employed.

2. Co-operatives Industrialisation in Tanzania with Some Examples

2.1 Co-operatives status in Tanzania

Co-operatives have a long history in Tanzania and as of 30 June, 2020, a total of 9,185 co-operatives distributed in 26 regions were registered by TCDC. Financial co-operatives – mainly SACCOS dominated the Dar-es-Salaam region, while agricultural marketing co-operatives dominated Tabora, Mtwara and Simiyu (Figure 1). This distribution is attributed to livelihood drivers where Tabora and Mtwara are largely driven by agricultural-related activities while business drives the Dar-es-salaam region.

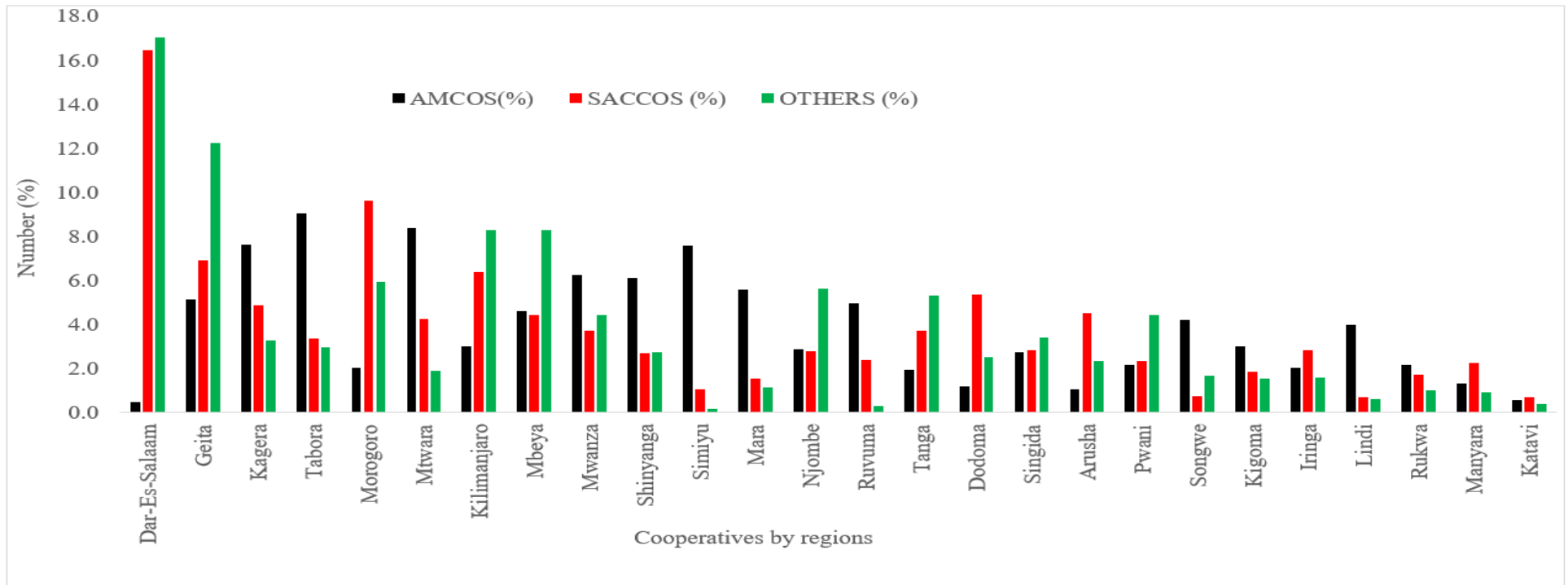


Figure 1: Types of co-operatives by regions in Tanzania

Overall, Agricultural Marketing Co-operative Societies (AMCOS) were the dominant type with approximately 44% of all registered co-operatives in the country, followed by SACCOS and Co-operative Joint Enterprises (CJE) were the least (Figure 2). The dominance of AMCOS is not a surprise because agriculture is the dominant sector that employs over 60% of the workforce (World Bank, 2021) and so has the potential to attract a large number of co-operatives. In addition, diverse climate and agro-ecological zones provide an opportunity for farmers to grow a variety of food and cash crops while livestock keeping is almost a traditional activity in the country.

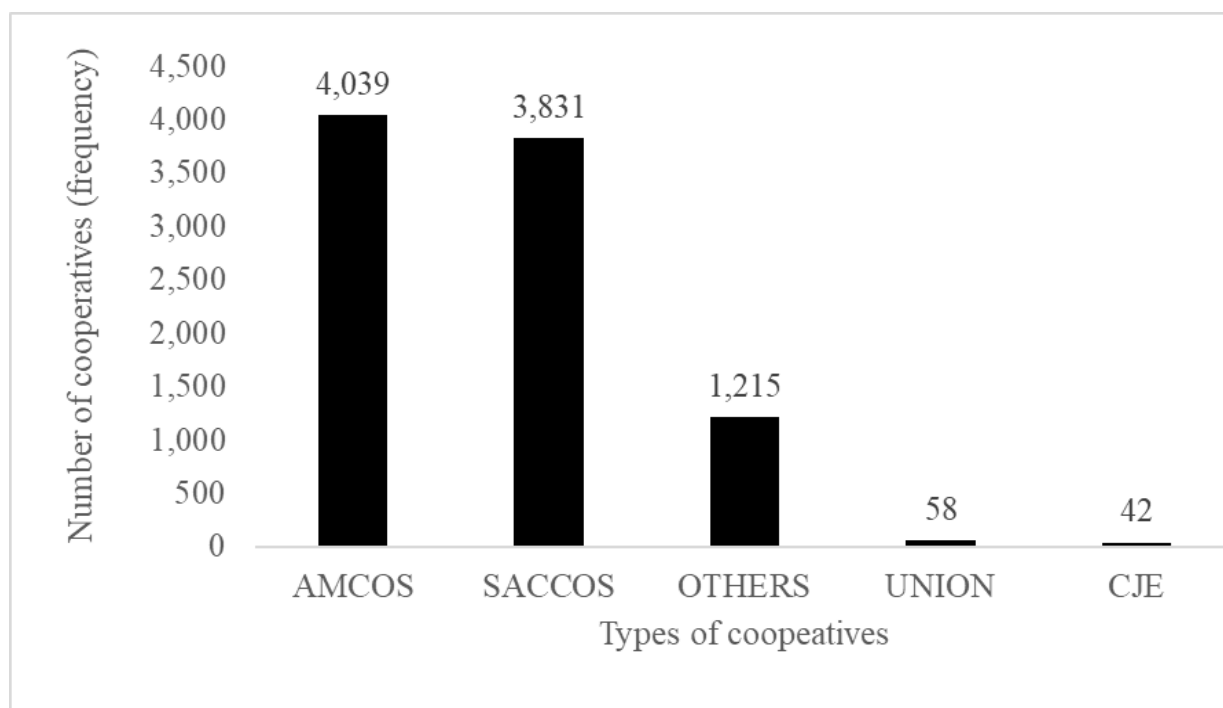


Figure 2: Types of co-operatives in the country as of 30 June, 2020

Accordingly, in 2020 agro-processing industry in Tanzania contributed 26.74% of the GDP and predictions indicate potential for further growth (Figure, 3).

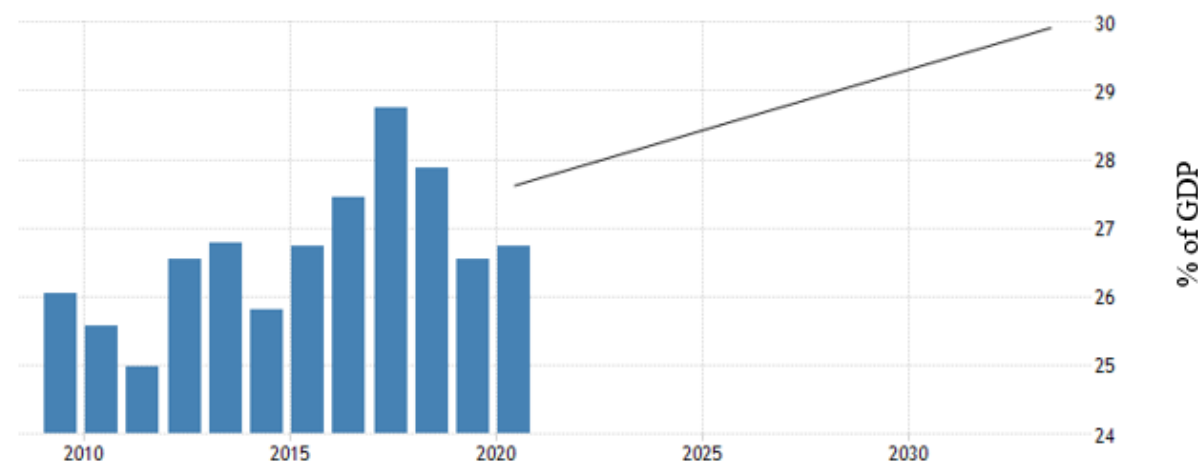


Figure 3: The predicted performance of agro-processing sector, between 2010-2030

Source: World Bank (2020)

2.2 Industrial Co-operatives in Tanzania

Industrial co-operatives played a major role in the Industrialisation of countries such as France (Mélo, 2015). In Tanzania, the analysis of TCDC data revealed that only 1.5% of 9,185 co-operatives are industrial co-operatives; over 60% in Agro-processing followed by dairy and others (Table 1). These co-operatives provide a framework,

which enables members to either organise raw materials for industrial processing or mobilise capital and inject it into their associations' ventures. Over 80% of the recorded co-operatives' industries were operating and around 16% were not operating (Figure 4). This is probably due to inadequate human resources and access to capital and technology that reduce the ability of a co-operative to compete in a liberal market. In the past, the weakness of incompetent management, capital, technology, corruption have negatively affected co-operatives operations in Tanzania (Bibby, 2006). The low pace of Industrialisation through co-operatives, despite their potential, calls for the government to create an enabling environment for co-operatives to maximise their potentials.

Table 1: Types of Co-operative industries in Tanzania

	Responses	
	N	Percent
AGRO-PROCESSING (<i>MAINLY CROPS</i>)	89	67.4%
DAIRY	23	17.4%
MANUFACTURING/HANDCRAFT	13	9.8%
SERVICE	4	3.0%
TAILORING	2	1.5%
SHOE-MAKING	1	0.8%
Total	132	100.0%

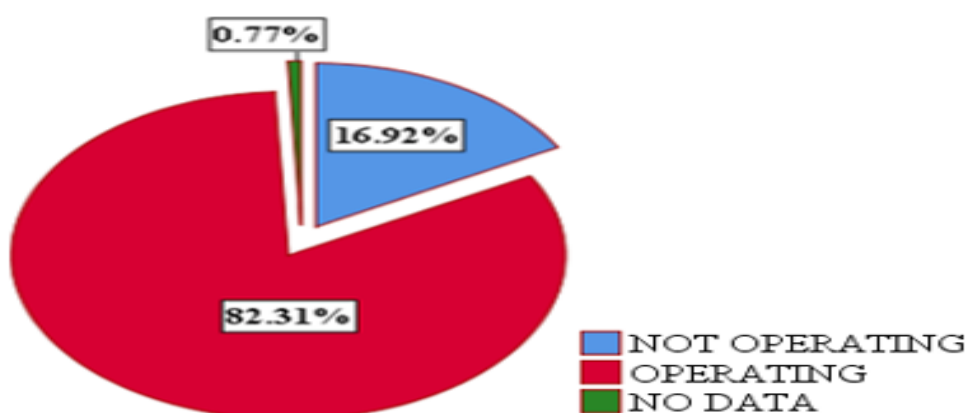


Figure 4: Operational status of co-operative industries

2.2.1 Agro-processing industrial co-operatives

Most of the recorded agro-processing co-operatives were in cotton ginning and coffee processing. The Kahama Co-operative Union (KACU), Chato Co-operative Union (CCU), Mbogwe Co-operative Union (MCU) in Geita, and Kagera Co-operative Unions (KCU) are good examples to single out. These co-operatives help to add value to members' crops and, hence, improve income. For example, KACU has improved members' income by engaging itself in cotton ginning. A joint venture between KCU, Karagwe District Co-operative Union (KDCU), Tanzania Federation of Co-operatives (TFC) and government, is operating TANICA instant coffee production that is doing well and the beverage is in local demand. The agro-processing activities reported in this paper concentrate in small-scale production units. Accessibility of adequate capital, technology and raw materials could potentially widen the window for co-operatives to process more crops and increase co-operatives market-share internally and externally.

2.2.2 Dairy-processing industrial co-operatives

There were several co-operatives participating in dairy value addition (Table 2). Farmers' associations or co-operatives play an important role in coordinating the dairy value chain from milk collection, processing and marketing. This avenue provides a window of opportunity for co-operatives to participate in the dairy industry by coordinating dairy farmers in order to increase the number of raw materials reaching existing plants. A good example is "Tanga Fresh" Limited – a joint venture by the Tanga Dairy Co-operative Union Limited (Table 2 and Box 1-Tanga Fresh Model).

Table 2: Example of dairy processing co-operatives.

S/N	Name Of Co-Operative	Name Of Plant/Industry	Line of Operation	Capacity	Location
1	Tanga Dairy Co-Operative Union Limited	Tanga Fresh Limited	Milk Collection, Cooling, Processing, Parking and Market	No Data	Tanga Region
2	Mshikamano Babati Dairy Coop Society	Mshikamano Babati Dairy	Milk Processing	No Data	Manyara, Babati Town Council
3	Nronga Women Dairy Coop.Ltd	Maziwa Hai	Milk Collection, Cooling, Parking and Market	4000 Litres	Hai (Bomang'ombe)
4	Marukeni Dairy Coop. Ltd	Marukeni	Milk Collection, Cooling, Processing	No Data	Masama Kati
5	Kyeeri	Kyeeri	Milk Collection, Cooling, Parking and Market	1,500 Litres	Machame Magharibi
6	Sawe	Sawe	Milk Collection, Cooling, Parking and Market	1500 Litres	Masama Mashariki
7	Ng'uni	Ng'uni	Milk Collection, Cooling, Parking and Market	1300 Litres	Hai (Masama Kati)
8	Foo	Foo	Milk Collection and Marketing	No Data	Hai (Machame Kaskazini)
9	Nkwarungo	Nkwandako	Milk Collection, Cooling, Parking and Market	1500 Litres	
10	Kalali	Kalali	Milk Collection, Cooling, Parking and Market	1300 Litres	
10	Mboreny	Mborenyi	Milk Collection, Cooling, Parking and Market	1300 Litres	
11	Nkuu	Nkuu Maziwa	Milk Collection and Marketing	No Data	

The Tanga Fresh Limited is one of the successful models which safeguard continued availability of raw materials from farmers while leading the dairy processing industry in Tanzania. As indicated in Table 3, the facility is serving about 8,000 farmers in the Tanga region.

Table 3: Tanga Dairy Co-operative Union Limited primary co-ops membership

S/N	District	No. of Primary Co-ops	Membership Target	Actual Members	
				Total	%
1	Tanga City	7	1,943	1,468	76%
2	Muheza	6	3,460	2,549	74%
3	Mkinga	7	1,899	1,465	77%
4	Pangani	2	1,182	1,132	96%
5	Korogwe	2	556	407	73%
6	Lushoto	4	1160	891	77%
Total		28	10,200	7,912	78%

Box 1: Tanga Fresh Limited

Tanga fresh limited is a coordinated dairy value chain of milk collection, processing and marketing combined with growth opportunities offered to small-holders' farmers through heifer availability and cattle credit. Until 2018, it was serving 6,500 farmers in Tanga region. The facility is owned by TDCU by 43.6% of the total shares. Other Investors are Dutch Oak Tree Foundation (DOB 53.8%) and a private investor Alnoor Husein 2.6%. Currently, this is one of best performing dairy process facility that has improved welfare of its members through improved dairy production, credit and income. The model is currently being adopted by other co-operatives including; Mara Dairies therefore, there is a room for growth and contribute more to Industrialisation.

At present, 70% of milk in the country comes from traditional cattle reared in rural areas and 30% comes from improved cattle primarily kept by smallholder producers (Ulicky, 2013; Mlozi et al 2015). Only a small fraction of milk produced in the country is processed leaving enormous growth potential for the dairy industry. Until June 2021, Tanzania Milk Processing Association (TAMPA) recorded 104 dairy industries with capacity of processing over 75 million litres of milk annually (Figure 5). Installed dairy processing plant capacity is larger than operating capacity. For example, until June, 2021, installed processing capacity was 715000 litres, but only 35% was processed (TAMPA, 2021). Processed dairy products have a high-value within the country, yet supply is limited. This is a window of opportunity for co-operatives to innovatively continue to participate in the dairy industry value chain process by coordinating the dairy value chain from milk collection, processing and marketing.

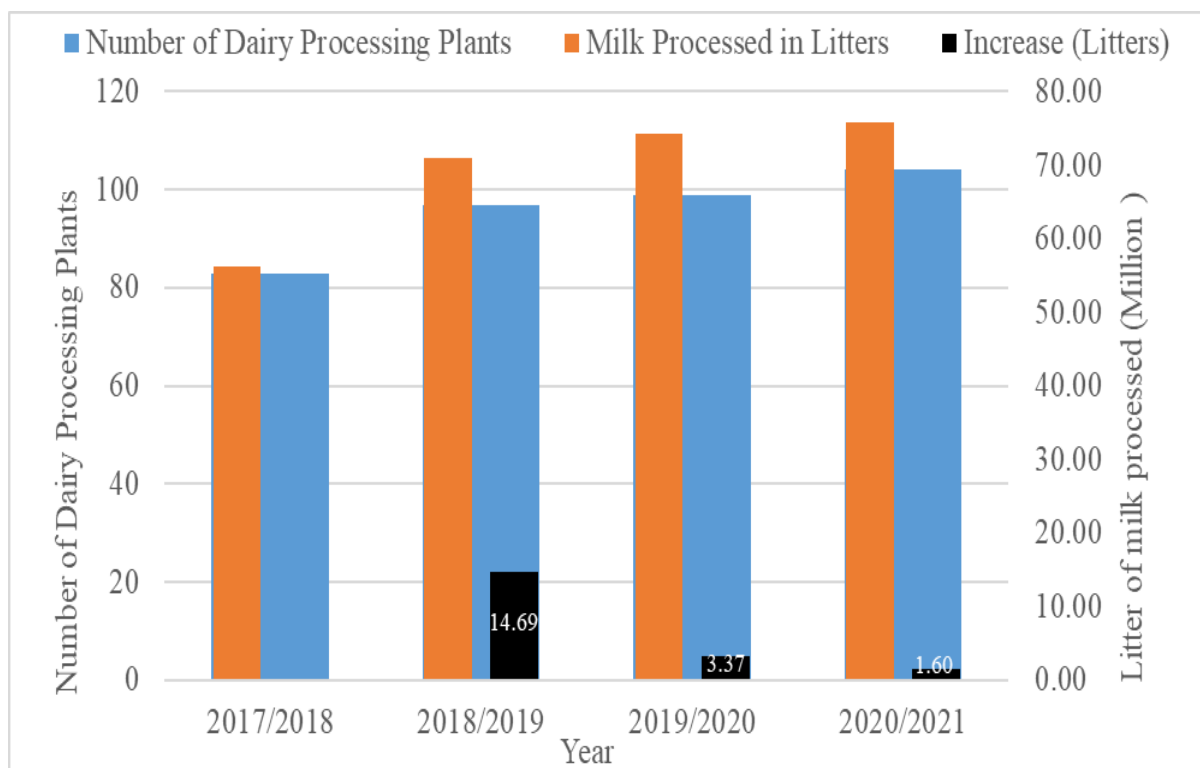


Figure 5: Dairy industries and their respective capacities in (2017-2021)

2.2.3 Co-operative enterprises in manufacturing

Reported co-operatives were focusing on diverse processes (Table 4) and concentrate on the creation of simple consumer products such as foods, furniture and allied wood products, and handcraft. Manufacturing sector is an important source of government revenue, employment and value addition. Therefore, there is a potential for raising the manufacturing sector by reviving dormant manufacturing industries and expanding the operating one if some of manufacturing challenges such as inadequate capital, governance and technology are addressed.

Table 4: Co-operatives owned small-scale manufacturing

S/N	Co-Operative Name	Industry Name	Area of Focus	Industry Location	Operational Status
1	Ushirika wa Wahunzi	-	Home Appliances and Grill	Tanga Urban	Opr
2	Ushirika wa Mafundi Seremala	-	Home And Office Furnitures	Korogwe Town Council	Opr
3	Wateco Ltd	Wateco	Carpentry	Sinde, Mbeya City	Opr
4	Uhunzi Coop Society	Uhunzi	Iron Smith	Sinde, Mbeya City	Opr
5	Shirecy (1984) Ltd	Sola Oil Mil	Soap Making	Shinyanga Municipal	Opr
6	Dasico Ltd	Dasico Sme Ind.	Carpentry	Ilala, Dar Es Salaam	Opr
7	Motico Ltd	Motico Ltd	Fabrication Of Spare Parts	Morogoro	Opr
8	Shirecy (1984) Ltd	Muhnze Oil Mil	Soap Making	Kishapu, Shinyanga	Not -Opr
9	Chammau	Chammau	Welding	Manyara, Babati Town Council	Not -Opr
10	Umoja Electrical Eng. Co-Operative Society Ltd	Umoja Electrical Eng	Fabrication Of Spare Parts and Leather Products	Babati Town Council	Not -Opr
11	Mlingotini Mwani Growers	Mlingotini Mwani Growers	Soap Making	Pwani	Not -Opr
12	Manza Technical Coop Society	Manza Technical Coop Society	carpentry	Korogwe Town Council	Not -Opr
13	Lushoto Wood Sawing and Carpentry Coop Society	Lushoto Wood Sawing and Carpentry Coop Society	Carpentry	Lushoto, Tanga	Not -Opr

OPR = Operating

2.2.4 Co-operatives in leather industry: Shoe making co-operatives

Currently, there is only one co-operative in the leather sector found in TCDC data - “*Ushirika wa washona viatu – Lushoto Tanga*” focusing on shoe making. On the other hand, internal demand for shoes outweighs the supply, for instance, production capacity of leather shoes for local industries is approximately 1.2 million pairs per year but demand is almost 54 million shoes (URT-MLF, 2019). External demand particularly the United States of America, India, China, Brazil and South Africa is a growth avenue for the sector. At present, the sector is challenged by inadequate public investment, lack of trained personnel, poor quality of hides and skins, limited value addition, lack of quality and modern processing machines, inadequate availability of raw materials for local factories, high post-harvest losses and underutilization of the capacity of local factories. These challenges are an opportunity for co-operatives to participate in the Industrialisation process.

2.2.5 Co-operatives in textile and apparel industry: Tailoring co-operatives

Despite the potential for growth of the textile and apparel industry, co-operatives have not been as active as in agri-processing. Based on the collected information, only two co-operatives; “*Ushirika wa mafundi nguo-Korogwe and Ushirika wa Mafundi cherehani-Tanga city*” have been registered with TCDC. According to the National Bureau of Statistics, knitted fabric production rose from 6.3m sq metres in 2011 to 20.3m sq metres in 2015. Also knitted garment production rose from 369,000 garments in 2011 to hit 5.5m in 2015. Co-operatives can expand in this industry given the availability of reliable fabric and assurance of a market for locally made garments. In general, co-operatives have managed to promote over 100 small-scale industries ranging from agro-processing to

manufacturing across the country. Based on the kind of co-operatives registered by the TCDC, co-operatives can participate in Industrialisation by raising capital to finance small-scale industries. Marginalised communities have a great difficulty in mobilising capital for any value addition process due to their inherent lack of access to finance and the fact that the Industrialisation process requires significant funding. Of all financing options available including a reluctant government loaning to the marginalised poor communities to have some sort of institutional mechanism and co-operatives appear to be the most reliable option as inherently are developed for the purpose of mobilising people with common interest to work together. Financial co-operatives can mobilise resources and make the same available to co-operatives, individuals, or associations of people who are working in value addition.

3.0 Industrialisation at Digital Age and Environmental Degradation: A Bright Future?

The important question that this paper is addressing is “*what roles can co-operatives play under Industrialisation process dynamics where fairness and sustainable economic system is shaky*”. Economic inequality between poor and rich has made it difficult for the poor population to participate in Industrialisation despite the availability of raw materials for industrial manufacturing/value addition. The fact that the digital era favours the few who are adaptable while climate change is disproportionately affecting the poor compounds the situation for the poor to participate in the Industrialisation process. While the economic inequality gap is widening, profound digital revolution and environmental sustainability challenges constantly shape socio-economic position globally. This implies that development challenges need to be addressed differently through the deployment of ICT – 4D (ICT for Development). For instance, investing in non-traditional sectors, adopting more environmentally friendly technologies, among others.

The values of co-operatives, among others, are equality, equity, self-help, democracy and solidarity economy where human needs are prioritised. Co-operatives as member owned, controlled and democratically governed enterprises, are ideal organisations for people centred Industrialisation processes. Nonetheless, for co-operatives to remain relevant in a constantly changing world, they must evolve and adapt to new trends by innovatively developing alternative means of resolving socio-economic problems (Borzaga and Spear, 2004). Co-operatives’ wide sectoral operation and establishment versatility, give them unique capability of taking part in ever changing socio-economic atmosphere and, thus, an opportunity to participate in the Industrialisation process. At present, there are numerous co-operatives that have expanded into new fields of activities to provide viable and sustainable responses to the ever-changing socio-economic atmosphere (EURICSE, 2016; Tchami, 2019). Based on the broad definition of Industrialisation, co-operatives in Tanzania have potential to participate in the Industrialisation process by taking advantage of available raw materials and technology and environmental challenges and opportunities. While Section 3.1 highlights the general potential co-operatives based on available raw materials, Section 3.2, 3.3 and Table 5 highlights potential co-operatives under the current 4IR and environmental sustainability global trends.

3.1 Available Raw Materials

The government of Tanzania has recently raised demand for domestic processed food products to encourage local agro-processing and manufacturing which increase the opportunity for co-operatives. The following are key areas with potential for co-operatives to participate in Industrialisation by supporting value addition.

3.1.1 Seed oil processing opportunity

Common seeds oil produced in the country include sunflower, sesame, groundnuts and palm oils. The production has inconsistently increased (Figure 6), but processing is low as sufficient physical infrastructure is still a challenge. Thus, co-operatives have potential to support the seed oil processing through financing or by supplying oil-pressing equipment or participating in collection and supply of raw materials.

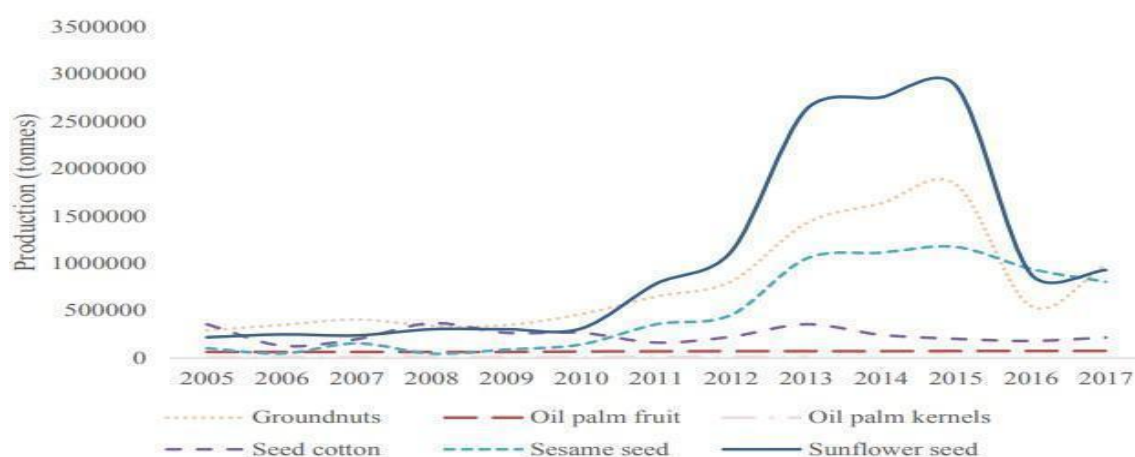


Figure 6: Production of edible oilseed in Tanzania from 2005-2017

Source: FAO (2017)

3.1.2 Cashewnuts processing opportunity

Cashewnuts production is around 120,000 tons per year (ITA, 2021). At present, only 10% of cashewnuts produced is processed in Tanzania, leaving the opportunity for investors such as co-operatives to support farmers by establishing small to medium-scale processing plants and coordinating farm inputs and markets for small farmers. Recent cultivation expansion to other regions increases the window of opportunity for further production increase.

3.1.3 Textile and clothing processing opportunity

At present, there are no fully integrated textile mills in Tanzania and only 20% of cotton produced in Tanzania is processed. The sector has great investment potential in establishing fully integrated textile mills as well as plants for cotton ginning, yarn fabric production (spinning, weaving and printing) and cut, make and trim (CMT) units. High availability of raw materials and lack of enough infrastructure along the cotton value addition leave great opportunities for stakeholders to participate in the cotton value addition such as establishment of clothing factories.

3.1.4 Vegetable and fruits value addition opportunity

Despite the large and diverse production of vegetables and fruits, only 4% of 2.75 million tons of fruits and vegetables are processed (Nkwabi *et al.*, 2019). There are huge potentials for co-operatives to participate in the Industrialisation process by directly supporting farmers to do commercial farming or by participation in collecting, and processing and marketing the processed fruits.

3. 2 Digital Transformation: Opportunities and Challenges

3. 2. 1 Automation and digitization increase income inequality

Hotspots of the digital economy are in a few countries and communities that are better adapted to the digital technologies mostly are from the developed world. Digitization has led to creation of enormous wealth in these few countries, companies and individuals. Augmentation of income inequality is widening the gap between poor and rich. Already the richest 8% of the world's population earn half of the world's total income (Zervoudi, 2020). Digital technological hub countries, companies and most educated skilled workforce will continue to benefit more from technological achievements because of their ability to adapt to automation. Unlike poor countries and low skilled workforce, skilled workforce and wealthy countries will be more favoured by the significant increase of their assets' value because of technological progress. Thus, the process has major challenges for policymakers across the world and at all levels of development.

3. 2. 2 Automation facilitate disruption of labour potential exploitation of workers

Technological advancement has made it easier for workers and firms to find each other for short-term work arrangements, which has led to a rise in the size of the independent workforce. This arrangement is referred to as gig economy which is "non-traditional work arrangement characterised with short-term work relationships with free agent workers who can take assignments from varying lengths". In this economy, workers become invisible because there is an agent between the independent workers who provide service to a client who requires that service. A good example is Uber which is an agency "digital company" standing between passengers and drivers. In this kind of work, labour protections and employer-provided social security benefits are rare. Gig workers don't have the right to form unions and bargain collectively. In this case, co-operatives have the opportunity to provide

a framework where gig workers can join and bargain collectively. Amazon online workers co-operatives are a good example of gig economy model co-operatives.

Generally, the changes resulting from innovation are impacting the government, people, and creating a new future. The system of public policy and decision-making must evolve with the evolution in technology – hence a challenge to government in terms of policy and regulatory framework under the emerging 4IR. This argument is also true for the national and international security concerns as the nature of global security threats is also going to change – cyber security may become common issues to address. The revolution in biotechnology and Artificial Intelligence as well as robotics – have an impact on human life and relationships. These will definitely re-define our moral and ethical values. Thus, human beings must act collectively to utilise the emerging technological revolution to shape the future for the common objectives and values. A comprehensive shared global view of how technology will affect lives and shape economic, social, cultural, and human relationships is required. This can only happen through co-operative action – where a member (man) is at the centre of business rather than profit.

3.3 Environmental Trends and Co-operative potentials

Environmental trends, particularly climate change and resource depletion, are affecting the world and impacts vary in space and time across the globe. Poorest countries are more vulnerable to the impacts of climate change and already, there is an outcry of massive job and income losses in countries most affected by climate change. Nonetheless, environmental trends have created opportunities to generate green jobs in recycling and renewable energy across the world and already co-operative model enterprises in clean energy exist across the globe and are likely to expand further in the future (ILO, 2013). Apart from energy, co-operatives are also addressing climate change in sectors such as agriculture, transportation, retail and housing across the globe. In transportation, for example, in Vancouver Canada, there is Modo, a car-sharing co-operative that allows members to access cars only when they need to do so and it has helped Modo members to lower their carbon footprint and costs of owning a car (SSG, 2014). Also, there are co-operative enterprises that promote local prevention and adaptation practices so as to reduce the impacts of climate change. For example, alternative production practices and enterprise diversification can increase the resilience of rural communities when confronted with climatic hazards. However, at a local scale, co-operatives are not a ‘one-size-fits all’ solution, other means of improving locals’ adaptive capacity are equally important.

The combination of all the above trends; locally available raw material potentials, digitization and automation, climate change and dwindling of natural resources and growing global income inequality implies that there is a need to holistically re-organise the global economy towards sustainability where inclusiveness, equity and equality is key. Since co-operatives are built on the principles of collaboration and sharing rather than competition and profit maximisation, could they be a remedy for problems posed by trends described above and those that are likely to escalate in the future. According to ICA (2017), co-operatives due to their values and characteristics, could be among essential means of lessening some negative impacts posed by the current global trends while harnessing the positive impacts of these trends. Thus, potential co-operatives that may tap on this opportunity are summarised in Table 5.

Table 5: Potentials for co-operatives under the 4IR and current global environmental trends

Trends affecting Industrialisation process	Impact	Potential role of co-operatives	Potential co-operatives	Real world example
4IR and Digitization	Increase income inequality	Build inclusive economy/ Improve financial inclusion by solidarity economy/ provide capital	Co-operative banks and credit unions Digital money co-operatives???	Ranging from SACOSS to union banks.
	Increase production efficiency and competitiveness through automation and digitization	Reduce resource intensive use/consumption pattern by Joint use of efficient automated equipment	Shared service co-operatives; Shared service co-operatives for data processing, cloud computing and information management Self-help already exist Platform co-operatives Formation of Internet based collaborative platforms of teleworkers, translators, journalists etc.	DENIC and DATEV, Germany); co-operative groups of open-source programmes (Mozilla, Linux, Wikipedia etc.) Housing co-operatives Shared home; Online holiday rental and 'home-sharing' platforms such as Airbnb and VRBO (Vacation Rentals By Owners) Coop Italy's 'Vivi Verde/ vivi Verde Co-operative
	Improve people's life Fight hunger through efficient and smart agriculture and bio-engineering technology	Produce organic and eco-friendly raw material for industries Lower ecological footprint through Smart agriculture through	Eco- Consumer/Producer co-operatives/associations Intensify their efforts to source more goods bearing sustainability certifications in the areas of: Ecological production; Organic farming; Recycling co-operatives	PEACE. -Thinana Recycling Co-operative in South Africa
	Lower environmental pollution. Fight environmental pollution through resource use efficiency technologies and recycling technology Disruption of labour law/ potential exploitation of workers especially in gig economy	Lower ecological footprint through industries material recycling Regulate work by creating and offering work on the market within the frame of a co-operative formalisation.	Worker co-operatives Online workers co-operatives in the online trading industry	Amazon.co-operation

Environmental unsustainability (Resource depletion and climate change)

Scarcity of water, energy and raw material especially in resource-intensive industries and supply chains

Reduce carbon emissions through green industries and smart agriculture

Public service provision co-operatives
Utility industry “Water, renewable energy,

Renewable energy co-operative, numerous in Europe. For example, European Federation of Renewable Energy Co-operatives (SSG, 2014) Jühnde Bioenergy Village in Germany Middelgrunden Wind Turbine Co-operative in in Denmark Co-operative Sahel Vert-Organic Valley, La Farge, Wisconsin, USA. Organic farmer co-operative developed a community-owned wind farm sufficient to power 1,800 homes while 32% of their diesel fleet fuel is biodiesel. The members of Organic Valley have eliminated the use of synthetic fertilisers from their operations.
Water supply co-operatives; common in Finland, Denmark, Austria, Canada and USA, and in developing countries, for example in South America, such as Bolivia and Chile.
In Kenya, there are several, Kiamumbi Farmers Multipurpose Co-operative Society (Kiamumbi Water Trust) and Ng’ati Farmers’ Co-operative etc. (Arvonen *et al.*, 2017: Koros and Nyanhaga, 2017), Organic Valley

Climate adaptation
Organic farming

Heiveld Co-operative-
Nieuwoudtville, South Africa. a
producer of the finest organic
rooibos tea is leading a significant
climate change adaptation
programme to identify strains of
rooibos that are more resilient to
changing climate conditions.

Recycling co-operatives,

Outpost Natural Foods Co-
operative found in Milwaukee,
Wisconsin. Composite the food
leftovers and sell the compost to
gardeners in their community—
closing the loop on food waste and
preventing it from ending up in the
landfill.

4.0 Conclusions and Recommendations

4.1 Conclusions

The unmatched digital technology progression in 4IR is transforming the global traditional economy towards digital, which is fundamentally changing the dynamics of Industrialisation. Digitalization and automation in the 4IR come along with various opportunities and disruptions. In addition, ongoing global environmental decline and climate change disproportionately affect the poor and their effort to industrialise. Despite these challenges, the 4IR and environmental degradation opens up various opportunities to co-operatives. Since they focus on human welfare, equity and equality, co-operative enterprises are ideal organisations that put members at the centre of development, thus, ideal organisation for people centred on the Industrialisation process.

The quest for Industrialisation in Africa, Tanzania included, has been a central agenda since their independence with the aim of catching up with industrialised countries. Tanzania's drive to Industrialisation has gone through various stages since independence, with its own successes and failures. Currently, the Industrialisation agenda is on the top list of the country's development priorities. The focus of the Industrialisation agenda is on transforming Tanzania's economy into a semi-industrialized country by 2025 and, hence, transforming the economy by creating employment, and enhancing the contribution of the private sector to which co-operatives belong. Co-operatives can tap into advantages resulting from its wide sector coverage, available technology and environmental trends to enhance effective member participation in Industrialisation processes in both urban and rural areas. Despite the existing potential, TCDC data show that only 1.5% of co-operatives participate in small-scale industries ranging from agro-processing to manufacturing across the country. To increase and enhance effective participation in Industrialisation, co-operatives will need an enabling environment; favourable governance, policy for the management of technological advancement and regulatory frameworks for co-operatives to maximise their potential. In addition, access to capital, technology, training and education in co-operative entrepreneurship at the age of digitalization and environmental degradation would be necessary.

4.2 Policy recommendations

4.2.1 Enabling co-operative governance, policy and regulatory frameworks

The development of co-operative enterprises requires the existence of an enabling environment including conducive policy and legal frameworks. For co-operatives to effectively participate in Industrialisation under the current global technological and environmental trends, their movement with assistance of researchers need to identify gaps in the current policy and legal framework and advise the government accordingly. The government has to create an enabling environment through an appropriate policy and regulatory framework for co-operative development. Such a framework has to define the roles of various actors appropriately without much intervention but create an incentive and appropriate support for the promotion and establishment of member centred co-operatives. In addition, the first Co-operative Development Policy was prepared in 1997 and revised in 2002. The first legislation was enacted in 1932 and, currently, the Co-operative Societies Act, 2013 is in operation. Thus, both the Co-operative Development Policy 2002 and legislation require fundamental reviews to accommodate the various socio- economic, technological revolution and political changes that have taken place. This will also require the development of a Co-operative Development Strategy as well as a programme of action.

4.2.2 Appropriate public policy for the management of technological transformation

The digital economy that is driven by technological transformation will bring with it fundamental changes in Industrialisation. The emergence of technology-aided Industrialisation will require specialised skills; hence demand for a new approach to education and training, research and innovation, and review of public policies. The digital economy will be characterised by automation of work and digitalization of services through robotics technologies, Artificial Intelligence, digital platforms, and greater connectivity. The situation implies that investment in Industrialisation during the digital economy will be influenced by availability of technological skills and talents, rather than capital and low labour costs. Thus, a favourable public policy on employment-led growth is required to guide adaptation to newer and disruptive elements of the digital economy. The strategy has to adopt a multi-dimensional approach to Industrialisation, trade, and integration in the regional and global value chains in which industrial development is matched with higher spending on education and development of skills and training for adapting to digital age technologies and improved productivity.

4.2.3 Access to adequate capital and technology

Co-operatives pool capital, thus, allowing them to achieve more than they could individually. The challenge they face is that they are not able to pool sufficient capital to invest in, for instance, manufacturing. Traditionally, co-operatives have been funded by withdrawable share capital provided by members and retained earnings (or

reserves comprising undistributed earnings). However, experiences have shown that there are various innovative options that co-operatives can deploy to raise additional capital. First is from among the members themselves by introducing additional classes of shares or debt instruments to attract more member investment. Co-operatives could also attract non-members to invest in co-operative business (the experience of KCBL). The other option is direct co-operative investment – one co-operative investing in another co-operative by owning shares, or forming a joint investment – the case of Tanga Fresh Limited – where Tanga Dairy Co-operative Union (TDCU) sells milk to Tanga Fresh Limited where it also co-owns shares with other private investors in the milk processing facility. Co-operative movement can establish Co-operative Central Finance facility (co-operative financial services in the form of SACCOS, co-operative bank, or a centralised funding vehicle) which can assist in raising additional capital required by co-operatives in investing in manufacturing. Co-operatives may also seek grant, trade credit, or any other form of external capital that will not jeopardise the co-operative democratic control by ensuring all or a majority of the voting rights in the co-operative enterprise remain in the hands of the members – the rightful owners.

The access to technology, particularly in co-operative Industrialisation, is another challenge. Although technology can easily be accessed from the market, its access by co-operative ventures is critical. The required machinery can be imported from other developed countries from manufacturers or in partnership with other co-operatives globally. The joint venture both from within and outside could help co-operatives to acquire the required machinery for the establishment of co-operative industries. However, where sophisticated technology is not easily accessible, co-operative societies can start with simple and easily available and affordable technologies to engage in agro-processing in rural and urban areas. On the other hand, co-operatives must embrace digital technology as it provides opportunities. Digital technologies apply to lots of areas in co-operatives from communication (internet), marketing design, branding and even making transactions. Since investment involved in digital transformation is substantial, co-operatives need to devise ways to access it including developing and acquisition of the right digital technology – through the Co-operative Federation, or promoting specialised service co-operatives such as ICT services to co-operatives. This will facilitate electronics commerce and expand services offered through the internet. In this way, co-operatives will be able to take on challenges associated with the digitization of the value chain or integration of technologies such as artificial intelligence, block chain, robotics, or the internet of things.

4.2.4 Environmental sustainability and digital transformation

Environmental sustainability is now becoming a major issue of concern to communities, government and development partners. The intervention requires a multi-prolonged approach, which includes a combination of regulatory, economic voluntary, community engagement, and information instruments, where a policy mix approach is adopted. The various initiatives implemented so far, have not addressed squarely issues of self-regulation and self-governance that involve co-operative organisations at communities' level.

Digital transformation is associated with unprecedented disruptions in society, industry, and organisations inspired by advances in digital technologies. The impact of these disruptions will be enormous on the environment and human health as well as the food chain. Thus, the environmental sustainability spectrum wherein digital technologies influence the ways and mechanism by which production, waste, pollution, and urbanism are managed and controlled is important. Digital technologies can offer enterprises unique opportunities to develop new business models that focus on environmental sustainability. The co-operative organisations provide appropriate social response to economic and social challenges posed by environmental destruction caused by human activities through Industrialisation, farming, and deforestation, among others. This could be an area for further research so as to provide new knowledge on how the digital transformation can improve environmental sustainability. Technologies can help in reducing pollution, manage waste better, and enhance further environment-friendly production techniques.

4.2.5 Training and education in co-operative entrepreneurship and ICT

Skills and talents are central to the employment ecosystem in the digital age. Thus, this requires a purposeful drive-in skills development in order to create a skilful workforce that will attract foreign investors. Investment in basic education, higher education, vocational and professional training is essential. Thus, review of curriculum at all levels in order to address the challenges of the digital era is necessary. Investment in human capital should ensure both access and quality of education in schools, colleges, and universities. Co-operative organisations, as unique business entities, call for education and training particularly in co-operative governance and management; entrepreneurship skills; information and communication technology, and STEM (science, technology, engineering, and mathematics) disciplines, to keep abreast with technological revolution of the fourth industrial revolution.

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A CO-OPERATIVE MODEL FOR UPGRADING SMALLHOLDER DAIRY FARMING: KEY DRIVERS AND EFFECTS ON INDUSTRIALISATION IN TANZANIA

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Abstract

Literature on value chain upgrading gives context-specific recommendations as precursors for more thorough evaluation and validation under varying institutional forms and governance systems. Thus, more case studies are needed for more effective articulation and adoption of both conventional and emerging forms of chain upgrading. This article reviews upgrading practices involving dairy co-operatives in Tanzania, which is one of the major means to facilitate upgrading among smallholder dairy farmers and accelerate Industrialisation. The objective is to understand key drivers of the transformation and draw major lessons for value chain development and Industrialisation. We found that the co-operative model is the most effective means for smallholder dairy farmers to upgrade the dairy value chains. Informal groups of dairy farmers linked to dairy market hubs are effective to support upgrading in places where farmers practice extensive grazing and are scattered. However, a model that blends collective efforts (horizontal integration) with provision of inputs and arrangements to secure milk markets (vertical integration) is more appropriate. The upgrading could be undertaken through linkages built on alliances between co-operatives and other actors. Upgrading through chain champions (hierarchical coordination) is possible when coordinated by actors with capacity to not only monitor milk production and quality but also ensure provision of critical support services. The champions can assume such a role through selective engagement of farmers based on their capacity to upgrade. However, each of the identified pathways is appropriate for unique production and market set-up. Future efforts to support value chain development and Industrialisation should be based on thorough evaluation of feasible upgrading pathways and endeavour to assess sustainable initiatives for cross validation of the pathways and more informed policy.

1. Introduction

Globally, the livestock sector is estimated to contribute nearly 40% of total agricultural output in developed countries and approximately 20% of the output in developing countries (FAO, 2018), where its importance has grown over time as consumer demand increased with population growth and rising incomes (Solorio *et al.*, 2016; Alexander *et al.*, 2015). The potential of the sector to foster economic growth extends beyond producers of livestock products because it is associated with several enabling factors for development and Industrialisation including creating employment for actors along the value chain and provision of business support services, where the resulting income multiplier effect is estimated to be five times greater than that of crops (ILRI, 2019).

The milk sub-sector offers unique opportunities for income and asset accumulation for a broad category of smallholder farmers in Tanzania including women and other vulnerable members of community such as landless and resource-poor people (Birchall and Simmons, 2009). However, low productivity and the dominance of informal markets that are characterised by higher proportion of actors operating outside the reach of the law (White and Aylward, 2016) limit its prospect in terms of boosting farmers' income and enhancing value chain development and upgrading (Kilima and Kurwijila, 2020). The problem of low productivity undermines dairy

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farmers' ability to shift from subsistence to commercialised production and, subsequently, the prospect for Industrialisation through value addition. This problem becomes severe when they are unable to pool their resources and efforts in order to capitalise on emerging opportunities and address common concerns, such as lowering transaction costs and overcoming other bottlenecks in accessing formal markets and critical support services, particularly productivity and quality enhancing technologies (Shiferaw and Muricho, 2011). Farmers' failure to collaborate has negative ramifications on their ability to influence agricultural policies and overcome other institutional challenges that hinder their market participation and realisation of desired development outcomes (Kingu and Ndiege, 2018).

The limitations of low productivity and its effects on commercialisation and market participation could be addressed through mobilising and effectuating collective action among smallholder dairy farmers in ways that enhance their entrepreneurial capacities to upgrade into the value chain and allow more effective participation in milk markets (Kingu and Ndiege, 2018; Kilima, 2021). Farmers' collective action through co-operatives is seen to be effective means for building collaboration and trust between key actors, who are critical for accessing information, inputs, business development services and new innovations (Kilima *et al.*, 2015). The effects of these benefits on value chain upgrading can arise from three distinct aspects. First, economic gains are more stable due to reduced transaction costs for individual dairy farmers associated with the joint acquisition of inputs and services, as well as milk marketing (Mojo *et al.*, 2017). Second, weak actors' positions in the value chain is improved, allowing them to play a greater role in the market and influence value chain outcomes, particularly gains from their participation (Sultana *et al.*, 2020; Van der Lee *et al.*, 2018). Lastly; broader choices of market outlets through enhanced milk quality by means of effective support in knowledge, governance and monitoring as well as specific sanctions for actors failing to comply with set standards and norms (Sah *et al.*, 2020). Co-operatives could be instrumental in facilitating upgrading when their governance systems are deeply rooted in business-orientation, process-orientation, product-orientation and market-orientation. This mindset, along with a trust-based relationship with milk suppliers, strong desire for innovation, branded products, and effective distribution networks, enable the organisations to assist dairy farmers in upgrading into the milk value chain (Van der Lee, 2018).

However, empirical evidence indicates that the effectiveness of co-operatives in facilitating upgrading within agricultural value chains, including dairy, varies. The extent to which producers' incentives differ from consumers' motives is one aspect of this variation; for example, failures to uphold good animal husbandry and recommended milk handling practices can significantly affect milk production and quality leading to higher degree of market segmentation thereby hindering intensification among milk producers. Similarly, consumers' willingness to pay for high quality milk might be low among poor consumers—a majority in Africa, thus lowering effective demand for high-quality products and actors' desire to upgrade (Pipkin and Fuentes, 2017; Ruben *et al.*, 2017). This effect can also occur when trading agents (e.g., parties entering into a milk sale contract) have a hidden agenda for their own advantages. Transactions under these scenarios are bound to be characterised by mutual dependence and coordinated through a relational governance system (Kataike *et al.*, 2019).

Another aspect of the variation is linked to the organisational forms and roles that the co-operatives assume to facilitate Industrialisation. It is worth noting that there could be integrated co-operatives as well those that are primary for bargaining only, manufacturing specific commodities, meeting demands for dairy products in niche markets or milk processing (Trappe, 2020; Rutaremara *et al.*, 2016). Integration, whether in the form of multiple memberships in co-operatives or with other business firms, has long-term positive implications for growing co-operatives and industrial development. Members of the integrated co-operative model are more likely to generate wealth and have a comparative advantage in accessing various services (Chambo *et al.*, 2021). The primary purpose of co-operatives, as well as how they are organised, have a direct impact on the relationships they establish among members, as well as between networks and partnerships, and ultimately how such alliances are governed to support upgrading, value addition and ultimately Industrialisation.

In the context of milk markets in Tanzania, dairy co-operatives are instrumental in fostering value chain development through dedicated support to members to adopt productivity and quality enhancing technologies which are needed to guarantee the supply of high-quality milk and spur investment milk processing (Njehu and Omoro, 2018). The advantages of the co-operative business model are reflected in five fundamental dimensions: member engagement in economic activities through ownership; greater economic, social, and environmental sustainability; its business structure is built on identity through its fundamental values and principles; it provides a legal framework for doing business; and, ultimately, improves access to financing (Sumelius *et al.*, 2013).

There is sufficient literature revealing ways through which co-operatives can support smallholder farmers to upgrade in value chains. This literature has predominantly been centred on interventions or various forms of coordination that are deemed appropriate to bring about desired outcomes (Oyebola, 2020; Swinnen and Kuijpers, 2019; Ruben *et al.*, 2017; Chagwiza *et al.*, 2016). Some of the studies on this subject have assessed how to better organise smallholder farmers for more effective market participation (Anania and Bee, 2018; Kingu and Ndiege, 2018). There are also specific studies that link upgrading processes with specific outcomes so as to identify pathways which can potentially enhance the participation of smallholder farmers (Ros-Tonen *et al.*, 2019; Kariuki, 2018). Recently there has been a shift in focus from conventional means of value chain upgrading to other coordination mechanisms involving intermediary institutional forms (Dizyee *et al.*, 2019; Kilelu *et al.*, 2017) that create more favourable conditions for smallholder farmers. In general, these studies give context-specific recommendations as precursors for more thorough evaluation and validation under varying institutional forms and governance systems that are not universal (Darko-Koomson *et al.*, 2020; Abel, 2019; Ouma *et al.*, 2017). Thus, more case studies are needed for more effective articulation and adoption of both conventional and emerging forms of chain upgrading. This article offers a comprehensive review of upgrading practices involving dairy co-operatives in Tanzania, which is one of the major means to facilitate upgrading among dairy farmers. The objective is to understand key drivers of the transformation and draw key lessons for value chain development. Through assessing previous and recent developments, it contributes to the literature on transformation of agricultural value chains in Africa and the ultimate effects on Industrialisation.

The central focus is on key drivers of the process and relations between various actors within the chain and not overall forms of governance (institutional framework). In subsequent sections the article reviews literature on value chain upgrading involving smallholder dairy farmers to underscore the rationale of both: horizontal mechanism that allows organisation of individual farmers to ease the bulking-up of produce or inputs or access to critical support services along with vertical coordination (mechanisms that enable an agent to shift from spot towards longer-term transactions with other actors). The article also describes emerging forms of chain coordination and it offers a brief summary of methodological issues followed by a synthesis of key findings, major lessons and policy implications.

2. Literature Review

Upgrading is defined in a variety of ways, each with its own context. In the context of this article, it refers to pathways that allow smallholder dairy farmers to get access to remunerative markets by learning new technology or management approaches, improving productivity, product quality and becoming more resilient to shocks (Bolwig *et al.*, 2011). Upgrading can be realised through effective management of horizontal and vertical relations (Kilelu *et al.*, 2017; Ruben *et al.*, 2017; Larsen, 2016). The change can potentially entail some or all forms of upgrading, namely, product, process, functional and inter-chain upgrading. Thus, upgrading can be accomplished by exploring new opportunities to produce more efficiently, increasing the value of products, assuming new functions with higher skill levels (more sophisticated) and strengthening inter-chain linkages to facilitate the transfer and diffusion of knowledge and skills.

To deal with the ever-changing business environment caused by modernization and globalisation of value chains (Feyaerts *et al.*, 2020), the concept should be refined to allow a detailed examination of both conditions and trajectories that can lead to better outcomes. Scholars acknowledge that there is a need for home-grown initiatives to accumulate and develop innovative capabilities so as to promote value addition and upgrading (Dünhaupt and Herr, 2021; Choksy *et al.*, 2017; Petralia *et al.*, 2017). Moreover, they also realise that better results could be realised when there are dedicated efforts to build and deepen actors' capabilities to upgrade at the same stage of the value chain through means such as exposure to superior managerial skills and access to consumer markets, which demand high-quality products and compliance with food safety standards. The recommendation to undertake detailed examination of success factors underscores the critical role of agricultural innovation systems (AIS) in fostering value chain development (Devaux, 2018). The AIS requires key actors within the value chain to form synergies and tap into the dynamic global value chains, and assimilate and adapt the knowledge to address their chain's concerns and meet aspirations. Such knowledge can allow local chains to get closer to "frontiers" in terms of organisations and partnerships, processes, products and marketing.

Co-operatives are ideal means to foster Industrialisation and upgrading through horizontal coordination especially when appropriately designed and the scope of their functions go beyond serving as agents of milk processors. The organisations enhance farmers' access to critical support services including inputs, dairy extension services and improved dairy technologies, which would in turn enhance cow productivity and milk sales (Wynn *et al.*, 2019; Alemu and Adesina, 2015). Improvement in milk production can potentially trigger

economies of size such as investment in milk bulking and cold storage that are vital for upgrading of the value chain and enhancing farmers' access to stable and potentially more rewarding formal markets. In the long-run, the coordination through collective action would promote innovations and encourage the organisations to venture in milk processing and other forms of product upgrading (Ruben *et al.*, 2017).

In general, there is a consensus that studies on farmer co-operatives should not only focus on their effectiveness in achieving their horizontal coordination roles (Kilima *et al.*, 2015; Shiferaw *et al.*, 2011) but also consider how the organisations are positioned to assume both horizontal and vertical coordination roles and facilitate access to inputs and output markets. Some studies reveal that unlike a privately run-business; the co-operative structure and its financing mechanism and governance system may not accord sufficient and timely flexibility for the organisations to adapt to new innovations, business environment and ratify new business linkages. The participatory decision-making process is seen to restrict some forms of linkages and upgrading among co-operatives (Nilsson *et al.*, 2016; Kilima *et al.*, 2015). In terms of financing, dairy co-operatives, for example, may not be liquid enough to extend input support of all kinds to smallholder dairy farmers—a service that could be conveniently provided through contract with a local agro-input dealer. As a result, smallholder dairy farmers who are in critical need of the service may avoid the co-operative system as they can link-up directly with milk buyers (e.g. processors) that are capable of offering the service (Kilima *et al.*, 2015). Similarly, the collective business model may offer limited freedom for dairy co-operatives to introduce sophisticated products faster than rivals, thereby constraining product upgrading.

Moreover, in many African countries, dairy co-operatives predominantly comprise small-scale farmers with limited entrepreneurial skills and strong social orientation that tend to limit economic prosperity of such ventures (Kilima *et al.*, 2015, Mujawamariya *et al.*, 2013). Assessment of performance co-operatives reveals both success stories (Kilima and Kurwijila, 2020; Royer *et al.*, 2017) and failures of the organisations to enhance smallholder farmers' integration into agricultural value chains (Ruben *et al.*, 2017; Sikawa and Mugisha, 2016; Kilima *et al.*, 2015).

In view of the potential limitations, it is not yet established whether dairy farmer co-operatives in Tanzania can take on broad coordination functions and facilitate smallholder dairy farmers to upgrade in milk value chains. To the best knowledge of the authors, there have been isolated and location specific studies to assess such a prospect (Kilima, 2021; Rao *et al.*, 2016). However, there has been no unified synthesis of studies on smallholder dairy farmers' prospect to integrate into milk value chains. This article seeks to document key findings and conditions for successful upgrading within the dairy co-operative system. The findings are vital for more informed policy advocacy and interventions to make co-operatives appropriate institutions for agricultural and industrial development.

3. Conceptual Framework and Method

The study upholds the concept that initiatives to upgrade a particular value chain, trigger sector-wide multiplier effects and bolster industrial development should be based on thorough understanding of its organisation and coordination mechanisms (FAO, 2011, Kaplinsky and Morris, 2000). In the context of the predominantly informal dairy sector in Tanzania (Kilima, 2021, Kilelu *et al.*, 2017), it is important to recognize that pathways for upgrading can vary considerably across dairy farmers based on factors such as quantities and quality of milk, willingness and abilities to collaborate and available business development support services. In view of this cognizance, enhancing competitiveness is an ideal business model towards identifying points of greatest competitive advantage for various dairy farmers. The rationale is that, for a majority, significant changes in practices such as adopting productivity and quality-enhancing technologies will occur when farmers see their importance and what they will ultimately gain to be motivated to cooperate and participate effectively in chain activities. Thus, we perceive that upgrading and its corresponding effects (*multiplier loop*) on chain and industrial development (*investment loop*) become sustainable when the process is undertaken in ways that improve farmers' livelihood outcomes (*progress loop*) and when there are effective governance systems (*enabling environment*) and feedback loops to drive changes in the entire system (Figure 1).

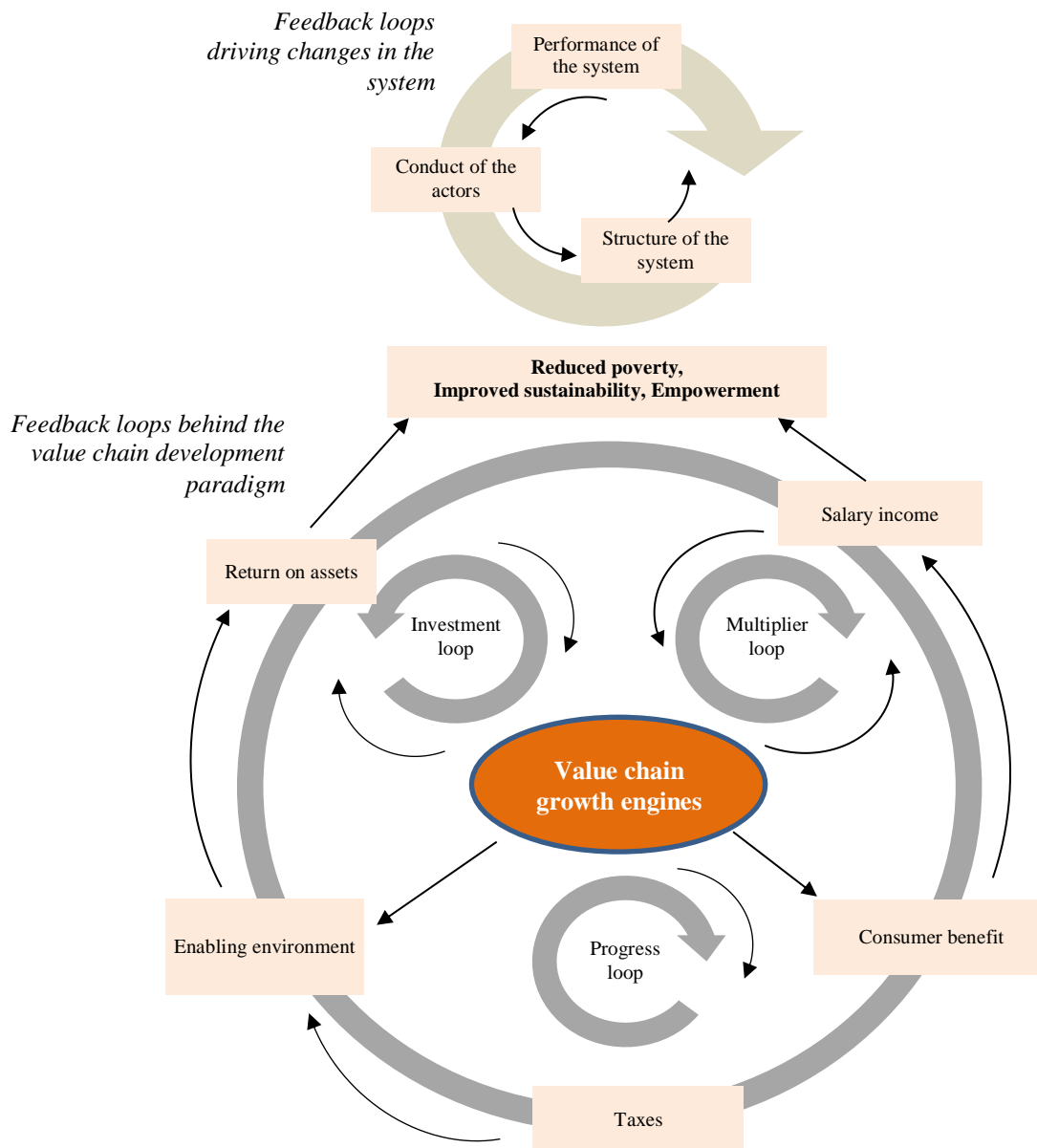


Figure 1. Sustainable dairy value chain development framework
 Source: Adapted from FAO, (2019).

The framework (Figure 1) is adopted as a benchmark to identify appropriate upgrading pathways for dairy farmers in Tanzania based on desk work review of existing literature on the subject. In terms of methodology, we used to google search engine to access vast literature including PROQUEST, EBSCO, and JSTOR databases as well as SCOPUS. To comprehend both previous and most recent developments, the major focus is on relevant articles dealing with upgrading issues within the disciplines of business, economics, livestock and agriculture. While there is keener interest to focus on collective arrangement, the analysis also accommodates spot market and hybrid forms to evaluate effectiveness of different forms of value chain coordination on the upgrading in the context of smallholder dairy farming systems where formal and informal markets are bound to co-exist.

The method is particularly useful to identify coordination mechanisms involving various levels of actors' engagement within the dairy value chain (*structure of the system*) so as to map the applications of the coordination mechanisms in the chain and ultimate effects on chain performance (*conduct of the actors*). We also delineate

unique pathways from no to high levels of coordination and describe corresponding salient features while revealing implications of each pathway for chain upgrading, policy and relevance to Industrialisation efforts.

4.0 Findings and Discussion

The review of studies on coordination mechanisms in the dairy value chain in Tanzania reveal three upgrading pathways previously identified by other scholars namely spot market, hybrid and hierarchical (Ménard, 2018; Garfamy, 2012). The spot market coordination is represented by levels zero and one (Table 1), which are largely driven by individual milk producers or groups of these producers contemplating marketing milk beyond farm-gate. These forms of coordination are primarily to enable participants to gain from price differences between locations (spatial price arbitrage). Most of the transactions entail spot cash payments and accommodate price negotiations during the transaction. Typical examples are delivery of milk to retailers, street hawkers and vendors. The delivery to retailers could be in places such as milk bars, kiosks, shops, restaurants and hotels. The significance of this coordination mechanism can vary across milk shed areas. In places such as Tanga City and Iringa Municipality, such transactions are estimated to account for almost 49% and 4% of the milk consumed, respectively (Kilima, 2021). The mechanism is vital for linking producers and buyers in distant markets where value addition is achieved through pooling milk from dairy farmers and transporting it to distant buyers or consumers. The mechanism has been identified to be associated with higher income effects among pastoralists in Morogoro region, who without the coordination, would lack access to the milk market (Loos and Zeller, 2014). Despite its importance, the coordination mechanism can potentially undermine other initiatives to enhance upgrading spearheaded through the 2nd up to 4th levels of the chain coordination as detailed in Table 1. Moreover, the mechanism imposes significant challenges with respect to ensuring compliance with quality and safety requirements and sustainability of dairy enterprises through long-lasting transactions because it lacks mutual trust, loyalty and reciprocity (Kilima, 2021, Kilelu, *et al.*, 2017).

The hybrid forms which are also summarised under levels 2 and 3 (Table 1) consist of various types of farmer organisations ranging from community-based organisations (CBOs); farmer associations; primary and secondary farmer co-operatives; and a few registered as companies. This form of coordination is technically known as a loose “quasi-integration” mode where farmer organisations are adopted to assist dairy farmers to overcome challenges related to acquisition of inputs. This goal is normally achieved through supplying such inputs in areas where suppliers do not exist or sourcing the inputs from other suppliers is costly because of high price or low quality. The organisations could also be vital in: facilitating access to low-cost credit or providing inputs on credit; helping farmers to link to modern value chains, especially milk processing plants; easing milk collection and transportation to processors. This facilitation underscores the critical role of the organisations in fostering chain and industrial development. The application of these forms of coordination is widespread in milk shed areas including Tanga (Kilima *et al.*, 2015), Southern highlands (Burchi *et al.*, 2015) and Kilimanjaro (Kingu and Ndiege, 2018). The role of these hybrid forms (levels 2 and 3) in facilitating upgrading in the chain arise from three aspects namely: i) enhancing milk productivity through reducing input acquisition costs thus, increasing market surplus and easing bulking and delivery to milk processors (Kilima *et al.*, 2015); ii) improving milk quality through strengthened oversight along the chain including hygienic handling and performing basic tests for milk quality upon delivery (Schooman and Swai, 2011) and; iii) better prospect to forge linkages with other stakeholders through strategic alliance to address value chain concerns thereby enhancing efficiency in dairy chain coordination and development (Cadilhon *et al.*, 2016).

However, unlike investor-oriented firms, many of the dairy co-operatives in Tanzania fail to adopt appropriate institutional means to reduce operating costs owing to operational inefficiencies resulting from centralised decision-making involving all members or their representatives. Moreover, dairy co-operatives rarely provide inputs on credit to members. Also, many of these organisations have not been able to broaden their functions/services beyond performing core functions such as milk collection implying limited prospects to seize new opportunities (Kilima and Kurwijila, 2020; Kilima *et al.*, 2015).

Thus, the central focus of recent capacity building programmes has been to promote further farmers’ access to input and output markets through innovations and improved market linkages at different levels. The entry-point for such initiatives has been through collective action involving dairy business hubs where strong linkages between farmer groups and input and service providers as well as milk traders are formed to help dairy farmers to become more commercialised and professional milk producers (Rao *et al.*, 2016). The ultimate goal is to have an integrated value chain involving small, medium and commercial dairy farms; milk processors and providers of financial and other input services. The integration allows synergies in various aspects including milk production, bulking and transportation in insulated tankers to processors. The integration also allows provision of dedicated financial services that are needed by milk producers to access quality services through segmented delivery

models. This integration impacts positively on aspects such as dialogue and partnerships among chain actors, investment within the chain and industrial development through value addition and more informed policy advocacy. The high-quality approach to milk production and handling is vital to guaranteeing compliance within the formal market requirements. In places other than milk shed-areas where dairying is based on extensive grazing systems and farmers are scattered and produce low volumes, the approach has been vital to link the farmers through groups with dairy market hubs multi-stakeholders' fora formed to jointly drive dairy development. The fora link the farmers to intermediary agents (e.g., traders) and final customers (Omore *et al.*, 2015). An evaluation of dairy business hubs in Tanga and Morogoro regions reveals higher farmers' preference for hubs that pay higher milk prices on a fortnight rather than cash basis as well as options that bundle milk marketing with input provision (Rao *et al.*, 2016).

The hierarchical co-ordination (level 4) is predominantly through linkage involving smallholder dairy farmers and milk processors. The coordination is through arrangements pioneered by the processor (chain champion) which are beyond selling and buying milk because it allows provision of dedicated services to smallholder dairy farmers. The services can enhance: i) process upgrading through advisory services with respect to feed formulation and feeding to increase milk production; hygienic milking and handling of milk as well as diagnosis of diseases to promote milk quality and safety and ii) functional upgrading through champion's direct engagement in sale of hay and provision of veterinary services along with credit to contracted farmers. The sale of hay and provision of credit to dairy farmers are integral aspects of chain upgrading as they allow beneficiaries to access the feed and leverage their financial constraints, respectively. Moreover, credit provision is vital for promoting trust between milk buyers and smallholder dairy farmers. In practice, value chain champions can leverage livestock extension services and support smallholder dairy farmers to upgrade. However, the processes are more effective when geared towards self-selected and committed dairy farmers than generic interventions targeting all smallholder dairy farmers (Kilima *et al.*, 2021).

Table 1: Levels of Upgrading into Dairy Value Chain in Tanzania

	Nature of Coordination	Salient features	Implication for chain upgrading	Source
Level 4	Vertical integration involving chain champions (Hierarchical coordination)	<ul style="list-style-type: none"> • Production and marketing of milk tightly controlled by the champion • Transactions driven by additional support to uphold recommended production, product quality and other hygienic practices 	Better prospect to upgrade when there is selective choice of dairy farmers based on levels of production and willingness to uphold milk quality	Kilima <i>et al.</i> , (2021).
Level 3	Collective action and support facilitated by local governance through networks of public and private investors	<ul style="list-style-type: none"> • Flexible mechanism for linking farmers to output and input markets • Good prospects to form synergies among stakeholders to drive chain development 	Best way to facilitate upgrading through coordinated networks leading to better linkages between smallholder dairy farmers and inputs, innovation support services and output markets	Chambo <i>et al.</i> , (2021); Rao <i>et al.</i> , (2016); Omore <i>et al.</i> , (2015).
Level 2	Collective effort involving formal groups of smallholder dairy milk farmers	<ul style="list-style-type: none"> • Pooling milk from individual dairy farmers • Joint delivery to milk processors • Low levels of productivity • Modest investment in handling and storage • Effective quality control at the collection point 	<ul style="list-style-type: none"> • Better prospect for upgrading through both horizontal and vertical coordination • Limited resources and scope could limit provision of some services to dairy farmers and consequently upgrading 	Kilima and Kurwijila, (2020); Kilima <i>et al.</i> , (2015); Kingu and Ndiege, (2018).
Level 1	Collective effort involving informal group smallholder dairy milk farmers	<ul style="list-style-type: none"> • Normally coordinated as self-help groups • Pool milk from individual dairy farmers for joint delivery to small-scale processors and other buyers • No effective quality oversights • No sale contracts 	Good entry point for further upgrading through enhanced market access	Duncan <i>et al.</i> , (2015); Mgeni <i>et al.</i> , (2013).
Level zero	No formal coordination	<ul style="list-style-type: none"> • Individual efforts to market milk • Low levels of productivity and compliance with quality and safety requirements • Price as major incentive for participants 	<ul style="list-style-type: none"> • Unlikely to forge linkages with buyers (including processors) except for those capable of intensifying milk production and upholding quality • Lack of mutual trust, loyalty and reciprocity. • Significant challenge to ensure milk quality • It creates stiff competition for milk with processors, especially when demand for milk is constant. 	Kilima <i>et al.</i> , (2015); Mgeni <i>et al.</i> , (2013)

5.0 Conclusion and Recommendations

The co-operative model is the dominant and most effective means for smallholder dairy farmers to upgrade in the dairy value chain. Informal groups of dairy farmers linked to dairy market hubs are effective to support upgrading in places where dairy farmers practice extensive grazing and are scattered. However, a model that blends collective efforts (horizontal integration) with provision of inputs and arrangements to secure milk markets (vertical integration) is more appropriate to facilitate the upgrading. While dairy co-operatives are better positioned to shape relationships among farmers and facilitate upgrading through horizontal coordination, they may not be equally capable of managing relationships with other actors within the chain to facilitate upgrading through vertical coordination. Such a role could be effectively undertaken through linkages built on alliances between co-operatives and other actors from the public or private sector. Intermediation through forums formed to jointly drive dairy development (dairy market hubs) is vital for supporting the upgrading and is worth pursuing where there are effective forums to link key actors and stakeholders. Upgrading through chain champions (hierarchical coordination) is possible when coordinated by large-scale milk processors or milk buyers with capacity to not only monitor milk production and quality but also ensure provision of critical support services including veterinary services, supplementary feeds and credit. The champion can effectively assume such a role through selective engagement of dairy farmers based on their capacity to intensify milk production and uphold recommended handling and hygienic practices. This model is appropriate in places where co-operatives do not exist or have not evolved to facilitate milk production and marketing

However, no upgrading pathway is deemed appropriate for all production and market circumstances. Each of the identified pathways is appropriate for a particular category of producers and market set-up. Future efforts to support value chain development should be based on thorough evaluation of milk production and markets and choice of feasible upgrading pathways. The limitation of this article is that its evaluation of pathways that facilitate upgrading through both horizontal and vertical coordination is based on review of unique applications in value chains that are in Tanzania most of which are still at infancy stage or piloted through donor support. Future studies should endeavour to assess sustainable initiatives for cross validation of the pathways and more informed policy.

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CO-OPERATIVES AS SUSTAINABLE MEANS TO SUPPORT UNIVERSITY EDUCATION: EXPERIENCE FROM TANZANIA AND FINLAND

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Abstract

The Triple Helix Model for university-industry-government interactions, highlighting the enhanced role of the university in the transition from industrial to knowledge-based society, has become widespread in co-operative innovation and entrepreneurship studies. In this paper, we discuss the role of co-operatives in supporting University education within the Triple Helix Model of Innovation to enhance socio-economic development. The Model demonstrates how communications operate between University, Industry and Government. These linkages are shaped by market selections, innovative dynamics, and network controls at the global level. At the local level, the relations are normally shaped by Local translations at the interfaces such as adaptation mechanisms within the institutions. The Model proposes that Universities impart knowledge and skills to students while the industry provides an opportunity to students to translate knowledge into practice through project work. We are proposing that Universities should use co-operatives for students' practice. Since, collaborating with co-operatives provide the chance to develop competences in shaping the Industrialisation process that would otherwise be only taught in theory or applied only in the context of the classroom.

I. Introduction

The idea of the triple helix (TH) is to harness the influence of synergy amongst academics, business and government, focusing at helping communities develop their economic well-being through knowledge transfer and applicable product innovation, particularly for co-operatives (Fitriani *et al.*, 2020). Most universities operate within what can be formally referred to as the triple helix innovation model²⁶ (see Figure 1) for fostering economic and social development. Universities ultimately aim at delivering competent and mature students ready to enter the labour market. Students traditionally acquire knowledge with the help of their teachers, and can get the opportunity to put knowledge into practice through project work, in collaboration with companies through the well-established University-Industry Networks (Kunttu, 2017). Collaborating with companies such as co-operatives, when they are pre-established and especially if they are incubated, provides the chance to participate in working life and develop competences that would otherwise be only taught in theory or applied only in the context of the classroom (Putkonen *et al.*, 2010; Konst and Kairisto-Mertanen, 2020). This article aims at exploring the value in using co-operatives as a means to support university education and support students in a sustainable and innovative way throughout their learning process at the university. The application of the triple helix innovation model using co-operatives will improve the teaching and learning processes at the University and enhance employability of students.

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²⁶ "The Triple Helix Concept". Stanford University Triple Helix Research Group. 11 July 2011.

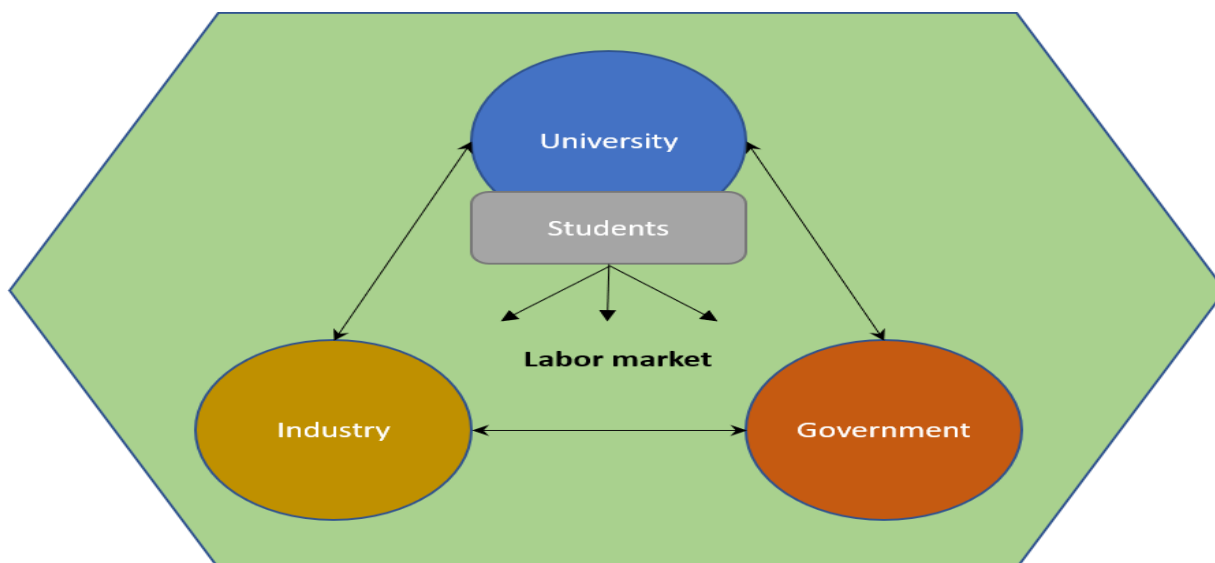


Figure 1: The triple Helix and the labour market

Universities globally are concerned with employability of students. This is because of increased unemployment among graduates, especially among developing countries. Number of University graduates who enter the labour market annually exceeds the available job opportunities. In Tanzania, for example, new entrants into the labour market each year from colleges and universities countrywide are estimated to be between 800,000 and 1,000,000 while new job vacancies from both public and private sectors are estimated to be 630,000 (Katundu and Gabagambi, 2016). This means that between 170,000 and 370,000 new entrants into the labour market end up being jobless annually. These figures are expected to rise when a cumulative approach is used. Katundu and Gabagambi (2016) further report that, unemployment in Tanzania is accelerated by the disparity between the supply of and the demand for labour in the labour market, increasing pressures of urban employment with the outflow of rural surplus labour to non-agricultural sectors and the increased number of new entrants in the labour market.

Cognizant of the mismatch between supply of and demand for labour and the needs of the labour market; researchers from Turku University of Applied Sciences (TUAS), Finland; Tumaini University Dar es Salaam College (TUDarCo), Tanzania; Moshi Co-operative University (MoCU), Tanzania and Mwenge Catholic University (MWECAU), Tanzania developed the “Sustainable Business and Employability through HEIs’ Innovative Pedagogy (SUSIE)” project. SUSIE aims to enhance graduates’ employability through three (3) result areas: (i) Strengthened capacity building improved by sustainable leadership and strategy work, (ii) Enhanced relevance and pedagogical capacity by increasing active (e-) pedagogy competence of teachers, (iii) Improved, accessible and interactive learning environments by establishing interactive Campus HUBs and e-learning facilities to public libraries.

In the context of the SUSIE Project²⁷, Tanzanian and Finnish Higher Education Institutions (HEI) cooperate, in the span of 2020-2022, towards a common agenda for developing the FIN-TAN 2.0 pedagogy model. FIN-TAN 2.0 builds on the Innopeda (TURKU AMK, 2020) and the FinTan (Hyttinen *et al.*, 2020) pedagogy models. The SUSIE project and the FIN-TAN 2.0 pedagogy model aim at supporting sustainable employability. Co-operatives make an important contribution to the economic development, employment and community welfare. Co-operative is a form of business that is currently used in the Tanzanian educational system for project work, and in the Finnish educational system as student businesses. In this article, we look at the state-of-the-art in using co-operatives as a mean to support university education and impact labour market in Tanzania and Finland for sustainable development of agricultural co-operatives in the current sphere of Industrialisation.

2. General Context and Background of Co-operatives as Member-Based Institutions

Co-operatives are vital member-based organisations which play an instrumental role in employment creation and income generation for the poor (Mhembwe and Dube, 2017). In recent years, there has been a noticeable increase in the concern shown by academic institutions and other sectors on co-operatives as a means to

²⁷ See <https://susie.turkuamk.fi/>, last viewed 24.06.2021

improve livelihood (Guzman *et al.*, 2019). This is happening as a result of co-operatives' role in improving livelihoods during economic downturns compared to other forms of associations (Monteleone and Reito, 2017). Co-operatives can pool resources, including capital and negotiating powers among its members to purchase services or negotiate jointly (Lowe *et al.*, 2019). Co-operatives are autonomous associations of persons united voluntarily and jointly to form enterprises that are democratically controlled to meet their various needs (ILO, 2014). Co-operatives follow a democratic decision-making model whereby members own and manage associations by raising the required capital, shouldering the risks involved, bearing the losses, and sharing returns in the end. The motives for this are found in the values and principles on which co-operatives are based to differentiate themselves from other forms of organisations. Defined by the International Co-operative Alliance (ICA), these values represent the basis of co-operative operations, being classified as self-help, self-responsibility, democracy, equality, equity, and solidarity of which human beings are placed before capital (Guzman *et al.*, 2019).

From a sustainable development perspective, co-operatives are valuable alternatives to profit-driven enterprises. In this form of business, benefits are given for people directly involved rather than for anonymous owners and investors. It can provide "*multiple values in terms of livelihoods, strengthened community bonds and trust, proximity to members/consumers, and reduced need for motorised transport, and often an ability to take greater responsibility for environmental impacts*". Government support of these kinds of initiatives and their supporting institutions is already occurring (Bengtsson *et al.*, 2018).

3. Co-operatives in Tanzania

Co-operatives in Tanzania and elsewhere in the world operate in both urban and rural settings aiming at improving the livelihoods of its people. In Tanzania, co-operatives existed before and after independence as an engine for socio-economic development and linked to implementing various government policies (Rwekaza and Anania, 2021). The co-operative areas of activity are varied and include agriculture, fishery, mining, health, education, dairy, finance, housing and consumer goods and services. Co-operatives formed in the mentioned areas achieve their objectives through a democratic process in which each member has an equal voice. The co-operatives, as well as their underlying principles, are rooted in the philosophy of the Rochdale Pioneers in England, who established a consumer co-operative store. The founding of the Rochdale Society of Equitable Pioneers in 1844 is regarded as an initiative to the contemporary co-operatives which exist in Tanzania today.

The co-operative movement has come to be known as a movement of the aged. However, co-operatives in educational institutions especially universities can be a means to support learning to university students with youth taking an active role (Dongre *et al.*, 2020). University students are an important asset for co-operatives since they will be the co-operatives' future leaders and have a greater capability for innovation, democracy and entrepreneurship. The main purpose of this kind of learning is to establish a sense of independence among university students, crafting an atmosphere of learning by doing training in the application of techniques obtained from classroom lectures. This will also instil democratic values and attitudes among students and encourage the spirit of self-help and nurturing leadership skills among the young generation which is all about co-operative principles and values. Therefore, students with entrepreneurial skills can form co-operatives and start a business when they have poor prospects of finding a job in the labour market (Monteleone and Reito, 2017).

4. Co-operatives in Finland

In Finland, a co-operative is one of the available legal forms of business²⁸ that an entrepreneur may select for engaging towards supporting his/her economic and business interests. Co-operatives cover a wide range of activities, and it is so ubiquitous that in Finland, there are about 80 % of Finnish people who are members of at least one co-operative, for a total of over 4000 co-operatives operating in the country. Co-operatives are particularly suitable for collaborative entrepreneurship, and in practice there are different types of co-operatives²⁹:

Consumer co-operative: where the member of the co-operative is a customer, which happens, for instance, in the retail sector. This type of co-operatives is well spread in Finland. The membership usually offers certain advantages to the consumers who can, for example, get discounts in the co-operative shop. The card provides data that can be analysed by the co-operative, for possibly making use of incentives in marketing campaigns.

Service Co-operative (for instance a co-operative bank or a mutual insurance company); where those using the services of the co-operative are members. This is very similar to the consumer co-operative, in the way that the member of the co-operative is a consumer. The difference is that the benefit for the consumer is a service.

²⁸ See <https://www.suomi.fi/company/starting-a-business/forms-of-enterprise/guide/Co-operative> last viewed 24.06.2021

²⁹ See <https://pellervo.fi/en/english/co-operative-business-model/> last viewed 24.06.2021

Producer Co-operative (for instance, a dairy co-operative); where the producers of a given product are members. This traditionally happens in the production of raw materials, for example in the farming sector. The co-operative would be used for the purpose of investing in expensive assets and machinery that would be then used fairly towards all members of the Co-operative.

Worker Co-operative (for instance, a co-operative of journalists); where the co-operative is the employer of the members. This form of co-operative is the one that provides an opportunity for the student to engage into an entrepreneurial career at the time of study. It is important to note that as long as the number of co-operative owners is above 7, the student keeps the official main status of *student*, not *entrepreneur*. Therefore, the student is not obliged to subscribe to obligatory legal entrepreneur expenses (e.g. insurance). In each of those types of co-operatives, the key idea is the equality for each member in terms of efforts, decision-making power and benefits. The form is essentially the same for all of them, but the purpose differs.

5. The use of Co-operatives in Classic Education

University strategy typically aims at transmitting theoretical knowledge and as well empowering students with up-to-date practices in the workplace. This ensures that the students are fully capable of entering the labour market with the necessary skills. For every university lecturer, the challenge is great to keep up with the on-going changes and innovation in the industry. University lecturers typically work with case studies that they have developed themselves or that can be found in textbooks. At best, lecturers maintain a dynamic linkage with industry partners so that there is a possibility for students to work with concrete on-going cases. A teacher can work with a unique case study, split the classroom into teams, and ask each student team to develop solutions based on the problem presented in the case study. At best, the problem is not made too obvious to the students so that the student team is engaged in both activities of determining precisely the problem as well as reflecting on its candidate solutions and proposal for best solution. It is typical that teams would provide different solutions, allowing for further reflection in the course. However, the diversity of the solutions proposed by students may depend on parameters such as the complexity of the case, the potential for innovation, maturity and background of students as well as the time and guidance/support given to the students. Through the problem-solving process, the sharing of experience in the classroom and the final joint reflection, students develop competences, learning by doing and sharing. Finally, whether they are rough, or selected and refined, the results of the problem-solving process can be presented in a final seminar to the co-operative representative. From a pedagogical perspective, case studies are a very interesting support tool for the lecturers. In the field of business education, for example, the span of competences developed through the problem-solving process is wide. The problem can be bound to a specific field of knowledge (marketing, sales, finance, and management). In addition to that, we can present some of the transversal competences that are developed along the way:

Leadership and Communication skills are developed by the student when the student is working in the problem-solving team, interacting with team mates. Project management skills are developed by the student when proceeding through the project scheduling, planning and execution phases in order to resolve the problem. Communication skills are developed by the student when collaborating with the co-operative, if the case is proposed by an active co-operative. Communication skills are developed throughout the project phases, for example when sharing results whether at milestone or for finalisation.

Finally, working with a partner that is a co-operative, in real time through a case study has a positive impact for the lecturer who keeps aware of the on-going changes in the industry. Students also feel empowered and responsible, helping them to grow mature, as they know that the outcome of their efforts may not stay in the classroom but may turn into a reality as the co-operative may use the results. However, activating government and public bodies' participation synchronously to the University-Industry collaboration can be tedious in the context of a single course, if the lecturer has little leverage and all the more if the industry-company partner size is relatively small.

6. The use of Co-operatives in "Incubated Education"

6.1. Incorporating a co-operative during the time of studies

In Turku University of Applied Science, in the Business Degree Programme, students have the possibility to develop their entrepreneurial competence starting from their second year of study through incorporating into a co-operative. The co-operative is the foundation for a project-based learning environment that develops a student's entrepreneurial mindset. The co-operatives are under the umbrella of a university incubator that is called "Bisnes Akatemia (BA)", and each co-operative is supported by a dedicated coach. Students would establish a *worker* type of co-operative, where the co-operative is the employer of the members. Students have, therefore, to engage in building the necessary blocks to sustain the co-operative's objectives, while working in the co-operative and thereby learning/studying.

From the educational perspective, students are engaged in 4 specific activities:

- a) *a learning agreement agreed between the student and his coach to identify the learning objectives to be fulfilled through the work in the co-operative,*
- b) *reading circles where students share the knowledge acquired through own readings,*
- c) *training sessions for the students to acquire knowledge and practice before applying their newly acquired skills in the context of the activities of the co-operative, and*
- d) *projects carried on behalf of the co-operative as a registered company, this is "real life" practice.*

Then, the building blocks of the co-operative as a learning environment allow the students to develop skills in a wide range of areas that connect with the university curricula. The innovation competence is critical in this context, as most co-operatives are service based companies that start without any predefined service range nor corporate identity. They strive in a highly competitive local environment and try to internationalise at least 6 months after incorporation. We review the competence and learning building blocks in the next section. This type of learning is not well developed in Tanzania. HEIs participating in the SUSIE project may use it as an opportunity to develop such programmes.

6.2. Students' Activities in the Co-operative and the University Curricula Linkages

Based on the student co-operatives coaching experience in Turku University of Applied Sciences, coaches confirm that it is possible to show the connections between the students' daily operations while running the co-operative and the University curricula competences³⁰. As a matter of fact, it is not always intuitive nor obvious for the student what those connections are, all the more when the student is working at full pace during the day, and tries to report on the time spent in developing various competences at the end of the working day. This is where the coach also supports the student in reflecting on the competences developed, and especially in the case where one activity may be eligible for the development of different competences at the same time. The work of the student team that incubates a co-operative can be represented through conceptual blocks, as shown in Table I (see appendix I). For each of the blocks, we highlight the connections to competence development that is relevant under the curricula considered (business education). The developed competences are summarised in the following list:

- Self-management
- Performance management
- Team management
- Leadership
- Organisational management
- Strategic management
- Communication
- supplier relationship management
- Stakeholder management
- Public relationship management
- Customer relationship management
- Marketing
- Sales
- Project management
- Portfolio management
- Budgeting
- Cost control
- Career management
- Presentation skills

³⁰ Notes of coaches meeting, Turku University of Applied Sciences, BisnesAkademia, 2021.

- Collaboration skills
- Human resource management
- Corporate responsibility
- Sustainable development
- Quality Management
- Knowledge management
- Corporate identity
- Ideation
- Innovation
- Product design and planning
- Product management
- Law
- Contract management
- Financial management
- Accounting
- Crisis management
- Change management
- Data management
- Customer data management

Based on the conceptual blocks, it is possible to present a visual diagram that illustrates the learning blocks as through the student co-operative perspective (in fig. 2). This tool can greatly help the reflection between the student and the lecturer/coach at times that it is difficult for the student to understand what competences he has developed during the day. The diagram can be used as a mind-map that features all eligible student activities which support the development of competences within the framework of the University curricula.

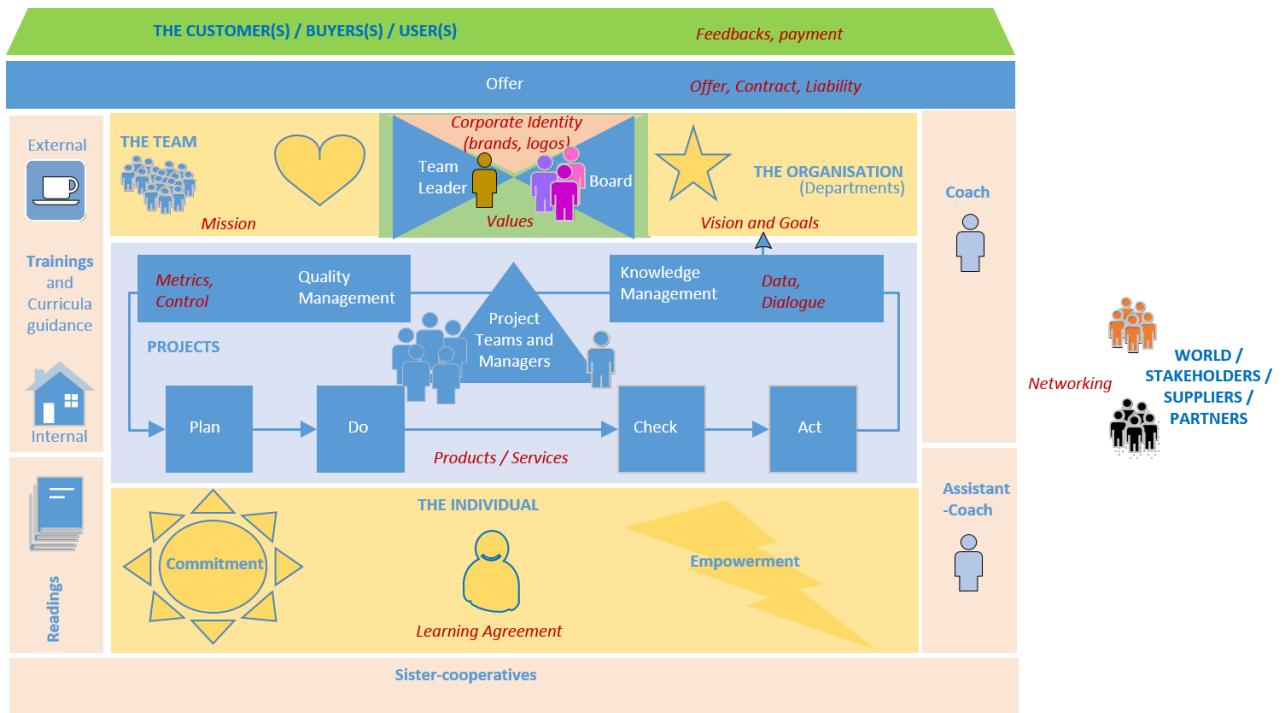


Figure 2: The conceptual building blocks of a student co-operative based on the BisnesAkademia student Incubator of Turku University of Applied Sciences

6.3. Empowering Students in Enabling the Triple-Helix

The work in an incubated co-operative brings a certain number of new obligations to students and lecturers. It is a new educational paradigm and the lecturer would behave as a coach rather than a lecturer. For the students, a critical new challenge is to reach out to partners and develop in the local ecosystem. For the born globals (Knight and Cavusgil, 2004), it will be necessary to foster international Cooperation and possibly expand to foreign markets. Incubation during the time of studies offers an opportunity for the students to use more powerful leverage, when networking and interacting with local partners. Indeed, students regularly face the difficulty of engaging industry or public bodies' partners in their demand for collaboration or projects. This is partly due to a lack of experience and maturity, but also because of a lack of legitimacy. When the student introduces him/herself as an entrepreneur, for example in an email, he/she is more likely to catch the attention of the partner. We can, therefore consider that incubation at the time of studies through the co-operative form of business is comfortable for students, and can be a source of activation of the Triple-Helix. A Co-operative as a form of business can support University education within the Triple Helix Model of Innovation to enhance socio-economic development.

7. Conclusion

The collaboration between co-operatives and University is promising in providing higher education with activities for competence development while delivering value for co-operatives in increasing employment, economic growth, social welfare and economic competitiveness in shaping the Industrialisation process in co-operatives. This can be especially true within the framework of the triple-helix, where Universities and co-operatives collaborate for fostering regional development, in support of public policy. Encouraging public-private partnerships between Government, co-operatives and University, as promoted by the United Nations through SDG 17 can deliver even greater value. In this article, we were able to introduce a powerful tool that can be used in University classrooms for helping the coaches/lecturers identify student activities when students are taking part in a business incubation process within a co-operative while studying. Knowledge takes on a very important role in bridging the process of change that enhances development and industrial growth among co-operatives. Therefore, collaboration and interaction among three sectors (university, co-operatives, and government) in the model is in great need to develop co-operative innovation and economic value in this era of industrialisation. All three leading players of the model can benefit from the approach to co-operatives for sake of the country's economic growth and employment creation. It would be interesting to further explore co-operatives' strategies towards enhancing sustainable employability by integrating some elements of sustainable development in the discussion, in line with the UN 2030 Agenda, taking in consideration economic, social, environmental and political aspects as well as in line with the African Union Agenda 2063³¹.

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³¹ See <https://www.africa.undp.org/content/rba/en/home/sustainable-development-goals.html>, las consulted 13.08.2021

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Appendix I: Conceptual blocks for student competence development when incubating a co-operative at the time of studies

Block ID	Block description	Competences developed in connection to curricula ³²
1	The individual student is the core of the learning system,	Self-management, performance management
2	The student learns and shares learning with his team of about 15 to 20 people,	Team management, leadership
3	With whom he/she creates an Organisation (and its required departments),	Organisational management, leadership, strategic management
4	They network with a wide range of contacts,	Communication, supplier relationship management, stakeholder management, public relationship management
5	With a special interest towards their customers ,	Customer relationship management, Marketing
6	Whom they reach by making offers ,	Marketing, Sales, Finance
7	Offers get executed through projects ,	Project management
8	Projects are carried by Project Teams ,	Strategic management, project management, portfolio management, budgeting, cost control, performance management
9	The learning system is organised and supported by the Coach , and	Self-management, performance management, career management
10	The junior start-up also benefits from the help from an Assistant-Coach ,	Self-management, performance management, career management
11	Students are actively learning through own readings , and	Self-management
12	Trainings which may be organised internally (by the individuals) or externalised through the involvement of collaborators	Self-management, Presentation skills
13	Trainings are supporting growth at both individual, team and Organisational levels and are linked with the Academic Curricula	Self-management
14	The Organisation has natural ties with similar, inspiring and competitive, junior startup Organisations launched in BA, the sister-co-operatives ,	Collaboration skills, Strategic management
15	The team is typically led by a team leader ,	Leadership, Strategic management, human resource management
16	While the Organisation is led by a board ,	Leadership, Strategic management, human resource management, corporate responsibility, sustainable development
17	Projects are generally implemented through plan/do/check/act loops,	Quality Management, project management, strategic management
18	Where knowledge , and	Knowledge management
19	Quality issues are considered, and in this regard,	Quality Management
20	At the individual level, empowerment and,	Self-management, human resource management
21	Commitment are key success factors, while among the concrete deliverables, an Organisation would:	Self-management, human resource management
22	Support team mindset through its mission ,	Strategic management, corporate identity, corporate responsibility, sustainable development
23	Support the Organisation itself through a vision and goals ,	Strategic management, corporate identity, corporate responsibility, sustainable development
24	Support a shared culture and common understanding through values , while	Strategic management, corporate identity, corporate responsibility, sustainable development
25	The corporate identity supports promotion and delivering offers, while	Marketing management, Strategic management, corporate identity, corporate responsibility, sustainable development
26	The offers are made out of the product / service offering capability of the team members and the Organisation, and	Ideation, Innovation, Product design and planning, Product management

³² The competences presented are the dominant with regards to experience gathered at Turku university of Applied Sciences. A detailed list would be in the general case more exhaustive than the one presented in this column of the table given the transverse nature of company activities when referring to University curricula. However, this list of dominant competences can support the student when reflecting and determining the eligible curricular competencies based on its daily operations.

27	Those offers include contractual and liability aspects, while	Law, contract management, customer relationship management
28	The roles of the individuals are crystallised in the learning agreement , a cornerstone in BA, and	Self-management, performance management
29	The Organisation ensures payment , and	Financial management, accounting
30	Feedbacks from the customers, which are coordinated through the	Quality management, Customer Relationship management, Marketing management
31	Quality Management efforts, which imply the use of	Quality management
32	Specific, measurable, assignable, realistic and time-scaled	Quality management, performance management
33	Metrics , as well as	
34	Control mechanisms , while	Quality management, performance management, crisis management, change management
35	Knowledge management efforts imply the	Knowledge management
36	Creation and Organisation of Data , as well as	Data management, customer data management
37	The fostering of dialogue , to transmit both tacit and explicit knowledge,	Communication, presentation skills,
38	There is a strong relationship between knowledge and Organisational performance, for example to foster innovation capability (note that innovation efforts are ubiquitous in BA, and not yet mapped in the BA Canvas).	



YOUTH INCLUSION IN AGRICULTURAL MARKETING CO-OPERATIVE SOCIETIES IN RUANGWA DISTRICT, TANZANIA

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Abstract

Promoting youth inclusion in Agricultural Marketing Co-operative Societies (AMCOS) can contribute to co-operative development. The study explores factors affecting youth inclusion in Agricultural Marketing Co-operative Societies in Ruangwa District, Tanzania. Specifically, the study explored youth access to education and training on AMCOS; and secondly, it determined social and economic related factors affecting youth inclusion in AMCOS. The study adopted exploratory research design that involved 66 respondents who were not members of the Agricultural Marketing Co-operative Societies in Ruangwa District. Purposive sampling was employed to obtain the respondents. Focus group discussion was employed to gather primary data. While content analysis was used to analyse qualitative data whereby actual statement of the key informants were reported to counter argue the quantitative data. The study found that youth access to education and training in agricultural co-operatives was a key motivation for youth to join Co-operatives. Access to land and capital was also mentioned as another motivational factor for the youth to join co-operatives. On gender perspective, deep-rooted socio-cultural norms and practices were reported among the contributing factors to low youth and women participation in co-operatives societies. The study concludes that access to education and training to youth might render into positive participation in AMCOS. The study recommends to policy makers to create enabling environment for youth to be involved in co-operatives. The study recommends the elders to improve access to capital and land among youth. Similarly, co-operative societies should conduct training to youth concerning co-operative development and for youth to establish their councils in order to promote the co-operative sectors.

I. Introduction

Worldwide, youth are estimated to be 1.2 billion aging between 15 and 24 years. The 2012 statistics however shows that in 2012, 75 million youth were unemployed. For those working, over 200 million earned less than US\$ 2 a day. According to (2012) ILO report, youth were almost three times likely to be unemployed than adults who were 75% (ILO, 2012). Promoting youth inclusion in Agricultural Marketing Co-operative Societies (AMCOS) makes good sense for the youth to appreciate the role of AMCOS, since; a personal involvement in AMCOS not only shapes the present status of any country, but they will also profoundly determine their future in terms of co-operative development. Secondly, young people are at a stage in life that is characterized by a high capacity to learn and acquire skills, positive attitudes towards participation in the co-operative society. Thirdly, investing in young people has inter-generational benefits that can create powerful agents for change. Lastly, but not least, the exclusion of youth from co-operatives generates tremendous social and economic costs to the society and may even lead to social and political unrest (Dessaegn, 2012).

In developed countries, there is a growing recognition of ensuring adequate inclusion of young people in agricultural co-operatives and their active participation in decision-making processes. But there is poor involvement of youth in agricultural co-operatives due to misperceptions and lack of information and awareness. In this, the Germany situation differs greatly from that of the Dutch in comparison. In Dutch Co-operatives; youth councils are established as one way to actively involve young people (Sloot, 2016). They function as a vehicle that can benefit Co-operatives and youth in many ways. A youth council provides the following benefits: one, creating and enhancing member commitment; second, providing youth with a voice; third, gaining the vision

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and opinions of youth on internal Co-operative affairs; and fourth, creating a breeding ground or a so-called 'nursery' for future AMCOS leaders (Sloot, 2016).

In sub-Saharan Africa, the demographic changes are alarming. In 2015, 226 million youth aged 15-24 lived in Africa, accounting for 19% of the global youth population. By 2030, it is expected that the number of youth in Africa will have increased to 42% (UNDESA, 2013). A significant proportion of rural youth are underemployed or unemployed, have marginal income, or limited career prospects which might be due to inactive participation in AMCOS (AGRA, 2015). Engaging youth in agricultural co-operative could provide a win-win solution to both these development problems, and agricultural Co-operatives have an important role to play (Hartley and Johnson, 2014).

Being co-operative members can offer youth opportunities they would not be able to access as individuals. The benefits extend to the Co-operatives as well: young women and men and can sustain agricultural Co-operatives and bring new ideas and technologies. By doing that, timely interventions directed at young people are more likely to yield a greater return for the sustainability of the co-operative development than attempts to build these capacities later in the life cycle. Targeting youth, however, requires addressing the multidimensional barriers to inclusion they face (Gasana, 2011).

In Uganda, youth inclusion is passive and declining in Agricultural Marketing Co-operative Societies (Gemma *et al.*, 2013). The challenges and prospects of youth engagement in agricultural co-operative in Uganda using the 2005-06 and 2009-10 National Panel Survey data dropped from 73.2% to 24.2% between 2005-06 and 2009-10 for the cohort aged 18-30 in AMCOS. The common perception in Uganda is that youth dislike AMCOS, and do not see it as a viable future. This stems from real concerns as youth move into other services. For instance, youth women typically have no focus in participating in Agricultural Marketing Co-operative Societies (Gemma *et al.*, 2013).

In Tanzania, an Agricultural Marketing Co-operative Society is a rural area-oriented sector mostly practiced by the elders whose average age is above 50 years (Hartley, 2014). This might be because the Tanzanian youth are moving from rural to urban areas in large numbers in search for office jobs. The urban areas, however, cannot generate enough jobs to cater for the need of the growing population which has led to high levels of youth unemployment (UNDP, 2011). Ruangwa District is blessed with fertile soil, adequate rainfall and medium size flowing streams, used for agricultural activities. It has a population of 29,875 youth but those who were participating in Agricultural Co-operatives were almost 4, 274 (District Co-operative Report, 2020). The government of Tanzania has invested funds to support agricultural development through youth inclusion. Despite the substantial investment by the government, as well as by the development partners, young people in Ruangwa District have not embraced the opportunities to engage in AMCOS; instead, they engage in selling their small inherited land to join the famous motor cycle business commonly known as "boda-boda". With this background, this paper aimed at assessing the factors affecting youth inclusion in Agricultural Marketing Co-operative Societies (AMCOS) in Ruangwa District. The paper had the following specific objectives: first, examine youth access to knowledge and training on agricultural co-operatives; second, determine the social and economic related factors for youth inclusion in the co-operative sector.

2. Methodology

The paper adopted an exploratory research design. The study was conducted in Ruangwa District represented by three wards namely Nkowe, Nandagala and Likunja. The choice of the area was because there were many youth who were about 29, 875 in a selected ward but only 4274 youth participating in agricultural co-operatives compared to other districts in Lindi Region (District Co-operative Report, 2020). The remaining population was reluctant to participate in AMCOS. Data were collected using Focus Group Discussion (FGD) whereby eight (8) focus group discussions were conducted. For this explorative study, purposive sampling was used to obtain the respondents whereby young women and men between the ages of 18 to 35 were selected. A sample of 66 youth took part, of which 33 were women and 33 were men and 11 respondents were selected from three wards. Data were analysed thematically whereby actual words discussed during FGD were reported.

3. Findings and Discussion

3.1 Youth access to education and training on agricultural co-operative

During discussions with respondents from Nkowe ward, access to knowledge and training was mentioned as a key motivation for youth to become members of co-operatives. Peer-to-peer learning was highly valued especially; intergenerational exchange was appreciated. It was found out that youth were unable to access training opportunities because they were not often organized into groups, nor were they members of Agricultural Marketing Co-operative Societies (AMCOS) where they can have a place to exchange and have knowledge on different issues on agricultural co-operatives. Donors and NGOs tend to work with farmers who are either in groups or co-operatives societies (Runna, 2012). This makes management and monitoring of their agricultural programmes easier (Runa, 2012). By joining co-operative societies, young farmers can access education and training which would not easily be accessible to them as individual farmers. Co-operatives would, as well, opportune them to access knowledge from external sources. They would also gain access to the generational exchange of knowledge as well as peer-to-peer learning which can be very effective and influential. With access to knowledge and training young farmers can be role models to each other (inside and outside of the co-operative societies). On the issue of sharing their knowledge, one female farmer said:

"..... A passion for farming is not enough; you need to have the opportunity to learn from others." Nkowe ward. 12/8/2021.

However, both gender requested mostly technical skills training concerning agricultural co-operative societies. Though respondents perceived value of the education and training differed between young women and men. Women felt that training allowed them to meet new people or make them more employable in their sector. However, they said that household responsibilities constrained their mobility, making it harder to attend education and training provided by co-operatives societies. On the other hand, 30% of young men were more interested in farming technology to improve the quality and quantity of their agricultural produce.

3.2 Social and economic factors determining youth inclusion in AMCOS

3.2.1 Youth access to land

Access to land is also mentioned as a motivation for the youth to join AMCOS so that they can engage in agricultural activities and other economic opportunities. During discussions, the youth suggested that elders should provide them with the possibility to lease land for agriculture-based activities. The finding is in line with that of FAO *et al.*, (2014) which reported that co-operatives in Burkina Faso have lobbied village chiefs to convince them to give land to young women in their communities. This is among the co-operative study with successful examples of supporting youth in access to land. The benefit of engaging youth in co-operatives by providing access to land would increase membership, the volume of produce, and the sustainability of the Co-operative societies in the area.

3.2.2 Gender perspective

In Ruangwa district, like other places, gender discrimination was among the constraints for youth inclusion in co-operative societies due to deep-rooted socio-cultural norms and practices which affect mainly female youth. Due to higher social status and expectations, there is gender discrimination whereby male youth dominate public spaces, including formal groups like co-operatives. By perpetuating the practice automatically, it leads female youth not to access financial services which make them hard to meet AMCOS membership conditions. A key constraint, mentioned by female youth interviewed, was the heavy burden of household responsibilities that they faced often making it harder to join AMCOS. During FGD, female youth expressed that whilst the co-operative societies had been encouraging a selling culture of their produce, they still felt the risk to pay the capital share (a prerequisite for co-operative membership), due to their household responsibilities.

3.2.3 Youth mistrust

The study highlighted a considerable degree of mistrust among youth towards agricultural co-operative societies due to corruption and discrimination. The respondents said that mistrust among youth towards their peers (other youth), inhibited their ability to join Co-operative societies since the Co-operative ethical values include no corruption and discrimination whereby male youth believed favouritism was involved when people were selected to take on decision-making roles within the co-operative societies which demoralize others to participate in AMCOS.

3.2.4 Youth perception

Another social factor refraining youth inclusion in co-operative societies is perception. In Tanzania, the term 'co-operative' had such a negative connotation which makes some Co-operatives not even use the term (Heifer Tanzania, 2017). For example, some co-operatives use the term 'hubs' instead of co-operatives, as this term appears to be more appealing to youth. An interesting finding was the different perspectives of board members

and managers compared to youth farmers. During the discussion, youth questioned about the honesty of board members and managers in the available co-operatives in the district and felt that they are not taken seriously. One of the members from Likunja Cashewnuts co-operative society said that; *“If you do not train the youth on the fundamentals of a Co-operative issue, they join and go for quick wins. They will tell the board that they should sell off some assets for quick wins. So, it is important to include youth from a young age so that they will have a better understanding of how the Co-operative works”*. Likunja ward 17/8/2021.

3.2.5 Access to capital

Access to capital was among the economic factors affecting youth inclusion in co-operative societies. The study found that engagement of youth farmers in co-operative societies was constrained by their capacity to start up their agribusiness whereby lack of capital to buy agricultural inputs, farm management and looking for better markets for their produce discouraged the youth to participate in AMCOS. In this explorative study, the emphasis was for co-operatives societies to offer some opportunities for youth to access loans at a lower interest rate. However, according to the youth interviewed, these loans might often not be enough to start up their own business; at best, the amounts are enough to purchase inputs. In short, youth perceive access to capital as benefits of co-operative society's membership, when in fact their engagement in Co-operative societies is constrained by the lack of accessibility to capital.

4. Conclusion

Agricultural Marketing Co-operative Societies are organizations that should offer to the youth opportunities that they would not be able to access as individuals. Also, access to education and training is seen as a key benefit and the main reason for youth to disregard co-operative societies. If they can access education and training through AMCOS without a sense of stigmatization the possibility of youth to effectively engage in co-operative societies is high. In particular, peer-to-peer learning and intergenerational exchange are of great value to youth members. Co-operative societies have many benefits to increasing youth membership and ensuring they actively participate. Despite the benefits provided by co-operative societies the youth interviewed concluded that raising awareness among board members and other co-operative societies members, access to land, access to capital, youth trustfulness and reduction of the co-operative connotation to the benefits of youth inclusion could increase the likelihood that youth will be provided with leadership opportunities to build their self-confidence and mobilize themselves in groups.

5. Recommendations

To address some of the constraints (e.g. access to education and training, land, capital etc.) that limit youth inclusion in AMCOS in general, the involvement and commitment of range of stakeholders (e.g. policy-makers, youth themselves, co-operative societies, and knowledge and research institutions). The policymakers should recognize the heterogeneity and potential of youth and the specific socio-cultural and political contexts that impact their opportunities to access capital and improve access to land. Agricultural Marketing Co-operative Societies should promote youth engagement in agricultural Co-operatives through the provision of education and training on co-operative development. This form of exposure could raise awareness of how a co-operatives function and the benefits of being a member from an early age. Also, AMCOS should facilitate a peer-to-peer or mentoring system where (groups of) older farmers and youth farmers learn from each other. In order to stimulate and attract youth to join AMCOS, youth themselves should sensitise older members to advise the youth farmers (in some cases also their children) on the importance of being members of the AMCOS at individual and family levels. On the other hand, youth should establish savings groups linked to the AMCOS, where each member regularly deposits a sum of money which can then be borrowed. Also, youth should facilitate (informal) exchange visits between youth farmers who are co-operative members and non-member farmers to increase awareness about co-operative membership.

Research institutes should carry out further research on youth inclusion in co-operatives societies through social and gender relations by building an evidence base on the following questions: Does the input of youth lead to more information and Communication Technology use in Co-operatives? Is there evidence that youth farmers are early adopters of new technologies and may influence the speed of technology adoption? Carry out comparative analysis on different organizational structures (e.g. Co-operatives, networks, associations, groups) and how they contribute to youth inclusion. Identify business opportunities for youth, considering their constraints and assets and develop cost-effective models for supporting youth entrepreneurs, conduct research on best practices of agricultural co-operatives societies in supporting youth to gain access to land and financial services.

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CO-OPERATIVES AND ICT INTEGRATION IN TANZANIA: OPPORTUNITIES AND CHALLENGES

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Abstract

This paper focuses on ICT integration in the Co-operative sector in Africa and Tanzania in particular. Through a review of the existing literature, the paper reviews the ICT landscape in Tanzania and discusses the nexus between ICT and Co-operative societies with a view of raising awareness of the crucial role of ICT in co-operative development. Similarly, challenges and opportunities associated with ICT in co-operatives are highlighted as well as the objective to inform strategies for effective adoption. The findings suggest that most of the underscored challenges, with an exception of infrastructure-related challenges, are internal to Co-operative societies. In that regard, this paper recommends that ICT projects in co-operatives must be emphasised and designed in a manner that observes systematic procedures for establishing such projects. The paper concludes that integrating ICT in co-operatives outweighs any justification for the otherwise decision.

1. Introduction and Background of ICT in Tanzania

Information and Communication Technologies (ICT) is a general term that refers to a variety of technologies used for gathering, storing and retrieving, processing, analysing and transmitting information in various forms (Ugwuanyi, 2017). It is central to nearly all human endeavours and it is a powerful mechanism for promoting social and economic growth. In recent years, advancement in technology has made it relatively less expensive, easier to use and within the reach of ordinary citizens.

In Tanzania, ICT is recognized as a major factor in the struggle for economic development and poverty reduction. Several strategies have been in place to ensure ICT technologies are widely accessed and used to support various social and economic activities in the country. However, a significant milestone in the development of ICT was marked by the development of the National ICT policy in 2003. In this policy, various previous separate policies within the ICT sector such as National Telecommunications Policy, National Information and Broadcasting Policy, National Postal Policy, and the National Information Communication Policy were integrated into one comprehensive policy.

This policy targeted to make Tanzania a hub of ICT infrastructure and ICT solutions in the Eastern and Southern African regions (URT, 2016). Its coverage included ICT leadership, ICT infrastructure, ICT industry, Human Capital, Legal and Regulatory Framework, Productive Sectors, Service Sectors, Public Service, Local Content, and Universal Access. However, its implementation focused more on ICT Infrastructure and Legal and Regulatory framework than other areas (Wangwe, 2010).

On ICT infrastructure, major improvements have taken place. Deployment of the National ICT Broadband Backbone (NICTBB) is one of the significant examples. The project started in 2009 and it involved rolling out 7500 kilometres of fibre cable for a network that connects with international submarine cables (SEACOM and EASSy) for providing land connectivity within Tanzania and the neighbouring countries (Esselaar and Adam, 2013). By the year 2015, Tanzania had already achieved high-capacity broadband connection through EASSy, with a capacity of 4.72Tbps, SEACOM with a capacity of 1.28 Tbps, and coverage of 7,560 Km long NICTBB Optic Fibre Cable with the capacity of 4.8Tbps (URT,2016).

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Currently, all regional headquarters in the country are connected to the National ICT Broadband Backbone and the connectivity has been extended to the neighbouring landlocked countries such as, Uganda, Rwanda, Burundi, Zambia, and Malawi.

Consequently, the costs of accessing the internet have significantly dropped. However, the number of internet users has not proportionally grown. For example, between 2005 and 2015, the number of internet subscribers increased from 3.56 million to 17.26 million, respectively (URT, 2016). To-date, the majority of the citizens, especially in rural areas, still cannot access broadband services. On the other hand, the telecommunication industry recorded a remarkable growth with a tele density increase of 1.22 subscribers for every 100 people in 2002 to 79 subscribers for every 100 people in 2015. Similarly, the subscriber base rose from 2.96 million in 2005 to 39.8 million in December 2015. However, this growth was experienced more in the mobile phone industry than in the fixed telephone. The fixed phone industry declined significantly (URT, 2016). The growth of the mobile phone industry contributed to innovations that introduced financial components to it. The ability of mobile money services applications such as M-Pesa, TigoPesa, Airtel Money and HaloPesa to transact various payments and bills through mobile platforms have attracted many people to use the service. Similarly, the use of social media applications such as Facebook, Twitter, Instagram, WhatsApp, LinkedIn, YouTube, and Blogs is attributed to the growth of the Mobile phone industry.

The other important landmark is the Analogue Switch-Off (ASO). Before June 2015, which was the worldwide deadline for phasing out analogy technology to digital as per the ITU agreement, Tanzania had already shifted to digital technology and it became the first country in the Africa Sub-Saharan Countries to achieve full migration (Esselaar and Adam, 2013). With regard to the legal and regulatory framework, the Government established the Tanzania Communication Regulatory Authority (TCRA). This was established through TCRA Act No. 12 of 2003 that mandated it to regulate the communications sector in which telecommunication, broadcasting, and postal services -sub-sectors are included. With the liberalisation of the economy in the country, the communication sector was also liberalised. The liberalisation of the sector compelled to the introduction of the Converged Licensing Framework (CLF) in 2005 and by the end of 2015; 18 network facility operators, 14 network service operators, 80 application service operators, 91 radio content service operators and 26 television content service operators had been licensed under CLF.

Other legal and regulatory frameworks include the Electronic and Postal Communications Act No. 3 of 2010 the Universal Communications Service Access Act. No. 11 of 2006, the Cybercrime Act No. 14 of 2015 the Electronic Transactions Act No. 13 of 2015. These legal frameworks are aimed at moderating the sector for wider but responsible access and use of information. Generally, the NICTP of 2003 achieved a lot of significant milestones in the development of ICT in the country. However, these achievements brought challenges as well as opportunities in the ICT industry that required a new policy framework. The 2003 NICTP was reviewed and a new NICTP was formulated in 2016 with a vision which states that; *“Tanzania with economically, socially and culturally enriched people in ICT enabled knowledge society”* (URT, 2016).

Unlike the previous 2003 NICT policy which focused much on creating ICT infrastructure with a view of making Tanzania an ICT hub, the 2016 NICTP focused on enhancing the use of ICT in the economic, social, and cultural activities of the people. Like the vision, the mission statement is emphasising the exploitation of the ICT benefits to every citizen and business. It states that. *“To transform Tanzania into an ICT-enabled knowledge-based economy through development, deployment and sustainable exploitation of ICT to benefit every citizen and business”* (URT, 2016).

With 2003 NICTP, all regional headquarters in the country got connected to the National ICT Broadband Backbone. But, the 2016 NICTP does not only consider taking the National ICT Broadband to the district’s headquarters and rural areas but also creating mechanisms that will influence citizens to make use of the facility in their daily social-economic activities. The policy is, therefore, timely because ICT is currently considered as the main driver of the economy throughout the world. Integration of ICT in the productive sectors is one of the specific objectives in the 2016 NICTP. Incorporating ICT in the productive sector received attention in the previous policy but still, there are challenges to be addressed and one of them is to slow the uptake of ICT in the productive sector and particularly agriculture. It implies that the infrastructures available are underutilised. Comparatively, Tanzania is behind Kenya and Rwanda in terms of automation of the productive sector despite being a hub for Internet connectivity. This situation calls for interventions from various stakeholders in the productive sector.

This paper is an attempt for intervention. It addresses ICT integration in the productive sector, with a particular focus on ICT in co-operatives. The objective is to raise awareness by identifying the opportunities associated with ICT adoption in co-operatives in Tanzania and highlight the challenges of the same with a view of strategizing their solution.

2. Nexus between ICT and Cooperative

Co-operatives are economic platforms that have served communities in the world for many years. They are defined as autonomous associations of persons united voluntarily to meet their common economic, social, and cultural needs and aspirations through a jointly-owned and democratically-controlled enterprise (Ugwuanyi, 2017). These are business entities owned by people, run and controlled by them for economic gains among other things. They focus on improving market access and opportunities, increasing bargaining power, getting lower prices by purchasing in bulk, improving product or service quality, and securing credit from financial institutions (Dogarawa, 2005). Thus, they are considered as important mechanisms for improving the living conditions of people especially in rural areas as they promote economies of scope and scale and, thereby, empower members economically and guarantee social protection.

However, to achieve the economic, social, and other benefits of co-operatives have to be well planned and organised such that they are viable, efficient, competitive, self-reliant and project-oriented (Dogarawa, 2005). This requires consideration of many things and one of them is the appropriate management of data and information. As they pursue having effective and well-functioning cooperatives, they need to consider how information and data are managed for the competitive advantage of the cooperatives. Access to and appropriate use of information in an organisation improve decision making, enhance efficiency, and provide a competitive edge to the organisation which knows more than the opposition (Kaye, 1995). Currently, data and subsequently information are the driving forces of business in the world. For example, the decision concerning which product should be produced for a particular market is entirely dependent on a set of data and information available. If such data is not readily available, the decision will likely be an uninformed decision. Data and Information are well accessed, stored, processed, communicated, and retrieved using Information and Communication Technology (ICT) tools and facilities. It is quite obvious that when Information and communication technology (ICT) is effectively integrated and used by organisations, it can support business operations and expansion in many ways.

Unfortunately, the ICT situation of co-operatives in Africa and Tanzania in particular is not well established. A study done by The Alliance Africa in 2018 reported that ICT uptake and use in co-operatives is relatively low compared to other economic sectors. The study covered Rwanda, Kenya, Tanzania, Zimbabwe, D.R Congo, Niger, Nigeria, and South Africa and involved all levels of co-operatives organisations from the primary co-operatives to the highest level which is the representative umbrella body for all co-operatives. For example, findings of this study showed that the record-keeping at the primary, secondary, and regional levels of co-operatives is predominantly manual which implies that computer usage in co-operatives is below average. With regard to the use of account application, the findings indicated that primary, secondary and regional co-operatives had 18.40%, 20.30%, and 33.33%, respectively. Similarly, the use of information management systems recorded 11.40% for primary, 21.70% for secondary, and 11.11% for regional cooperatives. The usage of other ICT applications and channels such as emails, websites, and mobile phones for various reasons varies between regions but are generally below the average as indicated in Table I.

Table I: ICT Utilisation at Primary Co-operatives in Africa with exception of North Africa

	Central Africa		East Africa		West Africa		South Africa	
	D.R. Congo	Rwanda	Kenya	Tanzania	Niger	Nigeria	South Africa	Zimbabwe
Primary								
Elements of ICT								
e-mail activation	0.88	6.14	15.79	11.40	0.88	6.14	6.14	0.88
Website Activation	1.45	1.45	20.29	7.25	0.00	1.45	0.00	0.00
smart/android	3.30	4.48	20.75	15.09	11.79	21.46	6.13	16.98
Data Col: Phone	4.35	5.80	8.70	8.70	26.09	5.80	10.14	21.74
Data Col: SMS	2.90	1.45	10.14	10.14	0.00	5.80	0.00	23.19
Data Col: email	0.00	1.45	10.14	2.90	0.00	4.35	11.59	0.00
Data Share-out via Phone	1.75	8.77	13.16	8.77	6.14	7.02	10.53	14.04
Data Share-out via SMS	1.75	12.28	0.00	7.89	2.63	7.89	8.77	13.16
Data Share-out via e-mail	0.88	11.40	0.00	5.26	0.88	0.00	7.89	0.88
Country Total	3.40	10.49	19.51	15.26	9.54	11.81	12.07	17.91
Regional Total	13.90		34.77		21.35		29.98	

Source: The Alliance Africa, (2018)

Although the findings indicate that the uptake is generally low, there are however some initiatives in place. For example, Msanjila (2013) acknowledges that: *“Most of the Microfinance institutions in Tanzania have established websites, which enable them to interact easily with their clients; they have also increased the internal use of the internet within organisations while others have adopted different accounting packages to help them in management of business transaction”*

In other words, there is somehow a transition to ICT-based operations at all levels of co-operatives. As noted by Msanjila (2013) SACCOS have slightly made significant achievements. This is partly due to enforcement of TCDC, which has stipulated that ICT and particularly management information system is one of the criteria for a Co-operative society to be registered and get a licence. However, the pace is slow when compared with other economic sectors.

Generally, information and knowledge are tools for business competition in this era. Therefore, lagging in ICT and the related innovations and technologies is not healthy, thus, causes must be well addressed and the opportunities harnessed. In an endeavour to raise awareness as an intervention strategy, this paper highlights the challenges and opportunities of co-operatives in the adoption of ICT.

3. Challenges for ICT Adoption in Tanzania

As earlier noted, the pace for ICT adoption in co-operatives in Tanzania, like in other African Countries, is slow. Most large co-operatives, especially in rural areas, are still operating manually or semi-manually in accounting systems. This is labour-intensive and has plenty of occasions for errors that may create opportunities for abuse. As much as computerization and automation of co-operative activities are needed, it requires well-planned, organised, and concerted efforts of various stakeholders. However, there are several challenges that need to be identified and addressed. Among the challenges include:

3.1 Limited Stakeholders Involvement

This is one of the major reasons for slowing ICT adoption in co-operatives. The stakeholders are elected leaders, employees, regular members, and clients. These must be involved at all levels of ICT projects. In other words, there must be broad stakeholder's agreement on what are the priority information problems of the co-operatives that need to be addressed and whether some form of ICT solutions can solve or reduce the problems. Without such agreement, the ICT project is likely to fail or have slow adoption.

3.2 Limited Awareness on the Potential Benefits of ICT in Co-operatives

Education is a key component in co-operative sectors in all aspects including ICT adoption. Dogarawa (2005) asserts that education is important to the co-operative sector. Unless all those responsible for co-operatives (directors, officers, members, and staff) are well informed and knowledgeable, co-operatives are likely not to achieve the desired objectives and goals. In essence, education is a prerequisite for decisions which stakeholders take concerning ICT activities in co-operatives. That means stakeholders in their various capacities have to be informed and knowledgeable on the potential benefits of adopting ICT in the cooperative. This is what Ajzen and Fishbein (1980) in the theory of Reasoned Action define as the perceived usefulness of technology and state it categorically as a factor influencing technology adoption.

3.4 Misconception of ICT Cost

According to Gobin et al (2017), the perception that ICT is costly is threatening future ICT investment in SMEs business. The Alliance Africa (2018) findings in primary co-operatives in Africa show that 35.1% agree that cost and or lack of financial resources is a challenge for the adoption of ICT in cooperatives. The outcry is mostly on the costs of purchasing software and internet connectivity. However, the major discrepancy on this aspect is that, there is very limited ability for undertaking cost-benefit analysis that would make clear the difference between the installation and running costs against benefits. Likewise, underutilization of the available ICT facilities may discourage further investment because of the failure of the benefit to outweigh the investment costs. It means, potentials of ICTs are difficult to be realised because facilities are underutilised.

3.4. Limited Opportunities for Capacity Building

Capacity building is extremely important for all relevant stakeholders in the chain of ICT usage in the co-operatives. MacDougall and Squires (1997) asserted that there are various competencies that must be developed if ICT is to be effectively adopted. The relevant staff may have the basic knowledge of computers, but they may lack knowledge on the particular application. It is important to note that ICT is swiftly evolving technology and 'therefore' it requires updating and upgrading all the time. But on the same note, co-operative members and customers also require training on how to interact with the information systems available for them to use. When this is not or partially done, the basic users may perceive ICT as complex and unfriendly. This may lead them not to use the facilities and, therefore, interpret them as not relevant.

3.5 Poor Internet Penetration

Even though there are major developments of internet penetration in Tanzania as noted in the background, connectivity in rural areas is still a challenge. According to Pazi (2019), users in rural areas of Tanzania find it difficult to access broadband internet due to signal strength which deteriorates when users access the internet far away from the wireless tower. However, there is an alternative whereby users in rural areas can access broadband internet through mobile phones services. A study by Alliance Africa (2018) found out that South Africa and Tanzania are leading in the use of mobile phones for some of the co-operative activities with 16% and 15%, respectively. But the question remains on affordability as the purchasing power of many people in the rural areas is low to purchase a smartphone and subsequently mobile internet bandwidth.

3.6 Limited Knowledge on the Selection of Appropriate ICT Facilities

The acquisition of hardware and software is becoming complex as technology advances and vendors increase. Management, organisation, and technological factors need to be taken into consideration when selecting hardware and software for the organisation. Most co-operatives in rural areas find it difficult because they lack the required expertise for undertaking the same. The Alliance Africa (2018) findings indicate that 23.7% of the respondents in primary co-operatives mentioned lack of ICT knowledge, technology expertise, and implementation techniques as a stumbling block towards the adoption of ICT.

4. ICT Opportunities for Co-operatives in Tanzania

Information and Communication Technology (ICT) has several opportunities for co-operatives like other types of organisations. However, these opportunities can be realised if the challenges highlighted above are well addressed. The generic opportunities ICT offers to co-operatives and other organisations alike include speed, reliability, and the possibility to analyse a large amount of data. Other opportunities include the following;

4.1 Computerisation of Accounting and Administrative Records of Co-operatives

The management of co-operatives' accounts is one of the major challenges in co-operatives in Tanzania as it is largely done manually. According to FAO (2003), when activities such as preparation of payroll, invoicing, bookkeeping, accountancy, and purchases and sales are computerised, they reduce paperwork and offer the possibilities of keeping updated accounting records in real-time. Other benefits of using computerised and administrative records include easy access of data, accuracy, scalability, and reliability of data and information (Coleman, 2016).

4.2 Controlling Inventory

Co-operatives, like other organisations, have to manage inventory. This includes the procurement of raw materials, maintaining the storage of goods, and controlling goods for sales. According to Alliance Africa (2018), a large portion of the record-keeping activities in primary co-operatives in Africa, including Tanzania, are done manually using physically larger books which are tedious, inaccurate, and time-consuming. With computerised inventory, stock inventory records can be easily updated. Ultimately, better control of stock implies financial saving.

4.3 Administration of Member Participation and Shares

Membership data and information are easily managed and processed if a co-operative installs an information management system. FAO (2003) points out that, with the information management system it is easy for co-operatives to track each member's transactions and balance and calculate his patronage refund and dividend on share can be quickly done. It also helps in producing detailed members' reports

in a relatively short time compared to the manual system. Moreover, it can provide more personalised services as each member may have an individual account.

4.4 Widening Communication Alternatives for Information Sharing

Information and Communication Technologies offer a broad spectrum of communication channels. These range from emails, websites, newsgroups, chatrooms, video conferencing, mobile phone and their associated platforms, and many others. These communication channels offer co-operatives with opportunities for multiple alternatives for communicating with members, clients, and other stakeholders. They support a quick feedback reporting mechanism and are, therefore, useful for improving and adjusting things reported to have gone wrong before getting worse. Zijp (1994) argues that ICT must be calibrated to transfer knowledge as information packages to Agric-oriented co-operatives. At this point, ICT will be able to meet farmers' information needs.

4.5 Processing Data for Policy Decision

Efficient data processing for management and policy decisions requires co-operatives to have a computerised information system. For example, using the available data to make future projections of the Co-operative does not only require computerised systems but also competent personnel to undertake such analysis.

4.6 Capacity Building in Co-operatives Business Management

The use of ICT tools and facilities can enhance co-operative training delivery and may as well provide opportunities for people, who are unable to physically attend, access the training remotely. Various computer applications dedicated for training such as PowerPoint and others can be applied for capacity building training.

5. Conclusion and Recommendations

Given the current situation of ICT adoption in co-operatives as discussed in this paper, it is noted that most of the challenges affecting ICT adoption are internal to the co-operatives rather than external.

In that regard, this paper recommends that any attempt of co-operatives to adopt ICT should be systematically designed and observe the required procedures for the establishment of such a project. It is imperative for the co-operatives to know all the stakeholders involved, prioritise their information needs, keep the stakeholders involved, design the project proposal, and understand the key factors that might affect the project. It is also necessary to clearly define the goals, identify the main requirements of the system, prepare a training plan for staff and other stakeholders involved and have a budget and a plan for a continuous participatory evaluation of the project. On top of that, there should be internal policies within co-operatives to guide ICT adoption. This paper concludes that ICT in co-operatives cannot be avoided in any way if they want to remain competitive. Cost-benefit analysis between the choice to have or not have ICT will always prove that having ICT outweighs the decision of not having ICT. It is possible and can be done according to the level of technology and resources available, but stakeholders have to pull together.

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CO-OPERATIVES AS TOOLS FOR PROMOTING CASHEWNUTS PRODUCTION AND MARKETING IN TANZANIA

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Abstract

Co-operatives continue to be the engine for economic growth in most developing countries. Co-operatives have significantly contributed to the development of agriculture by mobilisation and distribution of financial capital, marketing, and providing solutions to other socio-economic problems. Co-operatives are believed to be essential tools in achieving the development targets, especially in the agricultural sector. The question is, to what extent is this true, and how this happens. This paper contributes to the emerging debate on the roles and critiques of co-operatives as tools for promoting the production and marketing of members' products, using cashewnuts production in Tanzania as a case. The discussion is centred on the role of co-operatives in production especially enabling the preparation of farms and access to inputs. Also, the role they play in the process of collecting and marketing cashewnuts as well as paying farmers. Similarly, the paper highlights challenge those co-operatives have been facing in the process of cashewnuts marketing. The paper ends by providing reflections and concluding remarks which provide lessons and sharing knowledge for replication in other crops of the same context in Tanzania and elsewhere.

1. Introduction

Agriculture is one of the most important tools used in poverty reduction. It raises incomes and improves food security for 80% of the world's poor who live in rural areas and work mainly in farming (World Bank, 2020; Alston and Pardey, 2014). In most developing countries, the majority of people live in rural areas and largely depend on agriculture for their social and economic development (OECD-FAO, 2016). As such, improving the productivity, profitability, and sustainability of the agricultural sector is argued to be the main pathway out of poverty in developing countries (Ahmed and Mesfin, 2017; Dawson *et al.* 2016). Despite this, agricultural sector development in Africa has been lagging behind. Particularly, the agricultural productivity in Sub-Saharan Africa has been low, because the pieces of land they use for agricultural production are too small, poor technology, lack of agricultural inputs, poor marketing, and others (Shimeles *et al.* 2018; AGRIEC, 2017; Ahmed and Mesfin, 2017). Thus, agricultural co-operatives have been used as tools for addressing these challenges based on their strong potential to enhance agricultural production and marketing (Ahmed and Mesfin, 2017; Ma and Abdulai, 2017; Chagwiza *et al.*, 2016; Francesconi and Wouterse, 2015). Production in this study included a series of activities after planting cashew, some of the activities include mulching, fertilising and weeding. Marketing includes the action of selling cashewnuts, including market research, advertising, and doing payment to farmers.

Agricultural co-operatives are found in almost every country around the world. They are very well represented in both developed and emerging economies, and contribute to food security and poverty reduction (Reolants and Salvatori, 2019; FAO, 2012). They also facilitate smallholder producers' participation in decision-making, negotiate better terms for engagement in contract farming, and lower prices for agricultural inputs such as seeds, fertiliser, and equipment (Reolants and Salvatori, 2019; Rebelo and Caldas, 2015; Nikolić and Ševarlić, 2013; FAO, 2012). In developing countries, the development of agricultural co-operatives enables smallholder farmers' market participation, increases farm incomes; enhances crop productivity, and lowers production costs. Also, as marketing organisations enhance collective bargaining power which helps the smallholder farmers overcome to limitations that hinder them from utilising business opportunities (FAO, 2012; Huang and Ding, 2016; Zheng *et al.*, 2012; Ma and Abdulai, 2017; Amene, 2017; Wu and Ding, 2018; Onyilo, and Adong, 2019; Bijman and Wijers, 2019).

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³⁷ Tanzania Co-operative Development Commission

Tanzania is among developing countries where the agricultural sector plays a vital role in the economy. The contribution of the sector to the economic growth and the development of the country has continued to increase. Agriculture accounted for 28.7% of GDP in 2017 and 58% of employment in 2018. Tanzania's agricultural sector is dominated by small-scale farmers who engage in agricultural export crops such as cashews, coffee, cotton, tea, and tobacco as well as those for food consumption such as rice and maize, and others (Leyaro, and Morrissey, 2013; Kimaro and Hieronimo, 2014; Arce and Caballero, 2018).

Cashewnuts as one of the major cash crops in Tanzania is cultivated in Mtwara, Lindi, Coast, Tanga, Morogoro, Iringa, Mbeya, Ruvuma, Manyara, Singida, and Dodoma regions of the mainland Tanzania. The industry has about 2.1 million direct and more than 500,000 indirect individual beneficiaries in the Southern zone alone (Akyoo and Mpenda, 2014; URT, 2019). The cashew marketing gained a new impetus in the 2007/08 season following the launching of the Warehouse Receipt System (WRS) together with strengthening agricultural co-operatives in the country. Strengthening co-operatives was made to effectively facilitate implementation of the WRS, since the system depends on farmers' produce collected by co-operatives from farmers (URT, 2013). The system was established to control the then flourishing free-riding in the industry to improve producer prices and prevent the 'race to the bottom' (Akyoo and Mpenda, 2014; Likwata and Venkatakrishnan, 2014).

In Tanzania, the government through the Ministry of Agriculture has been facilitating agriculture development in the country by ensuring a good environment for production and marketing, access to inputs and extension service. Besides these initiatives, farmers have been producing without knowing the exact price they will get from their produce and having the assurance of the market. The government of Tanzania has made efforts to address this problem by strengthening co-operative societies to address these challenges (Kangile *et al.*, 2020). However, researchers have had different perspectives on the ability of co-operatives to promote the production and marketing of members' products. Some authors claim that co-operatives have promoted the production and marketing of members' products. For instance, studies by Abate *et al.*, (2014), Tefera *et al.* (2017), and Ahmed and Mesfin (2017) for Ethiopia, Ruhul and Mahin (2014) for Bangladesh, Onyilo and Adong (2019) for Uganda, and Effiom (2014) in Nigeria show that agricultural co-operatives have a positive impact on the wellbeing of smallholder farmers by improving farm production, productivity, and marketing.

On the other hand, other authors claim that co-operatives have not promoted the production and marketing of members' products. According to Mabunda (2017) and Nkoki-Mandleni and Anim (2014), in South Africa, co-operatives have failed to achieve their objectives of supporting production and marketing of members' products. This is caused by inadequate developmental programs, lack of experience in managing co-operatives, poor infrastructure, and provision of extension services. Amene (2017), in Ethiopia, emphasised that agricultural co-operatives have been supplying inputs to members but they have been performing poorly in terms of collecting members' products during harvest season which slows down the marketing process. Also, Hu *et al.*, (2017) argue that in some rural areas in China farmers do not benefit from co-operatives due to organisation costs and participation of co-operatives which regularly reduces the profit farmers could get from the market. Also, a study conducted by Mhando (2014) in Tanzania discovered that in Kilimanjaro Region some co-operatives lacked transparency, and engaged in fraud and corrupt practices, and thus failed to meet the needs of members which include supporting production and marketing of the products.

Therefore, there are different perspectives from scholars and development practitioners on roles of co-operatives as tools for promoting production and marketing of members' products. This paper aims at addressing this gap by showing how co-operatives have promoted production and marketing of members' products in Tanzania drawing lessons from the cashewnuts sector.

2. Methodology

2.1 Description of the Study Area

This study was undertaken in Mtwara, Lindi, Ruvuma and Coast which are part of Tanzania's 31 administrative regions. These regions are leading producers of cashewnuts crop in the country. They produce almost 95%. For instance, it has been claimed that half million Tanzanians are engaged in small-scale cashewnuts farming, particularly in the south eastern part of the country, including Lindi and Mtwara regions (Thangata, 2020). The Coast Region lies on the eastern part of Tanzania Mainland along the Indian Ocean coastal belt. It shares borders with Tanga Region in the North, Morogoro Region to the west, and Lindi Region in the South. On the Eastern part, the Region shares borders with Dar-es-Salaam Region and the Indian Ocean. Mtwara Region is situated in the southern most regions. It borders Lindi Region to the North, the Indian Ocean to the east and is separated by the Ruvuma River from Mozambique in the south and to the west it borders Ruvuma Region. Ruvuma Region

is situated in the Southern part of Tanzania. It shares borders with the Republic of Mozambique in the South, Lake Nyasa in the West and Iringa Region in the North and North East. It is also bordered by Mtwara Region to the East. The Lindi Region borders Pwani Region, Morogoro Region, Ruvuma Region, and Mtwara Region. Much of the western part of the Lindi Region is in the Selous Game Reserve (PO-RALG, 2020).

2.2 Sampling Techniques and Sample Size

The study population was cashewnuts farmers who are co-operative members and non-members selected from different AMCOS in selected regions. Multi-stage sampling was used to sample respondents whereby AMCOS were first sampled and then respondents were sampled from those groups. This technique involved three stages. The first stage involved selecting AMCOS from each district of Mtwara, Lindi, and Coast Region as well as Tunduru District. In the second stage, in each district, farmers were categorised into agricultural co-operative members and non-members, and then randomly sampled. As such, in each district one AMCOS was sampled randomly, and then in specific AMCOS 5 members and 5 non-members were approached. Finally, 160 farmers (80 members and 80 non-members) were selected for the study from 16 districts in 5 regions. Multistage sampling technique was used since the population of the study constituted a heterogeneous group, in this context members and non-members of agricultural co-operatives. Also, the technique enabled us to compare data from members and non-members. Likewise, purposive sampling was used to sample 26 key informants, who in this case included co-operative leaders, buyers, government officials regulating, promoting and supporting co-operatives, and those involved in cashewnuts marketing. These include the Cashewnuts Board of Tanzania (CBT), Masasi and Tandahimba District Councils, AMCOS and Co-operative Unions. Others included Tanzania Co-operative Development Commission, and financial institutions such as CRDB Bank, National Microfinance Bank (NMB), Tanzania Postal Bank (TPB), Equity Bank and Yetu Microfinance Bank. The technique helped the study to get technical information which could not be obtained from any other person.

2.3 Methods of Data Collection and Analysis

Data for the study were based on primary and secondary data, as well as practical experience of authors in the Cashewnuts sector. Data were collected through documentary review, questionnaire, and interviews. Questionnaires consisted of open and closed-ended questions which were designed and translated into the Swahili language for easy understanding. Interviews were guided by interview guiding questions that were asked to key informants. This enabled the study to collect detailed information which was obtained by asking probing questions and requesting additional information. Documentary data included data collected from various cashewnuts marketing reports provided by CBT and Cereals and Other Produce Board of Tanzania (CPB). The study also reviewed other studies done by other scholars for study underpinning and linking with study findings collected.

Analysis of data was done separately depending on the nature of data such as qualitative and quantitative data. Quantitative data were analysed using software known as a statistical package for social science, whereby, descriptive statistics was processed to provide a simple summary of the data in form of frequency and percentages. Qualitative data were documented from a written source which is reviewed throughout and also were obtained from interviews with key informants. The study considered triangulation important to cross-check the validity and truth of the data collected from different actors. This was done by combining several methods and empirical materials in this study, which helped the study to overcome the weakness or intrinsic biases and the problems that come from a single method and empirical study.

A mixed approach of data collection, analysis, and interpretation was adopted by the study. This involved mixing both quantitative and qualitative methods of data collection and analysis. Mixing different methods strengthened and revealed various aspects of empirical reality and defused the shortcomings of using one method in research.

3. Findings and Discussion

3.1. Production Trends of Cashewnuts in Tanzania from 2007 to 2020

Production of cashewnuts in Tanzania has been fluctuating from 2007 to 2020. The change is determined by the price of the past season, climatic condition and availability of agricultural inputs. Production is also determined by access to credit from commercial banks to buy inputs, awareness to the appropriate use of inputs which should be created by CBT and Naliendele Agricultural Research Institute and banks. Some of these factors, especially awareness of farmers on the appropriate use of inputs, access to inputs, and climatic conditions have contributed to the decline of cashewnuts production in 2018/2019 and 2020/2021 (Figure 1).

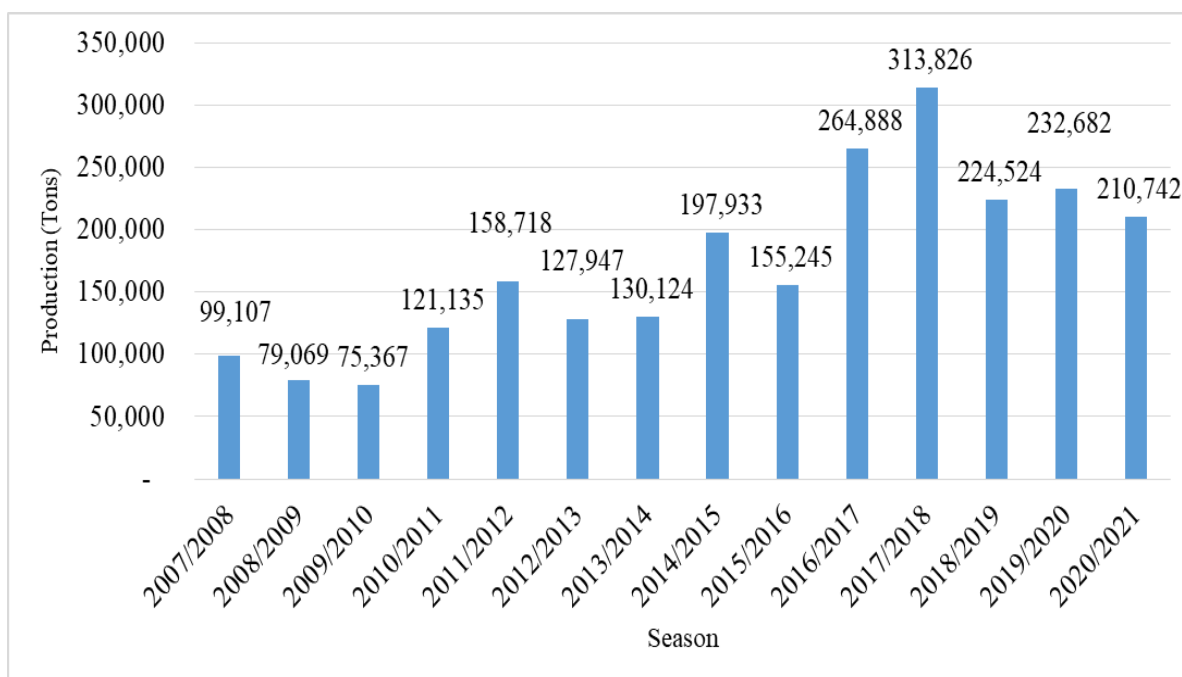


Figure 1: Production Trend in Tanzania from 2007 - 2021

Source: CBT (2021)

3.1.2 Role of co-operatives in promoting cashewnuts production

There were more than 500 primary Agricultural and Marketing Co-operatives Societies (AMCOS) which were organised under 7 co-operative unions in cashewnuts production areas in Tanzania. The unions were Tandahimba Newala Co-operative Union (TANECU), Masasi Mtwara Co-operative Union (MAMCU), Ruangwa, Nanchingwea and Liwale Co-operative Union (RUNALI), Lindi Mwambao Co-operative Union (LMCU), Tunduru Agricultural Marketing Co-operative Union (TAMCU), Coastal Region Co-operative Union (CORECU), and Dar es Salaam Co-operative Union (DARECU). Agricultural co-operatives are used to extend training and other capacity-building initiatives in post-harvest handling techniques as well as quality control. Also, co-operatives facilitate access to credit to farmers from government and financial institutions. In the 2019/2020 season, a total of Tshs 5,219,332,185 (USD 2,254,737.8) was provided to farmers through AMCOS (Table I). The government and financial institutions provided support to farmers through AMCOS due to different reasons, including: AMCOS being an organising tool which brings farmers together and AMCOS work for their members and non-members and aim at alleviating poverty from the community. Likewise, AMCOS are only business organisations that involve members and non-members in decision-making related to the marketing of cashewnuts. Finally, AMCOS help the government and banks in the follow-up of loan repayment as well as providing the production information of farmers.

Table I: Agricultural inputs loans provided to farmers in 2019/2020 Season

S/N	Region	Benki	Farmers	Loans provided to farmers	
1	Ruvuma	CRDB	359	587,015,816	
		TPB		191,950,000	
		CBT		468,081,500	
		Sub Total		1,247,047,316	
2	Coast	NMB	214	272,985,000	
		Equity		275,300,000	
		Sub Total		379	548,285,000
3	Lindi	NMB	734	2,181,678,311	
		CRDB		524	657,637,355
		Yetu		782	584,684,203
		Sub Total		2,040	3,423,999,869
4	Mtwara		2,778	5,219,332,185	
	Total				

Source: CBT, NMB, CRDB bank, Equity Bank and Yetu Bank (2020)

The study found that in the cropping season of 2021/2022 agricultural co-operatives supplied inputs costing Tshs 42,842,025,840. These inputs reduced the challenge of access to inputs but they did not solve the challenge completely. One of the weaknesses noted was that the number of inputs supplied did not suffice the needs of farmers, the factor used in determining the amount was the quantity produced by farmers in the past season instead of the number of trees. The amount of sulphur bags needed in a specific farm is determined by the number of trees or farm size, and not kilograms obtained in the past season.

The findings showed that the role of co-operatives in promoting cashewnuts production has contributed to increased production to some farmers but has not managed to increase production at the national level. Cashewnuts production needs the active involvement of different stakeholders including agricultural cooperatives, CBT, research institutes, District Councils, financial institutions, and others. Active involvement of one stakeholder benefited a few farmers who were closely reached or served. Therefore, to address production challenges and increase cashewnuts production, all stakeholders should work together by involving farmers in all processes.

3.2 Marketing of Raw Cashewnuts in Tanzania

3.2.1 Traditional raw cashewnuts marketing system

Interviews with key informants from CBT revealed that since 1991 marketing raw cashewnuts in Tanzania has undergone significant changes. In 1991, the system was liberalised, allowing farmers to sell their raw cashewnuts to any buyer. That is to say, it involved buyers buying raw cashewnuts directly from farmers, and some co-operatives acted as agents for private buyers to buy from farmers on their behalf. Under the traditional system, traders and buyers agreed to intentionally delay purchasing raw cashewnuts, causing farmers to panic and accept any price. Also, the system attracted a large number of intermediaries, which led to higher marketing and transaction costs that further reduced farm gate prices. The key informants from co-operatives unions revealed that the traditional cashewnuts marketing system was characterised by poor quality control and grading of raw cashewnuts, low bargaining power of farmers, and lack of correct cashewnuts production statistics. These challenges showed the need for strengthening agricultural co-operatives to take control of marketing raw cashewnuts in Tanzania under the Warehouse Receipt System (WRS).

3.2.2 The status of raw cashewnuts marketing system in Tanzania

Interviews with the key informants from co-operative unions and CBT revealed that marketing of raw cashewnuts from the 2007/2008 cropping season was done through agricultural cooperatives. The role of co-operatives in marketing raw cashewnuts gained momentum when a Warehouse Receipt System (WRS) was put in place in 2007. This means that all raw cashew collected had to be auctioned via co-operatives at an auction managed by the cashewnuts Board of Tanzania (CBT). From 2007/2008 private buyers were no longer allowed to buy cashews directly from farmers or Primary Societies and all raw cashewnuts were marketed through primary societies and co-operative unions for sale at auction.

Warehouse receipts system in this context is a kind of trade whereby cashewnuts is stored in a licensed warehouse, the owner of the commodity receives warehouse receipt which certifies the title of deposited cashewnuts as of specific ownership, value, type, quantity, and quality (grades). The warehouse receipt is therefore a document in the hard form issued in the warehouse by the Warehouse operator, stating the commodities certified in the receipts are held in the warehouse and at the disposal of the person named thereon. The warehouse receipt system is one of the important components of co-operatives in marketing raw cashewnuts of which co-operatives as owners deposit cashewnuts to licensed warehouses. According to the key informants from CBT, the introduction of WRS started with low acceptance from stakeholders such as buyers, farmers and others due to their interest in the cashewnuts business. However, WRS gained momentum from 2009/2010 and 2010/2011 after farmers and buyers realised benefits from the system compared to the traditional system of selling cashewnuts. Statistics shows that from the season when WRS gained momentum the prices of raw cashewnuts increased from 0.26 USD to 0.47 USD (CBT, 2009). The price motivated farmers to take care of their farms and using pesticides, which eventually increased production from 99,106.720 tons in 2007/2018 season to 313,826.386 tons in 2017/2018 (Figure 1). The WRS and government interventions of marketing raw cashewnuts from Tanzania to Asia led competition and increased demand, and eventually the price of cashew increased from 0.94USD in 2010/2011 to 1.78USD in 2017/2018 (CBT, 2018).

3.2.3 Role of co-operatives in marketing of raw cashewnuts

Marketing of raw cashewnuts involves different stakeholders such as co-operatives, Tanzania Co-operative Development Commission (TCDC), Warehouse Receipts Regulatory Board (WRRB), and cashewnuts Board of Tanzania (CBT), buyers, District councils, Warehouse Operators and others. Among these stakeholders, co-operatives play a great role in marketing raw cashewnuts from collection to payment of farmers. The Co-operative model plays a major role in linking all stakeholders together at different stages. Marketing of raw cashewnuts in Tanzania involves different stages; whereby different stakeholders play different roles to facilitate marketing activities. In playing their role, co-operatives consider the interest of both co-operatives' members and non-members both enjoying equal benefits from cooperatives. The structure of the marketing chain is as depicted in Figure 2. Farmers collect their raw cashewnuts to AMCOS, then transport to Warehouse Operators following directives of co-operatives unions and eventually sell to buyers through auction with the facilitation of co-operative unions and CBT.

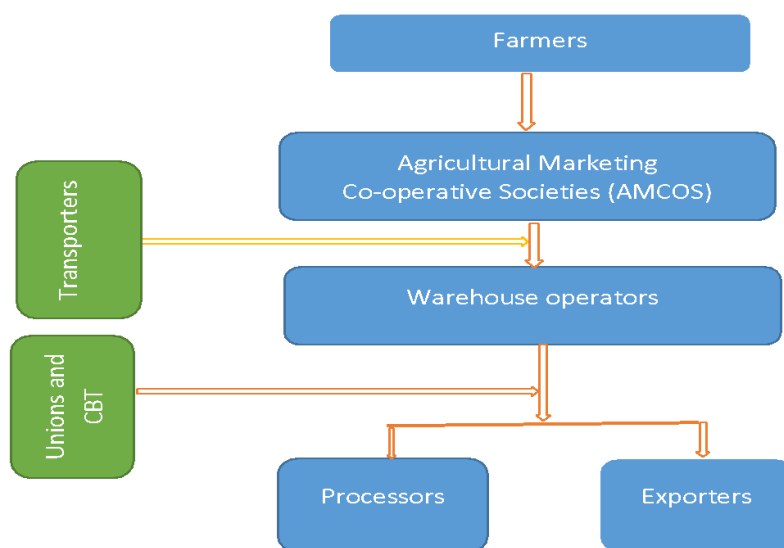


Figure 2: Schematic representation of the cashewnuts marketing chain

3.2.3.1 Collection of raw cashewnuts from farmers

Collection of raw cashewnuts involves AMCOS receiving cashewnuts from farmers, after being dried for at least three days, sorting and grading to required standards. Agricultural marketing co-operative society inspects the cashewnuts if it meets the required standards as speculated in specific season' guidelines. If it qualifies, it is received and a farmer is given a Goods Receipt Note (GRN) which shows the name, quantity, name of AMCOS, account number and phone number. Thereafter, AMCOS pack collected cashewnuts in special bags each carrying 80 kg and named the produce of Tanzania. Collection of raw cashewnuts at AMCOS level has reduced cost to farmers taking their cashewnuts to markets.

One of the challenges noted at this stage is poor record keeping at AMCOS level. The collection of raw cashewnuts is done through AMCOS' branches located almost in each village. However, unfaithful clerks record non-existing cashewnuts and provide GRN to a person who did not collect cashewnuts to AMCOS. As such, the same quantity of cashewnuts of farmers are recorded at AMCOS level but not recorded in documents that would be taken to the warehouse and co-operative unions for reference. Therefore, farmers find themselves having GRN but their information is only at the AMCOS level, which means that they cannot be paid. For example, in 2018/2019 season, the cashewnuts information of 1,063 farmers was not found at the union level and thus their cashewnuts were not collected to the warehouse operator. Also, the quantity of 1,389 farmers was reduced at AMCOS level, which both amounted to 2,650,671,120Tshs (1,144,975.5USD) in Coast and Lindi Regions. Co-operative officers revealed that this problem recurred every season in different AMCOS. Another challenge is the collection of low-quality cashewnuts from farmers. This was caused by AMCOS lacking a moisture metre and experts for testing quality at AMCOS level. The guidelines for quality control stipulate that harvesting generally involves collecting nuts when they have dropped. The crops should not be harvested while they have not fallen, sorted, graded and dried in the sun for at least three days consecutively. Despite these directives still testing of quality is important since eyes cannot be used to measure quality. Due to the lack of experts and moisture metres, the AMCOS have been collecting cashewnuts with poor quality. The collection of low-quality cashewnuts has led cashewnuts to be rejected at the warehouse. For example, in the 2018/2019 season 899,163 kgs were rejected at warehouses and thus returned to members (Table 2).

Table 2: Low-quality cashewnuts returned to farmers, 2018/2019

Region	District	Quantity (KGS)
Coast	Mkuranga	249,609
	Liwale	920
	Lindi	3,320
Lindi	Kilwa	17,040
	Nachingwea	7,526
	Ruangwa	11,129
Mtwara	Masasi	181,465
	Newala	428,154
Total		899,163

Source: CPB (2020)

3.2.3.2 Transportation of raw cashewnuts to warehouses

Transportation of raw cashewnuts from AMCOS to warehouse operators is coordinated by co-operative unions. Before opening the season, co-operative unions advertise tenders for transporting cashewnuts from AMCOS to warehouses. Transporters are required to submit their application to the union which would specify the quantity of cashewnuts they can transport. Their applications are received by the unions and reviewed, and transporters who qualify are informed and invited to sign a contract with co-operative unions for transporting cashewnuts in a specific season. After collection of raw cashewnuts AMCOS report to the co-operative union, which instructs registered transporters to go to specific AMCOS and carry cashewnuts to warehouses.

3.2.3.3 Warehouse operators receiving raw cashewnuts

The warehouse operator receives cashewnuts from AMCOS, tests their quality and count them. If they qualify AMCOS receive the quality certificate and warehouse receipts showing the name of AMCOS, quantity, and quality (grades) (Figure 3). These documents are placed together with the special form filled with names of farmers responsible for specific raw cashewnuts received. A copy of these documents is filled by AMCOS and submitted to the co-operative unions for future references.

WAREHOUSE RECEIPT
(Warehouse Receipt Act No 10 of 2005 & No 3 of 2015)

Date of Issue: 09/01/2019
Warehouse No: D35C
Receipt No. WRRR: 116315

By this Warehouse Receipt it is confirmed that **PISAH LIMITED** (Name of Warehouse Operator / Collateral Manager)
Located in: **KIMARA DAR ES SALAM** (Physical Address)
Received for storing from: **JITEGEMEE AMCOS - MAHEGE - KIBITI** (Name and Physical Address of the Depositor)

Type (s) and Origin of the Commodity	Number of Package (s)	Physical Weight (kg)	Grade	Class	Moisture (%)	Storage Instructions
RCN	102	8131	TL	47-91	7.1	NC 198
Physical Weight in Words: EIGHT THOUSAND ONE HUNDRED AND EIGHTY ONE KILOGRAMS ONLY.						

1. The Commodity are fully insured according to Insurance Policy No. **0051771/0051772** of **RELIANCE INSURANCE** (Insurer)
2. The Nature and facts of Ownership of the Commodity: **COMMONLY OWNED**
3. Warehouse Operator / Collateral Manager hereby agree to undertake the following:
(i) To maintain the quality and quantity as above mentioned until **30 JUNE 2019** (Specify Date) with Consideration for deterioration by **± 2** (Point of Class) of quality and weight loss **0.99%** as specified Within **1 - 93 DAYS** (Period)
(ii) With no financial interest in the Commodity covered by this receipt except a lien on the Commodity.
(iii) For a fee of Tshs. **38K** (Amount) as lien until **14 DAYS AFTER AUCTION** (Date)
4. The Holder of this Warehouse Receipt hereby agrees to undertake the followings:
(i) To pay the Warehouse Operator the specified Fee as lien.
(ii) To inform the Warehouse Operator of any mis-delivery or liabilities incurred by use of this Receipt.

Depositor's Full Name: **MUSA HEMED MSALUKA**
Authorized person of the Warehouse: **ANI NA MOHAMED (MANAGER)** (Family name, position)

Signature: **ANI NA MOHAMED** (Stamp & Signature)

Figure 3: Sample of Warehouse Receipt

3.2.3. Conducting raw cashewnuts auctions

Cashewnuts auctions in Tanzania are carried out by CBT together with co-operative unions. The cashewnuts Board of Tanzania (CBT) in collaboration with co-operative unions prepares a timetable for auctions (Figure 4), which is shared with stakeholders. The timetable specifies the name of the union, number of auctions, location, and date. Thereafter, the union prepares and shares the sales catalogue with the registered buyers, who should bid the amount of cashewnuts they want to buy and indicate the price they would offer for a specific catalogue.

**CASHEW NUT BOARD OF TANZANIA
AUCTIONS TIMETABLE FOR THE SEASON 2020 - 2021**

WEEK	DATE	DAY	UNION NAME	DISTRICT	AREA OF AUCTION
1	09/10/2020	FRIDAY	MAMCU	MASASI	LUATALA AMCOS
	09/10/2020	FRIDAY	TANECU	TANDAHIMBA	TANDAHIMBA TOWN
	10/10/2020	SATURDAY	LINDI MWAMBAO	LINDI MUNICIPAL	MNAZI MMOJA AMCOS
	11/10/2020	SUNDAY	RUNALI	NACHINGWEA	OFISI KUU YA RUNALI - NACHINGWEA
	16/10/2020	FRIDAY	TANECU	NEWALA	NEWALA TOWN
	16/10/2020	FRIDAY	MAMCU	NANYUMBU	NAMIJATI AMCOS
	17/10/2020	SATURDAY	LINDI MWAMBAO	MTAMA	MMANGAWANGA AMCOS
	18/10/2020	SUNDAY	RUNALI	RUANGWA	GHALA KUU - LIPANDE
3	22/10/2020	THURSDAY	TAMCU	TUNDURU	MUMSASICHEMA
	23/10/2020	FRIDAY	TANECU	TANDAHIMBA	NAMINDONDI
	23/10/2020	FRIDAY	MAMCU	MTWARA DC	LIBOBE AMCOS
	24/10/2020	SATURDAY	LINDI MWAMBAO	KILWA	TAPWA AMCOS
	25/10/2020	SUNDAY	RUNALI	LIWALE	KITUO CHA MALIPO - LIWALE
4	29/10/2020	THURSDAY	TAMCU	TUNDURU	MLINGOTI MASHARIKI
	30/10/2020	FRIDAY	TANECU	NEWALA	MPUTI-KITANGARI
	30/10/2020	FRIDAY	MAMCU	MASASI	TUAMINIANE AMCOS
	31/10/2020	SATURDAY	LINDI MWAMBAO	MTAMA	PANGATENA AMCOS
	01/11/2020	SUNDAY	RUNALI	NACHINGWEA	OFISI KUU YA RUNALI - NACHINGWEA
	04/11/2020	WEDNESDAY	CORECU	MKURANGA	UKUMBI WA PARAPANDA
5	05/11/2020	THURSDAY	TAMCU	TUNDURU	MLINGOTI MAGHARIBI
	06/11/2020	FRIDAY	TANECU	TANDAHIMBA	MAHEHA
	06/11/2020	FRIDAY	MAMCU	NANYUMBU	MIKANGAULA AMCOS
	07/11/2020	SATURDAY	LINDI MWAMBAO	LINDI MUNICIPAL	KITUMIKI AMCOS
	08/11/2020	SUNDAY	RUNALI	RUANGWA	GHALA KUU - LIPANDE
6	11/11/2020	WEDNESDAY	CORECU	KIBITI	KIBITI
	12/11/2020	THURSDAY	TAMCU	TUNDURU	NAMITILI
	13/11/2020	FRIDAY	TANECU	NEWALA	NANGURUWE
	13/11/2020	FRIDAY	MAMCU	NANYAMBA	CHITONDOLA AMCOS
	14/11/2020	SATURDAY	LINDI MWAMBAO	KILWA	SISI KWA SISI
	15/11/2020	SUNDAY	RUNALI	LIWALE	KITUO CHA MALIPO - LIWALE
7	18/11/2020	WEDNESDAY	CORECU	KIBAHA	OFISI ZA CORECU HQ
	19/11/2020	THURSDAY	TAMCU	TUNDURU	NAMIUNGO
	20/11/2020	FRIDAY	TANECU	TANDAHIMBA	NACHUNYU
	20/11/2020	FRIDAY	MAMCU	MASASI	CHIKUNDI AMCOS
	21/11/2020	SATURDAY	LINDI MWAMBAO	MTAMA	MTUA AMCOS
	22/11/2020	SUNDAY	RUNALI	NACHINGWEA	OFISI KUU YA RUNALI - NACHINGWEA
8	25/11/2020	WEDNESDAY	CORECU	MKURANGA	UKUMBI WA PARAPANDA
	26/11/2020	THURSDAY	TAMCU	TUNDURU	MAJIMAJI
	27/11/2020	FRIDAY	TANECU	NEWALA	MALATU
	27/11/2020	FRIDAY	MAMCU	NANYAMBA	PACHANI AMCOS
	28/11/2020	SATURDAY	LINDI MWAMBAO	LINDI MUNICIPAL	NG'APA AMCOS
	29/11/2020	SUNDAY	RUNALI	RUANGWA	GHALA KUU - LIPANDE
9	02/12/2020	WEDNESDAY	CORECU	KIBITI	KIBITI
	03/12/2020	THURSDAY	TAMCU	TUNDURU	NAMSOSA
	04/12/2020	FRIDAY	MAMCU	MTWARA DC	MWAMKO MADIMBA AMCOS
	04/12/2020	FRIDAY	TANECU	TANDAHIMBA	CHINGUNGWE
	05/12/2020	SATURDAY	LINDI MWAMBAO	MTAMA	MNOLELA AMCOS
	06/12/2020	SUNDAY	RUNALI	LIWALE	KITUO CHA MALIPO - LIWALE
10	09/12/2020	WEDNESDAY	CORECU	KIBAHA	OFISI ZA CORECU HQ
	10/12/2020	THURSDAY	TAMCU	TUNDURU	LIGUNGA
	11/12/2020	FRIDAY	MAMCU	NANYAMBA	NJENGWA KASKAZINI AMCOS
	11/12/2020	FRIDAY	TANECU	NEWALA	MKOMA I
	13/12/2020	SUNDAY	RUNALI	NACHINGWEA	OFISI KUU YA RUNALI - NACHINGWEA
11	20/12/2020	SUNDAY	RUNALI	RUANGWA	GHALA KUU - LIPANDE
12	27/12/2020	SUNDAY	RUNALI	LIWALE	KITUO CHA MALIPO - LIWALE
13	03/01/2021	SUNDAY	RUNALI	NACHINGWEA	OFISI KUU YA RUNALI - NACHINGWEA
14	10/01/2021	SUNDAY	RUNALI	RUANGWA	GHALA KUU - LIPANDE
15	17/01/2021	SUNDAY	RUNALI	LIWALE	KITUO CHA MALIPO - LIWALE

Figure 4: Sample of Auctions Timetable for the Season 2020/2021

The auctions are attended by cashewnuts farmers, co-operative leaders, CBT representatives, buyers, local government leaders and other interested people. Before starting the auction, CBT representatives provide the market situation globally so that farmers can decide to sell cashewnuts or not. Plate 1 shows farmers at a cashewnuts auction observing bid opening. Thereafter, the opening of bids is done by the manager of the co-operative union, who reads all letters submitted by buyers, and farmers decide whether to sell their cashewnuts or not based on the price provided by buyers. After the decision, the co-operative union Manager announces selected buyers, and then co-operative unions prepare the sales invoice within 24 hours which is issued to buyers.



Figure 5: Farmers at the Cashewnuts auction observing bid opening

Raw cashewnuts are marketed through AMCOS and co-operative unions, the decision of selling Cashewnuts is done at public meetings whereby farmers and non-farmers attend and make the decision since there is no restriction and control. This challenges the decision-making process at the co-operative, whereby only members have the power to make the decision. This shows a need of sensitising non-member farmers to join co-operatives, and also co-operatives should have products that would attract non-members to join.

In addition, although the government instructs all cashewnuts to be sold through WRS, some of the farmers were found selling their cashewnuts outside the WRS “Kangomba System”. This system is dangerous to farmers since cashewnuts is sold at a lower price compared to the market price, some farmers sell at a difference of more than 100%. Apart from loss to farmers, also the government gets incorrect information on the collected quantity of cashewnuts. Similarly, “Kangomba system” has led other stakeholders including AMCOS, CBT, co-operative unions, local government, and Tanzania Co-operative Development Commission, to lose fees and levy especially when raw Cashewnuts is not taken to auction.

Among the farmers approached for this study, 40% reported selling part of their Cashewnuts outside the WRS just to meet their needs at the households’ level. When asked why they make such a decision, they revealed that the season starts in October or early November while they have Cashewnuts in their home by September. Leaders from co-operative unions supported that “Kangomba system” is difficult to control because when farmers face challenges they request buyers to buy their cashewnuts so that they can get money to meet their immediate needs. To control this challenge, an alternative source of funds for farmers to meet their urgent needs and demands should be found. Since the force involved in this business comes from both parties, i.e. buyers and farmers, and it is their secret and agreement between them, thus difficult to find the evidence. After that, the culprit should be punished regardless of their position or status.

3.2.3.5 Payment to farmers

Payment of cashewnuts is based on the sales invoice and is done to the settlement account which is under co-operative unions, then transferred to specific AMCOS’ accounts after deduction of various fees stipulated in specific cropping season for different stakeholders including co-operatives, CBT, Tanzania Agricultural Research Institute (TARI) Naliendele and District Councils. Agricultural marketing co-operative society after the auction prepares a list of farmers to be paid per warehouse receipt which is channelled to the bank for account verification and payment of farmers in their respective bank accounts. Despite this role of AMCOS paying

farmers, the study found limited financial management skills among AMCOS' managers. The study found 70% of AMCOS managers manage transactions of more than one billion shillings with limited financial management skills.

In each season, managers are responsible for coordinating all-season activities involving specific AMCOS. These activities include receiving Cashewnuts from farmers, transporting cashewnuts to the warehouse, preparing payment to farmers after deduction of all fees and contributions approved by the government, and paying labourers involved in different AMCOS activities. These activities need financial management skills, but due to limited skills, their implementations have been ineffective thus causing losses to AMCOS. Based on this scenario co-operative officers have been involved in preparing farmers' payments. This questions their major role of approving payments and making inspections. This is to say they approve what they have prepared. Co-operative officers involved in preparing and approving payments of farmers have made AMCOS not to see the need of employing a qualified person who can prepare payments and co-operative officers remain with the role of supervision in general. This shows the need of co-operatives to employ a qualified and skilled person in financial management, who will be responsible for preparing all payments and Co-operative officers, remain with their role of approving payments.

Based on the role played by agricultural co-operatives in the marketing of cashewnuts, different stakeholders such as CBT, District Councils, and banks show their experience regarding the role of co-operatives in the sector as follows:

One of the functions of CBT is to regulate and control the quality of cashewnuts, and ensure all cashewnuts produced by farmers is sold. Before the introduction of the warehouse receipt system the control of the market was difficult, and thus some farmers were exploited by few buyers, hence did not benefit from cashewnuts production. Agricultural co-operatives have played a big role in collecting and selling cashewnuts on behalf of farmers. This has helped CBT to coordinate effectively all processes of collecting, marketing, and farmers getting payment. Therefore, the existence of agricultural co-operatives has made CBT fulfil its responsibilities smoothly with little resources (22 May 2021).

Our District Council depends much on its source of revenue to implement different projects for community wellbeing. Before the introduction of the warehouse receipts system, our District Council used more resources to collect revenue, though we did not collect revenue by a hundred percent and thus many projects were not implemented as planned. Currently, our District Council does not use any resource to collect revenue, but we ensure all cashewnuts, produced is sold within our District and collection of revenues is done through co-operatives facilitated by Co-operative Officers who approve farmers' payment (21 May 2021).

Our bank provides loans to farmers to support their production, especially during the flowering season. Through agricultural co-operative we provide loans directly to farmers after approval of AMCOS leaders. Agricultural co-operatives have been a good link between farmers and the bank. This is due to the role they play; including ensuring our bank that a specific farmer sells his/her Cashewnuts through their AMCOS and produces the stated quantity. Also, during the payment process, AMCOS ensures farmers who got loans from the bank their payments are done through which motivates our bank to provide more loans to farmer (25 May 2021).

All cashewnuts buyers need to get assurance of getting cashewnuts, so that they can request loans from the bank for bonds at CBT and renting warehouses. Through co-operatives, we have the assurance of getting quality cashewnuts which is acceptable at the international market. When we go to other countries, we normally find it difficult to get cashew, because the market is open and buyers buy from any farmers and thus the quality control is difficult and assurance of getting the required quantity is difficult. The warehouse receipt system enables us to bid the quantity we want and since the market is organised, every buyer is confident of getting cashewnuts (25 May 2021).

3.2.4 Farmers opportunities in raw cashewnuts AMCOS

Table 2 shows opportunities experienced by farmers from agricultural co-operatives marketing cashewnuts. These include getting a good price (39%), which is a result of controlling competition of buyers who did not exist before. In each season, CBT sets the minimum price which controls buyers in setting prices. Another opportunity noted was getting paid timely (26%), which is set by CBT that farmers should get their payment within fourteen days after the auction, which is a convenient time for buyers. AMCOS organising farmers together (10%) thus increases the bargaining power of farmers. Another opportunity is reducing transaction cost (13%), whereby marketing of raw cashewnuts has cost implications such as finding buyers within and outside Tanzania, conducting market auctions, supply of bags, among others. All these are covered by the government

and other stakeholders, who ultimately reduce the burden on the farmers. Government protecting farmers' interest (12%) is ensured by controlling WRS. The analysis shows that opportunities from AMCOS members and non-members were found the same, which implies that when AMCOS marketed raw cashewnuts they provided equal opportunities to members and non-members.

Table 3: Opportunities of farmers cashewnuts AMCOS

Opportunity	Frequency	Percent (%)
Getting good price	172	39
Getting payment on time	117	26
Reducing transaction cost	56	13
Government protecting farmers' interest	54	12
AMCOS organising farmers together	46	10
Total	445	100

In addition, the study found the findings of quantitative data corroborate the qualitative data findings. Farmers from Tandahimba, Masasi, Liwale, Nachingwea, Tunduru, and Kibiti remarked different benefits obtained in the process of Cashewnuts marketing as follows:

Before the introduction of WRS, buyers bought our cashewnuts at the average price of 0.26 USD. This was done intentionally as they were sure that we had no option of selling our cashewnuts. But I express appreciation to our government after introducing the WRS which gives us a good price (more than 1 USD). That is why I always regret why our government did not introduce this system since the 1990s to make our cashewnuts have value (17 May 2021).

I appreciate our government for organising farmers and forming agricultural co-operatives in our district which has made us respected by buyers. Before the introduction of WRS buyers bought our cashewnuts at a lower price, knowing we have no option of selling our cashewnuts, this made us sell our cashewnuts at a loss compared to expenses incurred in production. Farmers through our agricultural co-operatives have the power to decide on accepting or rejecting the price offered by buyers. Also, we present our needs to the government which are considered for our development, and therefore we see a co-operative as a tool which help us to raise our voice to the government and other stakeholders (18 May 2021).

In ten (10) years, I have experienced social and economic changes in my household. I have been selling my Cashewnuts through the agricultural co-operative and I have been receiving the payment within two weeks, which was difficult in the past years. Before the introduction of WRS the price of Cashewnuts was less than 0.8 USD, payments were delayed and sometimes not obtained. Agricultural co-operatives have ensured all Cashewnuts produced are sold at a good price, this has enabled me to have an assurance of getting income every season which is directed to the social and economic development of my households (18 May 2021).

The life of farmers in the southern zone especially Mtwara and Lindi Regions depends much on cashewnuts crops to get income for their survival. We use the income obtained to manage our life by meeting household needs, especially food, education for our children, health services, housing, clothes, and others. Therefore, when the flowering season starts, we normally have no money to buy sulphur dust and sulphur blowers along with other pesticides. Based on this challenge we have been getting loans from banks through our co-operatives to support production (19 May 2021).

Before the introduction of WRS every farmer was selling his/her cashewnuts on his/her own, either to a local processor, middlemen or agricultural cooperatives. The price offered was very small compared to the incurred cost. The government after introducing WRS and strengthening our agricultural cooperatives, farmers are organised together, we collect and sell our cashewnuts at a good price and get payment in time (19 May 2021).

The price increase for our cashewnuts has changed our life compared to the situation before the introduction of the warehouse receipt system. The obtained income has helped me to improve my house and build shops and eventually life in my household has changed and we are happy for our cashewnuts (19 May 2021).

The findings show price differences between before and after the introduction of WRS which depict the role of agricultural cooperatives. However, the price of cashewnuts from 2018/2019 up to 2021/2022 has declined compared to the cropping season of 2017/2018. This shows although agricultural co-operatives have provided the bargaining power for farmers, the price of raw cashewnuts is determined by various factors, which in most

cases are global factors. This shows the need for agricultural co-operatives adding values to cashewnuts collected from farmers through processing. Value addition which is connected to industrialisation is important not only to farmers but also the government as it provides employment.

3.3 The Role of AMCOS in Industrialisation

The role of agricultural co-operatives is important in promoting cashewnuts production. It ensures the availability of raw materials for industries especially the local processors. It also enables co-operative unions to get revenue that is used to finance the establishment of industries for value addition. Due to the decline of raw cashewnuts production and price, as well as the constant price of processed cashewnuts, the Ministry of Agriculture through the Tanzania Co-operative Development Commission has sensitised the unions to establish their commercial cashewnuts farms. These farms would increase production and hence more revenue which partly can be used to finance industries. However, agricultural co-operatives have not adequately taken advantage of this opportunity of establishing their industries. On the other hand, Tandahimba Newala Co-operative Unions (TANECU) has started constructing its processing industry. The industry is expected to benefit the union members. Other co-operative unions dealing with cashewnuts can therefore learn from Tandahimba.

In addition, agricultural co-operatives are essential business models that play meaningful roles towards industrialization hence putting the members at the centre. If co-operatives are strengthened their contribution to industrialization would be high. The focus should be to continue reorganising co-operative societies to become co-operative enterprises. That is, they should focus not only on services but also on doing business. This should be hand in hand with the Tanzania Co-operative Development Commission continuing to strengthen Co-operative internal management by ensuring that co-operatives are managed as per available regulatory frameworks. On the other hand, agricultural co-operatives have to take internal measures that would help build co-operative entrepreneurship. They should also take advantage of the existing opportunities on the availability of raw cashewnuts in Tanzania to contribute to industrialization, therefore, putting members at the centre.

4. Discussion of the Findings

The study found that agricultural co-operatives sell cashewnuts from members and non-members and facilitate the collection of district council levy. They also use different stakeholders when they want to reach farmers. This role depicts the implementation of the co-operative principles, especially role seven that concerns the community. This principle has been used as an instrument for raising their voices especially when farmers want to communicate to the Government and other stakeholders.

In addition, the findings show that co-operatives are highly relevant and important in the realisation of the Sustainable Development Goals (SDGs). Co-operatives have shown their effort in poverty reduction especially in southern regions which mostly depend on cashewnuts production as one of their major economic crops. Similar findings are reported by Abate *et al.*, (2014); Mhando (2014) Ruhul and Mahin (2014); Effiom (2014); Tefera *et al.* (2017); and Ahmed and Mesfin (2017). These findings are however contrary to studies by Mabunda (2017); Amene (2017); Hu *et al.*, (2017); Nkoki-Mandleni and Anim (2014) and Mhando (2014). The studies reported a lack of experience in managing co-operatives. A similar challenge is also reported in the study area. However, it has not stopped the co-operatives from promoting production and marketing of cashewnuts.

The findings show that the improved cashewnuts marketing by co-operatives has improved the livelihood of the members. A study by ILO and ICA (2015) supported this idea as well. The study reported that, in Tanzania, agricultural co-operatives are well recognised for their efforts in poverty reduction. These co-operatives do those things such as identifying economic opportunities for their members, facilitating access to loans, collecting cashewnuts from farmers, transporting and selling raw cashewnuts.

In addition, the study revealed that co-operatives serve both members and non-members equally. This is good as it portrays a co-operative principle of concern for the community. This has however made non-members not see the need of joining cooperatives, since they could sell through AMCOS and get paid timely just like the members. Co-operatives get levy from both members and non-members of co-operatives, but the income obtained is used for running the daily operations of the AMCOS, and not providing special services to members. In the long run, this might weaken the co-operatives, and may cause members to withdraw from their co-operatives.

5. Conclusion and Recommendations

This study has shown how agricultural co-operatives have promoted cashewnuts production and marketing. The findings show that agricultural co-operatives are the best models that have contributed to improve the livelihood of cashewnuts farmers and non-farmers. Agricultural co-operatives ensure multiplier effects ranging from farm productivity to economic growth and poverty reduction at the household level. After experiencing how agricultural co-operatives have succeeded in the cashewnuts sector, they are seen as the best model which can be used in other crops in Tanzania and other countries in the world.

Furthermore, the study found a number of challenges facing co-operatives in the process of marketing cashewnuts. These include limited financial management skills among AMCOS leaders, poor record keeping at AMCOS level, collection of low-quality cashewnuts from farmers, low investment to industrialisation and farmers selling cashewnuts outside the WRS “Kangomba”. Deliberate efforts have to be made by various stakeholders involved in cashewnuts to tackle challenges faced by co-operatives in marketing cashewnuts. For instance, emphasis from TCDC to AMCOS on employing qualified accountants is recommended. Education should continue to be provided to farmers on quality of cashewnuts, also educating them on the importance of saving. Also, agricultural co-operatives need to invest in industrialisation that considers farmers’ needs. These findings would contribute to the existing debate on the contribution of agricultural co-operatives to production and marketing of farmers produce.

In conclusion, the results of the study would as well provide information to policy makers and other stakeholders on how to strengthen agricultural co-operatives to promote cashewnuts production and marketing in Tanzania. These findings stress the need for appropriate working environments that enable agricultural co-operative to improve the working environment and have skilled people who can transform agricultural co-operatives, especially primary co-operatives.

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RESILIENCE AND SUSTAINABILITY OF TOBACCO CO-OPERATIVES IN SOUTHERN AFRICA: AN EYE INTO CONTRACT FARMING IN TANZANIA, ZIMBABWE AND MALAWI

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Abstract

Farmers in Africa, in their quest to walk away from poverty, have been observed to work jointly through agricultural and marketing co-operatives societies (AMCOS). Despite these efforts, the situation on the ground is not that rosy. Innumerable factors have been reported to haunt, weaken and fail co-operative movements in Africa, tobacco co-operatives inclusive. The states have of recently been less involving themselves if not disengaging from providing inputs, credit, extension services, and price supports for several reasons. This seems to have left a room to fill, where private firms have been considered to have the potential to take up similar roles, and in a more efficient manner. In such mishaps, be it climate-related, economic or political, and social, understanding the way (how) people and institutions could become much more resilient becomes vital towards the promotion of well-being. Resilience building supports people and institutions in dealing with changes and adapting to some new circumstances hence achieving sustainability. Contract farming (CF) is an approach that has the potential whereby the private sector has been expected to create win-win arrangements with smallholder farmers. Tobacco farmers have been observed to be involved in CF arrangement through AMCOS which is expected to lead to resilience and sustainability. While it has been anticipated that contract farming carries the potential which can substitute the state in the wake of the agrarian sector reforms, very little empirical evidence exists on how resilient and sustainable the Tobacco Co-operatives in Southern Africa are in the face of CF. It is against this background that this article analyses the resilience and sustainability of Tobacco Co-operatives in the tobacco sub-sector in Tanzania, Malawi, and Zimbabwe using A documentary research method (documentary analysis). In this article, resilience has been analysed based on networks, innovation, and the role of the state.

1. Introduction

The International Co-operative Alliance (ICA) (2005) as cited by Mhembwe and Dube, (2017: 2-3) defines a co-operative “as an autonomous association of persons united voluntarily to meet their common economic, social, cultural needs and aspirations through a jointly-owned and democratically-controlled enterprise”. Innumerable factors have been accounting for an individual’s choice to cooperate (White and Runge, 1994; Maghimbi, 2010; ICA, 1996). It is reported by Develtere, et al, (2008), that nearly 7% of the population in Africa has a connection to primary co-operatives. Most countries are reported to have hundreds of new co-operatives being registered almost yearly (ILO, 2017; Pollet, 2009). This increase is to a greater extent attributed to the growth of Savings and Credit Co-operatives (SACCOs), which have been observed to occupy a significant proportion of the co-operative movement in the meantime compared to how the case was in previous years (ICA, 2020; Pollet, 2009; Borda-Rodriguez and Vicari, 2014). Globally, intensified need to form co-operatives is linked to, *inter alia*, the need for joint poverty reduction initiatives and socio-economic development (Banturaki, 2000; Birchall and Simmons, 2009; Castillo and Castillo, 2017). Co-operatives have the potentiality of solving the general economic problems of both over or under production, also those related to uncertainty in business, and excessive costs. It is through co-operatives that market failures can be addressed and gaps that have sometimes been ignored by other private businesses filled (Nembhard, 2014).

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Despite having numerous types of co-operatives documented in the literature (Maghimbi, 2006; Birchall and Simmons, 2010; Pollet, 2009), early co-operative movements in Africa have been associated with peasants whose purpose as simply to enable native peasants to get hold of a considerable part of the profit from trade in crops (Gibbon, 2001; Maghimbi, 2010; MMA, 2006; Makiyoni, 2019; Rwekaza and Muhihi, 2016; Francesconi and Ruben, 2008). Since time immemorial, farmers in various countries have opted to form co-operatives (Maghimbi, 2006; Francesconi and Wouterse, 2017; Borda-Rodriguez and Vicari, 2014). These farmers found co-operatives as an avenue for planning and implementing sustainable subprojects for communities in the rural areas, farmer groups inclusive. It is anticipated that in this context productivity will increase, incomes too, and also assets. This is significantly expected to add to poverty eradication efforts (Develtere, Pollet and Wanyama, 2008).

Tobacco farming is reported to register an increase in terms of both tobacco leaf cultivation and production (WHO, 2003; Drope, 2018; WHO, 2021). This has been observed despite the global initiatives to control production due to its reported harmful aspects. These initiatives have been going hand in hand with contriving alternatives to tobacco workers, farmers, and sellers under the implementation of the WHO Framework Convention on Tobacco Control (WHO FCTC), (WHO, 2021). In Africa, particularly sub-Saharan Africa is the region where tobacco farming is reported to boom (Paul, 2021; WHO, 2021; Hu and Lee, 2015; Appau and Drope, 2019). The increase in tobacco leaf cultivation and production is associated with the forming of tobacco co-operatives in Southern Africa, an area which is reported to hold a significant share of tobacco leaf production. Tanzania, Malawi and Zimbabwe are amongst the countries reported at the forefront in terms of tobacco production. Though the literature paints a very beautiful picture on cultivation and production of tobacco (Leppan, *et al.*, 2014; Makoka *et al.*, 2017; Magati, *et al.*, 2019; Gilmore, *et al.*, 2015), the story on the ground has never been that rosy. The subsector is reported to have been constantly attacked by the global campaigns against tobacco uses. The co-operatives themselves seem to lack leadership skills. Some governments have recently even decided to less involve themselves if not disengaging from providing inputs, credit, extension services, and price supports. This seems to have left the room to fill, where private firms have been considered to have the potential to take up similar roles, and in a more efficient manner (MMA, 2006). Contract farming (CF) is an approach that has the potential to generate a win-win arrangement involving the private sector and smallholder farmers. Tobacco farmers have been observed to involve themselves in CF arrangement through their AMCOS with an expectation that this will result in resilience and sustainability. Much as those in favour of contract farming believe that CF has the potentiality to substitute the state in the wake of the agrarian sector reforms. Very little empirical evidence exists on how resilient and sustainable the Tobacco Co-operatives in Southern Africa are in the face of CF.

Resilience building provides people and institutions with support when dealing with changes and adapting to some new circumstances hence achieving sustainability (Vicari and Borda-Rodriguez, 2014). Innumerable factors have been identified that impact co-operative resilience, the most important according to Vicari and Borda-Rodriguez, (2014:2) are: - "(i) membership, (ii) collective skills, (iii) networks, (iv) innovation, and, (v) role of the state". Co-operatives that are capable of dealing with shocks and limitations normally have been exhibiting these factors more frequently. To comprehend the degree to which co-operatives have coped and addressed their challenges and limitations this study focused on networking, innovation, and the role of the state. This article analyses the resilience and sustainability of Tobacco Co-operatives in Tanzania, Malawi and Zimbabwe, as little is empirically known and documented on how resilient and sustainable these co-operatives have been towards the promotion of well-being amongst members.

2. Methodology

This review employed a documentary analysis (documentary research method) to collect information relevant for this article. The documentary method connotes a desk review that allows researchers to categorise, examine, and interpret written publications. It examines documents containing information relevant to the subject under investigation (Muhanga and Malungo, 2019; Mshingo, and Muhanga, 2021). In conducting a systematic literature review, aspects of the protocols by Cochrane Methods and the criteria articulated by PRISMA were employed. The articles that met those criteria were selected and underwent quality assessment and data extraction. The search identified 1497 publications, abstract screening was done from 1091 qualified publications, and 440 full-texts were screened for eligibility. Only 85 articles reflected the theme of this review. The search strategy for this study employed keywords such as "tobacco co-operatives, co-operatives in Africa, co-operative sub-sectors in Tanzania, Malawi and Zimbabwe, Tobacco Co-ops in Africa, contract farming, and resilience and sustainability".

3. Co-operatives in Africa: An Overview

Recently, co-operatives have been viewed with the potentiality towards fostering socio-economic development to walk communities away from poverty (Birchall, 2003; 2004; Bibby and Shaw, 2005; UN, 2011; FAO, 2012;

Münkner, 2012; Vicari and De Muro, 2012). It is in this context that national and international organisations have developed considerable interest in comprehending the renaissance exhibited by co-operatives in the least developed part of the world, Africa in particular. This is a region where co-operatives have been reported to have undergone periods of mismanagement, interference by governments and some signs of failure (Develtere *et al.*, 2008). Co-operatives are reported to stand as strategic players towards inclusive and sustainable development in countries in Africa (Hoyt, 1989; Develtere, *et al.*, 2008). For co-operatives to contribute effectively towards poverty reduction, there is a need for co-operatives to develop as businesses that are sustainable and capable of surviving in challenging environments, which are sometimes faced by economic, political, social, and climate crises. Borda-Rodriguez and Vicari, (2014:1) argue that “heavy government interference, lack of leadership and low levels of skills are some of the factors that have for decades weakened and, in some cases, caused the failure of co-operatives in Africa”. It can, however, be observed that African co-operatives are heading towards a noteworthy renaissance. To quote Pollet (2009: 1), “co-operatives in Africa are about to enter a phase of renaissance, but need a favourable legal and institutional environment, greater visibility, a stronger voice, further diversification, improved governance, better management, solid horizontal networks and strong vertical structures, to make this a reality”.

In the advent of liberalisation, particularly around the 1990s, Wanyama (2013) reports that co-operatives in Africa were seen to have developed as “genuine member-controlled and business-oriented organisations” which afforded to improve the welfare of the vulnerable people. The situation, with respect to co-operatives in Africa at that time, presents a “mixed-picture in terms of performance” (Francesconi and Ruben, 2008; Francesconi and Wouterse, 2011). This is certainly that there are success stories, but failures too. It is in this context that a considerable understanding in terms of what enables co-operatives to survive the economic and political shocks at the same time maintaining their core functions remains essential towards addressing their existence.

4. Co-operative Sub-Sector in Tanzania, Malawi and Zimbabwe

4.1 Co-operatives in Tanzania

As of December 2019, and according to the Tanzania Co-operative Development Commission (TCDC), Tanzania Mainland had a total of 11,626 registered co-operatives. Of these, 6,178 were SACCOS and 3,835 being Agricultural Marketing Co-operatives (AMCOs) (ICA, 2020). The co-operative subsector is reported to directly employ around 90,090 people, whereby in 2019, the value of produce which were recorded to have been marketed through Mainland co-operatives were estimated to stand at 2.9 trillion Tanzanian shillings (TCDC, 2020 statistics). According to Maghimbi (2010), historically, peasants were the ones who established the very first co-operatives in the then Tanganyika in 1925. These co-operatives intended to simply enable indigenous peasants to gain a proportion of trade of crops. The pre-abolition era (*i.e.*, before 1976) has been associated with the co-operatives’ success stories. This was followed by numerous setbacks registered by co-operatives in the post-abolition period (the period after 1982). In this context, there was an observed restricted role of co-operatives in the reduction of poverty also towards national development which resulted from the poor performance of co-operatives registered around the 1980s and 1990s (Maghimbi, 2006; 2010). However, what is seen on the ground with respect to the co-operatives movement now is that it is slowly picking itself up, though a substantial effort has to be made to face the challenges. After innumerable successes and failures as well, it was not surprising that the government of Tanzania established the new Co-operative Development Policy in 2002 to enable co-operatives to maintain their development path and also respond to the members’ needs. In Tanzania mainland, traditionally the types of co-operatives that had been dominating mostly were those which focused on the marketing of peasants’ crops. At the time, SACCOS were however dominating, a phenomenon observed at the beginning of the 1990s (Maghimbi, 2006).

4.2. Co-operatives in Malawi

It is in the records that co-operatives in Malawi are found in innumerable sectors of the economy, whereby the agro-business related co-operatives taking the lead at 70 %, followed by financial co-operatives standing at 10 % and the remainder of 20% taken collectively by services (cleaning), bee-keeping, mining and furniture. A total of 920 co-operative societies are reported to have been registered in Malawi (Makiyoni, 2019). Lynx Associate (1996) reports that it was during the colonial regime that the first phase of the co-operative development was observed. This was followed by an arrest resulting from post-colonial government’s tendency of interfering in the economy sector. It was later on, around the 1990s, that a new development phase prompted by the introduction of liberalisation was observed. In 1946, there was an establishment of the Co-operative Act. In 1947, during the colonial era, Malawians witnessed the registration of the first agricultural co-operative (Borda-Rodriguez and Sara Vicari, 2014; Matabi, 2012). As in many other countries in Africa, the establishment of co-operatives in Malawi was based on a top-down approach. In 1964, right after independence, there was deregistration of agricultural co-operatives and dominance of the smallholder sector by enterprises owned by

the state. It is during this time that Savings and Credit Co-operatives (SACCOs) found themselves flourishing as a result of the government losing interest in the financial sector. Hence, SACCOs independently started to grow (Develtere, Pollet and Wanyama, 2008).

4.3. Co-operatives in Zimbabwe

The co-operative movement is reported to have started quite a few decades ago amongst the white settlers. The formation of co-operatives by Africans was also permitted even some years before Independence. However, a relatively slow progress has been noted in that period. The movement in Zimbabwe has its origins way back in 1909. This is the time when the Co-operative Agricultural Act was established to facilitate commercial farmers to create marketing and supply co-operatives (World Bank, 1989). The Co-operative Societies Act (Chapter 193) was approved in 1956 which established the legal basis for the registration of co-operatives in Zimbabwe. At independence that was in 1980 the Agricultural Service Co-operative (ASC) movement had 343 registered primary societies with 700,000 members from communal farmers. Seven years later, in 1987, active ASC increased to 527 in terms of number with approximately 125,000 members. It is reported that the Government in Zimbabwe had made initiatives to promote co-operatives in various sectors of the economy, particularly in the agricultural sector (World Bank, 1989).

Co-operatives in Zimbabwe are categorised into: "housing co-operatives, fishing, manufacturing, agriculture, services (including transport, catering), savings and credit co-operatives, also mining co-operatives" (Parliament of Zimbabwe, 2016:1). The speedy growth in terms of the number of registered co-operatives resulted in stressing the available resources not only in the movement but also in the Ministry accountable for co-operative societies. The rate at which agricultural service co-operatives have been active is reported to have been higher at 85% sometimes in the 1980s, but the situation had reversed in the recent years partly due to experienced growing financial problems and a decline in business turnover.

In almost over the last two decades, an economic downturn has been experienced in Zimbabwe which is reported to have been caused, *inter alia*, by periodic droughts emanating from climate change, the shocking impact of the HIV and/or AIDS pandemic and also political instability. It is in this context that rural co-operatives in Zimbabwe are seen to become a 'force to reckon' due to their potentialities towards enhancement of food security, provision of employment opportunities, and improvement of households' incomes (Mhembwe, and Dube, 2017).

5. Tobacco Co-operatives and Contract Farming in Africa: A Situational Analysis

It is in the records that, globally, between 2012 and 2018, the area under tobacco cultivation decreased by 15.66 percent; but it was reported to increase by 3.40 percent in Africa. In the same period, globally, there was a decrease in tobacco leaf production by 13.9%; but Africa recorded an increase by 10.6 % (Appau, et al., 2019; Paul, 2021). The leading tobacco leaf growing country in Africa is Zimbabwe (producing 25.9 % of Africa's output), followed by Zambia which produces 16.4%, then Tanzania whose production stands at 14.4 %. The other tobacco leaf growing countries are Malawi and Mozambique whose production stands at 13.3% and 12.9%, respectively.

Tobacco farmers, just like any other farmers, have been organising themselves into co-operatives, *inter alia*, to meet their common social, cultural, and economic needs and aspirations. These include the need to improve households' incomes hence fulfilling farmers' quest to walk away from poverty through agricultural and marketing co-operative societies (AMCOS) (Mhembwe and Dube, 2017; Francesconi and Ruben, 2008; Francesconi and Wouterse, 2011; Maghimbi, 2006; 2010). However, the co-operative presence in Tanzania, Malawi and Zimbabwe, generally is reported by Pollet, (2009) to be significant, though poorly documented.

Due to innumerable challenges facing the tobacco farming and tobacco co-operatives in Africa in general (Francesconi and Ruben, 2008; Francesconi and Wouterse, 2011; Maghimbi, 2006; 2010; Borda-Rodriguez and Vicari, 2014; Pollet, 2009), co-operatives have been striving to emerge as resilient socio-economic organisations. According to Hoyt (1989), the more co-operatives are likely to flourish as resilient socio-economic organisations, the higher the chances of contributing towards sustainable and inclusive development. Borda-Rodriguez and Vicari, (2014:4) claim that resilience connotes "an organisational ability to develop some degree of adaptive capacity, that is, the ability to learn and adequately respond to crises".

Tobacco farmers have been observed to involve themselves in CF arrangement through their AMCOS with an expectation that this will result in resilience and sustainability (Oya, 2012; Eaton et al., 2008). The tobacco subsector is reported to benefit from contract farming (Oya 2005, Eaton and Shepherd, 2001). This is very particular when the need for substituting the state was obvious after neo-liberal reforms in the agrarian sector

in Africa. This is when the states disengaged themselves from providing inputs, extension services, credit, and price supports. It is worthwhile to note that this is observed to mark the emergence of the private firms' initiatives to fill the same roles efficiently through contract farming.

5.1 Tobacco Farming and Contract Farming in Tanzania

In recent years, tobacco has become one of the most important export crops in Tanzania. While the country accounts for only 0.2 percent of the world's tobacco production, her production has been increasing steadily. The contribution of tobacco to the total export earnings from traditional export crops in Tanzania increased from 12.5% in 2005/06 to 37.9% in 2011/12 season; and for three years (2009/10 – 2011/12) tobacco has been a leading export crop in the country (Mayuya, 2013; Bank of Tanzania 2018; Ndomba 2018; Jha *et al*, 2020). Over 85 percent of tobacco grown in Tanzania is exported, earning the country an average of US \$ 38 million per season. Records from Tanzania Tobacco Board (TTB) indicate that tobacco contributes significantly to employment on farms and in processing industries. The sector employs more than 150,000 households in the production sector and more than 40,000 in processing. The contract farming models in the tobacco industry in Tanzania have the potential for transforming the farming sector, and if adopted by investors in other export crops it would contribute significantly in reducing social tensions between smallholder farmers and investors. Unlike many other sectors, the investors do not compete with farmers for land and production, which is a contentious issue at the moment. Instead, investors in the tobacco industry provide technology and market for farm produce on a contract farming basis.

Despite the economic benefits of tobacco, the negative impacts of its production on the communities and individual households involved in the production process have been widely documented (Kidane *et al.*, 2015; Jha *et al*, 2020). Apart from environmental destruction and health hazards, the main concern is an increase in impoverishment among families engaged in the production of tobacco. Such impoverishment is related to poor input (fertiliser) procurement and distribution systems which have resulted in mounting debts on Primary Farmer Co-operative Societies. The debts are passed on to producers in the form of low producer prices and delayed payments.

5.2 Tobacco Co-operatives and Contract Farming in Zimbabwe

Zimbabwe is reported amongst the countries leading in growing and exporting tobacco in the world. It ranks the third largest in terms of tobacco production with the USA and Brazil at the front. Xinhua (2016) reports that Zimbabwe is the leading country in tobacco cultivation in Africa. It also ranks 6th globally, where Virginia flue-cured, burley, and oriental tobacco being the types of tobacco grown. It is estimated that about 95% of tobacco grown in Zimbabwe is flue-cured tobacco, which is famous due to its flavour. Tobacco is reported to have a significant contribution to Zimbabwe's economy. It is in the records that by the year 2017, this crop contributed 11% of the country's GDP. Also, it had 3 million out of the 16 million people in Zimbabwe whose livelihoods depended on tobacco cultivation (Xinhua, 2018).

It is due to low labour costs and high yields that Zimbabwe has become the leading producer of quality tobacco compared to Brazil and the USA. It is estimated that almost half of Zimbabwe's tobacco crop has been exported to the European Union. Unlike Tanzania, Zimbabwe's tobacco production is largely dominated by Large-scale commercial farmers (LSCF). LSCFs use modern machinery, overhead and drip-line irrigation also provide permanent wage labour. The involvement of smallholder farmers in the tobacco sector in Zimbabwe is very marginal compared to LSCFs. Tobacco inputs are supplied by buyers on credit to farmers. In Zimbabwe, tobacco is sold via tobacco auction floors. Auctioning tobacco in Zimbabwe dates back to the 1950s.

It is around the 1990's that numerous companies began to involve themselves in contract farming in Zimbabwe. Before that, the State was mainly responsible for regulating the marketing of agricultural products and this was made possible by various statutory marketing boards. In 1992, through the World Bank's supported Economic Structural Adjustment Programme (ESAP) the government in Zimbabwe embarked on the deregulation of agricultural marketing. It was during this time that liberalisation programs for the key agricultural products began. This has been noted to have enlarged opportunities for companies to involve themselves in contract farming. Currently, innumerable companies are into contract farming in Zimbabwe involving small-scale farmers growing more than 10 crops, tobacco inclusive. According to Poulton and Hanyani-Mlambo (2009), contract farming in Zimbabwe has been encouraged and supported by the state and several other agencies. This is reported to stand as the basis of a highly successful expansion of smallholder cotton farming from the 1980s (Scoones, Mavedzenge, and Murimbarimba, 2016). A study by Moyo (2014) documenting the importance of tobacco production, and the role of contract farming, in the post-land reform era since 2000 has often been identified from the literature.

5.3 Tobacco Co-operatives and Contract Farming in Malawi

Malawi has a long history of tobacco production, traceable back to the early 1920s (Prowse, 2013). However, steady and rapid expansion in production was not seen until the late 1970s. Tobacco production was strictly controlled by the government before 1989. All tobacco producers had to obtain a licence from the government regulatory body, the Tobacco Control Commission (TCC), while only estates and landowners were eligible to apply for a production licence. In addition, a grower had to reach a certain production scale to be eligible to sell tobacco leaf directly on the auction floor (Nsiku and Botha, 2007). Thus, many small-scale farmers and farmers with rented land were essentially excluded from tobacco production. In early 1995, with assistance from the World Bank and the IMF, Malawi embarked on a structural adjustment programme designed to re-establish financial stability and set the basis for sustainable economic growth. The structural reforms were aimed at liberalising the economy and facilitating the development of the private sector. In the agricultural sector, reforms under the adjustment programme included allowing smallholder farmers to produce cash crops and liberalising marketing of agricultural outputs and inputs. These measures contributed greatly to the rapid expansion of tobacco production since 1995. Malawi is ranked among the top 15 tobacco-producing countries in the world.

Tobacco in Malawi is produced in both large estates, concentrated in the central plateaus of the country, and in small landholdings throughout the country. These smaller farms average about 2.5 acres (10,000 m²), about a third of the size of small tobacco-producing farms in the United States. For small farms with less than 1 acre (4,000 m²) in tobacco cultivation, four out of five farms had a negative income. The other farms had an average agricultural income of MK 3,000 or about 20 US dollars.

Much of Malawi's tobacco is sold through global leaf processing companies. The primary buyers of Malawian tobacco are Philip Morris International and British American Tobacco. Tobacco growers in Malawi have many options for selling their products. Tobacco growers can sell their products on auction floors through tobacco clubs. The unit price is higher when sold at auction, but producers must have at least 100 kilograms. Growers can also sell their tobacco directly to the Agricultural Development and Marketing Corporation (ADMARC) though this practice fell out of favour after economic liberalisation in the early 1990s.

In Malawi, tobacco production by smallholder farmers has passed through various production approaches including individual small-scale producers selling to intermediate buyers who were allowed by the Law to auction the tobacco; tobacco production clubs' system which involves several smallholders working collectively to produce and sell tobacco under contract farming arrangement. In this partnership, farmers are provided with a comprehensive input package, covering maize and tobacco. The growers are provided with capital to employ adult labour and maize ration to support their food requirements. The companies provide technical expertise to supervise and manage the enterprise and an administration team to manage the financial investment and oversee loan repayment. Both farmers and Companies benefit from the partnership. Companies are assured of increased high-quality flue-cured tobacco (doubled production) and loans are fully recovered. The growers benefit from higher yields and greater profit.

6. Resilience and Sustainability of Co-operatives: A Theoretical Perspective

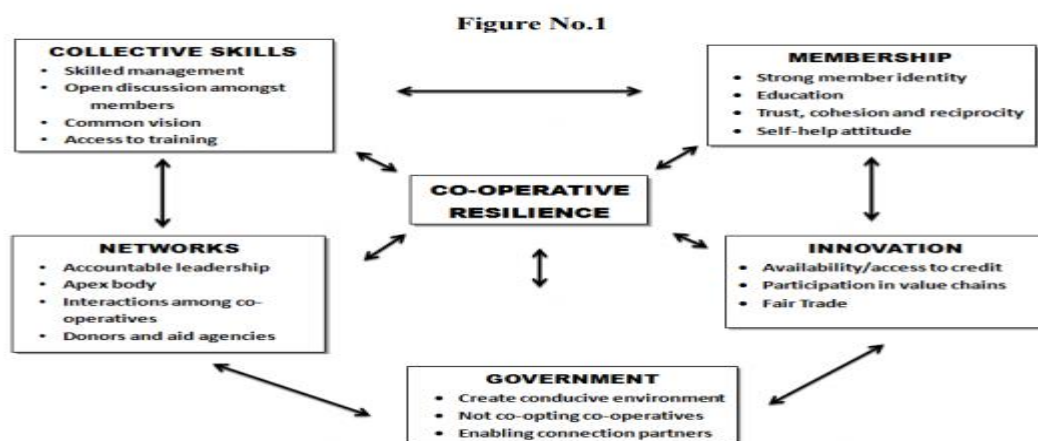
Organisational resilience can be identified in terms of organisation's ability to develop a set of dynamic capabilities to adjust shocks, mitigate its effects and cope with the consequences while simultaneously taking advantage of opportunities emerging from a crisis (Seville *et al.*, 2006; McManus, 2008; Seville, 2009; Mamouni Limnios and Mazzarol, 2011).

The literature presents both positive and negative aspects in connection with contract farming (Warning and Hoo (2000) Glover and Kusterer, 1990, Little and Watts, 1994). The tobacco subsector has been amongst the sectors which are reported to have been benefiting from contract farming. Contract farming has the potential to substitute for the state in the wake of neoliberal reforms in the agrarian sector. As the state disengages from the provision of inputs, extension services, credit, and price support, private firms can enter to fill the same roles, and do so more efficiently. By applying the principles of New Institutional Economics, Warning and Hoo (2000) assert that a contract-farming scheme can impact the distribution of income. The authors therefore, modelled contract farming schemes as a principal-agent game in which a firm (the principal) works with a grower (the agent) to produce crops. The firm chooses growers with whom it would like to contract and sets the contract terms.

According to Ellman (1986), Glover and Kusterer (1990) a contract farming could be classified as follows: Market specification contracts: future purchase agreements which determine the quantity, timing, and price of commodities to be sold.

- a) Resource-providing contracts: specify the sorts of crops to be cultivated, some production practices and the quality and standardisation of the crop through the provision of technical packages and credits.
- b) Production management contracts: associated with large out grower and nucleus-estate schemes, directly shape and regulate the production and labour processes of the grower.
- c) Out grower schemes: Schemes that provide production and marketing services to farmers on their own land. For Glover and Kusterer (1990), these generally connote a government scheme with a public enterprise, purchasing crops from farmers, either on its own or as a joint venture with a private firm.
- d) Nucleus Estate-Out grower Schemes: A core estate and factory is established and farmers in the surrounding area grow crops on part of their land, which they sell to the factory for processing.
- e) Multipartite Arrangements: A term often used in the literature to emphasise the participation of several actors.

The ability to withstand and cope with shocks is generally described as resilience (Innes and Booder, 2010:205). Organisational resilience can be identified in terms of organisation's ability to develop a set of dynamic capabilities to adjust shocks, mitigate its effects and cope with the consequences while simultaneously taking advantage of opportunities emerging from a crisis (Seville *et al.*, 2006; McManus, 2008; Seville, 2009; Mamouni Limnios and Mazzarol, 2011).



The framework in Figure 1 indicates that resilience is rooted in five key factors, 1) membership, 2) collective skills, 3) networks, 4) innovation and 5) role of the state. The absence or presence of these factors can either weaken or rigger resilience.

6.1 Networks

The ability to set up networks has been identified as a crucial factor for co-operatives' success (Menzani and Zamagni, 2010; Gouët and Van Paassen, 2012). Here, the proactive agency of co-operative leaders is important as they are the actors that could facilitate access to resources and knowledge (Münkner, 2012; Simmons and Birchall, 2008). Networks can be horizontal where homogeneous co-operatives are gathered in Unions to (i) increase their marketing and bargaining power; (ii) fulfil contracts; (iii) offer services to primary co-operative members; and (iv) share risks and opportunities. Networks can also be established vertically, among co-operatives in the same supply chain but more often with other market players and external agents. Berdegú Sacristan (2001) considers support of external agents (such as NGOs, private extension firms, etc.) essential to provide road maps for collective action, access to information, expertise and financial resources. Münkner (2012:54) stresses the importance of 'knowledge sharing' among local co-operators and external actors in order to spread new knowledge and enable members 'to have a better understanding of the causes and effects of change, of the ways and means to cope with changes, of better use of available resources and how to mobilise additional resources.' The third type of network can be described as a network of networks (i.e., co-operative umbrellas, peak or apex organisations). Their main tasks range from co-operative development to representing co-operatives with government and other institutions, from lobbying to advocating (Menzani and Zamagni, 2010:120).

6.2 Innovation

In the context of organisations, innovation is concerned with positive changes in productivity, quality, competitiveness and improved expertise (Juma and Yee-Cheong, 2005). Innovation enables organisations to improve their technological and economic performance. At the same time, innovation relies on an organisation's capacity to develop adaptive capacities (organisation's ability to learn and respond to shocks). In the co-operative context, innovation can also be driven by the availability and access to credit (i.e., loans) prices and competitive pressures from commodity value chains (Haggblade *et al.*, 2007; Elliot, 2008). Innovation requires the interaction of several actors (i.e., government, private companies, and development agents). Such interactions are particularly important in developing countries where co-operatives have few resources and barely interact with private enterprises across national or international markets.

6.3 Role of the Government

A crucial role to develop co-operatives resilience is envisaged by the state. It is broadly recognised (e.g., FAO, 1996; Birchall, 2003, 2004) that in much of the developing world, co-operatives have been managed by governments that have barely empowered co-operative members. However, for co-operative movements to autonomously flourish and build up their resilience, governments have a great role to play in providing an 'enabling environment'. Some of the factors that can trigger an enabling environment include (Münkner, 2012:44): an economic, political and legal system that recognises co-operatives as autonomous private member-owned forms of business. A co-operative development policy, drawn up in the spirit of internationally identified guidelines (UN, 2001; ILO, 2002), an infrastructure environment that can facilitate co-operative activities, from communications to logistics, from transports to information and extension services.

6.4 Resilience and Sustainability of Co-operatives in Tanzania, Zimbabwe and Malawi

Recently, tobacco cultivation has shifted to Africa for several reasons, including a more favourable regulatory environment, as well as an increasing demand for tobacco. As per WHO global report on trends in the prevalence of tobacco use 2000-2025 (third edition, 2019), the number of tobacco users in the WHO African Region increased from an estimated 64 million adult users in 2000 to 73 million in 2018. This increase contrasts with a decline in the number of tobacco users globally, from 1397 million to 1337 million over the same period. While the use of tobacco in the African Region is still less than in most regions, the use is increasing in several African countries due to aggressive marketing by the tobacco industry. (WHO, 2021).

Tobacco co-operatives in Tanzania, Zimbabwe, and Malawi have all been enjoying favourable regulatory environments. This signifies that there is significant support that these co-operatives have been receiving from the state. Malawian co-operatives show a degree of resilience; that is, they have been able to both cope with challenges and find innovative ways to address their constraints. As noted earlier, co-operatives are resilient when they can maintain their core functions while coping with shocks and stresses. This is possible in so far as co-operatives can develop a degree of adaptive capacity.

It has been revealed that the unions play a key role in the development of co-operative resilience. They provide a central hub where challenges and limitations are identified, strategies developed and ideas and plans can be translated into action. Union leaders and managers can strengthen all the five factors for resilience including women's inclusion and promotion. The unions also proved to be crucial to address the limitations faced at the primary society level by providing and/or channelling some services for members which meet their needs and help strengthen their commitment to their co-operative. Unions, for example, provide training, and often engage with external actors to do this. This helps to increase collective and individual skills amongst members. Unions and their leaders also foster links between co-operators, primary co-operatives, domestic and international markets, development agencies, commercial banks, and other co-operative unions in the country. They also engage with the government by representing co-operatives' interests and lobbying on their behalf. In this respect, although unions play a crucial role in co-operative development, they also need an enabling legal and policy environment to function well. Here it is the government's responsibility to provide the appropriate legislative and policy framework for co-operatives to flourish.

Similarly, in Zimbabwe tobacco co-operatives are seen to exhibit a degree of resilience since there is substantial support that they have been receiving from the state including the regulatory aspects. The most common being the Co-operative Societies Act [Chapter 24:05] of 1990. This Act replaces the existing Co-operative Societies Act with a new Act covering comprehensively the structure and functioning of the co-operative movement in Zimbabwe and its relationship with the State. The Act provides for the formation registration, regulation, management, functioning and dissolution of co-operative societies per co-operative principles and pursuance of Government policy and self-reliance; for the formation of a National Co-operative Federation; and for the establishment of a Central Co-operative Fund. Contract farming presents an innovation that has been noted to

play a part towards resilience and sustainability of co-operatives, tobacco co-operatives inclusive. In this context, what has been observed is that in the quest to solve the shocks and uncertainties in co-operatives these countries have been employing contract farming to solve such mishaps.

7.0 Conclusion

It has been observed that tobacco co-operatives in Tanzania, Zimbabwe, and Malawi have displayed a certain degree of resilience and sustainability based on the three important aspects of resilience. These include networks they possess, their ability to innovate and support received from the state which connotes the role of the state. Despite the global campaigns against tobacco due to its harmful effects, tobacco production has been noted to increase. Co-operatives have also been observed to continue to play their roles too. This signifies that all these have been happening in the face of an economic, political and legal system that recognises co-operatives as an autonomous private member-owned form of business.

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CO-OPERATIVE DISPUTES SETTLEMENT IN TANZANIA: EVOLVING CONCERNS, IMPACT AND THOUGHTS FOR REFORMS

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Abstract

Co-operative Societies play a significant role in the socio-economic lives of members and their families in Tanzania. The societies face multiple disputes attached to their businesses. These disputes are supposed to be resolved in accordance with the legal framework provided under the Co-operative Societies Act and respective Regulations. The framework primarily directs parties to opt for reconciliation/negotiation and where the same fails, to refer the dispute to the Registrar for arbitration. The Registrar's decision may be appealed against to the Minister responsible for co-operatives, whose decision is earmarked as final and conclusive. The framework, inter-alia, has been gauged to be unclear on societies' self-regulation, unfair for ousting the court's jurisdiction, and devoid of dispute prevention mechanisms. The authors analyse these concerns, pointing out how they evolved, their impacts to co-operative societies operations, co-operative development and industrialisation at large. Several proposals for reforms are advanced including the use of ADR at the society level and co-operative tribunals and courts of law where ADR proves futile. The authors' thoughts on the proposed reforms are geared towards balancing preservation of co-operative identity and attainment of equitable justice in the resolution of the societies' disputes.

I. An Overview

Co-operative dispute settlement has been an area of concern in Tanzania since the enactment of the first co-operative legislation in the early 1930s. The concerns are ongoing. To date, most issues are manifested in two faces. On one hand, there are issues occasioned by the dispute settlement mechanism's failure to accommodate dispute prevention and self-regulation measures which, arguably, are instrumental in upholding the identity of co-operative societies and minimising internal non-co-operative squabbles. On the other hand, the mechanisms have continued to raise question marks due to placing authority for entertaining the disputes to the regulatory and supervisory public bodies. Pertinent to the latter concerns is the limited right to appeal and the ousting of courts' jurisdiction which may result in the denial of access to equitable justice by the disputants. This study offers a critical analysis of the concerns. It examines the efficiency of the current co-operative dispute settlement mechanisms with a view of analysing their complexities and respective impacts as well as attempting to suggest co-operative and equitable justice friendly mechanisms, which may be instrumental for future development of Tanzanian co-operatives.

Admittedly, due to recent national economic development plans and global advancements, Tanzanian co-operatives are compelled to enter into a phase of vertical as well as horizontal growth, moving from rudimentary production and marketing of mainly agricultural produce to more sophisticated and value addition-based co-operatives that focus on developing their outputs through diverse industrial production chains. The transformations are anticipated to be breeding grounds of disputes in co-operative businesses which will, consequently, require robust dispute settlement mechanisms striking a balance between the quest for preservation of co-operative identity and attainment of equitable justice.

⁴⁰ Moshi Co-operative University
⁴¹ Moshi Co-operative University

Authors divide the discussion into six sections. After this introduction an overview of a co-operative dispute is discussed. In the section the authors attempt to analyse the legal complexities related to the understanding of the notion of co-operative disputes. The third section embodies a discussion on the current legal framework on co-operative dispute settlement in Tanzania. The section offers explanations on the mechanisms and procedures for settlement of the said disputes, namely negotiation/reconciliation, reference to the registrar and appeal to the Minister. The fourth section sums up issues in the current framework and their respective effects to co-operatives and co-operative development at large. Additionally, authors have expanded the analysis of the effects by explaining the link between the issues and industrialisation efforts.

The fifth section provides for the author's visionary legal and institutional framework that may ignite discussions on the future co-operative dispute settlement mechanism that fits the current environment. The last section is the conclusion. The information in this paper was gathered through documentary reviews. The authors, guided by doctrinal legal research methods collected primary and secondary sources of data on co-operative disputes settlement. Focus was on the literatures that address the scope of disputes, the applicable mechanisms, concerns regarding their resolution and their respective impacts which triggered the initiation of a debate on proposals for future reforms.

2. Co-operative Disputes and Evolution of Mechanisms for Settlement in Tanzania

2.1. Meaning and Challenges in Defining Scope of Disputes

Conflicts have played a role in human existence, ranging from small scale local disputes to civil, regional and global wars.⁴² Conflicts are part and parcel of co-operative societies. They have been, still do and are likely to be, part of the co-operative societies as long as they exist. The worldwide existence of legal and regulatory frameworks for their settlement is a testimony to this reality. There is, however, no universal agreement as to what a co-operative dispute is. The problem of defining the dispute is linked with the diverse nature of co-operative businesses, players in such businesses and the varying legal remedies appearing in different countries' legal frameworks. However, in interpreting the said legal frameworks, statutes and courts have attempted to define the notion of a co-operative dispute. In most countries' legislation, a co-operative dispute is defined as one concerning the business of a co-operative society⁴³ There are multiple interpretations as to what exactly touches the business of co-operative societies. Masara J, held in the case of *Asha Iddi v. Babati SACCOS Ltd and another*⁴⁴ that a dispute has to first concern the business of the Co-operative Society to qualify thereof.⁴⁵

In response to multiplicity of interpretations as to what business are co-operative societies business, the Kenyan case of *Gatanga Coffee Growers Co-operative Society Ltd v. Gitau*⁴⁶ attempted to provide scope for the same. Referring to section 80 of the then Kenyan Co-operative Societies Act, 1966 the court held that the phrase business of a registered society used in the section is not limited to internal management but all activities within the ambit of the society by-laws. Literature suggests that the phrase may include disputes regarding the expulsion of members from their societies; societies refusal to accept members' produce; monetary demands by societies; monetary demands by members (including dividends, bonuses, deposits and interests); and disputes regarding societies monetary demands on members⁴⁷

These are some few attempts. Good as they are, they are yet to address the problem. Societies do transact with both members and non-members on matters provided for in the by-laws and other internal legal instruments. There are other matters which are to be addressed by specific laws, including land, mortgage and labour laws. Whether such matters fall within those touching the business of a co-operative society or not, it is yet to be resolved.

2.2 Evolution of Settlement Mechanisms under the Tanzanian Laws

Co-operative disputes are governed by co-operative laws. The Tanzanian co-operative legislation and regulations are particularly central to defining the dispute and providing for the mechanisms for their resolutions. However, historical analysis of evolution of provision for dispute settlement in the Tanzanian co-operative laws shows that it took a while before co-operative disputes were explicitly enshrined into the country's co-operative laws. The first legislation i.e. the Co-operative Societies Ordinance 1932⁴⁸ did not have explicit provisions on co-operative disputes. It took three and a half decades for such provisions to find a way in the co-operative societies'

⁴² Co-operative Europe & Co-operative Europe Development Platform, *Co-operative and Peace: Strengthening Democracy, Participation and Trust, A Case Study Approach*, A Thematic Research, accessed from coopspace-web-2083870492.pdf (ica.coop) on 31/05/2021 at 08:00 p.m. at p. 18.

⁴³ See for instance the Co-operative Societies legislation for Tanzania, Kenya and Uganda. Section 73 of the Uganda Co-operative Societies Act (Cap 112) makes use of the phrase "disputes touching the business of registered societies".

⁴⁴ Civil Appeal No. 30 of 2019, High Court of Tanzania (Arusha District Registry) at Arusha (unreported).

⁴⁵ *Id.*

⁴⁶ [1970] E.A. 361 at p. 362.

⁴⁷ J. J. Ogola (1979) *Co-operatives and Arbitration*, LL.M Thesis, University of Nairobi at. Pp. 43,44 & 45.

⁴⁸ Co-operative Societies Ordinance, 1932 (Cap 211).

legislation. It was the Co-operative Societies Act of 1968⁴⁹ which had enshrined provisions on co-operative disputes and mechanisms for their resolution. The provision was not a self-standing provision but the one directing the Minister responsible for co-operatives to make rules which would provide for resolution of co-operative disputes. The provision provided as follows:

99. – (1) The Minister may, for any registered society or class of such societies, make rules to carry out the purposes of this Act.

(2) In particular and without prejudice to the generality of the foregoing power, such rules may—
“(m) provide that any dispute touching the business of a society between the members or past members of the society or persons claiming through a member or past member or between a member or past member or persons so claiming and the committee or any officer shall be referred to the registrar for decision or, if he so directs, to arbitration under the Arbitration Ordinance”;⁵⁰

Box 1: Provision of Co-operative Societies Act of 1968

A co-operative dispute, from the wording of the provision, is any dispute touching the business of a co-operative society between the listed classes of persons. Literally, it follows therefore that for a dispute to qualify as a co-operative dispute it has to touch on the business of a co-operative society and which has to be between members (past members and persons claiming through members or past members included) or between members and the committee or any officer. According to the provision, the dispute was to be resolved by the Registrar or on his direction by arbitration. The provision did not elaborate further as to what happens if parties are not satisfied with the Registrar’s decision or arbitral award. One could raise a presumption that the Registrar’s decision was regarded, at the time, final and conclusive.

The same provision was maintained by the Co-operative Societies Act 1982⁵¹ and the Co-operative Societies Act, 1991.⁵² Rules were made to affect the provisions of the Acts. The Co-operative Societies Rules 1991 and the successor, i.e. the 2004 Rules, for instance, had provisions on settlement of co-operative societies disputes requiring the same to be resolved by the Registrar and where parties are not satisfied, to appeal to the Minister responsible for co-operative affairs.⁵³ Co-operative Societies Act 2003⁵⁴ and the current legislation, that is, the Co-operative Societies Act, 2013⁵⁵ retained the provision on dispute settlement, albeit with a different version.

The wording of the provision with regard to settlement of co-operative disputes was changed in the 2003 Act⁵⁶ and is preserved in the present Act. Section 141 of the latter legislation empowers the Minister, after consultation with the Commission⁵⁷ to enact Regulations providing for, *inter alia*, procedures for dispute settlement in co-operatives.⁵⁸ The said Regulations were put in place in 2015⁵⁹: Regulation 83 provides for, *inter alia*, the procedure for settlement of co-operative societies disputes.⁶⁰ As will be explained below, the provision requires the disputes to first be subjected to reconciliation or negotiation; then reference to the Registrar and Appeal to the Minister.

2.3. Notable Concerns: From the 1932 Ordinance

There are multiple issues which were (and some still are) of concern on co-operative societies dispute settlement. From 1932 to date, questions have been raised on the place and role of the Registrar and the Minister in the settlement of such disputes. The Registrar for conflict of interest (being a registering office, regulator and supervisor) and the Minister being a political decider. Other concerns were specific in the development of Tanzania’s laws on the same. The silence of the 1932 Ordinance on resolution of co-operative disputes was amongst them.⁶¹ The entertaining of such disputes by the Registrar under the Co-operative Department came later as an issue. Particular concern was on the law resting such settlement with the Registrar who is also a regulator and supervisor. Besides, co-operative self-regulation was not part of the mechanisms set by the law. So, to say, co-operatives were not pictured in the framework as competent entities capable of resolving their own disputes. On the other hand, it took so long to have the Rules made. Even though, when the Rules were

⁴⁹ Co-operative Societies Act No 27 of 1968.

⁵⁰ Section 99(2) para (m).

⁵¹ Co-operative Societies Act, No. 14 of 1982, section 165 (m).

⁵² Co-operative Societies Act, No. 15 of 1991, section 123 (2) (m).

⁵³ Rule 23 of the Co-operative Societies Rules 1991 provided for mechanisms for settlement of such disputes where first reference was to the Registrar and where a party is not happy with the decision of the Registrar, he/she had to appeal to the Minister and whose decision was marked as final and conclusive. Significant in the provision are the details of who has to refer the dispute to the Registrar and the time limit to appeal to the Minister.

⁵⁴ Co-operative Societies Act, No. 20 of 2003.

⁵⁵ Co-operative Societies Act, No. 6 of 2013. It maintains the 2003 wording.

⁵⁶ Section 131 (2) (m) of the Act gave power to the Minister to enact Rules: “providing for procedures for dispute settlement”.

⁵⁷ The Tanzania Co-operative Development Commission (hereinafter the TCDC).

⁵⁸ Section 141 (2) (i).

⁵⁹ GN No. 272 of 2015.

⁶⁰ See Regulation 83.

⁶¹ It led to the presumption of Governor’s discretion and intervention in the resolution of such disputes.

made, they were not exhaustive on the procedures and important other limits on decision making processes.⁶² None of the then legislation or Rules provided access to the courts of law on dissatisfaction with the Minister's decision.

The "Report of the Special Presidential Committee on Reviving, Strengthening and Developing Co-operatives in Tanzania,"⁶³ noted gaps in the co-operative laws (particularly legal procedures) which led to an increase in a number of unresolved disputes between 1994 and 2000. According to the report, there were 262 related to, inter alia, fictitious purchases of crops and loss of some societies' commodities and farm inputs.⁶⁴ Pertinent to this analysis is the Committee's recommendation that there should be established a legal section within the co-operative movement in order to attain the objective of good governance in co-operatives.⁶⁵

3. The Current Framework for Co-operative Disputes Settlement

Currently, settlement of co-operative disputes is governed by the Co-operative Societies Act 2013 and regulations made thereunder. The law classifies these disputes as disputes between members' *inter-se*, between a member and a board, between a member and the management and disputes between societies. Under the current legal set up, co-operative societies' disputes are to go through negotiation or reconciliation; reference to the Registrar; and Appeal to the Minister.⁶⁶

3.1. Negotiation or Reconciliation

The terms 'negotiation' and 'reconciliation' are not defined in the Co-operative Societies Act, 2013 or the Co-operative Regulations, 2015. The Black's Law Dictionary defines the term negotiate as an act of conducting communications or conferences with a view to reaching a settlement or agreement.⁶⁷ Reconciliation, on the other hand, is defined as the renewal of amicable relations between two persons who had been at enmity or variance.⁶⁸ The two are the friendly approaches and rest on the seeking of amicable solutions. They seek to ensure that parties' relations are intact. Mechanisms of this kind are significant to co-operative societies to ensure harmony and enhance the spirit of Cooperation. The current Tanzanian institutional framework on co-operative dispute settlement requires the use of negotiation or reconciliation, as amicable approaches, in settling a dispute concerning the business of a co-operative society.⁶⁹ This is a requirement under the Co-operative Societies Regulations, 2015, which provides: 83 (1) *Any dispute concerning the business of the co-operative society or person claiming through them or between a member or person claiming and the board or officer or between one co-operative society and another shall be amicably settled through negotiation or reconciliation.*⁷⁰

The provision and the foregone definition indicate that it is the disputants who are to negotiate or go through reconciliation. However, they are to do so within thirty (30) days. Failure to reach amicable solutions within the prescribed time will lead to reference to the Registrar. Although this is not an important point for discussion at the moment, it is our opinion that 30 days cannot be sufficient to reach an amicable settlement. The non-elaborate character which describes the provisions is a matter of concern. The law provides for negotiation and reconciliation within 30 days as the only necessary requirement.

It does not provide for provisions on the implementation or realisation of the mechanisms. The omission is more serious when one considers the fact that negotiation and reconciliation are supposed to be parts of co-operative self-regulation mechanisms. This implies that co-operatives are supposed to prescribe for the mechanisms in their regulations. Unfortunately, this is not always the case. There is evidence of ignorance of the mechanisms among most society members.⁷¹ There is also evidence of gaps in societies' disputes settlement provisions in the societies' regulations which would have assisted in doing away with the foregone presumptions.

3.2. Reference to Registrar

Reference to the Registrar is amongst the stages for resolving co-operative society's disputes in Tanzania. The Registrar is the Chief Executive Officer of the Tanzania Co-operative Development Commission (TCDC) appointed by the President to generally manage the affairs of the TCDC including establishing, keeping and

⁶² Including the mode of referring disputes, the time for resolving a dispute by both the Registrar and the Minister, the procedure to be followed in the process of the resolution etc.

⁶³ URT (2000) pp. 1-135, alias "The George Kahama Report".

⁶⁴ *Id.* at pp. 25-26.

⁶⁵ *Id.* at p. 55.

⁶⁶ Regulation 83.

⁶⁷ Black H.C. (1979) Black's Law Dictionary at p. 934.

⁶⁸ *Id.*

⁶⁹ *Id.* Sub-regulation (1).

⁷⁰ *Id.*

⁷¹ See for example a study by A. Rutabanzibwa, "Uanachama na Uongozi kwenye Vyama vya Ushirikia" i.e. Membership and Leadership in Co-operatives; A paper presented during "Kongamano la Kwanza la Utafiti na Ushirikia" i.e. the First Workshop of Co-operative Research on 16th March 2021 organised by the TCDC and which was held at the PSSSF Conference Hall, Dodoma.

maintaining the co-operative register and supervising their operations.⁷² In addition TCDC is an agency of the Ministry responsible for co-operatives.⁷³ The Registrar's mandate extends to disputes involving the interpretation of by-laws.⁷⁴ While at the same time the Registrar is responsible for settlement of co-operative societies' disputes in cases where negotiation or reconciliation fails. Where a dispute requiring negotiation or reconciliation is not amicably settled within 30 days it is mandatory that it is referred to the Registrar for arbitration.⁷⁵ The Registrar may decide to resolve the dispute him/herself;⁷⁶ or may appoint a committee of experts; or may refer the dispute to an independent arbitrator.⁷⁷ Where the Registrar opts for appointing a committee of experts, he/she is required to ensure that the committee is composed of persons conversant with co-operative and law matters.⁷⁸ However, the committee's work is to assist the Registrar to reach a decision. Consequently, the decision by the Committee will be the decision of the Registrar.⁷⁹

On the other hand, where the Registrar opts for an independent arbitrator, it is a prerequisite that parties to the dispute should be consulted.⁸⁰ Further, the Regulation directs the Registrar to use, as much as possible, proceedings in the same way as proceedings before the court of law when deciding such disputes.⁸¹ Parties may, therefore, be ordered to furnish documents necessary for settlement of the dispute.⁸² In this area, the law as it stands gives room for multiple questions. Foremost is the failure to provide for a time limit to what the Registrar is empowered to do. The Regulations do not provide the duration within which the Registrar is supposed to decide a co-operative dispute which has been referred to him. Alongside this, the regulations give an unguided discretion on assignment of disputes to either committee of experts or an independent arbitrator.

The Regulations are silent on the criteria to be employed for such assignments, including the composition and qualifications of the committee members. Furthermore, there are questions on the effects of the decision made by either the committee or the arbitrator. The question that remains is whether the Registrar is bound to communicate the decisions made (should he opt for them) or he has power to alter them as he thinks fit.⁸³

3.3. Appeal to the Minister

The current framework for resolution of co-operative societies' disputes places the Minister responsible for co-operative affairs in the settlement process. The Minister is the appellate authority entertaining disputes which must have gone through negotiation or reconciliation and later referred to the Registrar. According to the Co-operative Societies' Regulations, 2015, where a party to the dispute is not satisfied with the Registrar's decision, he/she may appeal to the Minister.⁸⁴ The appeal is to be lodged within thirty days of the receipt of the decision from the Registrar.⁸⁵ The decision by the Minister is, according to law, final and conclusive.⁸⁶ In resolving the dispute, the Minister is not bound by any legal procedures and technicalities.⁸⁷ Not much is provided in the Regulations as to the appeal handling process. It is not clear as to how appeals should be lodged, what should happen when they are lodged and what guides the Minister to reach a fair decision. Thus, the current setting on appeals to the Minister bars parties from anticipating what will or is likely to transpire and what they should prepare for engaging in the litigation, both of which are contrary to principles of equitable justice.

⁷² The Co-operative Societies Act, Section 10.

⁷³ *Id.* Section 6(2) NB: It is the TCDC that has replaced the then Co-operative Department.

⁷⁴ Regulation 83 (11).

In the event of conflict between the by-laws of a secondary society and the by-laws of a primary society which is a member of such secondary society or conflict between the by-laws of middle Co-operative Societies and the by-laws of a secondary society and of the federation, such dispute shall be referred to the Registrar for decision.

Regulation 83(12).

In the event of conflict between the by-laws of a joint enterprise and the by-laws of a society which is a member of such joint enterprise, such dispute shall be referred to the Registrar for decision.

⁷⁵ According to 83(3) references to arbitration may be made by the society Board, or the society (through a resolution in the general meeting) or by any party to the dispute or by any member of the society (where a dispute concerns a sum due from a member of the Board).

⁷⁶ Regulation 83(2).

⁷⁷ *Id.* Sub-regulation (7).

⁷⁸ *Id.*

⁷⁹ Sub regulation (7) read together with Sub-regulation (13).

⁸⁰ *Id.*

⁸¹ Regulation 83(14).

⁸² Regulation 83 (8).

⁸³ The independent arbitrator proceedings and his/her decision are supposed to be handed over to the Registrar. The law is silent as to what comes next. Whether the Registrar is bound to communicate the decision as it is or he has a mandate to evaluate it and decide as he thinks fit.

⁸⁴ Regulation 83(9) of the Co-operative Societies Regulations, 2015 requires a person aggrieved by a decision of the Registrar to appeal in writing against such decision to the Minister responsible for co-operatives.

⁸⁵ *Id.*

⁸⁶ Regulation 83(9).

⁸⁷ Regulation 89 (10).

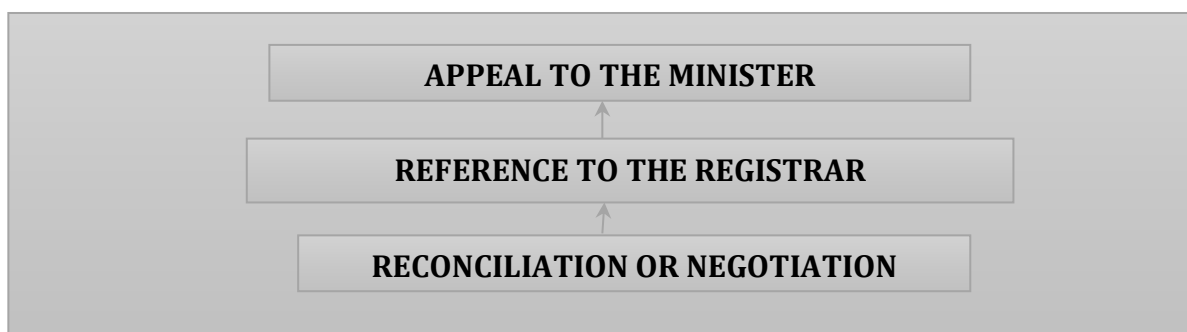


Figure 1: Existing Framework for Settlement of Co-operative Disputes

4. Concerns on the Dispute Settlement Framework and Impacts to Co-operatives

The authors have pointed out elsewhere that, like its predecessors, the current framework for settlement of co-operative disputes is coupled with multiple glitches making it inadequate, ineffective, inconsistent and unjust.⁸⁸ Particularly, the legal framework raises a number of concerns which directly and, at times, indirectly results into affecting the societies' operations, social-economic lives of members and the lives of the societies in general. Below we discuss some of these concerns and some felt and contemplated impacts.

4.1. Selected Concerns on the Legal and Institutional Framework

4.1.1. Unclear scope and definition of co-operative disputes

Foremost is the frameworks' failure to profoundly define the scope of co-operative disputes. Legal clarity as to what is a co-operative society dispute is necessary to avoid ambiguities and multiple interpretations. The current definition of a co-operative dispute is unclear and without scope. The law defines co-operative disputes as disputes touching the business of co-operative societies. The definition is sketchy and has caused difficulties in application. Courts have had to decide whether or not a particular dispute is a co-operative dispute.⁸⁹ The scope problem is apparent. The law is not clear on the facets of co-operative disputes i.e., what it includes or excludes. There are instances where labour, land, ethical, and related civil issues are wrongly treated as matters concerning the co-operative business requiring courts' interventions.⁹⁰

4.1.2. Limited avenue in the pursuit of justice

The existing co-operative dispute settlement legal framework offers a limited avenue to disputants' pursuit of justice. It limits possibilities of exhausting the issues in a co-operative dispute through utilisation of finality clauses. Disputants are cornered by negotiation/reconciliation, reference to the Registrar or appeal to the Minister, and whose decision is explicitly marked as final and conclusive. At a certain point in time, the High Court of Tanzania had to determine the ousting of the court's jurisdiction by the Co-operative Societies Act and Regulations.⁹¹ The Court, guided by *inter-alia*, the Constitution of the United Republic of Tanzania, ruled in favour of its mandate considering the challenge "of where to go when things are not working with the current framework". The framework does not operate within the corners of the longstanding common law principle that justice should not only be done but manifestly and undoubtedly seen to have been done.⁹² For now, it is as if co-operative societies' disputes are rudimentary, easy and conclusively resolved by the Registrar/Minister.

4.1.2. Non-adherence to the principles of natural justice

Besides, the current framework for co-operative societies' dispute settlement is not in line with *nemo iudex in causa sua*, an important principle of natural justice.⁹³ It is amongst the critical doctrines that prescribe bias by he/she who is to determine a dispute/case. Bias may be due to role play or interest in the dispute.⁹⁴ In the current framework, the Registrar's interest in the disputes is apparent. Its office is involved with registration (including the endorsing of societies by-laws), supervision and generally regulation of co-operatives. From these roles the Registrar is likely to have multiple interests to protect if it's to decide a dispute involving the society it registered, supervised and regulates.

⁸⁸ A. Rutabanzibwa et al. (2021) *Co-operative Societies Dispute Settlement in Tanzania: Complexities and Revival Strategy*. A Strategic Research Proposal Submitted to the Moshi Co-operative University at p. 2.

⁸⁹ See: *Asho Idji v. Babati SACCOS Ltd and another* Civil Appeal No. 30 of 2019, High Court of Tanzania (Arusha District Registry) at Arusha (unreported); *Daudi Gerald Kilinda v. Chama cha Msingi Kolemela* Civil Appeal No. 5 of 2019, High Court of Tanzania (Tabora District Registry); *Babati SACCOS and Another v. Reginald Sanka* [Land Appeal No. 67 of 2019, High Court (Land Division) at Arusha (unreported); and *Ladislav Mashauri Msana v. Mashimo SACCOS Limited and another* Land Case Appeal No. 16 of 2018, High Court of Tanzania, (Moshi District Registry); The cases are manifestations of the problems in the definition and scope of co-operative disputes in Tanzania. Courts have converging and diverging opinions on the same. The divergence is on, *inter alia*, whether or not co-operative business or claims by non-members should be ascertained.

⁹⁰ Courts have had and are still determining (with converging and diverging opinions) whether or not the co-operative business or claims by non-members should be ascertained; what follows after exhaustion of internal procedures i.e. the procedure for settlement of a co-operative dispute; and which order should be given when the court finds that it is not clothed with jurisdiction.

⁹¹ See for example the case of *Arusha Soka Kuu SACCOS & Another v. Wilbrood Uria*, Civil Appeal No. 06 of 2019, High Court of Tanzania [Arusha District Registry].

⁹² Lord Chief Justice Hewart in *R v Sussex Justices ex parte McCarthy* (1924) 1 KB 256.

⁹³ Others include *audi alteram partem* alias fair hearing and reasons for decisions.

⁹⁴ In *Re-Pinchoet*, Lord Goff of Chieveley, concurring with the opinion by Lord Browne-Wilkinson stated:

...Like my noble and learned friend, I am of the opinion that the principle which governs this matter is that a man shall not be a judge in his own cause—*nemo iudex in sua causa*: see *Dimes v. Grand Junction Canal* (1852) 3 H.L.C. 759, 793, per Lord Campbell. As stated by Lord Campbell in that case at p. 793, the principle is not confined to a cause to which the judge is a party, but applies also to a cause in which he has an interest... (Emphasis ours by bolding).

4.1.3. Inconsistencies and contradictions in the regulations

The provisions of the Regulations are incomplete and contradictory in certain respects. On the incompleteness, the Regulations are sketchy regarding the conduct of reconciliation and negotiation. They are meant to guide implementation of dispute settlement mechanisms stating out the actors, minimum standards and limitations to disputants. The same is not the case. What reconciliation/negotiation is in connection with a co-operative dispute remains a question mark. On the aspect of contradictions, an apparent example is the Regulations allowing court procedures in their determination of disputes referred to the Registrar at the same time providing for appeals to the Minister without due regard to legal procedures in their determination.⁹⁵

4.1.4. Absence of dispute prevention systems/mechanisms

While the co-operative system is premised on co-operation and non-confrontation, the current legal framework on co-operative dispute settlement lacks dispute prevention mechanisms. It only embodies the curative mechanisms. Furthermore, the framework does not give sufficient room to societies and the movement at large to resolve disputes internally. Even when there are claims that societies are at liberty to do so, yet their governing instruments do not contain substantive and procedural requirements for resolution of such disputes.

4.2. Legal and Institutional Framework and Impacts to Co-operatives Operations

As a result of the above concerns, disputes have continued to pile up in courts and there is evidence of collapse of some societies due to the same. There are wrong perceptions amongst many people that co-operatives are Government entities. They are detached from private entities by stakeholders who could have positive impacts on the society's business. With regard to the ousting of courts' jurisdiction, the immediate, though uneasily felt impact, is denial of access to equitable justice. The Registrar's decision is discretionary. It is not in line with the member democratic control prerequisites.⁹⁶ The Registrar's discretion may be abused without recourse. Of latest, a co-operative society refused to implement the decision by the Registrar claiming that the same was contrary to their Constitution.⁹⁷ The framework is igniting a conflict of laws and mechanisms. Failures to delineate and provide scope of co-operative disputes come with instances where labour, land, ethical, and related civil issues are wrongly assumed and treated as part of matters concerning the co-operative business requiring court interventions.⁹⁸

4.3. The Concerns and their Impact to Industrialisation Efforts

Co-operative societies are important actors for any country's industrialisation efforts. Their contribution to a country's economic development is immense. In Tanzania, co-operatives have been critical to socio-economic development. Historically, the societies owned their industries and some owned shares in textile industries. In the central and lake zones, cotton ginneries were owned and run by co-operative societies. In the north and some parts of lake regions, coffee processing industries were evident. Multiple other forms of industrialisation took place with co-operatives being at the centre. Today, there are societies owning and running the industries including milk processing in the dairy industry, clothes making in the apparel industry and other value addition industries in the agricultural sector such as maize and wheat flour processing, rice polishing, grading and packaging, and cashew-nut processing. Current statistics show that co-operatives own a total of 268 industries. Out of those, 216 are in operation and 52 are not operating.⁹⁹ The statistics also indicate that a total of 1,069 people is currently employed in co-operative industries¹⁰⁰. These workers encounter several labour and business-related disputes, which find it difficult to be resolved under the prevailing legal framework. The industries future successful operations depend on, *inter alia*, an effective mechanism for settlement of disputes that are likely to occur in their operations. The current legal framework does not appear to be hospitable to industrialisation and investments aimed at contributing to industrialisation. It was not prepared to encompass industrialisation related disputes as evidenced by the limited avenue for pursuit of justice and which is coupled with gaps in procedures. Equitable justice through courts of law is ideal for investments leading to industrialisation. Industrialisation requires a system that will ensure equitable justice is attained, particularly a system that ensures settlement by those trained to do so including court officers, arbitrators and or other legal professionals.

⁹⁵ Regulation 83 (13) and (10) respectively.

⁹⁶ The International Labour Organisation, (2001), pp. 81-83.

⁹⁷ Reference is to be made to the case of *Arusha Soko Kuu SACCOS & another (supra)* at pp 5 & 6. In the case, the SACCOS refused to heed to the Registrar's directive that the respondent's goods were illegally seized and that were to be returned to him. To the SACCOS, the same was against their Constitution.

⁹⁸ See note 48 and 49 (*supra*).

⁹⁹ From Tanzania Co-operative Development Commission, December 2021.

¹⁰⁰ *Id.*

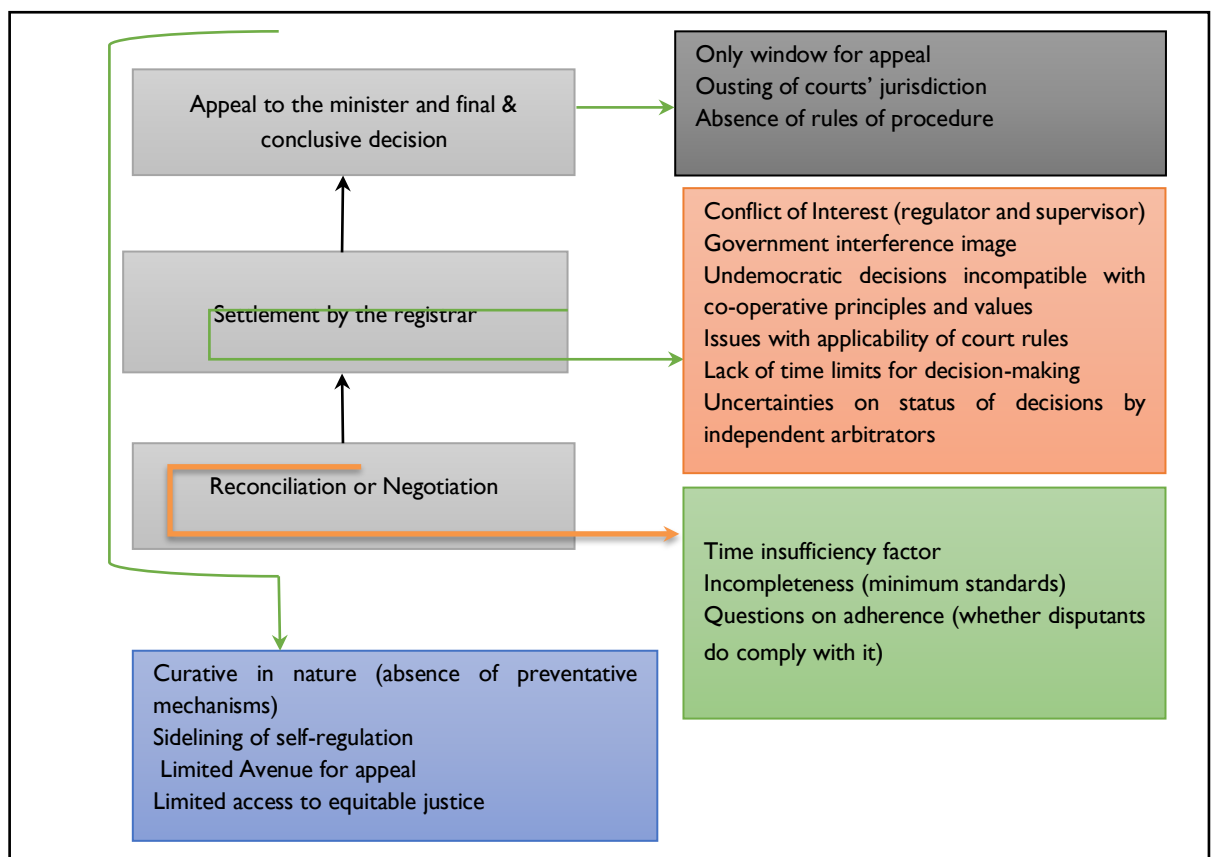


Fig. 2: Issues in the Existing Framework

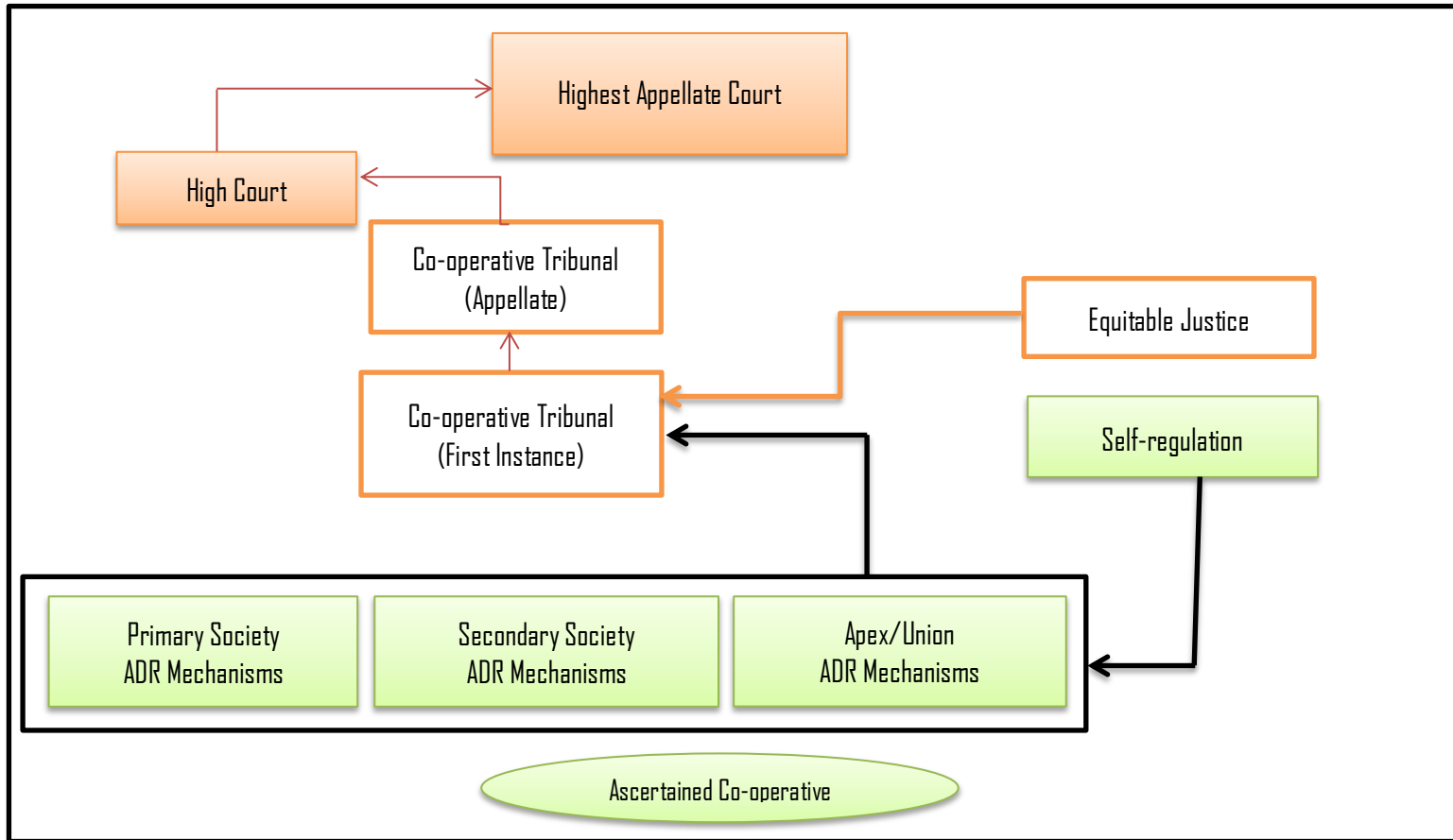
4.4 Thoughts for Reforms: Preserving Co-operative Identity and Access to Equitable Justice

IA conclusion may be drawn from observations made in the foregoing sections is that the current legal framework for settlement of co-operative disputes which requires compliance with negotiation/reconciliation, reference to the Registrar and appeal to the Minister (by the aggrieved parties) seeks to preserve the co-operative identity. The underlying logic is that co-operative business undertakings should not be exposed to the adversarial court systems which would leave some disputants worse off and others better off. Unfortunately, however, the existing framework is underlined as problematic for, among other reasons, its failure to balance the preservation of the co-operative identity at the same time ensuring equitable justice. It obscures assurance of equitable justice to which disputants and the whole co-operative system. Co-operative identity and equitable justice are two sides of the same coin. They are to co-exist. This study attempts to visualise a framework that preserves co-operative identity and ensures the attainment of equitable justice. The authors look at recognition of dispute prevention mechanisms as a starting point for preservation of co-operative identity in the co-operative society. Next to the recognition is the utilisation of ADR mechanisms within the society. The utilisation is seen as an important fallback mechanism in case the employed dispute prevention mechanisms prove futile. ADR mechanisms are important for self-regulation in co-operatives as they facilitate compliance to co-operative values and principles because they are amicable oriented and, in most cases, involve the members, before resorting to involve non-members or outsiders. In this case, therefore, efforts to resolve a particular co-operative dispute are done at society level (primary, secondary or apex). When a dispute is not resolved at the society level, it has to be referred to a body that possesses a combination of co-operative values and principles on one side and principle of equitable and natural justice on the other side, the co-operative tribunal of first instance. The framework that combines both should allow appeals to the co-operative tribunal (appellate) in case the first instance tribunal disregards some elements because of biasness and lack of objectivity by some participants in the tribunal. Experience indicates that co-operative tribunals are regarded to be autonomous¹⁰¹ and co-operative friendly institutions composed of co-operative members and legal experts.¹⁰² The structure introduces courts of law.¹⁰³ When a dispute is not resolved at the tribunal level the aggrieved parties may appeal or seek revision to the High Court of Tanzania. The High Court, as per the proposed framework, will not finally dispose of the dispute. There will be an appeal to the highest appellate court. The diagram below describes the proposed structure.

¹⁰¹ As opposed to the existing machinery where both the Registrar and the Minister are part and parcel of the Government.

¹⁰² Experience is drawn from some countries with the Tribunals but customised to the local needs. The countries include Kenya, Uganda and the Kingdom of Eswatini.

¹⁰³ The introduction is considered necessary for many reasons including the expanding of the appellate avenue, opening up access to equitable justice and ensuring courts are final authorities to administration of justice as per the Constitution.



5. Conclusion and Recommendations

The flourishing of co-operative societies depends on many factors including having in place effective and efficient dispute prevention and settlement mechanisms. The framework and mechanisms for settlement of co-operative societies' disputes have been an area of concern since their inception in Tanzania's co-operative legislation. The concerns have been evolving over time. They are still part and parcel of the present framework. They seem to be there to stay unless critical reforms (including the consideration of the authors proposed reforms) are taken care of. The authors are confident that if the proposed structure is further researched on (comparatively), improved and put in place the issues raised and analysed in this paper will be dealt with effectively.

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THE NEED FOR ETHICAL CONSIDERATION IN INNOVATION PRACTISES IN CO-OPERATIVES

Julius T. Tweve¹⁰⁴

Abstract

It has been established that there is a need for co-operatives to consider ethics in the innovation practices. Ethics establishes the levels of honesty, empathy, trustworthiness and other virtues by which we hope to identify our personal behaviour and our public reputation. This paper has explained the co-operative's main function as to process the products from its members and then sell them to the customers. In so doing officers or employees within this sector are required to consider ethical aspects in order to meet stakeholders' expectations. It has been discussed that ethics in philosophical perspectives possess questions such as how, then, should we behave? From philosophy, three different perspectives help us assess whether our decisions are ethical on the basis of reason. These perspectives are called normative ethical theories that focus on how people ought to behave. Few philosophers have been discussed as reference. In the world of business, there are many different types of innovation that a co-operative might pursue. In academia, we've all heard the phrase "publish or perish". In innovation we have to "adapt or die" and for businesses to achieve success in today's modern world, this is a universal truth. Co-operatives pursue innovation in order to take advantage of new opportunities as well as to counter threats. However, co-operatives face a number of challenges in terms of professionalism, generating ideas, as well as selecting and funding innovation projects.

I. Introduction

Ethics consists of the standards of behaviour to which we hold ourselves in our personal and professional lives (Gibert, 2012). It establishes the levels of honesty, empathy, and trustworthiness and other virtues by which we hope to identify our personal behaviour and our public reputation. Desjardins (2009) argues that in our personal lives, our ethics set norms for the ways in which we interact with family and friends. In our professional lives, ethics guides our interactions with customers, clients, colleagues, employees, and shareholders affected by our innovation practices in our co-operatives too. On the other hand, Tweve (2019) comments that there is a need for caring about ethics in our lives, professions and co-operatives settings.

A co-operative is an enterprise collectively owned by a society of members having a transaction relationship with it (Hendrikse and Feng, 2013). The co-operative's main function is to process the products from its members and then sell them to the customers. In so doing, officers or employees within this sector are required to consider ethical aspects in order to meet stakeholders' expectations. The German social philosopher, Habermas (1993), has put forth a theory of communicative action. It is called "The theory of distorted communication" and includes some strong contractual elements. Communication is a central element in business organisations. It offers a theory of equal negotiating partners and an opportunity for domination-free communication. The theory displays a rational way to proceed in communication practices; it assumes that it is possible for the parties to achieve an agreement by using effective negotiating mechanisms (Habermas, 1993). The basic idea is that every individual has the right to domination-free action. Thus, an application to marketing (the buyer-seller relationship should be evaluated and reconstructed) on the basis of the ethics of mutual communication which is the basis in co-operatives.

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Effective and efficient communication is essential to keep the co-operative working in members' interests. WBCSD (1999) points out that members who lack understanding of its practices due to poor communication and unethical decisions are likely to have a negative attitude towards their co-operatives, and this may cause poor performance. United States Department of Agriculture report (2020) envisaged that ethical problems posed to agricultural co-operatives leaders are faced with many difficult decisions that present vexing ethical dilemmas. Co-operative members often express concerns about ethical decision making and behaviour at the local, regional, and national levels. Yet, they feel inadequate to offer solutions. From competitive pressures to confusion about fiduciary responsibilities, waning loyalties, conflicts of interest, and breach of trust by their patron-members, many co-operative members express concern for what they see as declining ethics in their organisations, community, and country.

2. Ethics in Philosophical Perspectives

How, then, should we behave? Philosophy and science help us answer this question. From philosophy, three different perspectives help us assess whether our decisions are ethical on the basis of reason. These perspectives are called normative ethical theories and focus on how people ought to behave (Kagan, 1998). In contrast, descriptive ethical theories are based on scientific evidence, primarily in the field of psychology, and describe how people tend to behave within a particular context. However, these are not the subject of this paper.

The first normative approach is to examine the ends, or consequences, a decision produces in order to evaluate whether those ends are ethical. Variations on this approach include utilitarianism, teleology, and consequentialism (Broad, 1930). For example, utilitarianism suggests that an ethical action is one whose consequence achieves the greatest good for the greatest number of people. So, if we want to make an ethical decision, we should ask ourselves who is helped and who is harmed by it. Focusing on consequences in this way generally does not require us to take into account the means of achieving that particular end, however. That fact leads us to think critically about how professionals should adhere to ethics in order to have a good end.

However, Aristotle comments that because humans are endowed not only with reason but also with the capacity to act in an honourable and ethical manner, they may reject their end, either intentionally or by default (Aristotle, 1955). The great task of life, then, is to recognize and pursue happiness, no matter the constraints placed on the individual, the most dramatic of which are suffering and death. Because happiness might not be genetically encoded in human beings, they must learn how to be happy. How do they do that? Happiness is developed and is not a piece of property already in one's possession.

The second approach does examine the means, or actions, we use to carry out innovation decisions. An example of this approach is deontology, which essentially suggests that it is the means that lend nobility to the ends. Deontology contends that each of us owes certain duties to others ("*deon*" is a Greek word for duty or obligation) and that certain universal rules apply to every situation and bind us to these duties. In this view, whether our actions are ethical depends only on whether co-operatives leaders adhere to these rules (Atwell, 1986). Thus, the means we use is the primary determinant of ethical conduct. Immanuel Kant is the thinker that is most closely associated with deontology. He is the eighteenth-century German philosopher.

The third normative approach, typically called virtue theory, focuses on the character of the decision maker—a character that reflects the training we receive growing up. In this view, (Raw *et al.*, 2003) it is clear that our ethical analysis of a decision is intimately connected with the person we choose to be. It is through the development of habits, the routine actions in which we choose to engage, that we are able to create a character of integrity and make ethical decisions. Put differently, if a two-year-old is taught to take care of and return borrowed toys even though this runs contrary to every instinct they have, they may continue to perfect their ethical behaviour so that at age forty, they can be counted on to safeguard the billions of money investors have entrusted to their care in different projects.

3. Innovation Practices

Innovation, as a concept, refers to the process that an individual or organisation undertakes to conceptualise brand new products, processes, and ideas, or to approach existing products, processes, and ideas in new ways. In the world of business, there are many different types of innovation that a co-operative might pursue. These are often tied directly to individual products, internal processes or workflows, or business models. ICA (2015) points out that why is innovation important for co-operatives success? In academia, we've all heard the phrase "*publish or perish*", in innovation, we have "*adapt or die*" and for businesses to achieve success in today's modern world, this is a universal truth. Take, for example, the massive expansion in technological advancements in the past decade. Because of this extreme growth, businesses have been forced to adapt and expand more than ever before. Adoption of innovation in co-operatives has three main importance; helps co-operatives grow, keeps co-operatives relevant and helps co-operatives to differentiate themselves.

Innovation in co-operatives has two main objectives: to meet unmet needs and to respond to threats. Co-operatives seem to innovate in a proactive way, both to anticipate new needs and to respond to a more competitive environment (OECD, 2015). Some co-operatives are not planning to pursue any innovative strategies, suggesting that many co-operatives are planning to pursue such innovation. The current paper suggests that co-operatives have to respond in a proactive way to new needs while they face threats and competition. In addition, this suggests that co-operatives need to prepare themselves in order to review their business strategies and enhance ethical practices. Indeed, effective innovation capabilities and high-performance technology platforms would greatly contribute to shorter development periods and efficient selection processes of ideas.

Scholars (Carroll 1991, Co-operatives Europe, 2016, Fisher and Lovell 2006) have shown that there are three major areas that co-operatives should prioritise: First, expansion of new services, co-operatives are urged to develop new products and services, developing service cost, and or developing new products for expansion to new customers, and renewing the relationship with the co-operatives. Second, the development of capacity in innovation, there is a need to meet new standards or regulations to improve sustainability. Third, speed of adopting new technologies by making incremental changes to existing products, services and supporting the social economy within the society.

Literatures (Borgen and Aarst, 2016; ICA, 2015 and Brat *et al.*, 2016) have categorised innovation in the co-operative sector into four distinct logics. First, reinvention initiatives that take into account technological, socio-economic and demographic trends to transform the business model and strategies. Second, seeding practices have multiplied in recent years, and co-operatives are playing a proactive role in the emergence of new business strategies and in supporting local and co-operative entrepreneurship. Third, extension innovations, some of which have been in place for many years, are activities aimed at broadening the scope of action and guiding members towards more social, ethical and moral issues or towards value added services. Fourth, open innovation illustrates the participation of co-operatives in local initiatives and their experimentation with less mature technologies that have the potential to transform business models.

4. Ethical Aspects in Co-operatives

Whatever hopes professionals have for their future, they almost certainly want to be successful in whatever career they choose. With the increased competition among co-operatives and evidence that innovators and professionals are concerned about the erosion of ethics, co-operatives can highlight their distinctiveness by emphasising ethical standards. Gilbert (2012) suggests that to remain competitive and serve members, co-operatives must monitor member needs, and enlist membership support in renewing their commitment to ethical business practices. How might ethics guide professionals' decision-making and contribute to their achievement of these goals?

Trust lies at the heart of cooperation. Without trust, people do not communicate and as a result, co-operation is unlikely. People who work together must know and trust each other. It is very difficult for people to trust each other unless they share a commitment to ethical principles. An important ingredient in building trust among and between members and their co-operative organisation is ethical business practices. De Gorge (2010) insists that where high ethical standards exist, a foundation of trust is established that is essential for co-operative action to occur. When ethical behaviour is the norm, people are more likely to trust each other which, in turn, increases levels of communication and understanding. Where ethical conduct is emphasised, we expect to find higher levels of two-way communication between the manager, board members, and stakeholders.

Open and transparent communication contributes to building mutual understanding of co-operatives' goals and mission. This, in turn, leads to greater co-operative action. Without the foundation of business ethics that builds trust among employees, board members, managers and patrons, there is little reason to expect people to work together. Scholars like Ngulube (2010); Twelve (2013) and Hosmer (2003) noted that trust doesn't just happen. It results from conscious decisions and efforts to improve human relationships. Building trust among any group is a long-term and time-consuming effort. It is evident that where there is ethics and trust, there is Co-operation.

Honesty, being successful at work may therefore consist of much more than simply earning money and promotions. It may also mean treating our employees, customers, and clients with honesty and respect. Rowan and Zinaich (2003) comment that it may come from the sense of pride we feel about engaging in honest transactions, not just because the law demands it but because we demand it ourselves. It may lie in knowing the profit we make does not come from short changing others. Thus, ethics in innovation guides the conduct by which co-operatives and their agents abide by the law and respect the rights of their stakeholders, particularly their customers, clients, employees, and the surrounding community and the environment.

Integrity that unites what we say and what we do, is a highly valued trait. But it is more than just consistency of character. Acting with integrity means we adhere strongly to a code of ethics. So it implies trustworthiness and incorruptibility. It means you practice what you preach, walk the talk, and do what you believe is right based upon reason. Integrity in innovation brings many advantages, not the least of which is that it is a critical factor in allowing innovation and society to function properly. Hosmer (2003) insists that professionals should never put their own gain above the welfare of clients or others to whom they have a professional responsibility. Respect their confidentiality at all times and always consider the wider interests of co-operatives and society in your judgments. Integrity is mainly a combination of accountability and competence with corruption free (I equal to Accountability plus Competence minus Corruption).

5. Challenges for Co-Operatives in Driving Innovation

Co-operatives pursue innovation in order to take advantage of new opportunities as well as to counter threats. However, Brat *et al.*, 2016 point out that co-operatives face a number of challenges in terms of professionalism, generating ideas, as well as selecting and funding innovation projects. While ICA (2015) outlines major challenges that relate to the innovation process, business culture and specifically to delays in development, selecting the right ideas and having a risk-averse culture. The culture of co-operatives is usually focused on proximity and service to members, but not necessarily on innovation and risk-taking.

Other common challenges related to innovation facing co-operatives in Africa and Tanzania in particular are: developing, funding and prioritising the right ideas. Others include: reducing the cost of innovation, reducing time to market, managing external collaborations, pursuing projects in high-growth markets, hiring or retaining talent, accessing senior leadership support. OECD (2015) outlines other challenges as marketing innovation, incapacity to measure performance well, leadership selecting the right ideas to commercialise, lack of coordination, not enough customer insight, and marketing (corruption).

Transparency is among common ethical challenges managers face in different settings; co-operatives are included. Ngulube (2010) underscores the importance of transparency by arguing that without transparency in co-operatives, there could be no accountability and efficiency. He further argues that lack of transparency can lead to corruption and loss of confidence among stakeholders. In this respect, co-operative managers are expected to increase transparency in all communication and other practices related to innovations.

6. Corporate Social Responsibility and Co-operatives

Corporate Social Responsibility (CSR) is also known as Corporate Citizenship, Global Citizenship and Corporate Accountability. It has a role to play in treating its employees well, preserving the environment, developing a sound corporate governance, supporting philanthropy, fostering human rights, respecting cultural differences and helping to promote fair trade, among others (Co-operative Europe, 2016). All are meant to have a positive impact on the communities, cultures, societies and environments in which co-operatives operate.

One measure the co-operatives can take to control and maintain ethical practices is to embrace CSR. In fact, businesses now use CSR as a strategy to appeal to the conscience of customers and society regarding how ethical they are with respect to their responsibility to society. Carroll (2000) believes that organisations are expected to practice “social responsibility” or be a good “corporate citizen”. Corporations should not only be judged on their economic success but also on non-economic criteria. To fulfil the good corporate citizen role, a corporation and co-operatives should fulfil the following responsibilities: Economic perspectives: earn a fair return on capital to satisfy the shareholders, deliver value for money products to satisfy customers, create new jobs and new wealth for the business, and promote innovation. Legal perspectives: requires complying with the law. Ethical perspectives: should be moral, fair and justice, respect people’s rights, avoid harm or social injury and prevent harm caused by others and philanthropic perspectives (charitable): is expected to perform beneficial activities for society.

7. Benefits for Adoption and Implementation of CSR

By jurisdictions, governments have expedited approval processes for firms that have undertaken social and environmental activities beyond those required by regulation. The following are some of the benefits of implementing CSR in organisations and co-operatives in particular: better anticipation and management of an ever-expanding spectrum of risk; improved reputation management, enhanced ability to recruit, develop and retain staff, improved innovation, competitiveness and market positioning. ICA (2015) outlined other benefits such as; enhanced ability to address change, and improved relations with regulators. Above all is the access to capital, financial institutions are increasingly incorporating social and environmental criteria into their assessment of projects. When making decisions about where to place their money, investors are looking for indicators of effective CSR management. A business plan incorporating a good CSR approach is often seen as a proxy for good management.

Generally, co-operatives have been informed by the need to consider Corporate Social Responsibility (CSR) in their operations. CSR has a role to play in treating its employees well, preserving the environment, developing a sound corporate governance, supporting philanthropy, fostering human rights, respecting cultural differences and helping to promote fair trade, among others. One measure the co-operatives can take to control and maintain ethical practices is to embrace social corporate responsibility (SCR). There are a number of potential benefits for implementing CSR in co-operatives such as better anticipation and management of an ever-expanding spectrum of risk; improved reputation management, enhanced ability to recruit, develop and retain staff, improved innovation, competitiveness and market positioning.

8. Conclusion and Recommendations

It has been established that there is a need for co-operatives to consider ethics in the innovation practices. Ethics establishes the levels of honesty, empathy, trustworthiness, and other virtues by which we hope to identify our personal behaviour and our public reputation. In our professional lives, ethics guides our interactions with customers, clients, colleagues, employees, and shareholders affected by our innovation practices. The co-operative’s main function is to process the products from its members and then sell them to the customers. In so doing officers or employees within this sector are required to consider ethical aspects in order to meet stakeholders’ expectations. Ethics in philosophical perspectives possess questions such as how, then, should we behave? From philosophy, three different perspectives help us assess whether our decisions are ethical on the basis of reason. These perspectives are called normative ethical theories and focus on how people ought to behave.

Innovation, as a concept, refers to the process that an individual or organisation undertakes to conceptualise brand new products, processes, and ideas, or to approach existing products, processes, and ideas in new ways. In the world of business, there are many different types of innovations that a co-operative might pursue. In academia, we’ve all heard the phrase “*publish or perish*”. In innovation, we have to “*adapt or die*” and for businesses to achieve success in today’s modern world, this is a universal truth. Co-operatives pursue innovation in order to take advantage of new opportunities as well as to counter threats. However, co-operatives face a number of challenges in terms of professionalism, generating ideas, as well as selecting and funding innovation projects.

Corporate Social Responsibility (CSR) has a role to play in treating its employees well, preserving the environment, developing a sound corporate governance, supporting philanthropy, fostering human rights, respecting cultural differences and helping to promote fair trade, among others. All are meant to have a positive impact on the communities, cultures, societies and environments in which co-operatives operate. One measure the co-operatives can take to control and maintain ethical practices is to embrace social corporate responsibility (SCR). The following are some of the benefits of implementing CSR in organisations and co-operatives in particular: better anticipation

and management of an ever-expanding spectrum of risk; improved reputation management, enhanced ability to recruit, develop and retain staff: improved innovation, competitiveness and market positioning.

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CO-OPERATIVE ENGAGEMENT IN RICE VALUE ADDITION AMONG SMALLHOLDER FARMERS, SHINYANGA TANZANIA

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Abstract

This study was conducted in Shinyanga District. A cross-sectional research design and qualitative approach were used in studying co-operative engagement in rice value addition among smallholder farmers. The findings indicate that there is a need for co-operative engagement in rice production, value addition and marketing. It was further found that Umamo, Mganyira and Katani were found to be the most preferred rice varieties. Lastly, despite the capital and infrastructural challenges, the need for value addition on rice production to marketing was identified as the best alternative. The study concludes that co-operative seems to be the best model even in areas on non-irrigators scheme-oriented farmers. The problem that existed was on how the farmers can best do the co-operative apparent. Also, the study concluded that co-operatives in rice smallholder farmers be the area of priority to fit the current debate of Industrialisation of Tanzania economy that will fit the value addition in rice production and market chain. The study recommends co-operative promoters, including Tanzania Co-operative Development Commission (TCDC), Moshi Co-operative University (MoCU), local and international NGOs to promote co-operatives in the rice-growing areas, especially in areas that are not covered by irrigation schemes. Also, the institutions dealing with agricultural research institutions such as Sokoine University of Agricultural (SUA), Tanzania Official Seed Certification (TOSCI), Tanzania Horticulture Association (TAHA) and AGRITERA should extend their outreach programmes on research and development to rice smallholders to extend the value addition.

I. Introduction

Co-operatives across the world were found to be a model for the majority populations in their effort for social and economic emancipation. There are millions of people who have preferred the co-operative model of business enterprise to qualify them to reach their individual and community development goals (Anania and Rwekaza, 2016; Chambo and Diyamett, 2011). Co-operatives help to form and uphold a great chance of accomplishing socio-economic development. Co-operatives exist in different types based on the sector where members operate (Kinyuira, 2017). The agricultural marketing co-operatives are among the global co-operative models where its members are doing agriculture as their main type of activities, even though they may be engaged in other diversified economic and social activities.

Smallholder farmers are farmers owning land of an average of 0.9-3.0 hectares on which they grow subsistence crops such as vegetables and one or two cash crops such as cocoa, coffee, cotton and sisal and they rely almost exclusively on family labour (Soni and Saluja, 2016). These can be organised in the form of co-operatives to create the marketing aggregation centre that will help the component of value addition and extend market wider access. Several global and national initiatives have been in place to emphasise the improvement of paddy production and, therefore, eradicate hunger and food insecurity (Lee, 2017). According to the US Department of Agriculture, the harvested area in 2019/20 is estimated to be lower than a year earlier in all reported rice-producing states, with Arkansas accounting for 69 per cent of the 438,000-acre decline (Ogunsanya, 2019). At 1.13 million acres, the rice harvested area in Arkansas is estimated to be 21 per cent below a year earlier. Due to a decrease in the level of production

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and sustained growth in demand, short-term global cereal stocks are predicted to fall for the first time in six years, resulting in unsure gains in prices (Andersson and Baccianti, 2020).

Smallholder farmers are vital in transforming to more sustainable forms of agriculture. In countries such as India, China, Nepal and Indonesia, rice smallholder farmers had formed co-operatives that help in improving their participation in sustainable agricultural supply chains that represent a significant opportunity for substantial benefits, such as poverty reduction, gender equity and a healthier environment (Mtui, 2017). The agricultural marketing co-operatives members can be engaged in many crops, rice being among the crops marketed by the co-operatives as well as individuals. The rice crop is grown in more than one hundred countries worldwide, with a total harvested area of approximately 158 million hectares during 2019, producing more than 700 million tons annually in which 470 tons are milled rice (Ruben and Hoebink, 2014). Rice is the world's most important food product. About three billion people worldwide eat rice every day (Thanasomboon *et al.*, 2020). On production, about 670 million tons of rice are grown annually worldwide, and by geographical location, about 90% is grown in Asia. China and India remained the world's biggest rice farmers during 2013/14, followed by Indonesia, Bangladesh, Vietnam and Thailand. The United States produces about six million tons (about one percent of the world's rice supply) (Daudi *et al.*, 2018). Latin America produces about 25 million tons and Sub-Saharan Africa produces 19 million tons. In Asia and Sub-Saharan Africa, almost all rice is grown on small farms of 0.5 to 3 hectares.

In Africa, smallholder farming plays a significant role in global agricultural production and sustaining rural livelihoods (Nugusse *et al.*, 2013). Smallholder producers often live in poverty and struggle to access or participate more equitably in sustainable agricultural supply chains. Increasing smallholder participation in sustainable markets is an important sustainable development opportunity (Rwekaza *et al.*, 2020). Co-operatives have a vital role in uniting the rice smallholder farmers' efforts towards market deprivation and access to farm inputs as well as value addition machines and technology that help in adding the needed market potentials.

Rice is an old crop in Africa where about 70% of African farmers still grow rain-fed rice (upland rice). Rice has since become the fourth most important cereal in Sub-Saharan Africa in terms of production, behind sorghum (*Sorghum bicolor*), maize (*Zea mays*) and millet (*Eleusine coracana*) respectively. Approximately 20 million farmers in Sub-Saharan Africa grow rice while about 100 million people depend on it for their livelihood (Mtui, 2017). That is why this market still retains some of the niche market features. These data indicate that there is a serious imbalance between supply and demand in the individual geographic markets. This is caused by a misunderstanding of consumer preferences and key factors that influence the acceptance of agricultural food products in the market, which is a very important obstacle to the further development of agricultural food production (Mhando, 2005). Therefore, harmonisation of the supply with consumer preferences at the level of local markets is imposed as a necessary prerequisite for its further development. To achieve that, it is necessary to optimise the elements of the offer based on the results of more detailed surveys on consumer preferences, as well as on factors that influence the acceptance of agricultural food products and the consumer decision to purchase them.

Rice grows in more than 75% of African countries, with a combined population of close to 800 million people (Ngaruko and Lwezuala, 2013). While it is already the main staple food crop in ten African countries, per capita consumption in others is rising at such a rapid pace that this figure will more than double in the coming years (Wahyudi *et al.*, 2019). So far, African rice fails to compete with imports because large-scale commercial rice processing is poorly developed or limited, and urban consumers have become used to the look and feel of imported rice (Rwekaza *et al.*, 2018). Locally milled rice is generally of poor quality and is mainly consumed in rural areas. The low price of rice is attributed to poor access and use of modern post-harvest techniques and equipment (Miho, 2017). The traditional techniques, currently employed, lead to considerable post-harvest losses and low product quality. Also, Grassy weeds and insect pests can be tackled if appropriate pesticides are available (Zaller, 2020).

Agriculture in Tanzania has been a backbone for the majorities, providing employment, export earnings and even contributing greatly to aggregate growth and Gross Domestic Product (GDP) (Thanasomboon *et al.*, 2020; Mayala and Bamanyisa, 2018). Agricultural activities in Tanzania are mainly performed by small-scale farmers living in rural areas where poverty is a phenomenon. Reduction in poverty in developing countries will depend on the performance of this agricultural sector (Anania *et al.*, 2020; Hoffmann, *et al.*, 2014). In Tanzania, policies and plans like "siasa ni kilimo", "Kilimo Kwanza", "big result now" have not resulted in improved agricultural productivity emancipation on value addition in the rice value chain within which co-operatives can venture. Tanzania's productivity did not change

much and varied from 1.2 to 2.4 MT/ha (Mtui, 2017). In Tanzania, despite co-operatives to use rice marketing opportunities available, still other factors that limit production capacity had been experienced by rice smallholder farmers. The low yield is mainly projected to be caused by the use of low-yielding varieties, drought, low soil fertility, weed infestations, and the prevalence of insect pests, weak marketing, and diseases and birds (Rwekaza and Anania, 2020; Likwata and Venkatakrishnan, 2014). On the side of marketing, despite the substantial volumes of rice produced in Tanzania, the domestic crop is not even very price competitive in the local market vis-a-vis rigidly taxed imports because of relatively high production and transaction costs (Mayala and Bamanyisa, 2018). In marketing, with the use of value addition on the rice production and marketing through co-operatives, might attract more customers due to satisfaction from production top marketing that might become the opportunities for co-operative societies to venture into rice co-operative societies (Adu, 2014). Co-operative societies, through market research, can identify areas of competitive advantage based on the understanding of consumer preferences and key factors that influence the acceptance of rice agricultural products in the markets which is still unknown on how co-operatives can venture into value addition on the rice marketing value chain.

The co-operative model in rice production and marketing in Tanzania, has been practised in irrigation schemes; despite other schemes being managed in the form of a company, local NGO, groups and individual investors (ICA and ILO, 2014; Banturaki, 2012). In areas of non-irrigators who are found to grow outside the schemes, co-operative models were found not to be commonly used (Hussain, 2014). However, even the component of value addition to rice smallholder farmers is not being practised. The capabilities for smallholder rice producers' engagement in an understanding of the harmonisation of the supply with consumer preferences at the level of local markets and international necessary prerequisite had not been attained (Mtui, 2017). The lax concern on the rice smallholder farmers in acquiring the market opportunities necessary to optimise the elements on consumer preferences after value addition in rice production up marketing level had not become apparent (Mshiu, 2014; Daudi *et al.*, 2018). However, to adjust the rice value addition on the crop quality various effort was done by rice agricultural stakeholders such initiative in value addition and was done by AGRITELA, *Vredeseilanden Country Office (VECO) Tanzania* now Ricolto East Africa, Word Vision, (*Muungano wa Vikundi vya Wakulima Tanzania (MVIWATA)*), TAHA, Action Aid Tanzania, District Agriculture Development Plan (DADPs) Tanzania, Tanzania Social Action Fund (TASAF) and other government and civil society organisations and international non-governmental organisations. The awareness was done through entrepreneurship workshops on branding marketing and value addition, meetings, demo plots and others.

However, smallholder farmers in the rice production in Shinyanga Tanzania and other places have not taped a co-operative intervention model in helping farmers. There is a need to make efforts towards rice production, marketing and value addition to uplift the available opportunities of rice demands. This paper assessed the co-operative opportunity engagement in value addition on agricultural crops for customer satisfaction, a case of rice smallholder farmers in Shinyanga; evidence from Didia, Masengwa and Lyabukande of Shinyanga District. This paper is based on three objectives which are: to assess the smallholders' farmers need in marketing of rice through co-operative models, to assess the rice varieties with respect to market demand and to assess smallholders' farmers' capacity on investing in value addition on rice.

This paper is based on the notion of Perceived Value. The perceived value is based on emotional assessment regarding the understanding of a particular phenomenon and look at the way individuals can adopt it (Lee, 2017). The Co-operative society model is a model which is understood by the majority of Tanzanians. However, it is not that much applied especially to rice smallholder farmers. Rice smallholder farmers can assess value perception by considering perceived benefits relative to sacrifice which is the loss benefits that could have been obtained by using co-operatives in marketing of their rice after value addition and using the rice aggregation centres (Lee, 2017). Additionally, under perceived value, rice smallholder farmers can get access to a social psychological perspective and non-monetary costs such as search cost, transaction cost, negotiation cost, and consumption of time (Harte, *et al.*, 2013).

The findings will enable farmers and other agricultural stakeholders to know what to focus on the component of value addition to curb the market. Secondly, the study will add to the body of knowledge understanding on the opportunities available to rice smallholder farmers' engagement in value addition on the rice value chain, benefits and constraints. The findings from this study will help the ministry of agriculture by providing contributions adopting

co-operatives models in rice marketing opportunities and mainstream value addition which will be used to develop guides to support farmers in expanding their market share. It is anticipated that the study will provide a practical contribution by determining factors influencing rice crops to be marketed through co-operatives towards high investment at local levels in fulfilling Tanzania Development Vision 2025 of having a competitive economy.

2. Methodology

The study was conducted in Shinyanga district in Didia, Masengwa and Lyabukande wards. These areas grow rice as their mostly agricultural engagements than other crops. This is due to their geographical landscapes which is a plain area with swamps during rainy seasons. The cross-sectional research design was applied for this study, the cross-sectional research design allows data to be collected at a single point and used in a descriptive research approach for determination of the connection of variables (Flick, 2015; Flick, 2009). The target population were rice smallholder farmers in the three selected wards. The population of the study took all smallholder farmers who participated in rice production. However, for inclusiveness, the consideration was based on the minimum number of members who can form a co-operative society, which is 20 to 30 as per the Co-operative Societies Act. With that respect, 20 respondents were taken from each ward making a total of 60 respondents. Purposive sampling was done, where the ward agricultural officer selected smallholder farmers who were called as per village for discussion. Key informants also were purposively selected. There were those doing business and owning the processing and grading machines.

Data was collected through Focus Group Discussion and key informant interviews. In each ward, smallholder farmers formed a focus group based on their villages. Each village formed a focus group of six to seven people. The household heads were taken as respondents regardless of gender. Buyers and individual rice processors in the selected wards were taken as key informants. Data were analysed through thematic content analysis. Themes and sub-themes were developed based on the specific objectives of the study. The common agreement was taken as a decision group for analysis purposes (Creswell and Poth, 2016). In ensuring the reliability of data, each member of the group had an equal chance of participation, also, triangulated with information from the key informants.

3. Findings and Discussion

3.1 Need of Smallholder Farmers in the Marketing of Rice

Co-operation in the rice-growing areas in Tanzania is not a new phenomenon, despite being marketed through co-operatives in the agriculture irrigation schemes. A co-operative enterprise, for years had been seen as a means for community social economic emancipation. Smallholder farmers who are doing rice production and marketing outside the areas where irrigation schemes are prominent were found not to market their rice through co-operative models.

Based on the discussion done in Lyabukande ward, the rice smallholder farmers thought that a co-operative is not a good model since, before, they formed a cotton primary agricultural marketing co-operative society in which leaders were found to engage in financial embezzlement. This makes them sceptical of co-operative models. One of the respondents in the FGD said that (“co-operatives have no regulators when leaders steal their money that is the result of sell of their produce, ward executive officer who is responsible for co-operative himself do not know the co-operative business and governance”) this implies that, local authorities sometimes are the immediate supervisors of the co-operative societies which that limits co-operativesto engage into value addition of their co-operative rice collection due to absence of member control of their institution; contrary to the law. Similarly, it implies that smallholder farmers need awareness before forming a co-operative. This will remove the tarnished name of the co-operative based on their historical imprints. On the other hand, one respondent during the focus group discussion argued, “forming co-operative needs a start-up capital for registration, a business operation to purchase farmers produce and governance cost. Financial institutions and government are not ready to fund us in those operations. How can we start the co-operative society”. This means that there are several overhead costs which farmers cannot afford. The result is supported by the findings of Bengesi and Abdalla (2018) stating that despite existing policies on financial support for smallholder farmers, very few farmers can access agricultural technology across their processes when they need it.

Similarly, the findings from Masengwa indicate a moderate acceptance of the co-operative model. The information from the FGD indicates that, due to different times of the produced rice, tagging of price would be difficult. Based on the arguments raised by one of the respondents who said, “*We produce different varieties, different quality, different grades, how will it be with the same price or price determination if we take all the produce in the aggregation centre?*” This implies that rice smallholder farmers do not know that other crops such as coffee, tobacco, Cashewnuts and others that are marketed through co-operatives have different grades. This means grading and price differentiation is a practice in agricultural co-operatives. This was supported by information from a rice processor from Didia who was a key informant who said that “*in buying paddy, I buy all the varieties, after being processed into rice, all the varieties are graded to provide differing prices after processing*”. This implies that, a co-operative society can solve the thought problem of imagining marketing complications. The argument from the findings is supported by Rwekaza and Anania (2021) and Banturaki (2012) who indicated that the presence of business incubation will trigger the application of value addition to agricultural production that will assist business expansion in facilitating a business transaction. This means that training rice smallholder farmers on co-operative models will help to develop vibrant co-operative business undertakings in the rice sector.

The findings from Didia ward indicate a positive acceptance of a co-operative model for rice marketing. Information obtained from the FGD indicates that rice smallholder farmers believed that they had been planning for establishing a co-operative society for rice marketing, but the procedures for establishment is what is lacking. This was in line with the respondents from one focus group in Didia who said that “*the selling of rice individually, we receive low prices due to poor capacity to negotiate, sometimes buyers want more tones which individually we can offer. With co-operative everything will be solved*”. This means that these rice smallholders’ farmers understand the co-operative advantage. It is only an assignment to promote the modality within which co-operative can be promoted in those areas. This is in line with Notion of Perceived Value based on emotional assessment regarding the understanding of co-operative as suggested by Lee *et al.*, (2007) and Nugusse *et al.*, (2013) where co-operative societies are the model which is understood by the majority of Tanzanians. However, it is not that much applied especially to rice smallholder farmers. Where the rice smallholder farmers understand the value perception on perceived benefits relative to sacrifice which is the loss benefits that could have been obtained by using co-operatives in marketing of their rice. Also, as suggested by Wahyudi, *et al.*, (2019) that, using the rice aggregation centres, rice smallholder farmers can get access to a social psychological perspective and non-monetary costs such as search cost, transaction cost, negotiation cost, and consumption of time. With these, the opportunities for co-operative to market rice for the smallholder farmers become important.

3.2 The Rice Varieties with Respect to Market Demand

Rice varieties that are commonly grown were asked. This becomes an area of interest to evaluate the rice varieties and their production capacities based on their local production systems. Through focus group discussion it was found that most of the smallholder farmers grow “Umano” varieties which have a high yield. However, these varieties attract a small market price to the buyers due to the taste and aroma as compared to the rest of the rice varieties grown in the study area. One of the respondents in the FGD in Masengwa said that “*we grow Umano since it has no farming complications such as timely weeding and adding of fertilizer during production*”. This implies that any smallholder farmer can grow these varieties of rice. Price can be made better after these smallholder farmers had arranged themselves to form a co-operative institution that takes the component of value addition from production to marketing. This takes the component of packaging, product branding, grading, distribution and storage within which members can raise market profit portfolios. Adu (2014) showing that capital and technical knowledge are fundamental problems which revolve around lack of knowledge of modern farming practices and modern marketing is necessary for a smallholder farmer to rich the niche market potential.

Similarly, “Mganyira ” was another variety of rice that is grown in the studied area that was ranked the second in production, also ranked the second in price. This was because that variety of rice is subjected to bird-like likelihood of waiting for the paddy before harvesting time. Also, it falls when it is near to ripe. This was said by all FGD respondents during the discussion. Also, with reference from one respondent from Didia who happen to get loss of that variety being eaten by birds before harvesting who said that; “*I grow almost four acres of Mnagyira rice. The farm was obtained through renting. In planting I use labourers whom I paid. I bought seedlings and encore cost of manure for boosting the farms. However, before harvesting, a group of birds invaded my farms, eating almost half of the expected harvest, unlike other seeds which are Umano which were grown by my side smallholder farmers*’ . This implies that growing this variety of rice needs careful attention by rice smallholder farmers as they can be subjected to production and

harvesting losses. However, co-operative societies through training and education with the consultation of experts in agriculture would lead to finding a solution which emanates from these challenges. The experience from other areas such as Lemkuna and Madibila, which use co-operative models in the irrigation schemes, guarding the birds is done on work schedule arrangements among members of the scheme which is the outcome of co-operative society intervention that individuals can do. This is in line with the information provided by the key informant from Lyabukande who owns the milling machines that grades rice who said “*most of the rice varieties which are grown here lacks the marketing aggregation centre where farmers can market their produce in volumes. What is available, its individuals to sell with price differences and no grading*”. This indicates that farmers get small prices of rice to produce due to the absence of co-operative models in their local environments. Findings were related to conclusions made by Evans et al, (2017) which indicated that the presence of improved seeds in a rural area with appropriate price will trigger farmers to harvest the quality sorghum in Dodoma region. Therefore, the notion of quality seeds becomes important with rice smallholder farmers, where TOSCI and TAHA will take charge in advancing agricultural mechanisation, where co-operatives will help in mobilisation group action-based production and marketing.

Lastly, the rice smallholder farmers through the FGD were of the opinion that Katani was among the rice varieties which were grown in the study area. Katani was found to attract a high market share but was grown by farmers due to production complications. Some farmers termed it with another name of Sindano. Based on the discussion results of the three wards, respondents sought that Katani has a double price of the other two varieties, especially the price after some months after harvesting. According to information obtained in Didia, the market for Katani is for export to Uganda, Kenya, Kongo DRC and Rwanda where its price is higher. The processor in Didia who was a key informant, said that. “*...the local markets are available, but the consumers are those with a high standard of living who mostly afford to buy that variety of rice...*” That meant that if co-operative venture in marketing of Katani, they could export to outside continents where these brands were not feasible. This supports the arguments raised by Fahlbeck (2007) that extension officers have to work closely with farmers for providing technical advances towards improving their practices for improving rice brand among the rice producers to attract more consumers, thus attracting diverse markets. The production process needs to take into account value addition from the production side that can be done by education from the support of co-operative movements. This is in line with the argument raised by Deng and Hendrikse (2013) and Ngaruko and Lwezula (2013) who stated that no means we can add value test on the rice production after its harvest under value chain concept. That means, agricultural inputs through bulk purchase that can be done through co-operative rice becomes a necessity to rice smallholder farmers.

3.3 Smallholder Farmers’ Capacity on Investing in Value Addition on Rice Marketing

The rice smallholder farmers were interviewed on simple value additions within which they can be able to perform. These included packaging, labelling, grading and storage. These were discussed in line with the possibility of doing these in a co-operative society. From the information of the FGD done in Lyabukande, smallholder farmers thought that they can do all these in the co-operative society upon having been trained on their practicability. This was in line with information from one respondent from Masengwa during the FGD who said that, “*co-operative is the best way of doing business marketing that can facilitate collection of capital which will, in turn, be used to build the warehouse and thereafter, buy the machines for that value addition*”. That means, rice smallholder farmers understand the importance of using the co-operative models as a mechanism for farmers emancipation. Hancock and Brault (2016) suggest that most of the cereal crops are associated with their quality towards its customer willingness to purchase in Dodoma region, Tanzania. This means that price-setting strategies should be taken into consideration due to the fact that rice consumers are getting satisfaction on rice products due to price rates depending on value-added. Also, a study by Hsieh and Lee (2012) found that the biggest challenge by respondents was a lack of capital/resources. However, there are a lot of national and international organisations that are ready to fund smallholder rice farmers in terms of capacity building and capital expansion. This can be solved amicably by negotiation with the farmers willing to form a co-operative society.

On the other hand, the information from the key informant at Didia ward who owns the grading machine and a warehouse said that, “*farmers if they are well organised, the grading machine from SIDO can be obtained at 4 to 5 million Tanzanian shillings. The rice processing machine can be obtained at the same price. The labelling machine can be obtained at 2 million Tanzanian shillings, Sackets are locally being made on arrangements with the client and customers. So these are possible to farmers if they form a co-operative society*”. This implies that, with farmers joining capita they are in a position to make these value additions on the rice market chain. The information concurs with Hancock and Brault (2016) who suggest that producers should be taken into consideration providing services to the consumers based on their

preferences, capacity to purchase and based on market segmentation. This implies that, in developing value-added components, considering market segmentation becomes of importance. This is contrary to findings by Miho (2017) which revealed customer willingness to purchase is a more indirect trait of value addition on agricultural products. According to the Notion of Perceived Value propagated by Lee (2017), rice smallholder farmers are expected to understand the business by understanding customer divarication which will help in understanding varieties of rice, weight to be involved in the packaging, the packaging material cost, and the distribution styles with which will assist on profit break even. This is in line with the suggestion raised by Rwekaza, *et al*, (2020), McKnight *et al*, (2017), URT (2002) and URT (2005) who support that Governments should continuously upgrade the environment to the international growth and development of smallholder farmers. With that, it's the role of using government agents such as Tanzania Co-operative Development Commission (TCDC) and Moshi Co-operative University in the promotion of vibrant co-operative societies on rice smallholder farmers.

4.0 Conclusion and Recommendations

4.1 Conclusion

The study was based on co-operative opportunity engagement in value addition among rice smallholder farmers in Shinyanga. The study had three objectives: On the first objective, which was on the smallholder farmers' needs in marketing of rice through co-operative models, it was found that most farmers need the co-operative intervention in the production and marketing of rice. The study concludes that, co-operative seems to be the best model even in areas of non-irrigators scheme-oriented farmers, the problems that existed was on how they can best do the co-operative apparent.

In the second objective which was based on assessing the rice varieties with respect to market demand, Umano, Mganyira and Katani were found to be the dominant. The study concludes that these varieties need to be promoted so that they can be marketed through co-operative models which are member based since co-operative is managed, controlled, and used by co-operative members who democratically own the business.

The last objective was on smallholder farmers' capacity on investing in value addition on rice marketing. The findings indicated that, despite the capital and infrastructural challenges, the need for value addition on the production to marketing of rice was identified as the best alternative. The study concluded that, as of the current debate of Industrialisation of Tanzania economy, the rice sector is of important priority.

4.2 Recommendations

Based on the study findings, the study recommends the following. Firstly, co-operative promoters, including TCDC, MoCU, and local and international NGOs, should promote co-operatives in the rice-growing areas, especially in areas that are not covered by irrigation schemes. It's in these areas where the majority of rice smallholder farmers are situated. This will raise the economy and the life of rice smallholder farmers.

Secondly, the institutions dealing with agricultural research institutions such as SUA, TOSCI, TAHA and AGRITERRA, should extend their outreach programmes on research and development to rice smallholders to extend the value addition on advanced seedling and capacity building on agricultural mechanisation. This will expand the harvest per acre to increase production volumes and quality.

Thirdly, institutions such as SIDO, Machine tools, and other machine developers, should make a study on developing affordable machines for cultivation, harvesting, processing and packaging of smallholder rice in their co-operative institutions. This will expand the level of production per individual farmers, hence increase the co-operative effect after marketing.

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PERFORMANCE OF TANZANIAN CO-OPERATIVES IN A GLOBAL COMPETITIVE BUSINESS ENVIRONMENT

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Abstract

The co-operative enterprise is one of the oldest and most enduring forms of business. Co-operatives have been playing a vital role in the socio-economic development of the country. There are different forms of co-operative enterprises in Tanzania which were designed to satisfy members' needs. But for quite some time now, co-operative society's performance has been unsatisfactory. The objective of this paper is to present the need of professionals and performance of co-operatives in a competitive business environment in Tanzania. The paper further examines the co-operative as well as business model and its taxonomy. Desk review has been conducted to collect data and information from various secondary sources. Furthermore, the desk review reviewed reputable journals related to the discipline. Finally, the information gathered was scrutinised, polished and modified to match the requirements of this article. The findings revealed that lack of professionalism has been one of the major problems affecting performance of co-operatives in Tanzania. This is because the co-operatives have been managed by officials who lack managerial or professional qualifications, and who do not have necessary experience and technical competency. Although globally co-operatives run or operate some of the largest businesses, they are largely overlooked when it comes to issues of professionalism. Its identity and taxonomy also lead to poor performance of co-operative enterprises in Tanzania. In this paper, reasons why professionalism is ignored in co-operatives is presented. Reasons why management needs to be professionals are also given as well as fiduciary responsibilities. Given the size of the co-op sector and its contribution to both economic and social capital, attention should be given to the following dimensions to ensure professionalism: emphasising on hiring managers with requisite qualifications, human resource development programmes, management information system, and adherence to principles of professional management, co-operative learning and strategic alliance with other co-operatives.

I. Introduction

Modern business and enterprise demand professional competence and skills. Professionalism means the state or practice of performing a job with skill, competence, ethics, and courtesy. The role of a manager has been fairly specialised consequently, management as a profession has reached a time where the whole lot is to be attained professionally (Kaur, 2017). Professional administration refers to the condition where major decision making is in the hands of those individuals who attained managerial or professional qualifications, have vast experience and technical competency. The 21st century has brought in the environment in which enterprises must acclimatise to a fast-varying community needs with constantly shifting wants and opportunities. The economy has become global and is determined by inventions and technology. These have paved ways for intense competition among various actors (Nail, 2006).

The 21st century also brought the commencement of the new era of modernization in which the societies have strengthened their base and advanced vastly in all the facades. In this state, professionalism is the call of the new millennium and the guiding influence in the growth of a sustainable society. It has come to be a significant index organ in which the numerous parameters of the development of a firm will be judged and assessed. This century is a highly competitive one in which the firm will have to perform and as a consequence, they will all the time be eagerly watched. If they fail, they will perish or cease to exist. So, professionalism is an assurance to sustain the rigour if this

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competitive culture is to deliver. Thus, co-operatives should meet these conditions. Hence, it becomes essential on the part of a co-operative to effect changes in the style of functioning and management. That means co-operatives have to be managed professionally just like any other business entity without compromising co-operative ideology and values.

A co-operative is a member-owned organisation, an independent and democratic association of persons united voluntarily to meet their common economic, social, and cultural needs and aspirations (Bwana and Mwakujonga, 2013). They differ from the other private firms due to their connection to the community, rooting values, ethics and democratic principles (ILO, 2010). A Co-operative as a democratic organisation contributes to great members' participation and smooth flow of information among members and this, in turn, establishes less exploitative relations with stakeholders. This leads to the reduction of information asymmetry and enhances a more innovative community. Thus, co-operatives have been playing a vital role in the socio-economic development of the country. They are involved in numerous economic activities; for example, disbursement of credit, and distribution of agricultural inputs like seeds, fertiliser and agro chemicals, storage, processing and marketing of the produce. Furthermore, co-operatives enable farmers to get good quality inputs at a reasonable price as well as getting remunerative returns for their farm produce when marketed through the organisation. Table I presents the types of co-operative enterprises currently operating in Tanzania.

Table I: Status of Co-operatives in Tanzania, December, 2018

S/N	Coop Type	Male	Female	Groups	Institutions	Total	Shares (TZS)
1	SACCOS	785,017	316,560	14,735	1,879	1,118,191	163,617,260,840.85
2	AMCOS	780,452	314,719	14,649	1,868	1,111,688	156,438,168,399.76
3	Consumer	8,478	3,419	159	20	12,076	767,202,378.85
4	Irrigation	17,174	6,926	322	41	24,463	772,714,252.00
5	Livestock	32,827	13,237	616	79	46,759	648,887,421.00
6	Industrial	8,044	3,244	151	19	11,458	496,254,533.00
7	Housing	3,478	1,403	65	8	4,954	906,450,874.00
8	Mining	22,392	9,030	420	54	31,896	224,340,300.00
9	Fisheries	13,696	5,523	257	33	19,509	103,525,000.00
10	Others	76,089	30,683	1,428	182	108,382	1,615,448,020.00
Total		1,747,648	704,742	32,803	4,183	2,489,376	325,590,252,019.46

Source: Tanzania Co-operative Development Commission (TCDC), 2018

The above statistics indicate that, in 2018, there were 2,489,376 registered co-operatives in Tanzania, with a share capital of TZS 325, 590, 252, 019.46. The financial co-operatives, especially savings and credit co-operative societies (SACCOS) are the dominant form of co-operatives in Tanzania accounting for 44.9% of the total members, followed by Agricultural Marketing Co-operatives (AMCOs) (44.6%) and the remaining forms account for 11%. Financial co-operatives in Tanzania include SACCOS and co-operative banks. Currently, there are two co-operative banks: the Kilimanjaro Co-operative Bank and the Kagera Farmers' Co-operative Bank. Other forms of co-operatives include consumer, fisheries, livestock, mining, irrigation, industrial, housing, and services. Thus, co-operatives occupy an important place in the Tanzanian economy in terms of their membership, business turnover and contribution to the economic welfare of their members. Co-operatives are serving the masses and play a vital role in capacity building and augmenting their income. However, the majority of co-operatives' performances are not measuring up. That is to say not all co-operative societies enable the poor to get out of poverty because they have failed to perform as expected. Performance refers to what is expected to be delivered by an individual or a set of individuals within a timeframe or the potential to successfully implement actions leading to attainment of an organisation's objective and goals. What is expected to be delivered could be stated in terms of results or efforts, tasks and quality, with specification of conditions under which it is to be delivered (Megira, 2017). In a co-operative society, both the players such as the co-operative as an institution, and the members who are the owners should benefit. These benefits are the results of the services performed by the co-operative and the economic and social benefits that have been received by the members. If the performance on both counts is reasonably satisfactory it can be assumed that there exists good governance.

Performance is measured against the satisfaction level of the members. If the members receive good services in the right place and at the right time, it is good performance. Performance is the product of governance. A co-operative comprises members, co-operative leaders (Board of Directors and Board of Auditors) who are representatives of grassroots members and management (professional management). These are the management tools and service providers in accordance with the expressed needs of members (NAIK, 2006). While they enjoy authority, members expect services and expect the co-operative to provide such services. This provision of services and its usefulness at the user-end is 'performance'. There is evidence which suggests that co-operatives are not performing well.

Co-operative Audit and Supervision Corporation (COASCO) (2018/2019) assert that the performance of co-operative unions is greatly affected by carelessness, irresponsibility and misappropriation of members' funds and mismanagement. The report further detailed the loss of TZS 124.05 bn/- that resulted from at least over TZS 10.66bn/- being misplaced, misused, embezzled while at least TZS 113.4bn/- were unaccounted for from union's financial books. Additionally, it was also confirmed that at least TZS 2.8bn/- was stolen by leaders, while the sum of more than TZS 87.7bn/- were nowhere to be traced. On the other hand, it demonstrates that there was a loss of 22.9bn/- due to the leader's negligence.

Similarly, COASCO report (2019/20) shows that of 43 co-operative unions audited, 20 unions received doubtful certificates, 12 received unsatisfactory certificates and 11 received poor reports. None among them received a satisfactory certificate. The report further showed that 3,374 co-operative societies were also audited. Only 34 among them received satisfactory certificates. Again, in the same year the government had registered about 11,410 co-operative societies, of which 6,463 societies are active, while 2,844 are dormant and 2,103 others are no longer functional. The failure could be attributed to missing factors in governance. That showed a need to recruit highly skilled managers, accountants and other professionals inclusive in order to help the unions to regain public trust and raise professionalism in co-operative societies in Tanzania that is severely lacking.

Professionalism is vital in modernization in which co-operatives have to arise as strong business enterprises and attain competitive advantage amid the winds of change in the economy. As they grow and need to serve its members exceptionally well, there is a corresponding duty to permeate an acceptable level of professionalism in their undertakings. They will have to respond to environmental changes in the 21st century in order to develop, survive and deliver quality services to both members and consumers. This dictates efforts to manage change through scientific conduct, tools and innovations. They need to abandon their old norms of functioning; absorb a new culture and improve their power of resilience in order to cope with change in this turbulent era. In this chasing of professionalism and competence becomes a priority. This can only happen if efforts are incurred to follow the dictates of professionalism in indicating proficiency and excellence in practices based on systematic body of knowledge targeting at inculcating among its members a sense of responsibility towards each other and at establishing norms of behaviour and clearly defined qualifications for membership.

Co-operatives, at the moment, represent numerous socio-economic activities. Thus, their management has become a complex operation necessitating a high level of innovation, skills and ability to experiment with new ideas. The challenges of management are many; requiring specialised attention in the sphere of governance, finance, human resource, procurement, etc. Due to this situation, precise field of professionalism with their techniques and methodology has become significant in the field of Co-operation where professionalism at present is quite a problem; portraying a disjointed outdated outlook, Co-operatives should not show a miserable attitude to the rapid advances in professionalism. In information communication technology producers and distributors can relate directly and each one benefits from the deals. The effect of professionalism requires innovation to raise members' satisfaction and performance for co-operatives as an important yardstick of success for the growth of co-operative organisation and members satisfaction and performance should imply sticking to deadline, less time in responding to the member's needs, creating appropriate checks and balances and efficiency in co-operatives. The challenge is to combine efficiency methods for economy and democracy at all levels of co-operative activities. In this context, it is necessary to examine the role of professionalism in the performance of co-operatives in Tanzania. This is so because it is high time to develop strategies for enhancing professionalism in the co-operative sector, to address long term failures and reflect on the right model of development in the 21st century. For this to happen, the quality of personnel, their dedication, motivation and skills will be very crucial in making the organisation embark on a successful path.

Development of this chapter was based on theoretical and historical literature study. To ensure a wide theoretical and empirical basis for this study, Desk review has been conducted to collect data and information from various

secondary sources. Furthermore, the desk review reviewed reputable journals related to the discipline. Finally, the information gathered was scrutinised, polished and modified to match the requirements of this article.

2.0 Literature Review

2.1 Co-operative Business Model

A co-operative has a two-fold purpose in which it plays a concurrent role of a union or alliance, and also a business (Mazzarol, *et al* 2011). The co-operative has a more multifaceted purpose based on offering continuous patronage with advantages accumulating to its members while also guaranteeing that it can produce adequate retained profit to endure as an enterprise. A co-operative will aim to enhance the earnings of both its members and its own functioning (Bontemps and Fulton 2009). The co-operative member is both a patron (customer/supplier) and owner (shareholder). The existence of the co-operative can rest on how well it contends these two and frequently rival wants from its membership. The formation of a co-operative is defensible if the cost of contracting with a firm's suppliers or customers surpasses the costs of these suppliers and customers owning the co-operative (Cuomo, 2014).

Thus, the co-operative model is unique because of the following. First, the clients of the co-op are also its owners. Second, the price of the co-operatives' share capital is mostly fixed, and the shares cannot be traded on an exposed market. Third, co-operatives can offer members delayed benefit refunds; principally returning to them the price of their businesses with the co-operative. Fourth, co-operatives can appreciate tax exceptions and may function with a single tax on income. Finally, co-operatives occur for the single purpose of giving value to its members as customers. The matter of sharing ownership and voting rights (one-member-one-vote) is also based at the inner part of the co-operative business model. Additionally, it has been viewed as a point of variance amid the co-operative and other enterprises (one-share-one-vote) (Bacchiega and de Fraja 2004). However, the virtual co-operative business model is criticised for the following: The one-member-one-vote arrangement of control decreases shareholder power and can generate disappointments for members who offer more support than the rest (Mazzarol, *et al* 2011).

Furthermore, the ownership structure of the co-operative imposes numerous general snags that impose tactical challenges to its business model. First, there is the challenge of free riding in which some members involve more vigorously in activities than others who still obtain comparable benefits from their membership. It is intensified in the classical co-operative by an incapability for ownership rights to be traded and for members to hold equal voting rights irrespective of their investment (Naik, 2006). The presence of a co-operative in a market carries the price of competing brands down and may establish a ground price or yardstick within service markets. Secondly is the horizon problem, where a member's residual claims over the resources of the co-operatives are shorter than the life of the asset. This decreases members' inducement to invest in the co-operative as they fail to grasp the full value of their share capital upon parting (Mhembwe and Dube, 2017). Thirdly, is the portfolio problem which is produced by the absence of transferability and liquidity of member equity, attached to the patronage decision. Members are consequently incapable of adjusting their share to their personal level of risk (Rosairo *et al* 2012). Fourthly is the control problem which arises from a deviation of interests between members and the co-operative administration owing to the need to concurrently maintain the co-operatives' dual purposes of offering benefits to members and at the same time running a sustainable and profitable business. Finally, there is the effect of the cost problem caused by the co-operatives' strategic focus becoming uncertain as it tries to balance the returns to the firm and the members. Managing the five common challenges is the key problem facing the co-operatives management. Thus, professionalism is not an option if the co-operatives are to run a sustainable business and deliver benefits to members without forgetting to make a significant contribution to the societies where it operates.

2.2 Taxonomy of Co-operatives, Its Identity and Professionalism

There are four classifications of co-operatives that include the business model, as a social enterprise, as a third sector of the social-enterprise and fourth sector of the social economy. The first category of comprehending a co-operative business model is its drive from which a Member Value Proposition (MVP) needs to be established. These elements substitute the common product and customer value proposition just as any other business model. The key and important issue is the capacity to visibly describe the work to be performed or the co-operatives' mission. This is based on understanding the features of the target members and their expectations, wants and wishes. This is the only way through which members' needs will be visibly articulated. Other components of the model include profit plan, which is just how the business will create profits and at the same time remaining competitive on price, crucial resources that the business will need so as to offer its Customer Value Proposition (CVP), as well as key processes

that the co-operative will utilise to aid it offer the CVP. This can comprise the guidelines, rules, key performance standards and the firm's culture which are treated just like any other models of the business.

The four components are successively built on a basis of building blocks that deal with the particulars of how the product, profit formula, resources and processes are configured. The only difference is how the co-operative would treat its revenue model and its value chain with members as suppliers and customers. This is so mainly due to the nature of the co-operative as more of a tactical system than a conservative supply chain system (Garcia-Perez and Garcia-Martinez 2007). Again, it relates to a member welfare maximising strategy within co-operatives which is different from that of profit maximising strategy practised by other firms (Mazzarol et al., 2011). The core competencies, team structure and approach to alliances and partnering are also likely to be different in co-operatives.

Furthermore, corporate governance of the co-operative, member commitment to the co-operative and how varied the members are in their desires and requirements are of supreme significance on how effective the co-operative will be. Co-operative board structures are also different from other businesses. The co-operative is frequently branded by a member-patron pattern with knowledge of their personal business, but fewer planned proficiency in the management of a greater unit (Mazol et al., 2011). As a result, a co-operative board may develop to be excessively management driven, and reliant on the executive. Co-operative boards are affected by three challenges i) the necessity to represent the welfare of members while guiding the co-operative; ii) to visualise the co-operative prosper and expand; and iii) to support management while controlling the co-operative. The professional advancement of the co-operative board members is thus significant to overcome these snags by a conscious choice of senior directors within the co-operatives, mainly the CEO and the Board Chairman.

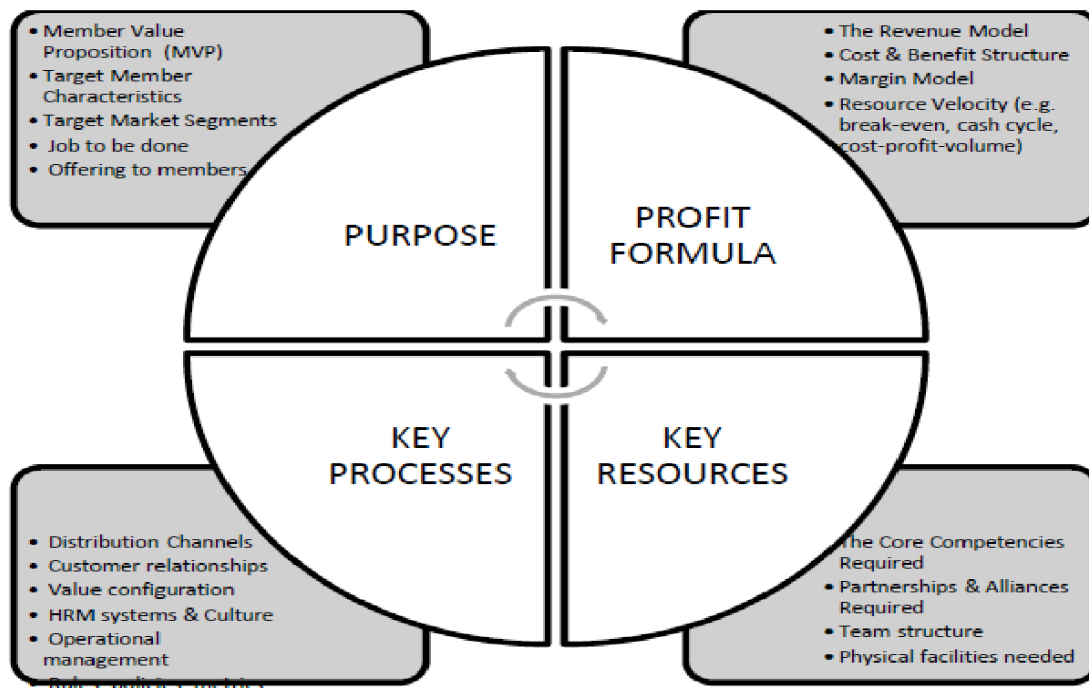


Figure 1: Components of Business Model for Co-operative Enterprise
Source: Mazzol et al. (2011)

As a social enterprise, among the seven co-operative principles is concern for community (ICA, 2010). Thus, the co-operative business model is considered an alternative to the traditional choices of private vs public or public vs non-profit. There is a need for the co-operative to be a basis for grassroots global change to the challenges of the prevailing economic system. Founders of the co-operative principles such as Rochdale pioneers of the United Kingdom in 1844 viewed co-operatives as a mechanism of achieving economic change. Co-operatives work with communities to solve local problems, for example through fundraising, providing grants or loans. Alternatively, co-operatives provide means for communities to come together in a co-operative structure to solve their problems. Since they are

regarded as social enterprises, co-operatives as well as members see no need for these enterprises to be managed professionally and as a result, they fail to address societal problems.

As the third sector of the economy, co-operatives are regarded as a kind of social enterprise because of their independent structure, communal ownership, and resilience. Researchers such as Mancino and Thomas (2005) affirmed that, a firm is believed to be in social economy when it is independent, has non-compulsory membership; with same rights and responsibilities, and an aim that is based on self-help and member advantage rather than profit (Hagen, 2007). Thus, it is believed that four components form a social enterprise: i) be based on the continuous creation of goods and services; ii) be volitional established by people who have independence from government or private sector controls; iii) it must put a substantial level of economic risk on its shareholders; and iv) it is obliged to hire persons who labour for it, for a minimum amount of paid time. That is why a social enterprise is differentiated from philanthropic, non-profit, voluntary and state enterprises. However, a social entity further has as a basic aim that is attainment of social goals, and all excess returns are reinstalled for that rather than maximise earnings to shareholders (DTI, 2002).

This social drive has been recognised as a main organising principle of social entrepreneurship. Thus, it can be said that the social enterprise has a social mission with economic returns (Neck *et al* 2008). However, even co-operatives have been included within the third sector. This poses key enquiries if or not they really fit. The formation of a co-operative is mainly for fiscal rather than social goals. Nevertheless, they may have a social consequence. It is economic self-interest that chiefly induces their development and sustainability. This arrangement of economic mission and social impact labels them as a social consequence venture rather than a social purpose venture (Neck *et al.*, 2008). Thus, it might be incorrect to regard co-operatives as chiefly a means for altruism. The co-operatives, therefore, are a kind of social enterprise that is hybrid in nature.

As the fourth sector of the social economy, co-operative business model fits uneasily in the private sector because of how they treat ownership rights and profit disseminations. Once more, it is similarly uncomfortable as the third sector. As a hybrid, it has been housed in the emerging fourth sector where enterprises use business techniques to realise social intentions. The main traits of a fourth sector are its central goal that is of social drive, but that applies entrepreneurial business principles to realise it (Sabeti 2009). There are two main parameters that describe the emerging fourth sector. These are the organisation's drive and the way it makes its income. By assessing nonprofits in the social or third sector, the main purpose is maximising communal advantage, but getting their income from contributions (e.g., sponsorships, philanthropy). The co-operative sits as a hybrid in the fourth sector since its purpose is to generate social benefits for its membership but funded by income earned from conventional business activity. Novkovic (2008) regarded co-operatives as a mixture of social entrepreneurship and social innovation. However, this is criticised as the co-operatives fail sufficiently to measure the intangible asset of social capital. It is therefore proposed that adherence to the co-operative principles can be a mechanism to overcome this challenge.

Generally, co-operatives suffer an identity crisis as they are classified differently by different people and thus the entire issue of professionalism in the management of these enterprises is ignored which leads to their poor performance, theft and malpractices. It should be borne in mind that the co-operative business model provides a medium between public regulation and private power (Mooney 2004). In the finance sector, co-operative banks as well as credit unions provide the ability to encourage savings and enhance member personal wealth (Nembhard 2002). In agricultural marketing co-operatives (AMCOS), co-operative found to result in premium prices for growers. Co-operatives further have a competitive advantage in ability to create strategic alliances. Finally, co-operatives ensure resilience in tempestuous social, economic, climatic and political environments (Mora and Menozzi, 2005). Hence the entire matter of professionalism should be given the attention it deserves if they are to address societal problems.

3. Professional Management in Competitive Environment

3.1 Justification of Professional Management

Current global and liberalised economic era demands co-operative enterprises to rise to the challenges of the time, largely due to stifling competition from Multinational Corporations (MNC) as well as other types of businesses that are privately owned. The issues raised by auditors and other researchers about the nature of failure and performing demand co-operative enterprises at all levels and types to embrace professionalism in their management. This cut throat competition needs to be counteracted through professional co-operative management. This is vital due to eight reasons as outlined in what follows:

3.1.1 Due to competition

Co-operative societies have and are working in the era of globalisation. Therefore, they have to compete with MNCs and well-organised businesses. In such cases they have to utilise available resources in the proper direction and reduce the level of wastage. Due to increase in competition, co-operative societies need professional management systems for managing day-to-day business transactions (Fuentes *et al.*, 2020). The competition has become keen due to liberalisation and globalisation. Under such circumstances professional management has become necessary. Observing differentiation, focus and cost leadership (Porter, 1985) will enlighten the co-operative to do better than before.

3.1.2 Health management environment

Professionalism will distribute duties, powers and responsibilities of the executives in proper manner. It also defines the proper working policy. So, it becomes very easy to maintain a healthy managerial environment within the society. Innovations and diversification will renew co-operative as such responding to changes as they come.

3.1.3 Uniformity in the work

To maintain uniformity in the work of the society (Akyar, 2012), there is a strong need to apply professional management. Access to new markets and getting more sales, co-operative members will benefit more than turning business to routine activity.

3.1.4 Optimum utilisation of available resources

Generally, co-operative societies' members belong to the poor section of society. Most of the members are uneducated or semi-educated. They don't have the sufficient quality of management. Under such a situation, society's members are not in a position to take decisions regarding available funds. Due to lack of skills, many at times failed in taking opportunities. Therefore, there is a need for professional management that can be helpful to utilise available resources. Training and retraining plus sharing of simple graphics and display impart knowledge and skills to both hired staff as well as members.

3.1.5 Expansion of societal business

Originally, when co-operatives started, they performed functions on a small scale. With the help of new technology, co-operatives are now being complex to enlarge their size of operation in various ways. Value addition to products leading to Industrialisation provides an opportunity to benefit members with skills, value and profits in the new business environment. Co-operative organisations thus need to learn the modern techniques of production and how to manage it. Thus, professional management is key for the expansion of society's business. For many people around the world today's co-operative enterprise is the only way of life.

3.1.6 Formulating and effective implementation of policy

In the era of globalisation of economic operations, many strategic areas have been developed which require professional expertise and specialised knowledge. Examples include strategic planning. Strategic planning requires understanding of inputs, enterprise profile, purpose and objectives, external environment, internal environment, alternative strategies and evaluation and choice of strategies (Fuentes *et al.*, 2020). This is possible only if there is effective implementation of policies and professional management practice in the co-operative.

3.1.7 Proper division of work

For the successful survival of the co-operative society there is a need to distribute work according to ability, experience, education, etc. By applying the concept of professional management, work can be easily distributed and staff members will get that work in which they are good.

3.2 Management Responsibilities in Co-operatives and Professionalism

A co-operative, just like any other enterprise, is governed to benefit its owners. The manager of a co-operative needs to please its members (owner). However, he requires cooperation and support from them in terms of information, participation, and decision making. Thus, managers and board members recognise that a co-operative will be progressive if members allow it to happen as they attend annual general and other meetings, discuss the mission of the co-operative, express their desires, assist on committees, and select members of the board. Co-operative management has closer and more personal relationships with owners. This is due to the fact that the owners of a co-operative make the majority of the co-operative's customers. Managing a co-operative is the same as managing any other enterprise in forms of roles executed, remuneration given and gratification obtained. However, key departure is that co-operative management is constantly an employed employee that cannot obtain ownership rights. Though co-operative management can enjoy co-operatives' services and may meet the requirements as a member, the parting is upheld to evade the prospect of conflict of interest. The management is employed to govern the business, concentrating potential and energy on serving members (Daft, 2004).

It is undeniable that Management is always inspired by influences such as pay, power, prestige, and obtaining fame. These incentives can also be availed to management of co-operatives as well. But stock options, or other power plays to gain control are out of the question. A matter which is always made during interviewing and that is stressed is that the manager is entirely answerable to the board. Co-operatives thus should try to match their competition in acquiring the qualified and professional management giving equivalent salaries, benefits, performance inducements, and superannuation programme. This is because for co-operative to attain their purpose. All co-operative members need to be acquainted with the aims and objects of a co-operative. But Management needs to know more since they are the one that grip a co-operative jointly and make it work. This is the reason why a board needs to hire professional management that possess technical skills in accounting, business management, marketing, credit, governance as well as the co-operative. The management of a co-operative is thus action and strategies preoccupied with managing everyday functions in response to objects determined by the board. Members transfer authority to board that which in turn delegates operational control to the management. Therefore, management need to be professional in the sense that they are involved in the following responsibilities:

3.2.1 Implement policies

Policies established by the board direct the manager's acts and choices. Policies may specify that no extra credit must be given to one whose account is 120 days past due. The policy therefore is implemented by the manager by refusing to extend additional credit.

3.2.2 Advises the board

Sometimes members appoint board members who are not experienced, uneducated or their knowledge can be totally dissimilar from managing a co-operative. In this aspect, a professional manager is employed not only to manage the co-operative but also to advise the board members how effectiveness and efficiency can be realised. The manager is thus likely to offer professional and technical advice on cut-throat strategy, cost containment, pricing guideline, service lot, co-operative welfare, financial management, credit control, etc. Operational efficacy, product repository and management, pickup and distribution calendars. Machinery and equipment such as novelties and enhanced machinery, research outcomes as well as goods and services-additions or substitutes and product data (Daft, 2004).

3.2.3 Manage daily operations

Management as the act of planning, organising, directing, coordinating, and controlling. A more pragmatic atmosphere in which these functions are achieved looks this way: when manager plans, he determines things to be done, when manager organises, he determines how plans will be executed and when manager control, he is trying to measure the extent to which planned activities have been carried out and if not, what are the deviations. In governing persons, finances, and amenities, the executive acts as coach, actor, teacher, persuader, ambassador and tyrant and intermediary. To be able to do all those, co-operatives need professional managers who are trained on those aspects (Daft, 2000).

3.2.4 Report to board

The task of the manager is to make sure that the board is not astonished by the occurrence of events. Even if the by-laws or board policy do not require information to be stated. The sensible manager keeps the board well informed on anything that could affect operations. Key issues that management reports comprise a declaration of actions with budget assessments; a balance sheet with assessments to or earlier years; accounts receivable status, with specific attention to overdue accounts and proceed towards objectives set as part of planning at the commencement of the year. All these require someone with analytical ability who has been professionally trained and experienced to carry out the duties (Daft, 2000).

3.2.5 Report to members

Regular and diverse reporting to members in most cases produces significant feedback to the manager. Inspiring members' feedback, on various matters or on the reporting guideline, may offer the management with unique and improved thoughts or offer means for refining the co-operative's service to members. Members' thoughts and recommendations are important. Above all, they are the owners. This necessitates the need for professional management in co-operatives.

3.3 Professionalism Fiduciary Responsibilities

The governance in a co-operative society assumes knowledge and experience about management, finances, investment, strategies, employees' relations and other real world's realms (Chambo and Diameter, 2011). This is because the leadership must be above average so that they can influence members and staff with diverse backgrounds. Furthermore, due to identity as member-based and member-owned controlled organisation, a co-operative enterprise needs management that employs above traditional management techniques commonly used.

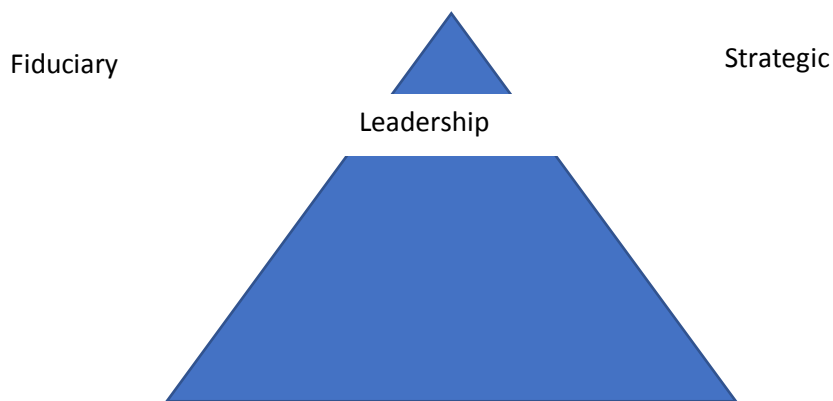


Figure2. Leadership Fiduciary Responsibility

The mission of co-operative enterprise is betterment of members' quality of life. To achieve this in a competitive global environment, the co-operative enterprise must depart from attaining classical motive. The co-operatives should move out of fiduciary omission queries like "can we afford it", "did we get an unqualified report", "is the budget balanced"? To fiduciary inquiry like what is the opportunity cost? What can we learn from audit? How to advance a co-operative mission? In other words, the basic value is to question the status quo; the current way of doing things. Can we do this any better? Why do we do this job that way? Constant questioning of assumptions and challenging the status quo open the gates to creativity and improvement (Daft, 2015). The co-operative learns and does things faster to improve everything on an ongoing basis. It will also encourage adaptive culture that means that people care about important stakeholders, including employees, customers, and stakeholders.

Managers need to pay close attention to stakeholders and initiate change when needed. This is because while fulfilling their strategic and fiduciary responsibilities, they are implementing policies, they are also sacrificing time, resources and efforts so that members can benefit. The entire process requires adherence to the principles of professionalism.

4. Principles of Professionalism

In order to effectively and efficiently operate a co-operative enterprise, the co-operative executive need to be well versed with principles of professional management, which, inter alia, include:

- a) Uniformity in working: Professional management believes in uniformity of working policy. They prepare some policy for every department of the society. This will reduce complexity.
- b) Principle of Division: This means that, a work is assigned according to qualification, experience and ability etc, so that work can be done within stipulated time period.
- c) Principle of relativity: Principles of professional management are not absolute, but relative in nature. They can be applied according to the need. It is necessary to modify principles while applying them to co-operative organisation.
- d) Principle of flexibility: The other principle of professional management is flexibility. Principles are adjustable according to the changing situation. A Professional manager makes change according to the problem faced by workers and members.
- e) Principle of remuneration: Remuneration should be paid in proportion to the service rendered and responsibilities undertaken by the manager. The entire staff of the organisation should be fairly paid with appropriate additional incentives for the additional efforts.
- f) Principle of training and development: Professional management tries to give proper and accurate training to the workers of the management and also concentrate on personal development of individual workers for the smooth functioning of management.

5. Conclusions and Recommendations

Co-operatives play a vital role in the socio-economic development of the country. Different forms of co-operatives in Tanzania were designed to achieve members' needs. But, for quite some time performances have been unsatisfactory. Lack of professionalism has been the major problem affecting performance of co-operatives in Tanzania. This is because the co-operatives have been managed by officials who lack managerial or professional qualifications, do not have vast experience and technical competency and ignorant of new global changes and demands of 21 century business and consumers. Co-operatives at the moment need to be managed just like any other business because they represent numerous socio-economic activities. Thus, their management has become a complex activity or operation necessitating a high level of innovation, skills and ability to experiment with new ideas. But lack of professionalism emanates from the nature of co-operatives, whereby according to scholars, co-operatives lack identity and therefore less is known as to what exactly these enterprises are. Are they business, or social organisations? Are they the third or fourth sector of social enterprise? So where does the co-operative business model fit? As drawn in this work, co-operatives signify a business model that is a hybrid enterprise. They, therefore, do not fit into any of the three models discussed above. It is likely that they can be housed within the emergent fourth sector of the social enterprise.

The main traits of a fourth sector are its central mission that is of social drive, but that it utilises entrepreneurial business principles to attain it. Change in co-operatives is emphasised to reflect the way business is done. Innovation to change modes of operand and especially adding value to products produced by small producers in order to modify exports through value addition that will lead to Industrialisation and members gain more and meet customer needs and wants. Given the size of the co-op sector and their contribution to both economic and social capital, attention should be given to the following dimensions to ensure professionalism: emphasising on hiring managers with requisite qualifications, human resource development programmes, management information system, and adherence to principles of professional management, co-operative learning and strategic alliance with other co-operatives. Thus, this paper advocates the following new conceptual framework for introducing changes in co-operatives in order to address issues and problems cited in current management and performance of co-operatives. Professionalism and performance are function of professionalism +effective co-operative management = co-operative performance.

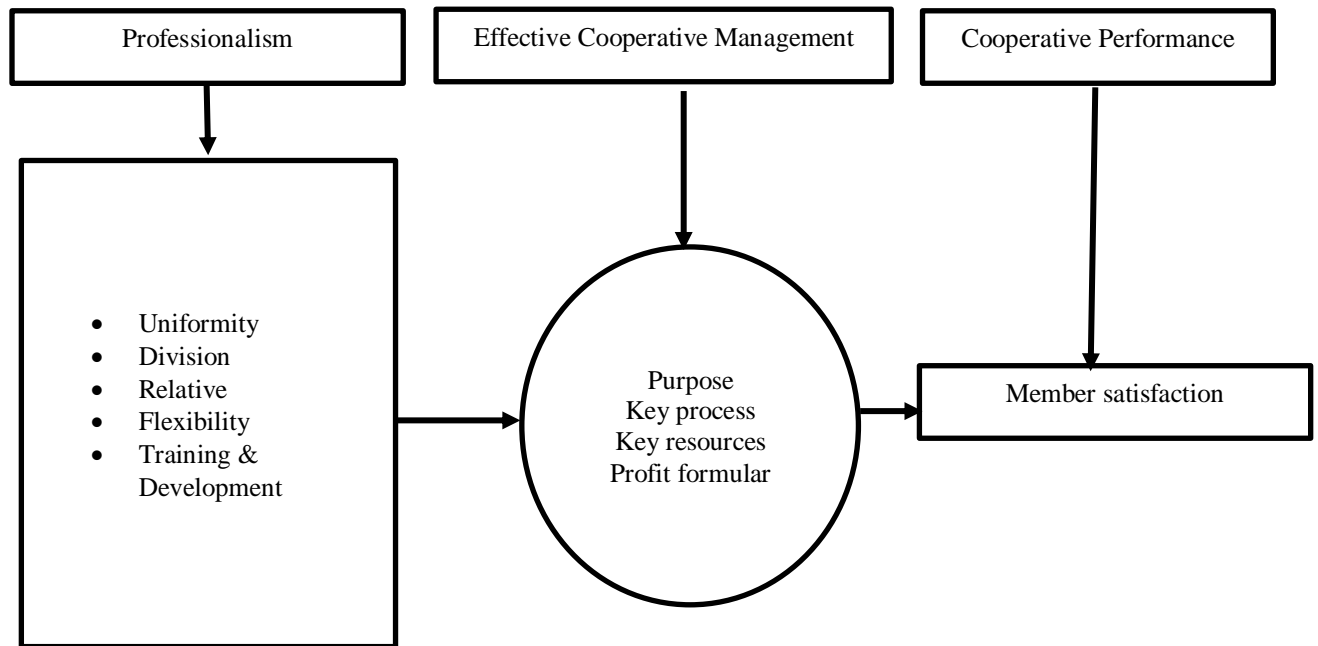


Figure 3. Proposed model for professionalism in co-operatives

When executives are well versed with principles of professional management such as principle of uniformity, relative, division, flexibility and training and development they are likely to attain the purpose for which co-operative was initiated which is a member value proposition (MVP). This is key because it demonstrates the capacity of the co-operative to visibly describe the work to be performed or the co-operatives' mission. Again, proper adherence to professionalism will result in the attainment of a profit plan, which is just how the business will create profits and at the same time remain competitive on price. Furthermore, observing professionalism principles will ensure proper management and utilisation of crucial resources such as competence, the co-operative need to offer its CVP effectively. Finally, key processes that the co-operative will need to utilise and follow to aid it offer the CVP will be followed effectively when professionalism principles are followed. This can comprise the guidelines, rules and key performance standards and the firm's culture which are treated just like any other models of the business. Consequently, the above acts will facilitate a co-operative to attain its performance that is reflected in members satisfaction (that will offer continuous patronage with advantages accumulating to its members) while also guaranteeing that it can produce adequate retained profit (to endure as an enterprise).

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CO-OPERATIVE ETHICAL VALUES AND SUSTAINABILITY: EVIDENCE FROM UASIN-GISHU COUNTY, KENYA

Wilson Kipkemboi Metto¹⁰⁹

Abstract

The purpose of this study was to examine the effect of member ethical values' education on loans of SACCOS and sustainability. The study was carried out in Uasin-Gishu County where there is persisting cases of non-performing loans. Cross-sectional research design was used. The target population was all SACCOS in Uasin-Gishu County. Twenty-four SACCOS were picked whereby non-performing loans were analysed before a SACCOS taking member ethical values sensitization education and after. Further, member ethical values educational sensitization was measured using co-operative ethical values of honesty, openness, social responsibility and caring for others. Both quantitative and qualitative data were collected through questionnaires and in-depth interviews. Qualitative data were analysed using content technique while quantitative data were measured using binary logistic regression. The findings indicate that member ethical values education on loans has a positive significant relationship with SACCOS' sustainability; p-values were less than 0.05. The study concluded that member's ethical values education plays a critical role on SACCOS' sustainability. The behaviour of an individual towards a loan taken was determined by the personal ego; that is, the mindset which dictates individual consciousness on behaviour; hence, commitment to repay. The study recommends to SACCOS' Managers, Ministry of Fisheries, Livestock and Co-operative Development to provide continuous SACCOS' ethical values' sensitization education so as to improve co-operative performance on loans.

I. Introduction

The co-operative societies' contribution to sustainable socio-economic development has continued to receive recognition within the world. Statistics show that almost 280 million people, translated to about 12%, are co-operative employees according to the International Co-operative Alliance (ICA, 2019). Its turnover, as reported by the World Co-operative Monitor, WCM (2019), stands at USD 2034.98 billion. In Africa, an estimated 18,509, 605 of the population are co-operative clients and members. Thus, indeed co-operative as a sector is an imperative vehicle of development. It touches all aspects of mankind's life. However, although co-operatives play an indispensable role in the economy, non-performing loans pose a big challenge to co-operatives' growth, leading to a debate on an approach to tackle the problem (ICA, 2019). A co-operative is "an autonomous association of persons united voluntarily to meet their economic, social and cultural needs" (Anania and Rwekaza, 2018). Savings and Credit Co-operative Society (SACCOS) is one of the forms of co-operatives; others are housing, insurance, producer, consumer, marketing and manufacturing co-operatives. SACCOS are financial institutions that offer various types of credit to members.

Many co-operative credit unions across the globe are experiencing challenges in collecting back loans taken by members of the International Labour Organisation (ILO, 2014). Although loans to members are very significant in poverty alleviation and stirring economic development through SACCOS, dishonesty, lack of openness and social responsibility and inability to care for others pose a difficulty (WCM, 2019). SACCOS immensely contribute to poverty alleviation and employment creation leading to economic growth. In spite of this important contribution,

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many challenges have been witnessed in SACCOS on loans, which emanate from member dishonesty (ILO, 2014). SACCOS aims at encouraging saving culture amongst the members through educating them to be honest and return the borrowed loans on time for SACCOS' continuity. Originally, the objective of starting SACCOS was to provide an avenue for access to funds by the less fortunate people.

According to Ngugi (2017), access to financial opportunities is a significant step of connecting the economically weak to a broader big life within the economy, which eventually extends credit to the members. The co-operative credit organisations date to 1849 when the first Credit Union was formed in Germany. William Raffeisens educated members by creating a monthly book called the Co-operative Monitor. Countries such as Canada had the first Co-operative Union formed in 1901, it then spread to all countries (Bee, 2014).

In Africa, the first SACCOS is traced back to 1959 when it was started in Ghana. It then spread to other countries in Africa like Tanzania, Uganda, Kenya and South Africa. The history of Kenyan SACCOS movement dates back to 1908 (Kivuvo and Olweny, 2014). The Kenya Co-operative Policy (2017) aims at using co-operatives to achieve a sustainable economy. There has been tremendous growth as well as contributions of SACCOS, which now is about 45% of the gross domestic product, (Kobia, 2011). There are two types of SACCOS in Kenya, deposit taking and non-deposit taking. The SACCOS regulatory authority regulates deposits taking (Obure and Muturi, 2015). The non-deposit-taking SACCOS, on the other hand, are unregulated but supervised by the Ministry of Livestock, Fisheries and Co-operative Development. As at 2017, there were over 22, 000 registered SACCOS with about 14 members that contributed over 62% of the total savings in the Country and over 30% of the Gross Domestic Product (GDP).

Despite that, the SASRA report for 2018 gives a different picture on how SACCOS are performing in Kenya. The Report indicates that the loans portfolio has deteriorated with non-performing loans going beyond 5%, and 3% indicators given by the World Credit Co-operative Union (WOCCU) and SASRA, respectively. The non-performing loans were 6.14% in 2017 as compared to 5.23% in 2016. This was culminated by the increase of non-performing loans from 15.57 billion in 2016 to 21 billion in 2017 (SASSRA, 2018). This indicates that there is a problem in SACCOS that needs to be addressed. Although non-performing loans were an outcome of many factors, this study has focused on ethical issues. This study plays a significant position by showing how SACCOS may use education on ethical issues to address the problems in co-operatives. The study is based on the concept that member ethical issues education on aspects like honesty, openness, social responsibility measured taken as one variable is most likely to impact on the member loan repayment, hence sustainability. Other concepts measured were SACCOS' age, number of trainings provided, budgets for education training and the type of SACCOS.

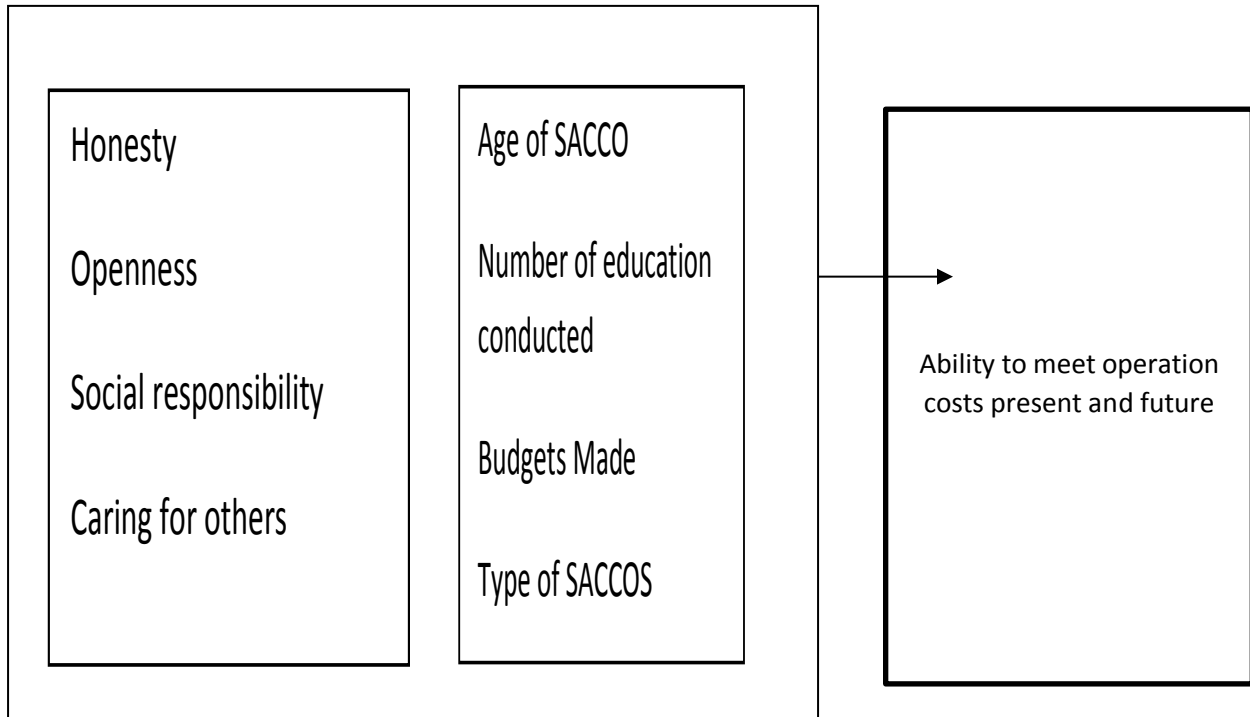
SACCOS' sustainability refers to SACCOS' ability to continue with the normal operations after meeting costs. It also refers to SACCOS' ability to cover both financing and operating costs (Okello, 2014). This has not been possible in some instances because of member failure to rise to the occasion by repaying the loans on time (Othman *et al.*, 2012). The theory of ethical value guided the study. It looks at several approaches on why, how and to what degree a person behaves in a certain way. The theory views human beings as an axiological 'ego' that determines personal commitment to honour a pledge. This theory tries to understand the concept of "the good" deeds that have value. This term, the "good deeds", go with the conduct of a person that led to blame or praise. Deontological ethics argues that the right or duty of others is to do what is accepted (Shyam, 2014). The theory is related to the study because some members fail to do their duty of repaying loans. SACCOS proves to be contributing much towards growth in the economy and on alleviating people from poverty amongst those who are low-income earners. This implies that for the SACCOS to be sustainable, they must meet *all* the costs.

Co-operative education is one of the prerequisites for co-operative success (Clamentina *et al.*, 2015). The fifth co-operative principle states that education training and information should be provided to co-operatives so that they may contribute effectively and efficiently to the development of their co-operatives (Mervin, 2014). Despite that, there has been no clear information on whether co-operatives are following these principles. Co-operatives are run based on the principles, values and ethical values (Hancock and Brault, 2016). The success of the co-operatives largely depends on the robust decision-making on the application of the principles, values and ethical values of co-operative character. The co-operative principles are open and voluntary membership, member democratic control, member economic participation, autonomy and independence, education training and information. Other principles are cooperation among co-operatives and concern for the community. In addition, co-operatives adhere to values of self-help, self-responsibility, democracy, equity, equality and solidarity. In the tradition of the founding fathers, they believed in ethical values of honesty, openness, social responsibility and caring for others. Member educational

sensitization on ethical values is significant in shaping members to have co-operative character. Ethical value education of honesty, openness, social responsibility and caring for others are likely to influence member character on the behaviour towards loans. Character is an attribute shaped by environmental factors such as education. Education right from history influences attitudes. Attitudes are predispositions towards a situation (Kinyuira, 2017).

Member Ethical Education (IV) Intervening Variables

Sustainability (D)



2. Methodology

The study used cross-sectional research design. It enabled us to get data at a spot at once. The design was chosen because it saves time and a lot of data collection was possible within a short time as stated by Babbie (2015). The study area was Uasin-Gishu County. The County was chosen because statistics indicate that it has a large number of SACCOS that have non-performing loans. Hence the target population was all SACCOS in Uasin-Gishu County. Twenty-four SACCOS were chosen using the Mugenda and Mugenda formula. The formula states that if the population to be sampled is small but more than 30 then 10% may be used. After sampling had been done, the researcher picked SACCOS using a lottery system whereby all the SACCOS were separated into rural and urban areas, then put on two different basins, being 238 in total. The code numbers from one to two hundred and thirty-eight were then cut and put on the two basins based on whether it was rural or urban.

They were thereafter rolled completely, mixing them. After that, 24 pieces were picked and listed according to code numbers. The ratio of urban SACCOS to rural was three to one; hence 18 SACCOS were sampled for urban and 6 for rural, making a total of 24. Data collection was on the performance of a SACCOS' loans for any year for a total of three years before taking any co-operative education sensitization on loan and any other three years after taking ethical education on loans. The three years were summed up as A, B, and C and the totals for each year put up. Validity was ascertained by checking at the content, criterion and face of the instrument. For the reliability, test retest of the instruments was done then alpha-coefficient calculated that was 80%. It was therefore concluded to be reliable since it was more than 70%. Quantitative data were analysed using binary logistic technique analysis while for qualitative data, it was analysed using content technique. Binary logistic was used because the outcome was twofold, a SACCOS could be sustainable or not sustainable. The model used was:

$$\pi(\tilde{x}) = \log \left[\frac{\pi(\tilde{x})}{1-\pi(\tilde{x})} \right] = \alpha + \beta_0 + \beta_1 x_1 + \beta_2 x_2 + \dots + \beta_p x_p \dots$$

The indicators of ethical education were honest, openness, social responsibility and caring for others. SACCOS' age, education budgets, number of training and SACCOS' type measured were the mitigating variables.

Therefore: $\log \left[\frac{\pi(\tilde{x})}{1-\pi(\tilde{x})} \right] = \text{Sustainability}$

α = The intercept term of the model, β_0 = Coefficient of the constant term and

$\beta_1 - \beta_p$ = Regression coefficients. X_1 = age of SACCOS, X_2 = Budgets for education,

X_3 = type of SACCOS, X_4 = number of training sessions provided and X_5 = whether members were ethical or not.

3. Findings and Discussions

The purpose of this study was to examine the effect of member ethical education sensitization on loans of SACCOS. This was in the light of an upsurge in the cases of non-performing loans in SACCOS. To achieve the objective, the SACCOS were examined before they were provided with education and after. Further, the SACCOS were examined by categorising them into rural and urban. An analysis of the findings indicate that SACCOS' non-performing loan was high before member ethical education sensitization was conducted 14.828% compared to 12.03% after the education. This implies that ethical education was playing an indispensable role in shaping the behaviour and attitudes of an individual as indicated by (Shyam, 2014). A study by Bee (2014) also shows that although education improves the skills and knowledge of an individual, it was imperative. The behaviour was largely determined by the personal ego. The findings are shown on Table 1. In terms of the type of SACCOS, urban SACCOS' mean before ethical education was 12.65% compared to 12.26% after education. The figures suggest that education had no significant influence on the performance of loans on urban SACCOS. This figure was compared with the performance of rural SACCOS that were 17.00% before education and 11.79% after education implying that education had more influence on changing the behaviour and attitude of a member.

Table 1. Three-year Summary of before and after education

Item SACCOS	Before Ethical Education		After Ethical Education	
	Year	Performance in Percentage	Year	Performance in Percentage
Urban	A	10.25	A	9.85
	B	13.21	B	12.90
	C	14.50	C	14.05
Total mean		12.65		12.26
Rural	A	9.25	A	13.21
	B	14.00	B	14.67
	C	27.76	C	7.50
Total mean		17.00		11.79
Overall Mean		14.828		12.03

One of the SACCOS' Manager interviewed reported that: "It's true that every year whenever loans are given out, the repayment is directly related to the education provided especially given that many a times new members seeking loans are given without any form of training in some SACCOS and for others, it's part of the routines to educate members before a loan is given out. Over the years, whenever we give out loans without more education, it hits back as the non-performing loans go up even beyond the accepted level of 5%. Sometimes when there is an inadequate fund, we do not educate the members. Budgeting for education also requires a commitment because most co-operatives are struggling to survive, as the economy is tough. If a co-operative management board is not enlightened about the important role co-operative education is playing, it will be very difficult for such to commit funds." Further, the study examines member ethical education on loans of SACCOS on the age of the SACCOS, amount of education budgets made, the number of training sessions held and whether members were ethical or not. When the binary logistic regression was run, the findings are shown on Table 2.

Table 2: Binary logistic results

Variable	B	S. E	Wald	P	Exp B
Constant	3.398	0.327	8.007	0.000	10.04
SACCOS' Age	-1.852	0.552	12.01	0.049	1.146
SACCOS' Budgets	1.930	0.450	9.080	0.001	2.021
Type of SACCOS	1.740	0.458	9.071	0.046	1.060
Number of Trainings	2.540	0.498	8.990	0.000	3.012
Ethics among Members	3.297	0.3117	8.000	0.000	10.03

Results of the findings show that overall, ethical education predicts SACCOS' sustainability. This was indicated by the B value of the constant term that was 3.398. This implies that if all the variables were held constant, member ethical education affects SACCOS' sustainability by three and a third times. Whether a member was ethical or not influenced the SACCOS sustainability most compared with other variables as indicated by 3.297. This implies that there was more need for the co-operatives to upscale the members' ethical status as indicated by Kiaritha (2015). The number of trainings affects mostly SACCOS' sustainability as shown by the beta values, which was 2.54 compared to the type of a SACCOS that were 1.252. The above findings add more voice to Lebowksi (2015), which had it that member education in the form of conferences, seminars and workshops had an influence on member performance outcome. The age of SACCOS slightly affected SACCOS' sustainability because the B value was 1.852 compared to 1.93 for SACCOS' education budget. This implies that the SACCOS' age and education budgets were imparting an influence on the SACCOS sustainability. Several scholars from ancient times including the Rochdale pioneers William King among others have argued that it was imperative to have SACCOS' education (Kingu and Ndiege, 2018). The type of education that was provided touched on SACCOS' values of self-help, mutual help, equity, equality and solidarity. Education on ethical values was on honesty, openness, self-responsibility and caring for each other imperative in this study. However, these values were in most cases ignored by the members negatively affecting the society.

On theoretical reflections, the study conquers with the theory which states that values within an individual determines the rights and wrongs (Shyam, 2014). However, the study found that the environment shaped values. An environment that has education is likely to shape the goodness in character conquering with Miner and Guillotte (2014). Lastly, the study examined SACCOS in terms of non-performing loans. The study found that the SACCOS that were bad were half of the total SACCOS. This hinted that there was a big threat to SACCOS on loan issues. This also calls upon the SACCOS' Managers to work towards addressing the issue of non-repaid loans. Twenty five percent of SACCOS were fair compared to 16.66% which were not. The above finding indicates that for SACCO to do well, they must rise to the occasion by tackling the non-performing loans that's currently a threat. Excellent SACCOS were 8.33%. This means that it was possible for SACCOS to perform better if they could upscale member education on various issues such as honesty, openness, self-responsibility and caring for others. The findings are shown on Table 3.

Table 3: SACCOS' performance

Type of SACCOS	Total SACCOS	Excellent	Good	Fair	Bad
Urban	18	2	3	5	8
Rural	6	0	1	1	4
Percentage		8.33	16.66	25	50

4. Conclusion and Recommendations

The study concludes that although co-operative ethical values character in SACCOS was imperative, it was not prioritised hampering member participation hence loans performance. It was also concluded that although loan repayment was a function of many factors, the disintegration of the idea of co-operative identity was a major contributing factor. In addition, from a theoretical perspective the study concluded that the personal ego; that is the

part of the mind that mediates between the unconscious and conscious, was responsible for member commitment towards honouring loan repayment. Furthermore, the study found that non-performing loans were a big threat to SACCO's sustainability and therefore, intervention measures were urgently needed. Rural SACCOS were more responsive to ethical education sensitization compared to urban SACCOS that were not. There were also many cases of non-performing loans in rural SACCOS compared to urban SACCOS. The study recommends to SACCOS' board members, Managers, Ministry of Co-operatives to provide continuous capacity building to SACCOS on ethical values.

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SOCIAL PROTECTION IN CO-OPERATIVES: EVIDENCE FROM ARUSHA WOMEN IN BUSINESS SAVINGS AND CREDIT CO-OPERATIVE SOCIETY, TANZANIA

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Abstract

Current studies in social protection seem to have ignored the role of co-operatives in social protection. This has resulted in limited knowledge on the role played by co-operatives in enhancing social protection in communities. To fill the gap this study examined social protection provision in co-operatives using Arusha Women in Business Savings and Credit Co-operative Society (AWiB SACCOS) in Arusha, Tanzania. The study adopted the development approach to social protection. The case study research design was applied. In-depth interviews involving 6 key informants who included SACCOS Manager and SACCOS chairperson. Focus Group Discussions (FGDs) and site observations were also used in data collection. Data was analysed qualitatively and quantitatively. Findings demonstrate that disaster management funds, investment funds, group savings funds, business loans, training and radio programs have been pivotal in the provision of social protection to members. The findings imply that the products offered by the SACCOS have enhanced members' social position and self-esteem, and have helped to improve the balance of power at family and community levels. The co-operative philosophical standpoint of the founding members, together with the SACCOS' strong financial base, seems to have engineered the design and introduction of products that cater for social protection. It is concluded that co-operatives are well positioned to carry out social protection within the development framework/approach. It is recommended that, apart from traditional products and services, co-operatives should introduce appropriate products that protect members from social challenges and enhance their economic and social position.

I. Introduction

There is growing consensus that Social Protection (SP) interventions are becoming one of the important anti-poverty instruments in developing countries (FAO, 2020; Ajwad, *et al.*, 2018; Ulriksen 2016; Wanyama *et al.*, 2008). It is also generally accepted that access to basic SP services is essential to human capital for social and economic development (Bacil *et al.*, 2020; ILO, 2020). Numerous studies (UNDP, 2020; Ajwad *et al.*, 2018; Ulriksen, 2016) have also pointed to the fact that poor people in developing countries are increasingly vulnerable to various poverty shocks apart from the usual income poverty. The shocks include weather and climate change vulnerabilities, health and sickness exposures, unemployment challenges, old age disabilities, women and children's vulnerabilities. Social related development challenges such as gender inequalities and lack of opportunities also contribute immensely to these shocks (UNDP, 2021; ILO, 2020). Unlike in developed countries where SP is significantly covered by the state, SP in developing countries is highly fragmented characterised by low financing and high degree of informality with only a small portion of the population covered by the programmes (UNDP, 2021; ILO, 2017; Tulia and Masabo, 2013). The International Labour Organisation (ILO) estimates that 82 percent of the population in Sub-Saharan Africa (SSA) does not have access to SP (UNDP, 2021; ILO, 2017).

With respect to Tanzania, data indicate that the country has made significant progress in SP provision by reducing poverty and curbing vulnerabilities (UNDP, 2020; Ajwad *et al.*, 2018; Ulriksen, 2016). For instance, between 1990

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and 2019, Tanzania's Human Development Index (HDI) value increased from 0.368 to 0.529, an increase of 43.8% with the main drivers being health, education and increased incomes. Between 1990 and 2019, Tanzania's life expectancy increased by 15.3 years; the mean years of schooling increased by 2.5 years with enrolment and completion of primary school having improved. The transition to secondary school improved sharply as well. Likewise, Tanzania's GNI per capita increased by about 93.5% between 1990 and 2019 (UNDP, 2020). The 2019 female HDI value for Tanzania improved to 0.514 in contrast with 0.542 for males. This resulted in a Gender Development Index (GDI) value of 0.948, which placed Tanzania into Group 3, a group with medium equality in HDI. This is the achievement between women and men. By definition, the GDI is a ratio of the female to the male HDI. Other pointers such as improved water and medical services, ownership and use of modern devices and facilities, including mobile phones and internet services have risen while access to electricity in the rural areas has also increased tremendously (Ajwad *et al.*, 2018). By April 2020, villages with electricity had increased to 9,112 compared with only 2,018 villages in 2015, and the population accessing electricity increased from 37.7 percent to 86.6 percent in 2020 (Bungane, 2020).

Despite the mentioned positive developments in the country, challenges to SP in Tanzania remain substantial (UNDP, 2021; MoHCDGEC *et al.*, 2016). Nutritional deficiencies are high with 34 percent of children under 5 suffering from stunted growth, 14 percent are underweight, and 5 percent are wasting (MoHCDGEC *et al.*, 2016). Further, social assistance and health insurance which are among the SP programmes remain underfunded relative to the needs of the population, with the health insurance program covering less than 10% of the Tanzanian population (Ajwad *et al.*, 2018). Moreover, a significant percentage of the non-poor is clustered close to the poverty line and is vulnerable to fall into poverty if subjected to extreme shocks (Ajwad *et al.*, 2018; Ulriksen, 2016).

High vulnerability coupled with low government capacity to extend SP coverage to all its people call for alternative social protection actors to complement government efforts. Even though the process of developing the National Social Protection Framework (NSPF) has not been finalised, the draft framework (which was completed in 2008) supports the inclusion of non-state actors in the provision of social protection in Tanzania (Ulriksen, 2016). This implies that various institutions such as co-operatives, in their various forms, are permissible to provide SP in Tanzania. Being a form of enterprise structured to cater for both economic and social objectives, and an institution entrenched with co-operative values and principles, the co-operative framework is set to address most of the dimensions of SP (Chambo, 2016; Chambo *et al.*, 2013; Wanyama, *et al.*, 2008). Co-operatives have capabilities to generate business opportunities, enhance empowerment to the marginalised and bring about security to those who are excluded and insecure (Chambo, 2016; Anania and Towo, 2016). Moreover, the fundamental co-operative values of self-help and caring for humanity are consistent with the very purpose of SP which is to take measures that protect the poor from harsh environment by providing relief, preventing the helpless from falling into poverty traps, promoting economic activities of the exposed and transforming humanity by addressing social equity exclusion (Raniga, 2018; Kwapong and Hanisch, 2013).

Even though co-operatives appear to have the necessary potential for provision of SP, there seems to be no vibrant debate at both local and global levels on the involvement of co-operatives in SP. Recent works in developing countries, and Tanzania in particular, seem to have forgotten or rather ignored the contribution of co-operatives in this respect (see, for instance, UNDP, 2020; Ajwad *et al.*, 2018; Ulriksen, 2016; Bandara, Dehejia and Lavie-Rouse, 2015). Only a handful of studies have partly captured the influence of co-operative SP in Tanzania (see Anania and Towo, 2016; Mshiu, 2008). Non-inclusion of co-operatives is a missed opportunity to uncover the potential contribution from one of the most natural institutional frameworks for SP provision in developing countries. This study, therefore, intends to invigorate the debate on the contribution of co-operatives to SP by using empirical case evidence from a women's Savings and Credit Co-operative Society.

While previous studies in Savings and Credit Co-operative Societies (SACCOS) have focused on the role of financial services in improving economic well-being of members (see, for instance, Kumburu and Pande, 2020; Kyazze *et al.*, 2020; Ndiege *et al.*, 2016), this study extends the debate by demonstrating how economic gains from co-operative financial services can be useful in augmenting social intermediation services particularly the SP fronts. Thus, the objective of this study was to examine SP provision in co-operatives using a case of women SACCOS in Arusha, Tanzania. Findings from this study could add further inputs in updating the draft National Social Protection Framework (NSPF) given the current COVID-19 pandemic which calls for building additional SP systems to supplement the already overwhelmed government efforts. The COVID-19 pandemic has further raised the need for improving SP systems to be able to deal with the resulting health, social and economic crises, protect enterprises,

jobs and incomes, prevent poverty, reduce informality, favour macroeconomic stabilisation as well as strengthening SACCOS' business for socio-economic improvement of members' quality of life (ILO 2020; Mgeme and Komba, 2020).

2. Conceptual Discussions and Contextualization of the Study

The concept of Social Protection (SP) has drawn significant attention over the recent past due to its link to poverty alleviation at both national and international level. According to Cinchon *et al.*, (2004), SP systems have three main objectives: to guarantee access to essential goods and services for all members of a society, to promote active socio-economic security, and to advance individual and social potential for poverty reduction and societal development. The necessity for SP is also enshrined in the Sustainable Development Goals (SDGs) under Target 1.3 which requires nations to implement SP systems and measures for all, thus a testimony to this attention.

Despite all this attention, there is no universally accepted definition of social protection. While the World Bank (2020) and other global donor agencies define SP as those mechanisms and systems that help the poor and the vulnerable to cope with crises and shocks (Bacil, Bilo and Silva, 2020; Ajwad *et al.*, 2018). ILO (2017) describes SP as a human right that includes a set of policies and programmes designed to reduce and prevent poverty, vulnerability and social exclusion throughout the human life cycle. For the ILO (2017), SP includes nine areas, namely; child and family benefits, maternity protection, unemployment support, employment injury benefits, sickness support, health protection, old age benefits, invalidity/disability benefit and survivors' benefits. According to the ILO (2017), the policy areas are addressed by a mix of contributory (social insurance) and non-contributory (social assistance or transfer) schemes.

Barrientos (2010) points out that these differences are explained by different views to SP, namely: Social Policy/Public Finance approach and Development approach. The Social Policy /Public Finance approach or framework views SP as government responsibility meant to curb poverty using public finance instruments. It perceives SP mainly in terms of public responses to livelihood shocks, the conventional or old style economic 'safety net' which is meant to cushion the poor against production and consumption shocks. SP programmes under the Social Policy/Public Finance framework include: i) Social assistance which are tax-financed or donor supported programmes that address poverty and deprivation, and they include disaster relief, medical and education support programmes; ii) welfare programmes to support the elderly, the sick and disabled; and iii) Passive employment related programmes to protect the rights and entitlement of workers. The three SP programmes fall under the Provisional or Protective SP category as they have a specific objective of guaranteeing relief from deprivation (Bacil, Bilo, and Silva, 2020; Sabates-Wheeler and Devereux, 2007 and Devereux and Sabates-Wheeler, 2004); iv) Social insurance which are contributory programmes that provide protection against life and work-related hazards, and they include health insurance, maternity benefits, unemployment benefits, and old age pension schemes. These programmes fall under Preventive SP because the initiatives are meant to prevent deprivation and deal directly with poverty alleviation (Sabates-Wheeler and Devereux, 2007).

SP view under the Social Policy/Public Finance framework has been criticised as being passive, old-styled, narrow and residual. This is because the beneficiaries/recipients await passively the government handouts to protect them against risks and vulnerabilities. Other critique is that there is no sufficient internal drive or effort for self-development among the beneficiaries. Even for those who socially contribute such as in social insurance programmes, they have no control over their contributions except to wait passively until when they are befallen by risk or when their contractual rights mature.

On the other hand, the SP under Development approach is viewed as an active approach to enhance individual development, and not just a tool to cope with risk, vulnerabilities and inequalities. It is a tool enabling individuals to develop their full potential either through facilitative intervention (Cruz-Martinez, 2019; Sabates-Wheeler and Devereux, 2007) or through self-help initiatives as practised in co-operatives and in other self-help groups (Anania and Towo, 2016; Chambo, 2016; Mshiu, 2010; Wanyama *et al.*, 2008). In this approach, SP is considered as a tool to promote human development and the capabilities of individuals; to promote inclusive growth; to empower marginalised sectors of the population; to improve livelihoods; and providing public services such as public education and health care (ILO, 2018; Barrientos and Hulme, 2009). This is called Promotive SP as it aims to enhance income and capabilities of the deprived (Sabates-Wheeler and Devereux, 2007) and allows individuals to take charge of his/her development rather than passively waiting to be supported (Cruz-Martinez, 2019).

Devereux and Sabates-Wheeler (2004) present the most progressive dimension of SP by introducing the concept of “transformative social protection” consistent with the Development approach. The word “transformative” here implies that, SP should no longer be focused on how to design a policy so that various groups face less risk in a given context, rather, on how to transform this context to minimise risk for a range of vulnerable groups. According to this view, there must be a positive relationship between livelihood security and enhanced autonomy or empowerment in order to achieve long term poverty reduction. Transformative SP encompasses developmental aspects of human development, democracy, governance, gender equity and social justice.

In general terms, SP under Development approach includes programmes to build capacity and increase income to the deprived such as skills development, entrepreneurship support programmes, and microfinance services to the economically active poor (Cruz-Martinez, 2019; Anania and Towo, 2016). A broader conceptualization of SP under Development approach also encompasses developmental programmes to enhance human development, empowerment, democracy, governance, gender equity, social justice and environmental issues contrary to the conventional instruments such as social assistance and social welfare programmes (Bacil, Bilo, and Silva., 2020; Cruz-Martinez, 2019).

It is within the Development approach that this study is contextualised. Savings and Credit Co-operative Societies (SACCOS) are development organisations focusing on improving the economic and social life of their members by fighting against both income and non-income poverty. This study uses Arusha Women in Business SACCOS (AWiB SACCOS), a women owned and managed Savings and Credit Co-operative Society in Arusha, Tanzania, to demonstrate that, the initially poor women members have utilised the financial and non-financial services offered by SACCOS not only to run viable businesses that generate income and employments, but also to overcome life-related risks and vulnerabilities, and enhance their social position and self-esteem at family and community levels.

3.0 Methodology

The study was carried out in Arusha city and it involved Arusha Women in Business SACCOS (AWiB SACCOS). A case study design was applied in this paper. Being a women-only SACCOS, the co-operative was considered an ideal showcase to demonstrate the capabilities of co-operatives in SP provision given that women are viewed as more vulnerable with low economic and social position relative to their male counterparts. Thus, the case study design was appropriate to allow in-depth analysis of the various services offered and their effects on members’ economic and social position. The unit of analysis was the SACCOS while individual members were used as units of observation to record evidence of social protection impacts.

Data collection was carried out in June and July 2021 through interviews, observation and documentary reviews. A total of six key informants from the SACCOS, namely, two founding members, the manager, two board members and SACCOS Chairperson were purposely interviewed to get in-depth information on the history and philosophy of the SACCOS with respect to SP. In addition, nine randomly selected members were organised into Focus Group Discussions (FGDs) for the purpose of collecting general and specific information regarding financial and non-financial issues and how they impacted SP. Furthermore, the researchers physically visited nine randomly selected members’ business sites to observe on-going business activities, practices and trends. The purpose was to validate information collected through interviews and FGDs. The SACCOS’ strategic plans, both previous and on-going, the SACCOS’ By-Laws and other documents capturing the history and the modus operandi were examined to get an insight and evidence on how governance practices and operations of the SACCOS support social protection provision to members.

The information collected includes history of the SACCOS, formation purposes, vision and mission, nature of the products and services provided and how they render social protection to members. Consequently, being a case study design, the analysis was more of a qualitative nature than quantitative. Thematic analysis was applied to analyse qualitative data whereby data collected was systematically searched to identify patterns within the data in order to provide an illuminating description of the phenomenon, assigned preliminary codes in order to identify patterns. Thereafter, patterns or themes in the codes were searched and reviewed to generate findings. Descriptive data analysis was used to examine quantitative data in order to generate meaningful interpretations.

4. Findings and Discussions

4.1 Brief History, Vision, Mission and Growth

The history of Arusha Women in Business (AWiB) SACCOS started in 2003 as an informal friendly group when ten poor founding members felt that it was imperative to come together to initiate a self-help group that will provide refuge, host and empower them to face social and economic challenges of their time. The ten women had braved hardships and low esteem associated with poverty and powerlessness. The group was officially registered as a Savings and Credit Co-operative Society (SACCOS) on 31st October 2003 under the Co-operative Societies Legislation of that time. The philosophy underlying the SACCOS was to empower poor women by enabling them to become business owners capable of managing and operating businesses profitably that can grow from microenterprises to large businesses. Since then, the SACCOS has grown from 10 members in 2003 to more than 805 members in July 2021.

The vision of the SACCOS is “to become an incubator for poor women with business ideas' ". To attain the vision, the mission of AWiB SACCOS is “to empower women with business ideas through provision of financial and social intermediation services including savings, loans and capacity building”. As it will be revealed later, a significant number of women members who were initially poor and socially deprived have evolved step by step from ranks of poverty to higher positions of financial and social freedom having been able to run successful businesses, support families and gain recognition in their families and communities. Based on the philosophy of the founding members, AWiB SACCOS is guided by the values of sisterly love, unity, self-help, participation and innovation. From a small, poorly capitalised institution, AWiB SACCOS has grown into a financial intermediary of sizable capacity as of June 2021 as presented in Table I. The Table presents AWiB SACCOS' data between the year 2004 (one year after the SACCOS was initiated) and to-date, a span of about 17 years.

Examination of both financial and non-financial variables in Table I indicates that there has been notable increase expressed in percentage growth (average) over the 17 years and annually. For instance, members have increased from 20 in 2004 to 805 in 2021, which is a growth rate of 3925 percent over the period, or an annual growth rate of 231%. The number of financial products has increased from two in 2004 to reach 13 in 2021 which is an increase of 550 percent over the period or an average annual increase of 32.4 percent. As it will be shown in the next part of the report, high increase in financial products implies that the SACCOS has been introducing a variety of financial products to meet increasing member needs for social protection.

Table I: Selected SACCOS data from 2004 to 2021

S/N	Financial and Non-Financial Variables	2004	2021	17 years Growth rate (%)	Annual Growth rate (%)
1.	Number of Members	20	805	3925%	231%
2.	Number of Employees	1	5	400	23.6
3.	Number of Products	2	13	550	32.4
4.	Number of savings products	1	8	700	41.2
5.	Number of loan products	1	5	400	23.5
6.	Savings balance (TZS)	0.52m	930m	178,750	10,514.4
7.	Loan balance (TZS)	1.4m	2.2b	157,042.9	9,237.8
8.	Total Loans Issued (TZS)	2.2m	22.5b.	1,022,627.3	60,154.5
9.	Total Assets (TZS)	2.4m	2.6b	108,233.3	6,366.7
10.	Core Capital (TZS)	1.3m	1.6b	122,976.9	7,233.9
11.	Institutional Capital (TZS)	0.5m	950m	189,900	11,170.6
12.	Core capital/Total assets (%)	54.2	61.5	20.2	1.2
13.	Institutional capital/Total Assets (%)	20.8	36.5	75.5	4.4

Note: TZS= Tanzanian currency in Shillings; m=million in TZS, b= billion in TZS

In terms of financial variables, outstanding savings balance (which includes both compulsory and voluntary products) has increased from an average of TZS 520,000 in 2004 to TZS 930,000,000 in 2021 which is an average annual increase of 10,514 percent, consistent with the self-help philosophy of the SACCOS. Outstanding loan balance increased from an average of TZS 1.4 million to TZS 2.2 billion over the period, an average annual increase of 9,238 percent. Total Loan issued to members increased from an average of TZS 2 million in 2004 to TZS 22.5 billion, a staggering average annual increase of 60,155 percent implying that the SACCOS has enabled members to finance their businesses and meet social demands.

Similar growth is witnessed in the SACCOS' institutional capital. Institutional capital is that part of equity set aside out of the internally generated surplus as opposed to SACCO's core capital which includes liability-based share capital. Institutional capital grew from TZS 500,000 in 2004 to TZS 950,000,000 which is an average annual growth of 11,171 percent indicating that the SACCOS has been expanding its internal capitalization to absorb any possible losses that might arise from operations or external factors. This is reflected by an increase of capitalization rate from 20.8% in 2004 to nearly 76 percent in 2021, which is well above the minimum legal requirement of 6 percent as per SACCOS Regulations 2019. While core capital ratio has grown at 1.2 percent per annum, the institutional capital ratio grew by 4.4 percent per annum implying that increase in internal reserve has surpassed the combined annual increase in members' share capital and internal reserves. Higher institutional capital ratio could also be interpreted as a positive indication that the SACCOS has been generating significant profit (surplus) from operations over the years to enable it to increase its institutional capital. This is further translated as improved capacity of the SACCOS to service its members as demonstrated by increasing financial products to meet members' social protection demands.

4.2 SACCOS' Products and Social Protection

4.2.1 Savings and deposits

The SACCOS offers a variety of savings products to enable members to build borrowing capacity and make deposits to cater for various needs ranging from covering disasters and emergencies, sicknesses, school fees, investment, and taking advantage of business opportunities in the market. Below are some of the saving products and how they work to socially protect and improve quality of life of the members:

4.2.1.1 Disaster relief fund

The fund started initially as a contributory scheme whereby each member would pay TZS 5,000 weekly to the fund. The original idea was to cover for cost or part of it arising from sicknesses or death of a member, her counterparts/child and other close relatives. A member would be paid TZS 800,000 when befallen with a tragedy. However, as the fund grew the coverage was extended to meet losses arising from business failures, theft in business and any unpredicted damages. Later, it was resolved that loan losses befalling the SACCOS if a member dies, or is unable to pay because of confirmed reasons should also be covered by the fund. Following the resolution, it became compulsory that every member who borrows should be charged 1.5 percent on the loan applied to subscribe to the fund. Apart from being used to compensate losses encountered by both members' businesses and the SACCOS, the fund is also used as an instrument to stabilise a financially troubled member by enabling the SACCOS to enter into new repayment agreements. The SACCOS can reschedule members' repayment plan in case the member is unable to repay as per the original repayment schedule. The introduction of this fund has been a relief to members especially during this time of Covid-19 when some members incurred a lot of business losses and others could not operate their business smoothly.

4.2.1.2 Microfinance group savings

This savings fund is meant to allow poor but economically active women who are yet to become full members get reliable financial services including savings and loans to finance their microenterprises. The initial idea to initiate the fund came from participatory meetings during the development of the SACCO's strategic plan in 2017. It was alleged during those meetings that poor women are unable to join AWiB SACCOS because they could not afford entrance fees and minimum share capital contribution. Another complaint lodged was that AWiB SACCOS seemed to have diverted from its original mission of uniting and helping poor women, and instead it was embracing successful and well to do women. Based on these complaints, it was proposed that the SACCOS should initiate a microfinance window to accommodate active women with business ideas but who cannot afford the basic financial contributions for joining. The idea was found to be in line with the 7th Co-operative Principle which requires that co-operatives should care for the community in which they operate. The main idea was that, once these poor but economically active women are assisted, they will eventually graduate to become full members of AWiB SACCOS. The idea was

found viable and attractive, and the microfinance window started in 2020 with 10 women who are now running their microenterprises in the Arusha main market. Members in this window are encouraged to save regularly while receiving training on financial literacy. By July 2021, the fund had reached the tune of TZS 6,700,000. The first lump sum loan amounting to TZS 1,000,000 was issued in April with each member getting a loan of TZS 100,000 repayable in 6 months at an interest rate of 1.2% per month. Members of the group receive training on business recording, budgeting and cash management, marketing and customer services. When members of this group were visited, they seemed to be very happy with the financial services and training they receive from the SACCOS:

We are glad because we are invited on board...they keep our money and we receive training on how to manage money and how to deal with customers...They also provide us loans through group lending... It is an exciting experience to be invited to such a caring co-operative (Microfinance FGD, AWiB SACCOS).

Enabling the economically active poor women to access savings services and skills training is empowerment consistent with the Development approach to social protection (SP). The kind of microfinance services and skills training offered are geared to improve the lives of poor women who have a dream of development to overcome poverty.

4.2.1.3 Investment fund

This is also a new fund which started in August 2020 with 15 members. As of now the fund has attracted a total of 23 members having contributed about TZS 24,500,000. The purpose of the fund is to enable members to save enough money to invest for old age. Apart from developing a savings culture for members, the fund is essentially a long-term strategy to initiate a retirement pension fund. All members are encouraged to subscribe to this fund for the purpose of investing in 'cash cow projects' to cater for cash flow needs during old age. Given that the members' abilities to generate sufficient cash will be exhausted during old age coupled with increasing health problems, it is imperative that SACCOS' members are well prepared to deal with these challenges. The Manager's comments on the general response of members were quoted as follows:

The idea is slowly but surely sinking in their heads...I'm optimistic it will succeed. You know human beings tend to prefer to consume now than to invest for future use...however my message that I give them is simple... you are now able to attract customers and make money because you look younger and fashionable ... Time will come when no customers will knock unto your business premises when you grow older looking unpleasant...Even your kids will not call as they are doing it now (Manager, AWiB SACCOS).

A simple message here is that members should be prepared for old age challenges because, most likely, the business situations are going to change unfavourably when they grow older. According to the SACCOS Manager, members are encouraged to initiate or buy those assets that will generate cash flows with minimum supervision or their physical presence. These include rental houses and financial assets such as government bills and bonds.

One of the advantages of being a member of this fund is that participants are trained on how to see opportunities, analyse opportunities, and invest in projects that will generate positive net values. They are also exposed to financial literacy skills. Each participant contributes to the investment fund according to her predetermined amount payable anytime within a month. Members can borrow against their savings to buy investments or any future cash generating assets. When members were asked during Focus Group Discussions (FGDs) to explain how they perceive the fund, it was reported:

It is true the fund is still new, but there is a growing enthusiasm among participants as we receive training on how to analyse projects to determine their viability...in the past we did not receive such training. We are confident to launch successful project that will generate good income to solve financial and social problems during our old age (FGD, AWiB SACCOS).

The implications arising from the discussion are that the fund is perceived as another avenue for members to expand their capabilities in dealing with old age challenges by investing in well thought projects that generate income to cushion life cycle risks and vulnerabilities.

4.2.1.4 Caring for the Community Fund

The fund is used to donate to the orphan centres and helping widows and vulnerable families in Arusha suburbs. The fund contributes TZS 5,000,000 each year to health centres and dispensaries in the city of Arusha. The health centres and hospitals that have benefited include Levorosi and Ngarenaro health centres and Mount Meru Hospital. During an interview with the SACCOS manager on the performance of the fund, it was revealed that the fund is part of the manifestation of the seventh co-operative principle on caring for the community. It was also revealed that this effort has helped to create a positive image of co-operatives and people are now realising that co-operatives are positive contributors to the community wellbeing and may supplement government efforts in provision of social security.

4.2.2 Microfinance business loans and social protection

Members run various small businesses including Grocery stores, make-up shops, timber selling yards, fashion shops, chick hatching, fish vending, just to mention a few. Originally, these business women would look for loans from private lenders because the SACCOS was unable to provide sufficient loan funds to satisfy business financing requirements. However, it was found that loans from private lenders and banks were hard to acquire given the thorny strings attached to them. Some of the women were unable to qualify for bank loans as they did not possess official collaterals. It was also reported that there were cases where some women would “steal” titles deeds from their families and submit to banks in order to qualify for bank loans, something which caused misunderstanding with their husbands. Other inconveniences included unnecessary loan delays, discriminatory policies and even outright loan refusals from banks simply because some banks officers would not trust that women can make proper use of the loans and make loan repayments.

These inconveniences were resolved by initiating a special loan to cater for financing women’s businesses. The loan size ranges from a minimum of TZS 500,000 to a maximum of TZS 100,000,000 at interest of 1.3% per month with loan term of 24 months even though most borrowers finish their repayments in less than 18 months. The introduction of business loans has enabled many women to venture into import businesses whereby they now travel to Kenya, Uganda and even to China to buy merchandise. This would not be possible during the past before introducing this loan type. Further, the loan size ranges indicate that women of various business capabilities can benefit from the loan facility. When FGDs were asked how it was possible for most borrowers to finish up their repayments in just 18 months instead of the maximum 24 months they replied that the kind of businesses they run involve fast moving items and are profitable to be able to generate cash for short term repayments. Another reason presented was that faster repayment would result in a lesser interest amount compared to longer term repayment. This indicates that borrowing women had acquired higher financial literacy consistent with risk management efforts inculcated among women.

During the FGDs, participants lauded this product as it has enabled their businesses to graduate from smaller sizes employing a single family member to a relatively large business employing five to ten workers and serving many beneficiaries. Further evidence showed that beneficiaries were using the profit generated to increase family assets, educating children to university level and even supporting their family members resulting in earning the lost self-esteem. One story from the FGDs which relates to how loans from microfinance provide social protection consistent with Development approach proceeded as follows:

I was employed in an Indian garment factory here in Arusha. One evening before I received a letter written in English. I could not understand the meaning but my hunches informed me that I have probably been promoted. So, next morning I went to work with eagerness and enthusiasm, only to be stopped at the main gate that I was not allowed to enter the factory because I had been fired. It was a very painful experience given that I was a single parent with kids to feed and pay fees for them (Interview, AWIB SACCOS).

The interviewee further elaborated:

I avowed that my kids should never be subjected to such humiliating experiences of not understanding English. I used the small amount of money saved so far to join the SACCOS. I used my first loan to start a fish selling business. My main customers were street walkers in the dusty streets. Later on, I got a selling table in the main Market. This business has grown to the extent that it has enabled me to sustain a good standard of living, educating my kids to the level of doctor of medicine, and three houses that generate monthly rental income. I accredit all these success to AWiB SACCOS (Interview, AWIB SACCOS).

In another episode, one Celina narrated that she was employed in a private business earning less than TZS 300,000 (equivalent to less than USD 150) per month. The income was insufficient to feed the family and she was looked down by her in-laws and her husband because she could not support them adequately:

I felt I was not receiving the deserved respect from both my husband and in-laws purportedly because I was not contributing sufficiently to the family coffers. I left my earlier job, initiated a small timber business after receiving TZS 5,000,000 loan from AWiB SACCOS. The business has grown as I can borrow up to TZS 70,000,000 and repay it back within one year. The ageing in-laws are respecting me as I can support them. My husband also respects me because I now contribute immensely to the family. I'm no longer feeling insecure as before. There is a big difference (Interview, AWiB SACCOS).

Three messages are clear from these quotes: first, SACCOS loans have enabled members' businesses to grow; second, business growth has enabled the previously insecure client/members to become more secure, confident and with self-esteem; third, the once disrespected women are now respected by their in-laws and husbands. While these are a few recorded examples among many, these stories reveal how financial services from the SACCOS have enabled vulnerable and low esteem women to transform their social position at family and community level consistent with transformative social justice as advocated by Devereux and Sabates-Wheeler (2004). When asked to comment on the allegations that when women improve their social position they tend to become "big headed" and look down on their husbands, the FGD had the following response:

We know that there are some women who think that they should take revenge for what was done to them in the past...they want to show their husbands that they are powerful and can fire back... some may misbehave out of their acquired wealth. However, such misbehaviour cannot be generalised to all women. We know many women in this SACCOS who have become rich but they have registered their acquired assets in their husbands' names instead of theirs...and family ties are much stronger than before" (FGD, AWiB SACCOS)

The quotation implies that most of the women continue to respect their husbands even when they acquire wealth. Furthermore, family ties become stronger because of increased collaboration in running the businesses and managing the wealth. This was evidenced during one of the in-depth interviews with one key informant who is now a supplier of plant chemicals and fertilisers in a number of regions in the country.

I joined AWiB SACCOS in 2004 with absolutely nothing. I now run a fleet of five Canter trucks which move throughout the country to deliver pesticides and fertilisers. I also own 3 SUVs and many other small cars. My business is doing very well, but my respect to my husband is not questionable. We share a lot and he is my best business advisor! Actually this business has strengthened our family bond because we work together as a team (Interview, AWiB SACCOS).

The account implies that families are better off when women acquire wealth as sensible men find that they are relieved from a heavy burden of supporting the family alone.

4.2.3 Financial literacy training and radio programme

The purpose of such programmes has been to expose members to business literate skills such as customer service, financial literacy, marketing and entrepreneurship skills. Inadequate co-operative education has also contributed to low honesty and poor perception of self-help among members. To deal with this situation, AWiB SACCOS has been monitoring performance by making follow up on-site visits to identify ailing business and provide remedial actions. Based on the type of gaps identified, problematic members would be grouped and given appropriate training offered by successful members and hired professionals. Areas that are given emphasis include maintaining financial records, merchandise arrangements in shops, customer services, business oversight, management, budgeting and business counselling. To help members get markets, AWiB SACCOS has bought radio airtime from one of the local radios in Arusha to allow members advertise their business to get the customers informed of the product they offer and get new customers. These measures have been helpful to improve ailing businesses by injecting new knowledge and skills. On the radio advertisement, members of the FGD admitted that the radio programmes have made their businesses known to more potential customers in Arusha and other parts of the country which has significantly improved their sales especially during this time of Covid-19 pandemic when the economy is in the recession.

4. Conclusion and Recommendations

The findings imply that co-operatives can be efficient vehicles to help the marginalised individuals to realise self-development through provision of financial and non-financial products. The findings further imply that the products offered by the financial co-operatives can help to improve the balance of power in the family and increase women's economic empowerment and self-esteem, which are fundamental elements of SP as per the Development approach. There is also evidence that by supporting women in business, the SACCOS has strengthened collaboration and partnership between and among spouses, thus contributing to strengthening family ties and increasing women's self-esteem. Both financial and social intermediation services provided by the co-operative have enabled women's contribution to be visible both at family and community levels. The practices and lessons drawn could also be applied to other co-operatives. It is recommended that other co-operatives should introduce social protection enhancing products such as disaster funds, pension related funds, and business training to protect members from social challenges and enhance their economic social esteem. Further studies should also be extended to other types of co-operatives including Agricultural Marketing Co-operatives (AMCOS) and Housing Co-operatives to explore their potential for social protection.

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INTEGRATING THE FIN-TAN INNOVATION PEDAGOGY MODEL INTO CO-OPERATIVE EDUCATION AND LEARNING COMMUNITIES

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Abstract

Higher Education Institutions (HEIs) play a central role in the development of nations. They are considered to be the think tanks from which major solutions to address national challenges are generated. In addition, HEIs are thought to be dynamic communities of learning that influence social, economic and technological changes in societies. The labour market demands quality graduates who are prepared to work in professional duties and working life is willing to recruit people who have the necessary tools in terms of innovation and competence but also networks in society. However, the extent to which HEIs graduates are prepared to meet the needs of the current labour market is still questionable. HEIs are being claimed to send to the labour market graduates who are not ready and prepared to work in professional environments. The situation raises questions of pedagogy in terms of teaching and learning methods and particularly how learning is defined in HEIs. Further, it is uncertain as to whether the used curricula are suitable to allow innovation, critical thinking and multiple skills acquisition. However, for the HEIs to educate future generations and ensure that they reach the right set of skills and knowledge, the teaching and learning methods should be appropriate. This paper proposes that the gap between working life demands and higher education could be diminished by utilising the innovative pedagogy approach, the FinTan model, which includes the idea of reverse innovation and social inclusion.

1. Introduction

Currently, the term 'innovation' is much used and the concept is included in a variety of contexts and pedagogical discussions. It emerged in the 21st century. Innovation pedagogy, as such was developed in Finland and it is a holistic approach to learning. The roots of innovation pedagogy are in the concepts of constructivism and social learning which emphasise learning as an outcome of group interaction (Kettunen *et al.*, 2013). The innovative pedagogical approach is a response of universities to the demand that education and working life should interact increasingly to be able to improve the competence and employability of graduates (Gharehbaghi, 2015). Innovative pedagogy utilises active learning and teaching methods, which emphasise multidisciplinary networks and collaborative team-based learning (Kettunen *et al.*, 2013.) According to Kettunen *et al.* (2013), "innovation pedagogy is a learning approach, which defines in a new way how knowledge is assimilated, produced and used in a manner that can create innovations." The Tanzanian Tumaini University Dar es Salaam College (TUDARCo) has successfully executed the FinTan pedagogy model that is based on the innovative pedagogy thinking developed by the Finnish Turku University of Applied Sciences (TUAS). In the FinTan framework, inclusion is included in the learning process which is not limited to the university but it is seen as an expanding process that invites local communities in the learning process, and through learning the development of positive and distinctive social identity is enabled. Learning is not only linked with the skills and knowledge in practice but is a major factor in terms of inclusion in professional collectives as part

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of education. One important concept connected to the FinTan model is reverse innovation thinking, which is only shortly referred to in this paper. The current project SUSIE (<https://susie.turkuamk.fi/>), in turn, develops the FinTan model further and scales it up including the variety of communities in learning processes. This paper proposes that FinTan Pedagogy is a suitable model for HEIs to improve learning interaction with co-operatives.

2. Theoretical Underpinning

This paper is informed by Roger's Diffusion of Innovation (DIO) theory which postulates that in any innovation there are innovators who adopt new ideas like technologies, concepts, and behaviours in early stages; early adopters, early majority, late majority and the laggards. It is also expected that Innovation pedagogy in HEIs will follow the same trend. Innovators adopt new changes easily; they are not afraid to use the try and error method in learning. They are eager to learn new things and apply the knowledge and skills gained in solving real-life problems. Early adopters are visionaries and they are quick to solve problems they are invested in. They seek out solutions and communicate them to beneficiaries. The early majority adopt innovations because they work and solve immediate problems, they are pragmatic. The late majority accept innovations a bit late but they are flexible and willing to change. The laggards are sceptical of innovations. However, the question is to what extent are HEIs instructors and facilitators prepared to nurture these innovators in their process of learning. What about parents and other education stakeholders? Similarly, innovation in co-operative education institutions and co-operative societies have different people who adopt innovation differently, innovation pedagogy approach, and particularly the FinTan model, is suggested to be the best approach. Penttilä, (2016) and Henningsen, (2016) argued that Innovation pedagogy is all about finding solutions and implementing them, regardless of whether they are novel solutions to the problem or they add value to the improvement of the solutions used to solve the problem. The emphasis is on solving community problems. In shaping and preparing the future workforce, HEIs have a role to serve as test-beds for innovation and entrepreneurship. Innovation, competitiveness and the growth of the local industry need to be stimulated, catalysed, nurtured, developed and promoted for any country to prosper in this era of the knowledge economy and globalisation. This can be attained if HEIs implement relevant teaching and learning approaches.

3. An Overview of Innovation Pedagogy in HEIs

We may argue that the development of countries depends on the quality of education which depends on several factors, one of them being an innovation in teaching and learning particularly in higher education institutions. Being at the centre of addressing the social and economic development of the country, HEIs cannot isolate themselves and operate without interaction with other operators in the society. Vice versa, universities should be continuously aware of the changing needs of the working life, labour market and community to justify their existence and relevance. In today's world, all sectors emphasise the importance of innovation. Employers look for creative, competent, skilled and innovative employees, organisations need innovations to remain competitive in the market and the public sector needs innovations to produce high quality and cost-efficient services (Avvisati *et al.*, 2013). This situation calls for HEIs to produce competent professionals fit for the market; individuals, who are sufficiently equipped with the required knowledge and skills to solve community problems and turn the challenges into opportunities (Msola, 2019; Avvisati *et al.*, 2013). HEIs are seen as neutral and influential players uniquely placed to lead the society by providing the invaluable source of expertise in teaching and learning, research and development and most importantly in rendering community services and addressing diverse community challenges. The Tanzania vision 2025, among other things, envisions developing a well-educated society in an attempt to address development challenges. Advocating Education for Self-Reliance, Nyerere (1967) said that the purpose of education, higher education in Tanzania is to nurture and encourage the development of proud, independent and free citizenry which relies on itself for its development. His notion on education, particularly higher education, was to produce highly skilled individuals capable of being productive to the community.

Collaborative elements have been implemented into active learning processes but also increasingly such aims as co-creation and co-designing have been included in the research, development and innovation (RDI) projects. Co-approaches indicate that complex challenges of the 21st century require common involvement and thus public, private and third sectors are encouraged to work together to find solutions in terms of innovations. In general, how innovation is understood and how it is included in pedagogical thinking depends much on the environment where the education is placed. Particularly in Europe, the innovation loop is mainly connected to innovation policies and innovations are aimed at producing large-scale impacts on societies and markets. This in turn implies that innovation includes the idea of large resources and investments. In reverse innovation thinking, the setting has been turned upside down. The innovative idea arises from a community and it is processed locally and not in another environment

or society. Like all innovations, reverse innovation utilises creativity for seeking novelty and changes in an uncertain and complex process. Reverse innovation is close to the concepts of open innovation (Chesbrough *et al.* 2006), user innovation (von Hippel 2005) and social innovation (Mulgan *et al.* 2007) and it pays attention to everyday needs, stakeholders and interaction between local communities and facilitators.

Reverse innovation thinking is an innovative approach that could be a suitable framework for Tanzanian innovation pedagogy. It is a flexible concept and Jalonen (2020) views its complexity thinking and reverse innovation resonate particularly because they are both based on unpredictability so that the outcome of the process is not known beforehand. The result depends on the interlinked causes (cf. McCrystal *et al.*, 2015). Jalonen (2020) presents that behind reverse innovation there are several enablers which increase the options to find solutions that are often unforeseen and require a new kind of interaction.

4. Active Learning Approach

During the current pandemic, university students have indicated their concern about the impact of studying alone. They are anxious that if they are expected to process new topics without common discussion, they might not be able to adopt needed skills and knowledge. In addition, long-standing social isolation can increase experiences of exclusion. In fact, besides skills and knowledge, studies provide students with an arena to seek their membership, the role among communities and to build their identities. Although these might not be stated as priority learning goals of the courses, they are significant at the individual level. Traditionally, the curricula of higher education institutions have expressed rather explicitly; the knowledge the students are expected to receive in courses but universities have not described implicit learning which is generated through a variety of teaching methods. During the last two decades, the tendency in Finland has been that higher education curricula have become multidimensional documents that do not only indicate the content and courses of programmes but rather describe the pedagogical strategy of the institution. A pedagogical strategy explains how learning is understood in the institution, how teaching and learning are organised and what are the processes of evaluation and assessments. As regards innovation pedagogy, it is built on constructivism and social learning theories according to which learning is based on the interaction of learners (Kettunen *et al.*, 2013.) According to constructivism, the learner is an information constructor (see Piaget, 2013; Vygotsky, 1980) and, in terms of active learning, the question is about the active engagement and participation of learners which in turn improves their ownership of knowledge (Misseyyanni *et al.*, 2018).

Learning is overwhelming, it has an impact on mindsets, values and beliefs, to just mention some aspects and, as Misseyyanni *et al.*, (2018) emphasise, higher education is a significant tool for societies. Universities have accounted for lectures for centuries but the demand arising from working life along with globalisation and development of communication have urged universities to rethink their teaching and learning methods. It has been proved that active teaching and learning methods improve learning (e.g., Freeman *et al.*, 2014) and along with the active learning approach the focus of learning has sifted on learners and their actions. Prince (2004) defines active learning as any type of instructional method, which engages students in their learning process and requires meaningful learning activities and students to think about what they are doing. In practice, active learning includes a variety of teaching and learning methods that encourage learners in doing. Misseyyanni *et al.* (2018) see that by adopting the active learning approach higher education (HE), for instance can:

- a) Promote the development of personal values, skills, and competencies but also connects it with a socially beneficial context for their exploitations;
- b) Compensate group efforts learning content interaction and explorations and builds connections between universities and communities, different cultures, civilizations, and religions;
- c) Make HE more relevant for socially inclusive sustainable development;
- d) Build bridges between individuals, groups, institutions, and nations; and
- e) Envision a socially beneficial and effective use of resources in Academia, Industry, and Society.

It seems that current working life and societies appreciate actors, who can co-create, share knowledge and work with diverse communities and disciplines. The active learning processes enable people to reach new skills and knowledge by elaborating information and finding solutions and answers together. One significant aspect of innovation pedagogy is that it encourages inviting “outsiders” into the learning process. Outsiders refer to people who traditionally have not been included in the formal learning process but they are actors coming from various

fields who are not just in the role of visiting experts but are implemented into the learning process (Kettunen *et al.*, 2013.) According to Wenger (1999), learning is the key factor that enables individuals to become unique members of a community. He claims that a learning process generates change through new competencies and capabilities that people have adopted. Learning changes people and enables them to improve their social setting and learning changes the image people have of themselves. Shortly described, education is a tool and a gateway to people towards new groups and communities in which they might be included for their lifetime or just for a short period. New options are opened, particularly during the learning process, which utilise active learning methods and encourage learners to network and encounter diverse society actors.

The concept of Community of Practice (CoP) became especially popular when the social theory of learning was integrated into the concept in the 1990s. CoP refers to the variety of settings in which people together aim to achieve something and tackle the issues they have confronted. CoP is not limited to a certain context, institution or organisation but it can emerge in diverse settings. According to William Snyder and Etienne Wenger (2010), the main elements of CoPs are the domains of the community and practice. The “domain” refers to the common ground for participation. It is the passion shared by the members, their reason to act and gather. “Community” denotes a social setting with a shared community spirit and an interactive platform for learning and interaction. “Practice”, in turn, is both a method and action related to learning, sharing and developing knowledge among community members. (Snyder and Wenger, 2010.) University education might not be overlapping with CoP as such. Nevertheless, the innovation pedagogy approach can link university studies and CoP and provide one optional pedagogical framework for co-operatives to improve their competence, business and networks.

5. The Inclusive Approach of Learning and Social Identity

Inclusion is a significant experience for all people and membership and involvement with others in the group. This aspect is implemented in definitions of inclusion which emphasise acceptance and treatment as an insider (Pelled *et al.*, 1999), the need to tackle the obstacles of participation (Roberson, 2006), and experienced belonging (Lirio *et al.*, 2008). Kathryn, Quick and Feldman (2011) present that the sense of community is an outcome of the inclusion process. They see that “inclusion is oriented to *making connections* among people, across issues, and over time.” (Quick and Feldman, 2011, 273.) Education is a good example of the inclusion process since it aims at linking people together to a large extent. For example, at school, children are rooted in the society, during vocational training starts the socialisation process which aims to include students into the professional community whereas higher education provides tools, which can be used for improving group membership. Through active teaching and learning methods, an innovative pedagogy framework can provide individuals with increasing possibilities to choose the collective in which they enjoy participating.

As mentioned before the innovative pedagogy approach is based on social learning and, particularly, on the concept of socio-cultural learning. According to socio-cultural learning theory, not only the social and cultural environment in which learning is executed is significant but also the background of students should be recognized in the process. Thus, awareness of cultural, social, economic and political factors as well as the diversity of environments should be visible and included in the learning process. Brazilian Paulo Freire is one of the pioneers of active learning and he published his critical pedagogical views in 1968 according to which students should be at the core of learning (Freire, 1968). Shortly, according to critical pedagogy, increased attention should be paid to students and particularly to the diversity of learners, which should be respected. Education should not only highlight views of the mainstream but equally the topics arising from the margin should be acknowledged and emphasised. (Freire, 1968; Roij, 2018.) From that point of view, innovation pedagogy follows Freire’s ideas because learners are at the core of the process and innovation pedagogy provides students much autonomy in terms of topics, views, knowledge and skills. When people are respected and they are seen and heard, that supports positive identity building and provides them better opportunities for inclusion.

Membership is meaningful to individuals and in fact, people tend to categorise not only themselves but also others through their participation (Mor Barak, 2017; Tajfel, 1978; Tajfel, 1982.) In everyday connection people often characterise others providing them rather obvious identifications such as a profession and belonging to professional communities such as micro-entrepreneurs, teachers, farmers, or students, for example. Grouping of this kind is a simple way to indicate the place or position of someone in the society although it easily provides only one dimension of people. According to Tajfel and Turner (1986), when speaking of ‘us’ or ‘them’ people express and indicate their belonging to a certain community. The first mentioned ‘us’ refers to the in-group where people experience belonging

and inclusion whereas 'them', are seen as outsiders and they are categorised into out-groups. Groups are the basis of the social identity theory (SIT) in which are groups of two kinds: in-group and out-groups. The difference between them could be concretised by thinking about experiences of inclusion and exclusion.

Henri Tajfel and John C. Turner developed SIT in the 1970s and 1980s and the concept is based on the observation that people tend to identify themselves with the social groups which have meaning for them (Tajfel, 1978; Tajfel and Turner, 1979; Tajfel, 1982; Tajfel and Turner, 1985). According to SIT, the form or the size of a group is not significant but the emphasis is on the membership, which is proposed to influence both the group and individual (See Ashforth and Mael, 1989.) However, groups are not static constructions, but they are changing, and people easily shift from one group to another. Some groups are more closed, not accessible to new members, and membership depends on terms the group has set for one reason or another. One term used is the formal qualification and, in fact, it seems that education is one key factor that provides people opportunities to choose the group or change from one group to another and experience satisfied belonging. Vice versa, missing certifications or the qualification from the "wrong" field, for example, can be an obstacle to participation or prevent full membership among others and therefore the experience of belonging might stay weak. Jenkins (1996) emphasises the importance of group boundaries where interactions between groups and members take place and, thus, these are the areas in which identities are constructed. Positive or negative social identity perceptions influence the groups and members. In case individuals are not satisfied with their group identification, they start to seek a new position in other groups or they may attempt to impact within the group so that it becomes positively distinctive. (Tajfel and Turner, 1979; Tajfel, 1982.)

In case the group isolates itself, it might lead the group members to the risk of exclusion. In groups in which members are not connected to people outside their group, the group might become closed, and thus the members are not able to follow the development of the society. Interaction among group members and among groups is significant in terms of inclusion. However, in case the social distance between the variety of groups and communities is long and the interaction between group members is limited, the innovation pedagogy approach might be a tool for mitigating boundaries between people. Improving interaction between varieties of groups in society may be an opportunity for higher education to strengthen its impact on society. Inviting local communities to the learning processes could improve positive interaction in society but also boost the learning of both students and communities.

6. The Fifth Principle of Co-operatives Education

Co-operatives around the world are grounded by seven principles (Metto, Mahonge and Komba, 2020; Bee, 2014; Anania and Rwekaza, 2019). The fifth principle requires that education, training and information be provided to members, leaders, employed staff and the general public. Mwita (2019) and Bee (2014) assert that there are various ways through which Co-operative education is offered which can be short- or long-term academic training. Training can be conducted through classroom sessions for long term training, seminars, workshops, symposium and the like. However, the acquisition of knowledge and skills from these training depends much on the type of pedagogy used which clearly states not only what the learners learn but also how they learn it. Studies by Bee, (2014); Hu, (2019); and Mwita, (2019) show that there is a gap in the provision of Co-operative education particularly on how the content is delivered to foster the acquisition of innovative skills and competencies. The traditional banking approach of teaching which uses a direct flow of information from teacher to students is prominent. This approach does not foster creativity and independent learning in students. In addition, there are limited empirical studies on co-operative education and training. This paper proposes the use of the FinTan model in trying to fill this gap.

7. The Use of FinTan Model in Teaching and Learning Co-operative Education

Co-operative Education institutions are the central social-economic development of any country. However, studies by El-Jardali *et al.* (2018); Ahmad, (2016) and Nganga, (2014), just to mention a few, observed that HEIs including Co-operative Education institutions produce half-baked graduates who are incompetent with an academic performance that does not match with their practical skills. In addition to that, stakeholders and society in general blame HEIs for not properly addressing their diverse needs and fulfilling society expectations. It is well known that HEIs' biggest role is to generate, transmit, apply and preserve knowledge. In the current rapidly changing world, this is not good enough, there is a need for HEIs to align themselves in addressing diverse community needs, shape the future of the nation and add value to society. This can be attained if teaching and learning are properly done through appropriate pedagogy.

Teaching in HEIs is dominated by the banking system, where teachers are depositors and students are depositories (Surya, 2016). This method kills creativity, innovation and student autonomy in learning. Philosophers like Mwalimu Nyerere and Paulo Freire, just to mention a few, advocate student-centred learning. These two philosophers wanted education to be a means of liberating people from poverty and all other forms of oppression. This can be achieved through active innovation pedagogy in HEIs which will lead to the production of multi-skilled, competent, innovative graduates capable of working effectively and efficiently in any work environment. Unfortunately, most HEIs in Africa and other developing countries are far away from achieving this dream. In trying to fill this gap, the FinTan model was developed with practical elements for African and other developing countries (Ntulo and Rajala, 2020). The model is a medley of elements adopted from the Finnish and Tanzania innovative teaching and learning approaches. The model consists of two major elements; the Academic environment and the community. The academic environment encompasses a teaching and learning environment and on the other side, there is the community/society from which the needs to be solved by HEIs arises. The model generally advocates learner-centred active teaching and learning methods. It focuses on innovation pedagogy where HEI, students and the community work together in finding solutions to various challenges facing the community. Through innovation pedagogy, students are given real-life assignments to work on. In the course of doing their assignments, students learn multiple skills like teamwork, critical thinking and problem-solving skills, networking, creativity and collaboration (Kivunja, 2014; Bee, 2014; Hu, 2019). Co-operative Education institutions prepare students who will be working with the community including Co-operative societies. The FinTan pedagogy approach is suitable in implementing the fifth principle of Co-operative which advocates the provision of education, training and information to members of Co-operatives and in this case teachers and students from HEIs too. The FinTan model will enhance the acquisition of co-operative values like self-help, self-responsibility, democracy, equality, equity and solidarity, ethical values of honesty, openness, social responsibility and caring for others.

8. Conclusion

This paper proposes that the FinTan Pedagogy model may provide an adaptable framework for co-operative education in HEIs. Innovation Pedagogy as such is a flexible approach to learning and it has been successfully implemented into HEIs not only in Finland but also in the context of Tanzania. Currently, innovation capability is a critical factor in societies and the concept of innovation has been used in several contexts. FinTan Innovation Pedagogy is based on reverse innovation thinking according to which an innovation is a locally produced new or updated service or product that responds to the local needs. Thus, solutions to local issues are developed locally and not by others. However, reverse innovation does not differ from “other innovations” but it utilises creativity to manage complex processes and it is close to the concept of grassroots innovation. In terms of learning innovation, pedagogy is based on active learning which is a learner-centred approach to learning. When students are on the focus of the learning process they are seen as active doers of the process instead of passive listeners. Learners in the active learning process create new knowledge and they adapt the knowledge through action and working together in serious assignments along with working life.

In general, innovation pedagogy and also the FinTan Innovation Pedagogy Model emphasise the participation of local communities in the learning in action. The question is about innovation which benefits diversity but in addition through a common learning process, all communities are developed. This improves not only students and HEIs but also local communities and the inclusion of society members. Distinctive social identity refers to inclusion; meaning that people want to be members of groups and communities. Learning and particularly learning together is a process that can support participation but moreover, learning can mitigate the borders between different social groups and support positive identity building among communities. Co-operatives are communities which could benefit from the active learning process along with HEIs. As mentioned above, FinTan provides a suitable frame for HEIs and co-operatives to promote lifelong learning.

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THE PARADOX OF DISPUTE SETTLEMENT PROCEDURE FOR CO-OPERATIVE SOCIETIES IN TANZANIA: A CALL FOR A REFORM

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Abstract

Dispute settlement procedure is an important aspect in the development of co-operative societies. It is as important as part of legal infrastructure that requires not only a good law but also a good institutional setup. Although the Tanzania co-operative law provides for both alternative dispute resolution and court procedure, the qualification imposed on co-operative societies to access courts of law is a bottleneck towards justice delivery and access to justice. It is an irrefutable submission of this study that obstacles in accessing justice through a court of law, has negatively impacted the theory of equality before the law against co-operative societies. A call for reform is made in this study to enable co-operative societies to seek justice through both alternative dispute resolution and court procedure.

I. Introduction

Co-operative societies are important instruments for the economic empowerment of Tanzanian farmers, livestock keepers, traders, manufacturers, miners and other categories of individuals who would otherwise be unable to compete individually in the market (The United Republic of Tanzania, 2004). These are economic activities that can lead to industrial development. Members of co-operative societies stand to benefit as well as communities engaged in co-operative entities. This type of development can only be accelerated in presence of good infrastructures that include legal infrastructure particularly inclusive dispute settlement procedures amongst others.

Dispute settlement procedure denotes access to justice which is an important feature of the doctrine of rule of law and the theory of equality before the law. Borrowing knowledge of the United Nations 2030 Agenda for Sustainable Development Goals (SDGs), SDG 16 provides for peace, justice and strong institutions (United Nations, 2015). SDG 16 is designed to promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels (ibid). In addition, it has targeted to not only promote the rule of law and ensure equal access to justice but also to develop effective, accountable and transparent institutions (ibid).

The voluntary national review of 2019 indicated that Tanzania integrated and implemented SDGs through its National Five-Year Development Plan 2016/17 – 2020/21 (The United Republic of Tanzania, 2019a). It is further reported that Tanzania is doing reasonably well in implementing eight SDGs including SDG 16 (The United Republic of Tanzania, 2019b). To the contrary, Section 121 of the Co-operative Societies Act, No. 6 of 2013 provides that, no court of law shall have any jurisdiction concerning any matter that is connected with the dissolution of co-operative societies. Also, Regulation 83 of the Co-operative Societies Regulation G.N. No. 272 of 2015; and Regulation 130 of the Savings and Credit Co-operative Societies Regulation, G.N. No. 115 of 2016 provide that co-operative societies are to channel their disputes originating from the co-operative business to alternative dispute resolution placing the minister for co-operatives as an organ with a final decision. Matters of general nature, however, such as the enforcement of Registrar of Societies orders, and also the prosecution of offences are referred to courts of law. For example, Section 94 (2) of the Co-operative Societies Act, No. 6 of 2013, provides that, Registrar of Societies may lodge a certified copy of the certificate in a Resident Magistrates' Court or District Magistrates' Court as the case may be, and upon

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so lodged that certificate shall be deemed to be a decree passed by such court. The decree will be executed for the payment by the person named in the certificate to the Registrar of Societies. Furthermore, Section 126 – Section 130 of the Co-operative Societies Act, No. 6 of 2013, provides that, courts of law have jurisdiction to adjudicate offences provided for under part XIV of the Co-operative Societies Act. This qualification is the paradox to be avoided as it limits co-operative societies to access justice through a court procedure in matters arising from the co-operative business. Using SDG 16 as a point of reference, the argument put forward in this study is that limiting access to justice against co-operative societies is detrimental to sustainable development. Co-operative societies are entities that require a supportive environment to develop sustainably for the benefit of their members and communities involved (Henry, 2002; Munkner, 2014). Building sustainable co-operative societies is also a vision of the Government of Tanzania as it is stipulated in the Co-operative Development Policy (The United Republic of Tanzania, 2002). This study, therefore, examines the current dispute settlement procedure for co-operative societies in Tanzania, in an attempt to identify and recommend an effective procedure for solving matters arising out of the business of co-operative societies.

2. Conceptual and Theoretical Framework

This part examines concepts of co-operative societies and dispute settlement procedures. It also examines the theory of equality before the law that guided this study.

2.1 Co-operative Societies

Co-operative societies are defined based on various sources. United Nations Guidelines defines co-operative societies as; *a form of organisation of associations and enterprises whereby citizens themselves rely on self-help and their responsibility to meet goals that include not only economic but social and environmental objectives, such as overcoming poverty, securing productive employment and encouraging social integration (UN Guidelines, 2001)*. International Co-operative Alliance (ICA) defines co-operative societies as; *People-centred enterprises are owned, controlled and run by and for their members to realise their common economic, social, and cultural needs and aspirations. Co-operative societies bring people together in a democratic and equal way. Whether the members are the customers, employees, users or residents, co-operative societies are democratically managed by the 'one member, one vote' rule. Members share equal voting rights regardless of the amount of capital they put into the enterprise (ICA, 1995)*.

International Labour Organisation (ILO) defines a co-operative society as an autonomous association of individuals who voluntarily came together to form a union for their common economic, social and cultural needs through jointly owned and democratically controlled enterprises (ILO Recommendation No. 193). Literature defines co-operative societies as the essential union of persons that aims at providing service to members on sound economical lines that can avoid loss (Katende, 1976; Urio, 2019).

Tanzania law under Section 2 of the Co-operative Societies Act, No. 6 of 2013, defines co-operative societies as societies registered under the Co-operative Societies Act. That includes primary societies, secondary societies, apex, and the federation. The foregoing definitions have a well-stipulated concept of co-operative societies. Therefore, co-operative societies can generally be understood to mean economic entities that are formed by individuals, associations, or groups of associations for common good. The formation of co-operative societies is expected to lead to the economic welfare of communities. That being the case, Section 27 of the Co-operative Societies Act, No. 6 of 2013 permits the formation of co-operative societies in multiple sectors such as in agriculture; finance; consumer protection; industries; livestock; fisheries; forestry; producers; mining; and any other sector as it is shown in Table I

Table 1: Types of Co-operatives in Tanzania

S/N	Types of Co-operatives	Total Number
1	Agricultural and Marketing Co-operatives (AMCOS)	3403
2	Union Co-operatives	42
3	Beekeepers Co-operatives	57
4	Co-operative Banks	2
5	Consumer Co-operatives	113
6	Fisheries Co-operatives	86
7	Housing Co-operatives	27
8	Industrial Co-operatives	120
9	Irrigation Co-operatives	80
10	Project Co-operatives	33
11	Livestock Co-operatives	214
12	Mining Co-operatives	202
13	Mixture Co-operatives	53
14	Other Co-operatives	314
15	Service Co-operatives	179
16	Transport Co-operatives	30
17	Federation Co-operatives	2
18	SACCOS	5640

Source: The United Republic of Tanzania (2017)

2.2 Dispute Settlement Procedure

Ordinarily, the dispute settlement procedure is categorised into two, namely; alternative dispute resolution, and litigation or court procedure (Mashamba, 2015). Alternative dispute resolution is an amicable dispute procedure that takes effect outside the court of law in different forms such as mediation, negotiation, reconciliation, and arbitration (ibid). Litigation or court procedure involves settling conflict between adverse parties in a court of law (Sakar and Manohar, 2010). Some scholars, however, categorise dispute settlement procedures into three namely; alternative dispute resolution, litigation, and arbitration (Eyongndi, 2020). Nonetheless, alternative dispute resolution (arbitration included) is arguably preferred due to various reasons including that it is less expensive; a certain level of confidentiality is guaranteed; it can be finalised at speed, and it is settled amicably (ibid). Co-operative law in Tanzania, with some qualifications, provides for both categories (alternative dispute resolution, and litigation or court procedure) as dispute settlement procedure for co-operative societies as per Section 126 – Section 130 of the Co-operative Societies Act, No. 6 of 2013; Section 53 (1) and (3) of the Microfinance Act, No. 10 of 2018; Regulation 83 of the Co-operative Societies Regulation, G.N. No. 272 of 2015; and Regulation 130 (1) of the Savings and Credit Co-operative Societies Regulations, G.N. No. 115 of 2016. Such a qualification as it is examined in the findings is what motivated this study since dispute settlement procedure is an important aspect for the development of co-operative societies.

2.3 Theory of Equality before the Law

The theory of equality before the law requires equal treatment of all persons before the law. It demands equal subjection of all persons to the ordinary law of the land administered by the ordinary courts of law or other state agencies. This theory is relevant to this study as the latter ventured on examining the current dispute settlement procedure for co-operative societies in Tanzania. As it is submitted in item 2.2 of this study that the law establishes qualification in access to dispute settlement procedure, the guidance of this theory is important in determining whether or not such qualification is merited. The importance is saluted given the fact that dispute settlement procedure is crucial for the development of co-operative societies for the benefit of all of their members and communities involved. Article 13 of the Constitution of the United Republic of Tanzania, 1977 incorporates this theory as it provides that all persons are equal before the law. And that, rights, duties, and interests of persons and communities shall be protected and determined by courts of law or other state agencies established by or under the law. The Constitution further provides under Article 107A (1) that, courts of law shall be organs with finality in the dispensation of justice in Tanzania. Thus, the theory of equality before the law is an important point of reference in the examination of dispute settlement procedures for co-operative societies in Tanzania.

3.0 Methodology

This is a qualitative doctrinal legal study. Data presented were collected through documentary review. The Author reviewed: legislation, cases, international instruments, and government policies as primary sources of data. Also, the author reviewed publications as secondary sources of data. The study applied an exploratory research design in collecting both primary and secondary data. Data collected were analysed qualitatively in thematic-content-analysis sense and followed traditions of legal reasoning. The study is guided by the theory of equality before the law.

4.0 Findings

This part presents and discusses findings resulting from examination of the current dispute settlement procedure for co-operative societies in Tanzania. In doing so, this part discusses co-operative societies' matters that are resolved through alternative dispute resolution; co-operative societies' matters that are resolved through court procedure (process); and an approach the judiciary of Tanzania has taken in handling cases originating from co-operative societies.

4.1 Co-operative Matters for an Alternative Dispute Resolution

The law, as per Regulation 83 of the Co-operative Societies Regulations, G.N. No. 272 of 2015; Regulation 130 (1) of the Savings and Credit Co-operative Societies Regulations, G.N. No. 115 of 2016; and Regulation 77 of the Microfinance (Savings and Credit Co-operative Societies) Regulations, G.N. No. 675 of 2019, provides for alternative dispute resolution for co-operative cases. The law under Section 121 of the Co-operative Societies Act, No. 6 of 2013, categorically states that matters connected with dissolution of co-operative societies cannot be referred to a court of law. Instead, dissolution of co-operative societies is dealt with through alternative dispute resolution. Further, the law under Regulation 83 of the Co-operative Societies Regulations, G.N. No. 272 of 2015; and Regulation 130 (1) of the Savings and Credit Co-operative Societies Regulations, G.N. No. 115 of 2016 states that, any disputes concerning the business of a co-operative society between members of the society or persons claiming through them, or between members or persons so claiming and the board or any officer, or between co-operative societies, shall be dealt with amicably. Through this procedure, cases are referred to negotiation or reconciliation. If no solution is obtained, cases are referred to the Registrar of Societies for arbitration. If no solution is obtained, cases are referred to the Minister responsible for co-operative societies whose decision is final. Although alternative dispute resolution has advantages to parties involved in dispute that makes it more preferred than a court procedure (Urrio, 2003; Henry, 2012; Mukama, 2019), exclusion of courts of law should not be supported. *Rationale* of alternative dispute resolution for disputes concerning the business of co-operative societies is well put forward in the case of *Daudi Gerald Kilinda v. Chama cha Msingi Kalemela*, Civil Application No. 5 of 2019, High Court of Tanzania at Tabora (Unreported). In this case the court demonstrated that;

The rationale behind the requirement for the business of co-operative societies to be settled through the machinery provided by the Co-operative Societies Act and not through ordinary courts is to encourage harmony and peace within co-operative societies and ultimately let the business thrive. This long-standing requirement is meant to avoid paralysing business of co-operative societies through prolonged and protracted litigation that will end up dividing co-operative societies and their members...in this view by the principle that dispute relating to co-operative societies should be left to those who are competent to resolve them that is the machinery provided under the law governing co-operative societies and as much as possible through amicable settlement.

Certainly, alternative dispute resolution is beneficial in disposing matters amicably. However, this institutional setup for dispute settlement that excludes a court of law despite the fact that courts of law, are institutions that are given finality power in dispensation of justice, is highly opposed. Because, it is not only contradicting Article 107A (1) of the Constitution of the United Republic of Tanzania, 1977 but also interferes with the doctrine of rule of law that demands equality before the law that, all persons (natural or legal) to have an access to justice and to be treated equally as principles of legality require. It is, therefore, not surprising to assert that the *status quo* is the paradox of the current dispute settlement procedure for co-operative societies in Tanzania.

4.2 Co-operative Matters for Court Process

Despite limiting co-operative societies' access to courts of law, the law lays down circumstances under which matters originating from co-operative societies may find its way to courts of law. However, these circumstances lead to matters that are procedural, or enforcement, or general in nature. The circumstances are as follows;

First, as a result of inquiry, inspection, or surcharge, the Registrar of Societies may by a certificate make an award apportioning the costs, or such part of the costs as may think right between co-operative societies, members or creditors that demanded an inquiry or inspection and the officers or former officers of the co-operative society pursuant to Section 94 (1) and Section 95 (3) and (4) of the Co-operative Societies Act, No. 6 of 2013. The Registrar of Societies may lodge a certified copy of the certificate in a Resident Magistrates' Court or District Magistrates' Court as the case may be, and upon so lodged that certificate shall be deemed to be a decree passed by such court. The decree will be executed for the payment by the person named in the certificate to the Registrar of Societies pursuant to Section 94 (2) of the Co-operative Societies Act, No. 6 of 2013.

Second, a competent court would be called upon to entertain matters brought to by the liquidator of a co-operative society pursuant to Section 104 (1) (a) of the Co-operative Societies Act, No. 6 of 2013. The law does not stipulate further what kind of matters can be brought to court of law by the liquidator. This is also a contradiction especially because the law under Section 121 of the Co-operative Societies Act, No. 6 of 2013 provides that matters connected to dissolution of co-operatives societies cannot be brought to court. Further, when the Registrar of Societies have ordered payment of money or delivery of property as a result of assessing damages, such money or property can be recovered on production of such order to the District Magistrates' Court or Resident Magistrates' Court as the case may be, having jurisdiction over the person from whom the money or property is claimable in the same manner as if such order was the decree of that court as per Section 109 (3) of the Co-operative Societies Act, No. 6 of 2013. Third, any Resident Magistrates' Court may order an arrest of the promoter of a co-operative society. The court may do so on application of the Registrar of Societies or liquidator and on proof of probable cause that the promoter is about to abscond as per Section 110 (1) of the Co-operative Societies Act, No. 6 of 2013.

Fourth, the competent court may also be called upon to entertain matters where any movable property of a co-operative society is taken in execution and, before the sale thereof or the completion of the execution by receipt of recovery of the full amount of the levy, notice is served in execution upon the court which issued the execution that the registration of the co-operative society has been cancelled. The court thereafter shall require the bailiff to deliver the movable property including any money seized or received in part satisfaction of the execution to the liquidator and the bailiff shall forth-with comply with such requirement as per Section 119 (1) and (2) of the Co-operative Societies Act, No. 6 of 2013. Fifth, courts of law have jurisdiction to adjudicate offences provided for under part XIV of the Co-operative Societies Act. This part, provides for offences that are punishable by fines, or imprisonment, or both. For example, Section 126 (1) of the Co-operative Act, No. 6 of 2013 provides that, a co-operative society or an officer or a member who will fully make a false return or furnish false information, commits an offence and upon conviction is subjected to punishment. The punishment is provided for in the following manner: (i) if it is a co-operative society, is liable to pay a fine of not less than TZS 5,000,000/=; (ii) but if a convicted offender is an individual, punishment is imprisonment of not less than two years, or fine of not less than TZS 5,000,000/=, or both. Furthermore, Section 126 (2) of the Co-operative Society Act, No. 6 of 2013 provides that, in addition to fine or to both fine and imprisonment, the court of law may further order compensation payable by the offender or confiscation of offender's property to compensate for any loss occasioned.

Sixth, the High Court of Tanzania may be called upon to entertain an appeal from an aggrieved co-operative society against an order of compounding of offences given by the Bank of Tanzania or the Tanzania Co-operative Development Commission as the case may be as per Section 53 (1) and (3) of the Microfinance Act, No. 10 of 2018. It is important to note, therefore, that co-operative cases that do not fit circumstances described at this part have a distinct way of dispute resolution (alternative dispute resolution) to which the Minister responsible for co-operative societies has the final decision. Only fifth and sixth presented circumstances to court procedure are befitting substantive justice, the rest are befitting procedural justice. That is to say a large part of substantive justice for co-operative societies is excluded to alternative dispute resolution only. For development of co-operative societies that are sustainable for members, communities, and economic growth of Tanzania, dispute settlement procedure needs to be inclusive.

Inclusivity in this aspect is important as it places justice delivery to both administrative officers (Co-operative Officers, Registrar of Societies, and Minister for Co-operative Societies) and legal trained personnel (judiciary) to solve disputes. Although administrative functions can be seen to be far different from judicial functions yet the duty to deliver justice is one of the fundamentals of good administration. While it is true that certain matters such as criminal matters of grave nature cannot be referred to an alternative dispute resolution and therefore a court procedure is the only one preferred, co-operative cases (not of criminal nature) should not be matters of either alternative dispute resolution or court procedure. But matters that can be dealt with in a well-established dispute settlement procedure that embraces both alternative dispute resolution and court procedure. In the case of *M. P. Industries v. Union of India* AIR [1966] SC 671, the court stated that;

There is an essential distinction between a court of law and an administrative tribunal. A judge is trained to look at things objectively, but an executive officer generally looks at things from the standpoint of policy and expediency. The habit of an executive officer so formed cannot be expected to change from function to function or from act to act. So, it is essential that some restrictions shall be imposed on the tribunal in the matter of passing orders affecting the rights of parties.

Although the court in this case was not dealing with co-operative matters, what is adduced is relevant in examination of the current dispute settlement procedure for co-operative societies in Tanzania. Thus, inclusive procedure is advocated in this study so that co-operative societies can access alternative dispute resolution but if fails them; they should be able to access a court of law by way of appeal or further appeal. It is important at this point to acknowledge that; Tanzania courts of law have made an attempt to create an inclusive dispute settlement procedure for co-operative societies as discussed in item 4.3.1 of this study.

4.3 Judicial Approach in Matters Originating from Co-operative Societies

Submission in item 4.1 of this study has revealed that the law imposes qualification that limits co-operative societies to access courts of law. Operative terms in such qualification are (i) any disputes concerning the business of a co-operative society, and (ii) parties to a case must be (a) between members of the co-operative society or persons claiming through them, or (b) between members or persons so claiming and the board or any officer of the co-operative society, or (c) between co-operative societies. Definition of dispute concerning the business of a co-operative society is not availed by the law. Thus, it is left to be a matter of interpretation. Nonetheless, an important component in this qualification is that parties to any dispute concerning business of a co-operative society must be connected with the co-operative society involved in a case. This sub-part therefore presents and discusses an approach taken by the judiciary of Tanzania in handling matters originating from co-operative societies.

4.3.1 Matters concerning the business of co-operative societies

As it is submitted in item 4.3 of this study, the law does not define disputes concerning the business of a co-operative society. Instead, what amounts to dispute concerning the business of a co-operative society is left to interpretation. Several judicial decisions have shown that matters originating from co-operative societies, if lodged to courts of law, can be struck out for want of jurisdiction. That could be the case if the judiciary is of the opinion that the dispute brought before it concerns the business of a co-operative society to which it should refer to an alternative dispute resolution. Reference can be made to the case of *Sabas Mzee Massawe v. Anael M. Pallangyo*, Civil Case No. 16 of 2001, and High Court of Tanzania at Arusha (Unreported). In this case, the court struck out the case filed by the liquidator against the chairperson of the board of a co-operative society for want of jurisdiction. This was also a reality in the case of *Kibongoto Wanri Co-operative Society Ltd and Others v. Koboko Rural Co-operative Society Ltd*, Misc. Civil Application No. 137 of 2002, and High Court of Tanzania at Moshi (Unreported). In this case, the court demonstrated that it has no jurisdiction to hear co-operative matters of the case to which property of a co-operative society is a subject matter of the case. However, the court of law took a different approach in the case of *Evatha Michael Masha v. Shalom SACCOS*, Civil Appeal No. 40 of 2016, and High Court of Tanzania at Arusha (Unreported). In this case, the court made an attempt to create an inclusive dispute settlement procedure for co-operative societies. That matters concerning the business of co-operative society can still be referred to a court of law if settlement through alternative dispute resolution proved failure. In that perspective, the court demonstrated that, internal mechanism for dispute settlement relating to the business of co-operative societies has to be exhausted first. It is only the Registrar who can refer the matter to court. This case establishes a paradigm that jurisdiction of courts of law is only ousted when alternative dispute resolution is not exhausted. This trend was also advanced in the case of *Daudi Gerald Kilinda v. Chama cha Msingi Kalemela*, Civil Application No. 5 of 2019, High Court of Tanzania at Tabora (Unreported).

This was an appeal case originating from Urambo Primary Court and first appeal from Urambo District Court. At the primary court, the case was entertained and decided in favour of the appellant who is a member of the respondent. Aggrieved, the respondent appealed the decision to Urambo District Court. In the district court, the previous decision was quashed. Reason adduced was that, the appellant ought to have referred the dispute to the office of Registrar of Societies before opting for litigation. In quashing the primary court's decision, the district court stated that the matter was filed prematurely and, therefore, it ordered the same to be referred to the Registrar of Societies to be settled amicably. The appellant was aggrieved hence this appeal before the High Court of Tanzania at Tabora. In the high court the appellant argued that the district court erred in law and in fact for interfering with the finding of facts of the trial court which acted in a right principle. The High Court of Tanzania uphold the decision of Urambo District Court stating that:

It is conspicuously clear that the procedure for settlement of disputes in matters that involves the business of a co-operative society is the exclusive jurisdiction of the Registrar of Co-operative Societies and therefore ordinary courts of law are enjoined not to entertain matters of this nature unless parties have exhausted the available remedies provided under the Co-operative Societies Act.[this court] is fully subscribe to the position taken by the first appellate court that the trial court erred in law and fact by entertaining a dispute which had to be referred to the registrar as required by law...the appeal is devoid of merit; therefore, it is dismissed in its entirety.

This approach sets out a precedent that the current dispute settlement procedure for co-operative societies is inclusive. That, courts of law can litigate any dispute concerning the business of a co-operative society if they had first referred the dispute to alternative dispute resolution and failed. The approach was also taken in the case of *Arusha Soko Kuu SACCOS Ltd and Magwembe 2011 Co. Ltd v. Wilbard Urio*, Civil Appeal No. 6 of 2019, High Court of Tanzania at Arusha (Unreported). This was an appeal case against decision of Arusha Resident Magistrates' Court at Arusha to which the decision was in favour of the respondent. Before, the respondent approached the resident magistrates' court, he reported the dispute to the Registrar of Co-operative Societies at Arusha to which the appellants were ordered to surrender back the goods taken from respondent's shop and confiscated shares for the purpose of covering for loan for which the respondent guaranteed whose borrower is now a deceased. The appellants did not comply with the order of the Registrar and hence the respondent instituted the case before Arusha Resident Magistrates' Court at Arusha. The appellants, aggrieved with the decision of the trial court, appealed to the High Court. One of the grounds of appeal was that the trial court had no requisite jurisdiction to decide over the case. The High Court dismissed this ground basing on the fact that, the respondent exhausted remedies availed to him by referring the case to the Registrar of Societies but parties showed no co-operation to reconcile. The High Court then continued to hear the appeal on merit. Unquestionably, this development gives an advanced and commendable position towards embracing inclusive dispute settlement procedure for co-operative societies in Tanzania. Regrettably however, it has not removed the paradox lingering on the same for two reasons which are; (i) it has not removed the Minister's power as an organ with final decision on dispute concerning the business of a co-operative society from statutory books; and (ii) the doctrine of precedent and *stare decisis* does not impose an obligation to the High Court to be bound by its own decision. That explains differences in decisions of the High Court cited herein pertaining to the jurisdiction of the court on matters concerning the business of a co-operative society.

4.3.2 Matters none of the business of co-operative societies

It is also important to point out that, though a case may originate from co-operative societies, still the court of law can have jurisdiction over the case if the court is of the opinion that the case is none of the business of a co-operative society. For example, in the case *Gerald A. Nkya v. Obeid I. Munisi and Six Others*, Civil Case No. 29 of 1997, High Court of Tanzania at Moshi (Unreported), the plaintiff sued for defamation alleged to have been committed by the defendants. Both plaintiff and defendants were members of a co-operative society. The court's jurisdiction was questioned as the defendants argued that the court has no jurisdiction to adjudicate on matters concerning co-operative society. But the court established that defamation was not a dispute within the meaning of the Co-operative Societies Act. The court's jurisdiction will always be questioned because it is fundamental in dispensation of justice. It is so fundamental to the extent that lack of jurisdiction nullifies decisions that were made by an organ that had no jurisdiction to preside over the matter. In the case of *R v. Samuel Kiptiny Koskei* [1982] TLR 324, the court demonstrated the notion that the requirement of jurisdiction is fundamental and not merely technical. This is because

any case tried by the court which lacks jurisdiction to do so, the proceedings or judgement thereof will be declared null and void by higher courts.

4.3.3 Matters registered as cases of a different branch of law

The judiciary has also been able to entertain cases, though connected with co-operative societies, are registered as cases of a different branch of law. For example, the case of *Eco Bank Tanzania Ltd v. Gogogo Savings and Credit Co-operative Society and Others*, Commercial Case No. 134 of 2018, High Court Commercial Division at Dar es Salaam (Unreported) was registered as a commercial case of a contractual nature. The court in this case ruled in favour of the plaintiff and thus defendants were ordered to promptly pay TZS 252,404,774.8/= (outstanding credit facility) and TZS 10,000,000/= damages consequent to dishonesty when transacting in credit with the plaintiff. This was also the case in the case of *Godson S. Munuo v. Umoja Savings and Credit Co-operative Society Ltd*, Civil Appeal No. 6 of 2020, High Court of Tanzania at Moshi (Unreported). This was an appeal case brought from a district court of Siha. In a trial case, *Godson S. Munuo* (the defendant) was ordered to pay TZS 8,403,300/= for breach of contract to which appeal was preferred.

The appeal court found the appeal to have no merit and therefore dismissed. Another case that can better add to this scenario is the case of *Itika Ketta Mwakisambe v. Mara Co-operative Union (1984) Ltd*, [1993] TLR 206. The appellant was summarily dismissed from employment by the respondent. The case before the High Court was struck out for want of jurisdiction. Hence this appeal before the Court of Appeal. In the appeal case the appellant raised the issue of constitutionality of Section 28 of the Security of Employment Act as it violates his basic right under Article 30 of the Constitution. Thus, the appellant alleged violation of human rights for the first time. The Court of Appeal of Tanzania therefore, ordered the High Court of Tanzania to entertain a dispute between parties which was previously struck out for want of jurisdiction. It was sent back because the cause of action changed from summary dismissal to violation of human rights for which the High Court has a jurisdiction as the court of first instance.

5.0 Conclusion and Recommendations

This part concludes and recommends an effective dispute settlement procedure for co-operative societies in Tanzania.

5.1 Conclusion

It is submitted in this study that the current dispute settlement procedure for co-operative societies in Tanzania is encroached with the paradox that has no place in the current movement of ensuring a good environment for development, prosperity, and sustainability of co-operative societies. Findings have shown that, though the court of law has attempted to create an inclusive dispute settlement procedure, the paradox has not been removed. Although the attempt is commendable, it should be reflected in statutory books to have a clear set of dispute settlement mechanisms for co-operative societies in Tanzania.

5.2 Recommendations

Based on the findings, this study recommends an amendment of the law to create an inclusive dispute settlement procedure. The law shall explicitly state that when an alternative dispute resolution does not bring a dispute concerning the business of a co-operative society to an end, court procedure can be sought at the option of parties. That being the case, not only the theory of equality before the law is positively impacted but also an inclusive dispute settlement procedure is established that can contribute to the efforts already made for sustainable development of co-operative societies in Tanzania. Co-operative societies which are sustainable have a great chance to: provide sufficient services to their members, invest in various economic activities that may lead to industrial development; and contribute to social and economic welfare of communities. The proposed dispute settlement procedure for disputes concerning the business of a co-operative society is as follows; In the first instance, a dispute to be settled by way of negotiation, reconciliation or mediation depends on the choice of parties in dispute. In the mediation process, the mediator shall be co-operative officers (conversant with co-operative law) in regional administration and local government jurisdictional areas where parties are located. In the second instance, a dispute is to be referred to the Registrar of Societies for arbitration should the first instance method fail to resolve the conflict. In the third instance, the dispute to be referred to a special tribunal established purposely to resolve disputes concerning the business of co-operative societies, by way of appeal, should the arbitration fail. In the fourth instance, a dispute to be referred to the High Court of Tanzania by way of appeal against the decision of a special tribunal, should the first appeal fail to resolve the conflict. The High Court of Tanzania shall be the last impartial body to resolve the dispute. No further appeal shall be allowed, unless on a question of law of which the aggrieved party will have an opportunity

to appeal against a decision of the High Court on point of law, to the Court of Appeal of Tanzania. The proposed design of dispute settlement procedure will enable co-operative societies to not only take full control in how to go about dispute settlement but also an opportunity to access the court of law. Time-slot may also be reduced to a few days compared to the current design whereby time spent for dispute settlement is many days and it affects co-operative societies in provision of their services to members. Thus, the Government of the United Republic of Tanzania through the Ministry of Justice and Constitutional Affairs, the Ministry of Agriculture, the Ministry of Finance and Planning (in case of financial co-operative societies), the National Assembly, and the Attorney General is recommended to ensure that, inclusive dispute settlement procedure is established. Good dispute settlement procedures influence good performance of co-operative societies that can benefit members and improve the welfare of communities through economic activities that may include industrial investments.

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YOUTH INCLUSION IN CO-OPERATIVES: PERCEPTIONS AND ASPIRATIONS OF MOSHI CO-OPERATIVE UNIVERSITY STUDENTS

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Abstract

The current study examined youth inclusion pathways in co-operatives by analysing postgraduate students' perceptions. A cross-sectional research design was used. Data were gathered from 49 (44.5%) of the total students who were pursuing postgraduate studies for the academic year 2020/2021. FGD and one to one interview were used to gather data. It was revealed that students (81.6%) were aware of pathways for youth inclusions through co-operatives. However, they were not satisfied with the extent to which co-operatives create and promote utilisation of the identified pathways. It was further shown that the strategies for inclusion to be adopted are supporting the provision of education, employment, and participation in decision making. Nonetheless, low understanding of the co-operative models and their benefits and capital inadequacy hinder youth inclusion. In fact, co-operatives need to develop comprehensive co-operative awareness programmes that will make young people understand co-operative models. Co-operatives are also reminded to make innovations to their services and products to match the needs and economic activities of the youth.

1.0 Introduction

Youth are conceived differently in various parts of the world. The United Nations (UN) defines youth as people between the age of 15-24 years while Tanzania and East African countries define youth as those aged between 15 and 35 years (UN, 2019). The UN estimates that in the world's population in 2019 youth numbered 1.2 billion persons between ages 15-24 whereas the number is projected to grow by 7 percent by 2030 and it will reach its peak at nearly 1.4 billion by 2065 which is equivalent to 13% of the total population. In developing countries, the youth population is projected to increase by 62% over the next three decades rising from 207 million people in 2019 to 336 million in 2050. The largest increase is expected in Sub-Saharan Africa (+89%), Oceania (+38%), and North Africa and western Asia (+28%).

The global increase in the youth population is an indicator of the call for extra efforts for the achievements of the Sustainable Development Goals (SDGs). One of the efforts which are needed is to ensure youth inclusion in several aspects as explained by SDGs 2030. The main effort needed to ensure youth inclusion as per SDGs is to create and promote more pathways to youth inclusion. Pathways to youth inclusion refer to a particular course of action or ways of achieving youth engagement in socio-economic aspects such as employment, education and decision making (Karunanaran and Gebru, 2015). Creating and promoting pathways to youth inclusion is among the needed strategies towards achieving SDGs such as ensuring access to education (SDG 4) for all young people and providing productive employment and decent work for all (SDG 8).

Creating and promoting youth inclusion has been a global concern for several decades by multilateral and bilateral organisations. The UN General Assembly in 1995 adopted the World Programme of Action (PoA) for Youth in the year 2000 and beyond by setting up a global framework aimed to address key issues concerning youth (UN, 2004). Among ten areas given priority by the PoA for youth is youth inclusion in employment, education and participation in decision making (raising the voices of youth). To implement the PoA for youth, the UN has declared that each

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year in August to have an international youth day. For example, in 2020 youth day had a theme “Youth Engagement for Global Action” which sought to highlight how the engagement of youth at local, national and global levels is enriching national and multilateral institutions and processes, as well as draw lessons on how their representation and engagement in informal institutions can be significantly enhanced (UN, 2020).

The International Co-operative Alliance (ICA) has been devoted to ensuring that no one is left behind including youth by emphasising co-operatives to create and promote pathways to youth inclusion. For example, in the year 2017, the ICA Africa in collaboration with the European Union (EU) organised an Africa Co-operative Youth Conference themed “Harnessing Innovation among Youth through Co-operatives’”. The ICA Africa recognizes that creating and promoting youth inclusions through co-operatives create great opportunities to take lead in the socio-economic transformation of their communities. It calls for the African governments and other stakeholders to relentlessly continue creating and promoting pathways to youth inclusion by engaging youth in co-operative models for innovations, accelerated investments and job creation as enshrined within the framework for Africa Agenda 2063. They also recommend for the policymakers, governments, partners and other stakeholders to actively seek out and support meaningful ways for youth participation in decision-making. The ICA youth conference in 2017 concluded that there is value for youth inclusion in co-operatives as partners in achieving the SDGs and related targets because co-operatives have been duly acknowledged to play a significant role in the achievement of the 2030 Agenda for SDGs. Despite the emphasis from ICA in promoting and accelerating youth inclusion yet ICA (2017) indicates that pathways to youth inclusion through co-operatives are invisible. On the other hand, ICA (2017) indicates that research on the pathways to youth inclusion through co-operative movement has been given little attention.

The situation on youth participation in co-operatives is not promising in East African countries compared to West African countries as the (2017) ICA conference report, with reference in Kenya, indicates that about 72.1% of the youth do not participate in co-operatives. The report shows that in the West African countries, particularly in Ghana, youth inclusion in co-operatives is promising as in their credit unions about 60% of their members and 95% of their staff are youth. The report further indicates that the West Africa sub-region is acknowledged to have co-operative business models which promote and accelerate youth participation in co-operatives. For example, in Ghana, youth agro-base co-operatives acquired land and then distributed the land to their members who are mainly young people. The Agro-based co-operatives also provided young people with agricultural extension services while their counterparts in Nigeria ran student farms, consumer shops, barber centres and food canteens thus resulting in community cohesion, reduced violence, and increased access to nutritious food. In Tanzania, Anania (2016) asserts that youth in the co-operatives’ movement remain underrepresented or excluded; which calls for more insights from stakeholders particularly scholars and researchers to investigate what pathways can be created and promoted to address such problems. It is from these grounds; therefore, this study examined the perceptions and aspirations of the students on youth inclusion pathways particularly in co-operatives. The study sought to fill a knowledge gap on why youth inclusion remained minimal despite the tremendous potentials that exist in co-operatives. Specifically, the study examined scholars’ awareness on forms of co-operatives and forms of youth inclusion pathways, satisfactions on the extent to which co-operatives create and promote youth inclusion pathways, barriers for youth inclusions and the way forward. Three socio-economic pathways to youth inclusions were discussed extensively including employment, education and training as well as inclusion in decision making.

UN (2015) indicates that promoting and accelerating youth inclusion can be a positive force for development only if youth are provided with the knowledge and opportunities which they need for thriving such as education and skills, and access to the job market. According to the World Bank (2020), a true intervention targeting youth inclusion should recognise the full range of youth economic, education, social and psychological needs through holistic approaches which ensure that youth are engaged themselves effectively and actively. Sally and Hazen, (2014) purport that creating and promoting pathways to youth inclusion in social groups like co-operatives create social networks and a good way of creating and pooling resources such as financial resources and sharing knowledge that would not be possible if the young person was working alone to establish a business. They also assert that, as co-operatives have both social and economic identities underpinned by their values such as democratic membership and concern for the community, they can help young people to realise and develop their ideas about community and society. This, in turn, leads to them changing and developing personally and alongside the fact that they can acquire business and vocational skills by being members of co-operatives. They can also improve their livelihood and generate income. Karunanaran and Gebru, (2015) also assert that emphasis should be given in creating and promoting youth inclusion pathways in the co-operative movements to broaden their scope and improve their social goals. ICA, (2021) supports

the previous studies by advocating that youth engagement and support from the co-operative movement needs to be improved in several areas including enhancing knowledge of co-operatives among youth, developing youth-orientated structures within co-operatives, and promoting decent work opportunities for youth through co-operatives.

2.0 Methodology

This study was conducted at Moshi Co-operative University (MoCU). The study adopted a cross-sectional research design. The study gathered data from 49 (44.5%) of the total students who were pursuing postgraduate studies for the academic year 2020/2021. The choice of MoCU was based on its uniqueness in offering co-operative studies. Whereas using the students with co-operative knowledge was appropriate to gather relevant information to achieve the study objectives. The choice of students was based on the assumption that they are knowledgeable enough to provide enough information. A questionnaire, interview and Focus Group Discussion (FGD) were used to collect data from the respondents. One-to-one interviews were conducted with three class representatives from post-graduate students. Two FGDs were conducted whereas each FGD had an average of five participants. The interviews and FGDs dominated the process of data collection as this study aimed at examining qualitative information. Descriptive analysis was used to analyse quantitative data whereas thematic analysis was used to analyse qualitative data by the general themes identified by quoting the accurate words discussed during the interview and FGD sessions.

3. Findings and Discussions

3.1. Social Demographic characteristics of the Respondents

Data were collected from 49 students at Moshi Co-operative University whereby 31 (63.3%) were pursuing masters degrees and 18 (36.7%) were pursuing PhD. The main social-demographic features analysed were age and sex. Out of 49 respondents, 26 were males (53.1%) and 23 (46.7%) were females. This finding implies that most of the views in this study might be biased on males' perceptions and aspirations. Age-wise, the majority ranged between 25 and 45. This implies that the majority of the respondents were knowledgeable enough on issues facing youth hence can provide relevant information related to youth inclusions.

3.2 Awareness on Form of Co-operatives and Pathways to Youth Inclusion

The findings revealed that 75.5% of the respondents were aware of various types of co-operative enterprises. However, findings from multiple responses revealed that 69.4% of the respondents were more aware of Savings and Credit Co-operative Societies (SACCOS) followed by 56.8% being aware of Agricultural Marketing Co-operatives Societies (AMCOS) than other types of co-operative enterprises. This implies that the findings regarding their perceptions on youth inclusion pathways through co-operative movement are more confined to these two types of co-operatives. On the other hand, 73% of the respondents were aware of the youth inclusion pathways that can be harnessed by co-operatives. Among revealed pathways to youth inclusions were: youth inclusion through education, employment, and youth participation in decision making. About 93% of the respondents agreed that co-operatives have great potential and can play major roles to ensure youth inclusion through the identified pathways.

3.3. Students' Satisfaction on Pathways to Youth Inclusion through Co-operatives

The study findings on students' satisfaction with co-operatives in creating and promoting youth inclusion pathways revealed that 81.6% were not satisfied with the extent to which co-operative enterprises utilise existing opportunities to create and promote pathways to youth inclusions. *"Co-operatives have several potentials towards creating and promoting youth inclusion pathways though their efforts are not promising at all,"* This was said by one of the class representatives during the interview. The FGD results revealed that the majority of the respondents lamented that the existing co-operative potentials in creating and promoting youth inclusion have not yet been fully utilised. It was pointed out that several employment opportunities exist in which co-operatives can venture in and help youth to access them. Some of the opportunities mentioned were the opportunities existing in the agriculture sector and small businesses. In the case of education, it was lamented that no single known co-operatives had a special focus in financing education to youth, youth business ideas, etc. Respondents were also not satisfied with the composition of youth in co-operative leadership and participation in decision making. They argued that there were negative cultural beliefs in co-operatives that youth cannot lead elders and their thought in decision making is immature.

During the FGD, respondents argued that the main challenge facing youth were how to get a breakthrough from unemployment, access to education and underrepresentation in decision making. They argued that co-operative efforts to create pathways towards addressing these challenges were still not promising. They also argued that as

youth are ever-increasing in our country, incapability of co-operative enterprises to create and promote pathways to youth inclusion will result in substantial shame and failure to co-operatives. One of the students pursuing a master degree said that, “Co-operatives are the breakthrough organisations to social and economic exclusion among many excluded population segments including youth. It is, therefore, a great time now for co-operatives to be innovative and creative to make sure that they open up more attractive opportunities for youth inclusion”.

On the other hand, one respondent pursuing a PhD confirmed that there were many preferential opportunities for co-operatives that could be utilised to create and promote pathways to youth inclusions compared to other forms of business enterprises. He supported his argument by referring to the preferential opportunities and treatment of co-operatives from the government such as tax relief and subsidies. He also argued that co-operatives could enjoy such preferential advantages by opening up chances for youth inclusion through developing products that are less taxed and attract more youth to join co-operatives. He emphasised that if co-operatives can use such preferential opportunities, they may create effective pathways to youth inclusion of which the future of youth and co-operatives, as well as the community, would be brighter than ever. Another respondent pursuing PhD added that such pathways to youth inclusion through co-operatives will have several advantages including strengthening youth ability to meet their own subsistence needs; preventing and reducing vulnerabilities to economic, political and social shocks; strengthening co-operative movement and sustainability; promoting ownership and sustainability of national development interventions; promoting creativity and innovations in co-operatives; helping co-operatives to gain entry into target community and building up trust; helping youth to gain and building up social capital.

3.4. Drawbacks in Youth Inclusion through Co-operatives

The findings on the factors that could be the stumbling blocks to youth inclusions are as shown in Table I. Factors revealed were: shortage of capital, youth willingness to join co-operatives, types of products offered by co-operatives and youth understanding of the co-operative models and their benefits.

Table I: Stumbling Blocks to Youth Inclusion through Co-operatives

Stumbling blocks	Much	Moderate	Little
	%	%	%
Inadequate capital in co-operatives	71.2	10.2	18.6
Low youth willingness to join co-operatives	73.1	18.5	8.4
Type and nature of the products provided by co-operatives don't fit youth	66.9	20.4	12.7
Geographical locations of co-operatives	16.3	32.7	51.0
Low entrepreneurial ability and skills among youth	12.2	65.3	22.4
Low youth understanding of the co-operative models and their benefits	81.4	14.5	4.1
Strict membership criterion which doesn't fits youth	18.4	59.1	22.5

Low youth understanding of the co-operative models and their benefits to youth scored the highest rank of 81.4%. During the discussion with respondents, it was lamented that co-operative models are often unknown or misunderstood by many people including young people all over the country. It was also argued that only one form of co-operatives (SACCOS) is commonly known by majority citizens. It implies that, people including youth, do not know that they can use other forms of co-operatives as their breakthrough in their social and economic challenges. Respondents said that the main reason was the lack of co-operative promotional strategies in the country. Similarly, one respondent argued that co-operatives themselves lack self-promotional mechanisms and programmes that make the community members and the general public have an awareness of the co-operative models and how they operate. Respondents pursuing PhD added that the majority of youth are as well as unaware of how co-operatives change peoples' lives.

The second factor that scored the highest rank was low youth willingness to join co-operatives (73.1%). This finding is similar to ICA (2017) findings which indicated that in East Africa only 28% of the youth were members of the co-operatives. FGD results revealed that the co-operative movement in Tanzania lack rigorous motivational evidence on how co-operative models have changed the lives of people and why youth are not attracted and willing to participate in co-operatives. One respondent pursuing a Master degree also argued that there were no success stories in co-operatives that could encourage youth to participate in co-operatives. It was also argued by one

respondent pursuing a PhD that co-operatives are seen as the organisations for older people which discouraged youth willingness to engage in co-operatives. The FGD findings also revealed that the older generations sometimes discouraged youth participation in co-operatives as they perceived young people as their competitors, the greedy generation which lacks loyalty and commitment. Capital inadequacy among many co-operatives was also mentioned as the factor limiting co-operative efforts in creating and promoting youth inclusion pathways. Inadequate co-operative capital scored 71.2%. Findings have shown that a shortage of capital weakens co-operative operations and functions. The FGD findings also revealed that lack of enough funds among co-operatives limited product development and service delivery to their members. It was argued that failure to develop new products and deliver quality services discourage retaining of the existing members as well as recruitment of new members, especially youth. It was argued by one respondent, pursuing a PhD, that capital deficiency among co-operatives such as SACCOS limited their missions in terms of outreach, sustainability as well as financial deepening and inclusion among their members and expected new members, especially youth.

Co-operative products and services were also revealed to have an effect in creating and promoting youth inclusions. Findings revealed that 66.9% of the respondents agreed that the type and nature of products provided by co-operatives did not favour youth interests and needs. During the FGD it was argued that most of the services or products offered and financed by co-operatives did not match the main sectors in which youth were engaged. One of the respondents was of the view that if a young man with an idea of a new business venture decided to join SACCOS for the aim of getting funds, he could not get support because most of the SACCOS do not finance start-up businesses.

Table I show that other factors including geographical location of the co-operatives, entrepreneurial abilities and skills among youth, and membership criteria were perceived to have moderate and low influence on co-operatives towards creating and promoting pathways to youth inclusions. On the other hand, during the FGD other limiting factors were mentioned: conditions to access co-operative services (such as loans), land ownership, culture and traditional practices characterised by hierarchical relationships in the community. The findings concur with CICOPA (2018) indicating that limitation of youth inclusion through co-operatives is attributed to several factors including membership condition, financial constraints, socio-cultural differences between youth and older people, lack of financial training and entrepreneurial skills, lack of sensitization to youth as well as lack of collaterals to youth.

3. Conclusion and Recommendations

Based on the findings, participants are aware of the pathways to youth inclusion through co-operatives. However, they are aware of only two forms of co-operatives (SACCOS and AMCOS). Therefore, their perception of co-operatives in creating and promoting youth inclusion pathways might be limited to these two types of co-operatives. With such a limited level of awareness, it might limit the process of creating and promoting pathways to youth inclusion through co-operatives. It is also concluded that the main pillars in creating and promoting youth inclusion pathways through co-operatives are capital adequacy, product innovations, youth willingness, and understanding of co-operative models, as well as their benefits.

Based on the findings, the following recommendations are given: First; there should be an effort to promote youth willingness to join co-operatives. Among the mechanisms to promote youth willingness is to involve youth in various co-operative awareness programmes such as essay writing competitions in primary and secondary schools. Secondly; Co-operatives should design products and services that match youth needs and interests. It can be achieved through having special funds in co-operatives to finance youth activities. Third; there should be an effort of establishing youth-based co-operatives in various sectors of the economy. To achieve the formation of youth co-operatives recommended, it is important to find out the best way of linking the youth supporting organisations such as Small Industry Development Organisation (SIDO), Youth supporting organisations, municipal councils, and various forms of co-operatives such as SACCOS, AMCOS, consumer co-operatives, and industrial co-operatives. Such strategic alliances and partnerships might create and promote more pathways to youth inclusion and bring more interest for youth to join co-operatives.

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PLANNING FOR RESILIENCE AMID COVID -19 PANDEMIC: PROMOTING CO-OPERATIVES AS EMPLOYEE CENTRIC BUSINESS MODELS FOR THE FUTURE OF WORK

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Abstract

Many businesses in Kenya and across Africa are employee-centric. These include the motorcycle and minibus enterprises. The two have grown to become the leading industry in the provision of self-employment and give the transport industry a new face and identity. The Jua Kali Enterprise is an example of an employee-centric business comprising informal traders and artisans who work alongside the road in many developed countries and are renowned for their ability to create pieces of objects for use at household level and enterprise level. They serve as a reminder to policymakers, local governments, and business communities that there are business models in place to invest in their communities and withstand economic shocks. This paper argues that worker co-operatives are particularly resilient in adapting to a crisis, due to the specific features of the Co-operative model, such as the values of democracy and solidarity, cooperation among co-operatives and concern for the community. Local governments and the community can recognize and adopt this business model as an instrument to enhance the central role of the Co-operative sector in transforming towards a more inclusive, sustainable and resilient society.

I. Introduction

Increasing cases of environmental, health and economic challenges coupled with the spread of COVID-19 has led to unprecedented uncertainty across the globe. The COVID pandemic could drive about 40 million African people into poverty, thereby doing away with years of hard work in fighting the menace (World Bank, 2020). Its impact is unevenly distributed for households, workers and businesses, further exacerbating inequalities that already exist. Many people who are already at risk of poverty are losing their main source of income and being denied access to essential goods and services.

History has signalled the need to look beyond current structures and models that have prioritised long-term gain over long-term viability, increase inequality, lower social capital and create environmental imbalances. Business models are employee centred and are keen on the kind of impact they have on their workers, stakeholders and communities in which they operate. Because workers make up the back and front end of a business, it is important to enshrine a culture that prioritises workers that can be reflected in their work and interactions with employees. Employee centric business environments comprise motivated employees who are eager to work and are more productive (Ruch, 2021). The Co-operative businesses model is an example of an employee-centred business, since it encourages employee ownership and supports workers, including those in underserved communities, to engage in dignified work that allows them to earn deserved wages as they create income for their community and families.

In the face of adversity, co-operatives have shown and proven their relevance and resilience as well as demonstrated their endurance. Having existed for generations, co-operatives are today being recognised for building economic

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advantage for the workers who own them. This reality is clearer during this pandemic period that has caused a lot of instability in various health and economic environments. Even though worker co-operatives are not popular in Kenya and Africa, many enterprises especially in the informal settlements have prioritised the employee ownership model. Informal enterprises in upcoming developing countries account for 25 to 40 percent of GDP and more than 60 percent of employment (World Bank 2020). These enterprises, mostly anchored under the service sector can be potential worker co-operatives since they encourage employee ownership and have demonstrated higher job quality and resilience during the 2020 public health and economic crisis (Democracy at Work Institute, 2021). Co-operatives have a significant responsibility towards the transition process of enterprises from informal to formal.

This paper highlights worker co-operative businesses as employee-centred models, value and principle-based businesses that adapt to the needs of communities during challenging times. Worker co-operatives are particularly resilient in adapting to crises and within this paper, there are examples of how these co-operatives have shielded their members against the impact of external economic shocks. Recognition, formalisation and adoption of the worker Cooperative Business model can be instrumental in enhancing the emerging role of the Co-operative movement as a pivotal actor in transforming towards sustainable and resilient societies.

2. The Problem Statement

The COVID-19 crisis has created havoc in the economic and labour markets across the globe and this has negatively impacted supply (production of goods and services) and demand (consumption and investment). Many conventional business enterprises have faced unprecedented income losses and uncertainties about their future with many lacking financial reserves to meet expenses during emergencies (KEPSA, 2020). In Kenya, the impact of the pandemic on businesses was most felt from government restrictions on activities, reduced deliveries of the product by members and reduced revenue (Tango International, 2021). In the US, 43% of small businesses that employ almost 50% of American workers were temporarily closed and employment had fallen by 40%. These firms did not have adequate cash in hand at the onset of the pandemic, which meant that they would have to dramatically cut expenses, add to their existing debts or declare bankruptcy (Bartik, 2020). In Kenya, small businesses have been affected by income losses and future business uncertainties due to the interruptions by the pandemic. Most of these businesses lack financial reserves to meet expenses during emergencies and are forced to lay off staff to reduce costs. Only 39% of Kenyans have set aside funds to manage emergencies that arise from loss of income. Amidst these tumultuous events brought by the COVID-19 pandemic, there is no need for the reminder that the economic environment needs to adapt to a more sustainable business environment to survive. This, therefore, is a call to action for stakeholders to consider supporting and developing resilient business strategies for the economies to survive and adapt. Therefore, this paper seeks to test the following hypothesis; Employee centric business models such as worker co-operatives that are focused on inclusivity, group solidarity and collective identity can secure the future of work amidst the economic crisis.

3. Methodology and Review of the Literature

The paper relied on intensive literature analyses. The review of the literature of this paper begins with the human relations theory of management as the foundation for understanding the importance of prioritising employee voices and concerns in the work environment. The next section addresses the importance of collective decision making through defined communication channels and why alienation of individuals from democracy undermines autonomy.

4. Human Relations Theory of Management

Human Relations Theory is all about the needs of employees and their resultant behaviours in groups. The primary contributors to Human Relations Theory are Elton Mayo who is best known for his Hawthorne experiments and Mary Parker Follet who introduced the concept of de-personalized authority and responsibility. The Hawthorne experiment assessed attitudes and reactions of workers in job situations. It began by examining the impact of illumination levels on worker productivity. The study continued through the 1930s and was able to address more issues to do with workplace conditions. The Hawthorne Effect theory suggested that workers can perform much better when there is enough attention on their needs. Findings from this experiment indicated that; social factors are key determinants of job performance; and workers are not solely motivated by remuneration but are inspired by a sense of meaning and significance in the work that they perform.

This experiment by Mayo was instrumental in creating more meaning to group behaviours and individual psychology in management practice. The level of interaction of workers affects how productive an organisation will be. The

motivation level of an employee is related to job satisfaction. The worker's emotional state also has something to do with their motivation (Deci and Ryan, 1985). When workers shy away from activities, interactions, behaviours and feelings they become disengaged and are often defensive, which adversely affects their work performance (Deci and Ryan, 1985). In her collective works, *Dynamic Administration* Mary Parker Follet used psychology to explore various aspects of the organisational environment and emphasised that workers must participate in the decision-making process through defined communication channels (OlugbengaElegbe, 2015). Employees rather are included in the decision-making process than leave it to their managers to make decisions that affect them.

5. Traditional Theory of Democracy

The Traditional Theory of Democracy promotes that the majority decision is what goes by and the minority rights are upheld to leave room for compromise and respect for the dignity of all. Alienation of individuals from democracy undermines genuine self-government and autonomy and erodes the empathic understanding citizens have for one another, a trait essential to making democracy work (Dahl, 1997). For a more global survival of free-market capitalism, the spirit of democracy has to be strengthened and this will ensure that the lives of a magnitude of people change for the better (Henderson, 2021). Inculcating a transparent, open and inclusive work environment gives room for critical conversations and discussions, a fair process of ideas exchange and this adds to the dissemination of new technologies around different democracies. Hence, democracies observe faster technological change, a primary driver of long-term growth (Knutsen, 2021).

4.0 Employee Centred Business Models

Employee Centred business models are invested in the work of their employees and are 'people oriented' organisations. Workers in these organisations are respected, valued and empowered. High performing businesses have adopted a culture that keeps talent or workers within the organisation. Many youth across the globe are exposed to poor quality jobs and absurd working conditions that are less focused on building the skills and talents of youth. It is a business model that can provide a sense of purpose for thousands of skilled youth who lack jobs or are operating in poor work environments that have not improved their income or skills.

These business models operate on; all people are important; a strong belief in people shapes the culture; people working together perform at higher levels; all people benefit. These principles create highly productive and highly profitable work environments. The principles of a people-centred environment are intertwined within organisation culture and can be found in the aspirations, talents, and dreams of workers that constantly engage and interact with each other (Kendall and Bodinson, 2010). Employee centred businesses can establish a work culture that prioritises shared values, beliefs, expectations that are normally established over time within an organisation (Schein, 2004). Today there are various types of employee centred businesses that include: Worker-owned Co-operatives; Employee Stock Ownership Plans (ESOPs); and Employee Ownership Trusts. This paper focused on the Worker-Owned Co-operative Business Model and where two case studies have been shared from Kenya and USA.

4.1 The Worker Co-operative Business Model

Compared to the traditional business model, worker co-operatives are values-driven and put the workers and the community at the core of their business. Due to the changes within the world of work, worker co-operatives are emerging as an organisational model with a specific democratic governance model of; member worker-owners where decisions are made by those who are directly involved in the enterprise. In comparing traditional companies with worker cooperatives, the owners of worker co-operatives who are also workers have a say in the profits attained, and the overall management of the organisation is through a democratic process. (Worker Co-operatives, 2019). A worker co-operative model is an efficient tool for establishing meaningful and sustainable jobs; wealth creation; improved living standards for workers and local community development especially for vulnerable community members who lack a way to access business opportunities and sustainable work options.

Many worker co-operatives around the world are concentrated within the retail and service sectors. This said any type of business can be worker-owned and controlled as a cooperative, and worker co-operatives can provide ways for organising new forms of work with less dependence on the boss and increased collaboration and interaction among workers. Owning their business enables worker-owners to make decisions that are in their best interest and the interests of their community, from setting wages to selecting health care benefits to deciding staff time that promotes a work-life balance.

Increasing income and wealth inequalities across the globe have sparked a desire especially among the youth and the skilled in the society for autonomy and flexibility in the workplace. Built on the principles of sharing and democratic control, worker-owners enjoy more influence over business decisions as well as more equitable pay. That's not to mention that worker co-operatives also tend to be more productive than more conventional businesses (Chen, 2021).

5. Worker Co-operative Case Studies

5.1 Case Study 1: Joe Squared Workers Co-operative in the US

1 in 6 restaurants in the United States had to shut down permanently or long term due to the impact of the pandemic. This number represents nearly 100,000 restaurants (National Restaurant Association, 2020). Many worker co-operatives in the US are cafes, restaurants, homecare workers, and childcare workers. Joe Squared, a restaurant in the US, is known as a worker co-operative that managed to stay afloat amidst the impact of the pandemic. The popular food, bar and music venue transitioned to a worker Co-operative after receiving guidance and support from local groups federal loans and grants that enabled them to stay in business. The Baltimore Roundtable for Economic Democracy, a worker-led non-profit lender that provides support for existing worker-owned cooperatives, supported Joe Squared to navigate their business transition process that involved training on how to make decisions together.

The restaurant was previously owned by one person and is currently owned by 15 workers who are also members. They have the same level of care and interest to see their neighbourhood survive and thrive and are committed to ensuring that their business plays a role. Members who returned as co-owners spent some time writing their business by-laws and applying for grants. All members participated in the decision-making process that included establishing COVID 19 business safety protocols and setting prices for meals. Members unanimously decided to use a voting system that ensured they do take-outs only, during the pandemic to limit contact/Covid spread.

The cost of each takes out boosted employee pay from \$3.63 an hour to \$12. Members decided to spread tips to the entire staff, ending the industry tradition of excluding other subordinate employees who work in the kitchen. They voted to split profits and invest one-third of Joe Squared's annual earnings back into the restaurant, to be used on renovations and equipment. A growing body of evidence from studies in the United States and elsewhere indicate that worker co-operatives are more resilient than conventional businesses, on average. This is major because profit-making is not the overall goal for these businesses, since they can overcome economic shocks due to their owners' commitment to their workplace. These businesses are therefore more productive and have an advantage over the other traditional businesses.

5.2 Case study 2: FundiTech Housing and Construction Service Co-operative in Kenya

Founded in 2017 in Kenya by a group of technical workers and service providers in the building and construction industry. Funditech's is a pioneer service-oriented Co-operative that targets workers in the building and construction industry. The targeted members of the co-operative include carpenters, masons, plumbers, electricians, etc. FundiTech's business model addresses two key points necessary for rapid growth in the housing sector: The Co-operative is based on representative democracy and cooperation rather than competition. The cooperative's services contribute to Kenya's Big Four Agenda, particularly around challenges faced by the housing sector, including the cost of building affordable housing units for low-to-middle wage Kenyans. Its business model differs from the traditional single owner or limited liability business model in that every member is also a part-owner of the business and participates in the oversight, often the management, and the profits of the business, all of which are determined using democratic practices.

FundiTech has a membership of over 30 qualified artisans who are safeguarded from exploitation and work within an agreed level of professionalism during their work. Members can also learn about financial discipline as a way of

safeguarding their livelihoods and their futures. The Co-operative is changing the way local artisans, commonly known as *fundis* are perceived, and due to their sense of resilience – they can present as case studies for youth businesses to learn from. The success of the FundiTech model can be attributed to the generation of trust capital: its deep commitment to the co-operative’s purpose; commitment to the seven co-operative principles, and connection with their members. FundiTech has provided opportunities for local artisans to access the housing and construction market for job opportunities and be part of larger-scale projects offered at affordable rates to the consumers while boosting the living standards of the local artisans. The challenges facing upcoming worker co-operatives in Kenya include the fact that this is still a new model that is yet to get recognition and appreciation from the community and key stakeholders.

5.0 Why are Worker’s Co-operatives Good at Crisis Management?

In the US, many people are turning to the worker co-operative model as a way to build economic resiliency and stability for themselves. The number of worker co-operatives doubled after the year 2008 (Harvey *et al.*, 2018). These businesses are said to be able to survive through their 1st six to 10 years at a rate of 7 per cent higher than traditional small businesses (DAWI, 2020). Due to their focus on employees and the community, worker co-operatives share benefits among worker-owners through increased wages, expanded benefits and dividends. They also reinvest them in their communities.

During a crisis, worker co-operatives equitably share the burden. Instead of letting go of workers who are also owners - worker co-operatives collectively find solutions that can work for them. Unlike conventional businesses, worker co-operatives don’t see liquidation or buy-outs as desirable reactions to crisis, nor do they favour layoffs. Their democratic control allows them to respond more fluidly to the crisis (Osterweil, 2013). Worker co-ops also consider human needs outside work, such as those of workers, their families and communities, which means that people can thrive while being able to work, he added. The sector is identifying the manifestations of inequality and working to tackle it. (Voinea *et al.*, 2021). Worker co-operatives are at an advantage during crises because they are good at analysing the management process. In traditional business set-ups, a lot of resources is reinvested into maintaining discipline, but in worker co-operatives, their attention is on; sufficient capital accessible to worker co-ops; technical assistance provided to worker co-ops in the start-up phase; a mandatory indivisible reserve, at least for those “mostly mutual”.

6.1 Co-operatives Resilience Factors

Resilient businesses anticipate material changes to their environment, systematically develop and test plans in the changing contexts and allocate resources while creating value in ways that enable success in multiple futures. At the organisation level, resilience is defined as the ability, capacity or capability of a business to emerge against disturbances and manage to survive” (Ruiz Martin, López-Paredes and Wainer, 2018, p. 21). Thus, resilience factors are the measures put in place inside co-operatives in various fields (Eum, 2012). Companies owned by their employees have significantly outperformed other organisations in keeping employees, protecting employee health and safety, maintaining correct work hours, wages amidst economic trials and uncertainty. People-centred (as opposed to capital-centred) governance and management assumes people are intrinsically motivated social beings capable of balancing personal and group interests by general moral principles. Co-operatives, in this view, embrace a balance of objectives (including financial) and tend to involve or consider key stakeholders in their decision-making process. Joint ownership and control (distributed, rather than concentrated) is a hallmark of co-operative organisations, and it is intertwined with members as owners, controllers, and beneficiaries. Although typically operating under private property regimes, co-operatives distribute ownership rights equally among their members and may hold a part of their assets in non-divisible reserves.

6.2 Global Demonstration of Co-operatives Resilience

In Argentina in 2001, after a serious financial meltdown had led to thousands of bankruptcies, workers took over upwards of 200 firms and, with government support, ran them themselves (known as ‘Empresas recuperadas’). Co-operatives in British Columbia between 2000 and 2010 had a five-year survival rate of 66.6% (100 out of 150), compared to conventional Canadian businesses that had a 43% and 39% 5-year survival rate in 1984 and 1993, respectively (Carol Murray, 2011). Alberta co-operatives, created in 2005 and 2006, had a three-year survival rate of 81.5% compared to 48% for conventional businesses in that province (Richard Stringham, 2011).

In Quebec, co-operatives had a five-year survival rate of 62% and a ten-year survival rate of 44%, compared to 35% and 20%, respectively, for other Quebec businesses. Worker co-operatives and social co-operatives in Spain and France have been more resilient than conventional enterprises during the economic crisis (Bruno Roelant, 2012). Co-operatives in Italy have shown a lower mortality rate and incidence of bankruptcy than conventional businesses (CICOPA). In 2005, 1% of German businesses were declared insolvent, but the statistic for co-operatives was less than 0.1% (ILO).

7. Conclusion and Recommendations

Globally and especially in developing countries, policy action needs to be taken to expand and grow employee centred business models like the worker owners' co-operatives. There needs to be support in the development of legislation that aims to ensure that worker co-operatives can access financing support and technical assistance to achieve growth and development. In addition to policy and legislation, partnerships by the national stakeholders and labour unions together with co-operative stakeholders, philanthropy and local government are key and they play a larger role in building opportunities for worker co-operatives especially those in marginalised communities that have been shut out of generational wealth building and might not have equity to start their worker coop business. Stakeholders need to appreciate the reliability and sustainability of the co-operative business model which is based on internationally tested and approved principles, values and ethics. This paper concludes that employee-centred businesses such as co-operatives can add value through manufacturing, through addressing technological gaps to target commercialization and creating opportunities for diversification of co-operatives in various sectors. In conclusion, worker co-operatives can be a solution to the ever-increasing unemployment and foster working environments that prioritise employee satisfaction. This model that is based on mutual aid and solidarity has begun gaining interest as the world continues to adapt to the impact of the COVID 19 pandemic. As many economies struggle to rise from the effects of the pandemic and other economic shocks, worker-ownership could as well be one of the most sought-after solutions towards re-building economic resilience for everyday people.

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EVALUATION OF CO-OPERATIVE EDUCATION AND TRAINING FOR SUSTAINABLE AGRICULTURAL MARKETING CO- OPERATIVE SOCIETIES IN UKEREWE AND SENGEREMA DISTRICTS, TANZANIA

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Abstract

This study evaluates CET in Tanzania by determining the status of CET and examining the practice of CET evaluation in Ukerewe and Sengerema districts. Findings were drawn from 64 respondents using purposive sampling technique. Data were collected through focus group discussion, key informant interviews and documentary review. Thematic analysis was used to analyse data. The study used a CIPP Model of Education Evaluation to examine the practice of CET evaluation. The findings revealed that regardless of the existence of CET evaluation, both formative and summative, there were some shortfalls. In terms of practice, the findings revealed that CET was seasonal while the context, input, process and product evaluation were unsatisfactory; hence confirming the poor trend of co-operative societies' development. The study concludes that CET is still a necessity to ensure both the status of CET and practice. The study recommends CET institutions to prepare a centralised curriculum for all co-operatives and review CET regularly to suit societal needs. The government should set aside funds for CET and needs assessment to avoid irrelevant knowledge to the co-operators.

I. Introduction

Worldwide, evaluation remains one of the vital means of measuring the performance of any activity. Its necessity is determined by the goal of making judgement as to whether the activity is performing well or not (Sharanand Tisdell, 2016; Birchal and Simmons, 2010). Bryman (2012) reports that every society in the past has implemented some forms of performance tracking systems (evaluation) and that the ancient Egyptians regularly evaluated output in grain and livestock production 5000 years ago. Since then, evaluation has been used as a means to change the lifestyle and practices for betterment of today and the future (Bryman, 2012; Aldapitand Suharjana, 2019). Woodin (2015) citing Socrates, the ancient Greece philosopher, states that “unexamined life is not worth living”.

In the co-operative sector, just like in other sectors, evaluation has been growing simultaneously with the societal transformation (Birchal and Simmons, 2010; Goldie, 2009). Historically, evaluation of co-operatives has taken place in different phases; notably during their creation, running, failures and in the re-establishment moments (Okoli and Ezenwafor, 2018). In all evaluation processes, pertinent areas have been touched including that of education and training. In the 19th century, the Rochdale Society managed to establish the modern co-operative society after strengthening the education and training section, having learnt from previous failures (URT, 1966; Birchal and Simmons, 2010; ICA, 2016).

In Tanzania, co-operative societies have been striving to improve their performance through various initiatives, evaluation of their education and training (CET) programme inclusive. Maghimbi (2010) reports that evaluation of co-operative education and training helps to measure the extent to which goals and objectives of such education and

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training have been achieved. More specifically, CET evaluation allows the co-operators to know the direction to which co-operative heads in terms of knowledge provision, noting failures and success if any, and possible purpose necessity changes in the implementation of CET curricular.

Given the necessity of co-operative societies in Tanzania, the government has been establishing various education programmes so as to promote co-operative development and sustainability. In 2017, the government through TCDC established and implemented the Co-operative Education and Training Programme for co-operators (members, the management and employees). The rationales for establishing CET programme resulted from various reports (Mkapa's 2001 report, 2018's SACCOS world report, COASCO report of 2018 and 2019) stating the presence of various challenges in co-operative societies in Tanzania, of which wanting member education and training, irresponsible leaders, failure to prepare reports pertaining to income and expenditures were mentioned as some of the core reasons (TCDC, 2017). This programme has since then been decentralised, each region having its own committee through which they can harmonise it and implement its conduction based on the specific environments.

In Mwanza Region, co-operative education and training programmes have been implemented so as to promote co-operative development and sustainability. From 2017 to date, the Mwanza Region Co-operative Committee has launched the Annual Capacity Building Co-operative Programme for members of which the structure suggested CET for members to be provided through the regional committee. The programme has identified courses for management in AMCOS including leadership and ethics of leaders, compliance with co-operative laws and regulations, internal control, ICT use, strategic business planning, budget preparation, debt reduction strategies, production, marketing and facilitation, value addition, domestic demand development, preparation of meeting minutes and summaries as well as financial statements (URT, 2017). Members on their side, the trainings suggested for them include the concept of corporate, member responsibility and rights, commodity business and entrepreneurship, translation of auditor and auditor's opinion, budget and debt limit, preparation and operation of meetings, production and value addition of products, capital expansion and investment, marketing of products and rules, regulations and terms of associations.

It is further stated in the programme that the training costs will be paid by the respective co-operative society and the expected results (end product of this programme) is that training in crop and marketing co-operatives will help to have associations operating its operations in accordance with the rules and regulations to meet the economic and social needs of its members (URT, 2017). The regional co-operative Education committee will be engineering the training process, the committee members being assistant registrar (chairperson), college regional officer (secretary), district co-operative officers, COASCO regional officer, members from the unions as well as TFC and SCCULT (1992) Ltd representatives.

Regardless of the implementation of Co-operative Education and Training through specific annual training programs, there is enough evidence that co-operative societies are underperforming on a daily basis and they encounter a lot of challenges including improper supervision (Anania, 2018). It was also expected that provision of Co-operative education and training in the stated areas would help in improving economic status of the co-operative societies and increase membership. However, the TCDC report of 2020 shows a gradual decrease in the number of members in the AMCOS and decreased profit per organisation. Again, there is an increased trend of the dormant AMCOS, and all these are dangerous for the sustainability of co-operative societies in Tanzania. It is from this context, one would want to know what is actually happening in the CET provision in terms of contexts, inputs, process and product (CIPP) of CET since problems might be resulting from the selection and recruitment of resources (physical and human), the curriculum itself, the teaching methodologies, aims and goals of the curriculum, or even the evaluation process if at all CET is being provided. Therefore, this study seeks to answer the following questions: What is the status of CET provision? What are the contexts of CET provision? How are the inputs integrated into the provision of CET? How is the process of CET conducted? What are the products of CET?

This study was informed by the Context, Input, Process and Product (CIPP) Model of education evaluation. The CIPP Model was developed by Stufflebeam in 1983. The model provides a systematic way of evaluating an education system in which the kind of knowledge, skills, attitudes, habits that learners acquire in their educational process is the actual product (Stufflebeam, 2000). Aziz (2018) concedes that in the CIPP Model in education and training context, the term context refers to missions, objectives and goals of AMCOS whilst inputs are the physical and human resources including infrastructures and trainers. Besides, the process demonstrates input utilisation to achieve the desired products. In tandem, products are the general outcomes of educated, responsible and trained member employees or leaders of AMCOS.

2. Methodology

This study employed a Constructivist Paradigm to evaluate CET in co-operatives. The paradigm demonstrates that evaluation of knowledge and understanding of a phenomenon is done through interaction using dialogue and reasoning (references) (Fusch *et al.*, 2018; Cohen and Marion, 2018). Thus, it gives an understanding of the reconstruction of meanings that people hold about co-operatives and evaluation of CET in particular (Creswell and Poth, 2018; Farrugia, 2020; Guba and Lincoln, 1994). A cross-sectional design was used to collect data once at a time from different participants while variables were observed without being influenced (Marczyk, Dematteo and Festinger, 2005; Bloomberg, 2019).

Qualitative approach was suitable to use in this study as it allowed study participants to freely disclose their experiences, thoughts and feelings without constraints (Cooper, *et al.* 2012; Merriam, 1998 and Awasthy, 2020). Phenomenological method was used to understand how AMCOS members make meaning of the evaluation of CET in co-operatives and to identify relationships of meanings that build new knowledge (Peterson, 2017; Moustakas, 1994). Besides, this study employed a small number of subjects as phenomenology is effective in studying a small number of subjects (in this study 64) (Cohen *et al.*, 2018). In qualitative studies, a researcher needs enough time for verbal interaction with each respondent to capture their individualised experience of an event so as to avoid shallow results (Creswell, 2017). The purpose of qualitative research is not to obtain breadth and impartial data rather achieving depth and capture deeper meaning (Awasthy, 2020). Thus, the sample size which is enough qualitative study, according to Sharan and Tisdell (2016), is the one which can answer research questions to the point of saturation, redundancy or till nothing new can be said or observed. Data collection and analysis activities were intricately woven together throughout the study. Primary data were, therefore, collected through face-to-face interviews with AMCOS key study participants and series of Focus Group Discussions (FGD) sessions, each consisting of active male and female AMCOS members. Each FGD had 4 study participants as suggested by Ubandoma (2019) and Creswell (2017).

The study was conducted in Ukerewe and Sengerema districts due to the existence of dormant co-operatives regardless of the existence of CET programmes. Also, the report by COASCO for the year 2018/19 shows that Ukerewe and Sengerema Districts are among 93.13 which got adverse opinions (URT, 2021), and one of the basic reasons given was poor provision of education and training to co-operators. However, choice of the specific AMCOS that made a part in this study considered four criteria namely registration status of AMCOS, (only registered AMCOS were visited), a number of members (AMCOS with the most and the those with fewest members), the invested capital (AMCOS with highest capital and those with smallest capital investment) and convenience, meaning that readiness of the management to accept being interviewed was a determinant of the AMCOS which were chosen. Therefore, out of 13 registered AMCOS in Ukerewe District, only three active AMCOS namely Bugorola, Murutunguru and Musozi AMCOS were confined in the study and formed a basic unit of analysis. In Sengerema District, out of 19 registered AMCOS thirteen active AMCOS namely Busulwagili, Butonga, Buzilasoga, Chamabanda, Ibondo, Igulumuki, Ilekaniilo, Irunda, Ishishang'olo, Nyamatongo, Nyamtelela, Nyasenga and Sima were included in the study. The dormant AMCOS never surfaced as study participants, but were represented by key informants of this study. Purposive sampling technique was employed to study the board members and district co-operative leaders by virtue of their positions since they were responsible for coordinating the functions of AMCOS. Naming of the study participants followed the pseudo codes given such as PIU (Cresswell and Poth, 2018) in which the letter "P" represented the term participant, number 1 and other numbers represented the number code of a participant and letter "U and S" represented Ukerewe and Sengerema districts, respectively.

Data were analysed qualitatively in which content analysis was used to identify, analyse and report by the aid of Atlas.ti7 as suggested by Kalu (2017) and Rosenthal, (2016). Content analysis was used to generate themes from data collected through focus group discussions. In the study, the researcher pinpointed and recorded themes from data collected through focus group discussions. In processing these data, several stages were followed. After collecting qualitative data from focus group discussions and interviews, data were written down followed by the process of coding so as to identify specific pieces of data that correspond to differing themes. In the process of coding, specific data were selected and used in the study while data that did not provide evidence of themes were left out. The kind of code which was used was open coding which yielded concepts. After that, data were grouped and turned into categories. Data were grouped into themes based on specific objectives. After that, data were transcribed based on objectives and, finally, were interpreted. The procedures for analysing data were as follows:

2.1 Development of Initial codes

The researcher identified the key concepts or the variables as initial coding categories. Then the researcher reviewed the definitions of the variables initial coding categories. Transcription of data: This process involved the representation of audible and visual data into written form. The researcher listened to the recorded data from the in-depth interview, FGDs, and key informant interview and wrote exactly what was said. Text Categorization: After transcription, texts were categorised within the initial coding categories with the help of the reviewed definitions. The texts which did not fit into the coding categories were given a new code.

2.2 Coding

This process involves organising data and provides a means to introduce the interpretations through reading the transcribed data and demarcate segments within it. The coding process was done manually according to the research questions. Reading and interpreting data: This was a starting point of a meaningful analysis whereby the researcher read the data within and between categories and interpreted data to identify the themes. Theme identification: The researcher identified the themes within and between categories while showing the relationship between categories or a subcategory of existing code. The themes were then refined and the report was written.

In order to increase trustworthiness of the study findings, the author decreased threats of credibility (validity in quantitative research) by triangulation of data (Linneberg and Korsgaard, 2019; Patton, 2015; Theophilus, 2018). Again, to increase dependability (called reliability in quantitative studies), the researcher provided an audit trail by describing in detail how data were collected, how categories were delivered, and how decisions were made throughout the enquiry Patton, 2015. The researcher further applied the “good rich thick description” (Farrugia, 2019) to enable other researchers to make decisions about transferability (external validity or generalisation in quantitative studies). Lastly, the author increased conformability (called objectivity in quantitative studies) by attempting to control biases through constantly comparing data, seeking for literatures of the phenomenon and obtaining multiple viewpoints during interviews and FGDs (Cresswell and Poth, 2018)

3. Findings and Discussion

This section covers the aspect of practice of CET in which the CIPP Model was used to evaluate the context, input, process and product of co-operative education and training.

3.1. Context Evaluation

By starting with context evaluation, as suggested in the CIPP models, study participants were probed to know whether aims of their education system were suitable or not, whether objectives were derived from the aims of co-operative needs, the courses provided and if those courses correspond with the aims of co-operatives, whether the process caters for the members’ needs, whether there was a link between members and the works provided or not, its objectives /rationales, topics (context) and methods of teaching. As stated in the education and training programme for Mwanza Region (2017), the main objective was to improve operational efficiency, management and eliminate the challenges of co-operatives by building the capacity of members, leaders and the board on the operation and effective management of the co-operatives (pp2) and, therefore, objectives of education and training have to be contextually specific from a particular AMCOS. Other aspects of the context of co-operative education that were evaluated include the presence of Co-operative Education, the type of such education and training from the perspectives of AMCOS members, and the nature of such trainings, methodology used to offer education, the presence of sustainable plan for education and training and how they are conducted, time frame for the trainings, number of trainings, the teaching aids and venues, the pre-set methods of making the programme known, the training environment, and the sponsorship strategies.

3.1.1 Origin of objectives and evaluation of the attainment

Members were asked to state the aims of CET they were given and the origin of such training. From the findings, most of the study participants (90%) reported that they knew nothing on the essence of co-operative education and training, of which they couldn’t answer the questions related to aims of co-operative education and training. Only a few (10%) managed to respond to the question requiring them to state the aims of CET and where the objectives of co-operative education were derived. However, regardless of the AMCOS members’ knowledge, all of them were against the idea that aims and objectives of co-operative education and training emanated from their specific co-operative societies, rather they were initiated by the facilitators; hence, AMCOS members were mere recipients.

Facilitators and co-operative officers were reported to have been coming with what they want to teach. To represent the general responses, one of the study participants from Nyasenga AMCOS in Sengerema District had the following to say: *“They should ask us or arrange together with us what to teach? These guys come with their books and notes; they have everything. Our responsibility is just to listen”* (P3S, 26 May, 2019).

On the other hand, the researcher cross checked with the key informants through interviews so as to validate what was reported by the AMCOS members. When asked, the key informants, one from Sengerema and the other from Ukerewe Districts had similar responses and their answers correlated to what was reported by the AMCOS members. According to the two key informants, one from each district, they were employed in their respective locations to help members, of which they reported that the training is relevant although they are prepared by the trainers themselves. On their side, two key informants from the Mwanza Region Co-operative Committee had the following to say: *“with the nature of the members we have, it is very difficult to discuss and come up with an agreement on the kinds of training to give them. So, to avoid chaos, trainers prepare the package as per the requirements of the co-operatives”* (K14, 13June, 2019).

“It is obvious that the trainer is the one who prepares the training after making a needs assessment of the area. You know, everything needs specialisation, so you cannot go and gather information haphazardly from the members who do not even know what they want. If you read our training plan, somewhere in the document you will see who is responsible for preparing the trainings and all education related matters” (K15, 13June, 2019).

At the level of analysis, responses from both AMCOS members and the key informants correlate with what is stated in the Tanzania Mainland Co-operative Education and Training Programme (2020) as it states: *“The regional Committees will administer and give training based on the needs of a particular place”*. Regardless of the objectives (intentions) being good and following the guidelines, the findings showed that needs assessment was not done. Recipients of CET were not involved. Therefore, providers of CET seemed not to consider the AMCOS members, and this is in contrast with the practice of Co-operative Education since the co-operatives are the ones that have priorities needs. Again, the responses further contradict the theory underpinning this study namely CIPP Model of Education Evaluation. The CIPP Model on its first stage (context) mentions the philosophical view of any education system to originate its own respect that originates from its ideology. The findings further contradict those of Goldie (2009) and Hayes *et al*, 2016) who suggested that the learners of an education system had to be engaged right from the beginning. Therefore, the AMCOS need to have a mutual agreement with facilitators to harmonise the teaching and learning process and not give facilitators a freedom to choose what to teach since the facilitators are not owners of the AMCOS.

3.1.2 Evaluation of the reflection of trainings to the co-operatives' needs

Findings were further sought on the suitability of education and training programmes offered to the AMCOS members and whether the trainings manifest the AMCOS' needs or not. It was implied that CET suitability to the co-operative needs leads to sustainable co-operative societies. The responses show that the majority of the study participants (65%) felt that contents of co-operative education were not suitable since people were not involved right from the beginning. In Ukerewe District, for example, two study participants, one from Bugorola and the other from Murutunguru AMCOS, reported that they were taught bookkeeping only, neglecting that members were in need of the training related to what they do. Also, it was reported that facilitators were not suitable; hence, they preferred to remain without training rather than being taken on board. One of the study participants described irrelevancies of what was being taught as she responded: *“Look, what is the relationship between bookkeeping and rice or cotton farming? I don't know how leaders get fooled when they get there? We always wonder all over how they are immediately given co-operative accounts' books while none of us is an accountant”* (PIU,4 June, 2019). On the other hand, another study participant from Murutunguru AMCOS acknowledged irrelevancies of the trainings as he commented: *“If these training sessions were relevant, you could even see the results. What I can advise is that the government needs to send us trainers of the actual things we need such as good agricultural practises, how to access markets, how to transform from cotton to other crops and so forth. What we are doing now is business as usual”* (P2U, 6 June, 2019).

It was apparent from the analysis of data on this aspect that courses offered to AMCOS members do not correspond with the specific aims of co-operative societies, and that they do not consider the needs of AMCOS. No wonder that most of the participants reported that the training was irrelevant as they were not involved right from the beginning during the needs assessment stage. This outlook implies that what is being taught in AMCOS is not suitable for their survival and sustainability. These findings further contradict the CIPP Approach to Education Evaluation that

calls for institutions to organise their work to accomplish its objectives and goals right from the beginning so as to avoid irrelevance. According to the CIPP model, societies are reminded to identify problems that may interfere with their effectiveness and assess the underlying causes, just from the infant stage (Stufflebeam, 2000). They also contradict the findings by Depranoto *et al* (2020) who calls for a needs assessment so as to validate the training. Linzalone and Schiuma (2019) report that without needs assessment, there is no possibility of touching the heart of any education programme. Therefore, what exists in the findings prolongs inadequacy that exists in AMCOS; namely, inability of coops to identify what they need. Also, the findings suggest lack of strategic interventions for addressing diagnosed problems, of which the Model calls for societies (AMCOS inclusive) to plan how the trainers would promote the co-operatives priorities.

On the aspect of teaching (training) context, study participants were asked to indicate whether what they were being taught reflects the reality of what takes place in their AMCOS. Specific area that was researched under context evaluation in this study is reflection of the training to the needs of the co-operative society. From the findings, the responses showed that the majority of the co-operative organisation members (78) disagreed that what they are being taught currently reflects their needs. It was reported by the participants in a group discussion that what members are being taught does not speak of anything about good agronomic practices. The dominant topics mentioned were co-operative laws and regulations, rights, and responsibilities of the members, leadership skills, to mention just a few. Contrary to the expectations that the training contexts would largely include good agricultural practises since the survival of AMCOS depends on agricultural products, the findings totally diverged from the practice of Stufflebeam CIPP model requirements that call for reflection of the training programme to the needs of a society; which under the context of this study refers to an AMCOS. Only a few were not sure of whether the content suited their needs as AMCOS.

At the level of analysis, what is being conducted in the AMCOS as per the findings concur with what is stated in the Mwanza Region Co-operative Education and Training Programme (2018) as it mentions co-operative laws and regulations, procedures and laws of running a co-operative society, good leadership, meaning of co-operatives, rights and responsibilities of members, agribusiness and entrepreneurship, mathematical interpretations and auditing, budgeting, meeting preparations and running, quality assurance and value addition, capital increase, marketing as well as rules and regulations. However, members' responses in this study partly diverge from what Ahando *et al* (2021) who found that in Nigeria that the majority of the AMCOS members have accepted that the content (topics) reflected their needs as a society. Differences in the acceptance status between AMCOS members in Tanzania and those of Nigeria might have been caused by the contextual variations since the current study is in Tanzania (Sengerema and Ukerewe) while the study by Ahando *et al* (2021) was in Nigeria.

Moreover, the responses from some study participants (56%) indicated that among the subjects taught and the training given, co-operative laws and regulations have never been taught by the facilitators. This situation is different from the Mwanza region education and training programme that requires co-operative laws and regulations to be provided so as to provide guidance and direction of running AMCOS. As seen from the findings, the contexts reflected absence of the teachings and training on laws and regulations, rendering most of the AMCOS members to be ignorant of their own societies. When study participants were asked if they needed education on laws and regulations, all of them agreed that they needed knowledge regarding co-operative laws and regulations. The majority commented that knowledge regarding laws and regulations was important to AMCOS members as it could create awareness to members. It was further reported by the study participants that what members knew about AMCOS was only jointly selling their products. However, AMCOS are more than just selling product together as supported by one AMCOS member from Musozi AMCOS in Ukerewe District: *"We all need to know the laws, bylaws and regulations of our co-operative societies just like the way SACCOS do. However, currently this education is rare. At least Mr Isanzu and I had some experience in getting training at Ukiriguru in the 90's"* (P3U, 7 June, 2019).

From the argument by the study participant, it is evident that their AMCOS and others around do not get education on laws and regulations of AMCOS. This is unfortunate since there is no institution which is run without laws and regulations. Fici *et al*; (2013) suggest that Co-operative laws and regulations enable AMCOS members and officials to be accountable in their roles. Also, if members are aware of Co-operative laws and regulations, they are in a better position to ensure that AMCOS officials play their roles according to regulations (Fici *et al*; 2013). If AMCOS members are not conversant with laws and regulations, officials and staff might easily abuse their positions since none will know how and when their legal lines work. Generally, these findings suggest a poor sustainability trend of the AMCOS in the study areas (Ukerewe and Sengerema) and it is suggested here that emphasis on laws and regulations should be placed on the AMCOS upon their launching so as to ensure their survival.

Study participants were further asked if their Education and training package included members' rights and responsibilities (liabilities). The question was important since all organisations, AMCOS inclusive, run smoothly when members enjoy certain rights while fulfilling their responsibilities. Information obtained through FGDs showed that most of the members had never received education and training on their rights and responsibilities, regardless of the fact that most of them needed knowledge regarding their rights. These findings correspond with Harte and Symes (2013) who found out that in Australia, members were not taught rights and responsibilities; of which the majority remained ignorant of what to do and what to be done to them.

From the responses, study participants were aware that members of AMCOS have to enjoy rights and responsibilities according to laws and regulations of co-operative societies. Responses given by AMCOS members and officials showed that rights and responsibilities of members should be included in the co-operative training and education. By understanding their rights and responsibilities, members give positive contributions to their Co-operatives. One member from Nyamtelela AMCOS in Sengerema District had the following to say: "...It is good that the education we are given should have elements of our rights and responsibilities because without knowing what we deserve and what we should do, we shall remain lethargic every day without knowing where we are coming from and where we are heading to"(P4S, 27 May, 2019)

These findings correspond with the findings of Kiaritha (2015) who found out that in Kenya, members of the co-operative societies were not trained on their rights and responsibilities, of which most of the co-operative societies were not doing well. If members are aware of their rights and responsibilities, they will be able to participate in matters that need democratic decisions, and will be able to attend all meetings and seminars organised by their AMCOS since it is among their rights and responsibilities (Cooper, 2012; Chambo, 2009). Also, Anania and Rwekaza (2016) are of the view that lack of co-operative education and training affects member's commitment, loyalty and efforts to hold members and leaders accountable for their misconduct such as the misuse of the AMCOS resources. The findings further suggest sustainability of the co-operative societies as per the CIPP Model, which asserts that inputs such as content and curriculum are used to meet goals of the programme.

3.2. Input Evaluation

Having discussed the context evaluation in co-operative societies in Ukerewe and Sengerema Districts, the researcher examined the second aspect of the objective, namely input as an aspect of CIPP. According to Aziz *et al*, (2018), input refers to resources that are used to meet goals of the programme. Stufflebeam (2000) mentions human and physical resources as important inputs in any education system. In this study, therefore, members of the co-operative societies were asked to indicate whether the existing (available) resources were enough to attain co-operative education and training objectives focusing on the competence of instructors and availability of physical resources.

Before probing the study participants on the competence of the instructors, it was deemed important to know where the instructors were coming from. Having asked this question, it was reported that they were getting the training from different sources and that most of them were the district co-operative officers (40%) and trainers from Nyanza Co-operative Union (100%). This response raised a concern for the researcher to review the Mwanza Region Co-operative Education and training programme (2018), of which it is stated that "the education committees will plan and run the trainings based on the needs of a specific area". From this quotation, therefore, the researcher searched for clarifications from one of the key informants. On the aspect of instructors' competence, study participants were asked to tell whether they were satisfied with the facilitator's style or not. When members were asked whether they were satisfied with the delivery style of the facilitators, the majority (85 %) reported that they were not satisfied, while a few (15%) said that they were satisfied. Having noted that some respondents were not

satisfied, the researcher sought the reasons for non-satisfaction of the delivery style and competence of the instructors. One study participant in a group discussion, representing the general consensus of the participants who reported to have been dissatisfied, had the following to say when asked the reasons for non-satisfaction:

No, if we say they teach so well we will be just fooling ourselves. First of all, some young people don't know how to go with us. But the former teachers were teaching us slowly and lovely until we understood. The current ones do rush us, with insults on top (P4U, 6June, 2019).

From the above response, there are some signs showing how the trainers lack skills of delivering including body shaming to motivate (insulting clients), using only one training style that does not suit the needs of adults (AMCO members), leading to failure to empower clients. These findings complement the findings by Anania and Rwekaza (2016) who reported on the incompetence of facilitators in promoting co-operative education. Gimenez *et al* (2016) further reports that facilitators make tangible differences and any variations in the teaching behaviours of facilitators lead to variation in students' achievements. Thus, in evaluating the facilitators (inputs), AMCO's members were asked some questions since they are the primary beneficiaries of the training and teaching programme.

Physical resources are other aspects of inputs in any education and training project. When members of the AMCOS were asked whether their facilitators had the required materials and tools for training, only a few reported that materials were there while the majority said that facilitators did not have materials. Those who reported that trainers were not having enough training materials were further asked how they understood while facilitators had no tools/materials. Majority of them were of the view that facilitators never used materials, rather; they used the experience they had in teaching. Impliedly, co-operative societies cannot be sustainable since delivery of the instructions lack materials which support students'/learners' (members) understanding. Lacking concrete worksheet or manipulation will decelerate members' ability to gain and practice the knowledge (such as accounting books). Also, these findings imply that students cannot be supported well, lessons do not have a concrete structure there, there is no differentiation of instructions, and teachers will lose appetite (due to dominance of one style of delivery materials of which sustainability of the AMCOS was endangered. It is, therefore, necessary to focus on the resources, personal, procedures and decisions which specify the present objectives and aims (Stufflebeam, 2000).

3.3. Process Evaluation

Process evaluation is the other area that the researcher considered, when evaluating CET in the researched areas. In this context, process evaluation refers to all types of activities done in planning the teaching and learning process (phase). In this study, therefore, different teaching and learning processes undertaken in co-operative societies were evaluated. Ways of acquiring Therefore, study participants were asked to mention the ways used to sensitise people on co-operatives in their localities. The response shows that different ways were reported to have been used to facilitate teaching and learning in AMCOS. On the methods used by facilitators to deliver co-operative educations and training in AMCOS, the findings showed that lecture method was used widely. Other methods used include participatory method which was used but narrowly, a mixture of lecture and participatory method and role playing. When learners were asked if they were satisfied by the delivering style of the facilitators, most of those who mentioned lecture methods said that they were satisfied. This level of satisfaction might be attributed to the fact that most of the members preferred to hear from their facilitators, knowing that facilitators know all, most of them are lazy (passive), they preferred logical arrangement of education content by facilitators (who know) and also the nature of the general Tanzania Education System where facilitators are regarded as knowledgeable personnel.

A few among study participants who mentioned participatory methods reported that they were satisfied while the majority said that they were not satisfied. These findings resemble in an outlook with those who supported teacher-centred teaching since most of them cannot relate the instances with actual/real situation. They are not knowledge developers rather than knowledge consumers as suggested by Ahando *et al* (2021), that there must be even sharing of learning between a facilitator and learners. The facilitator is supposed to be like a coach to the students as he is only supposed to explain new materials and encourage understanding of them. The reason for not using it widely might be absence of special teacher skills among facilitators, and readiness and nature of learners.

Moreover, the findings revealed that there were no effective two-way communications between teachers and students and learners (members) and teachers and administrators (leaders of co-operative societies). One of the key informants proved these observations as he/she said: *"It's very hard to find time to ask questions, unlike the way it is*

in schools; they have so many things, you can't even ask because you will look like a nuisance to your colleagues. So, we just tolerate and work hard to keep each other informed after being taught" (K15, 10June, 2019).

At the level of analysis, the teaching methods need to be a mixture including lecture, activity-based approach, and problem solving and demonstration method. The aim should always be seeking students' mental and physical growth. The major hindrance towards this is the toughness of schedule since AMCOS members have other responsibilities at their homes. Again, study participants were asked to tell the methods used to provide CET. The findings indicated that study participants mentioned seminars, friends who are members of other AMCOS and Guest speakers. Contrary to the researcher's expectations, the majority of AMCOS members mentioned guest speakers as a common means through which they acquire knowledge about co-operatives. Also, being important, the Guest Speaker method was supported by all district co-operative officers (from Ukerewe and Sengerema) and Mwanza Key informant 3 that they invited different experts to build capacity for their members. These data are supported by one co-operative representative from Nyamatongo AMCOS in Sengerema District who said; *"most of the time we receive people from other successful co-operatives and experts who come to talk to us but since attendance is poor at these sessions, very few of us benefit"* (P6S, 29 May, 2019)

From the above observations, it can generally be accepted that the guest speaker method is important although it is not widely used. These findings contradict those of Hussain (2014) who reported that in Nigeria, the guest speaker method was the least preferred method in training members of co-operative societies. Umam and Saripah (2018) report that differences in responses between the two studied communities are attributed to geographical differences and the national policies, of which this study confirms the reported findings involving AMCOS from Nigeria and those of Tanzania.

The other method was that co-operative members were asked to comment on in-house seminars. The response shows that some of the study participants accepted that seminars were provided. This method was mentioned in both FGDs and key informants from both members and officials. Responses from the focus group discussions showed that some of the study participants accepted. On the other hand, eight (8) officials from different AMCOS were interviewed and they mentioned in-door seminars as a powerful method that has been used for generations. Contrary to what the majority reported earlier when asked who plans what to teach/train, the AMCOS leaders and representatives reported that experts organise in-door seminars according to the demands and resources available. One of the study participants from Ishishang'olo AMCOS in Sengerema District, representing the opinions of normal AMCOS members reported: *"Seminars are more effective here because people like to hear from experts and successful colleagues. This approach has helped to revive some of the AMCOS. So, seminar attendees help their colleagues get up and appreciate another coops' success"* (P7S, 26May, 2019).

From the statement, variations in views between leaders and the normal members might be attributed to the fact that leaders are always pro-processors of the AMCOS as they are in charge of making sure they survive while due to ignorance and due to the need for pushing leaders to act excellently, members are always against any process being it good or bad. Learning through interaction among members of the society was the other method that study participants were asked to comment on. The implication here was that since people live together as a community it is easy for some people to get co-operative education and knowledge from their fellow members who are also members of AMCOS. The findings from AMCOS members indicated that they normally benefit from their colleagues. However, this method was not mentioned by one AMCOS leader from Bugorola AMCOS in Ukerewe District; different from other eight leaders from Murutunguru, Busulwagili, Butonga, Buzilasoga, Chamabanda, Ibondo, Igulumuki and Irunda AMCOS who gave information through interviews. Differences in views between leaders and members might be attributed to the fact that AMCOS leaders do not highly interact with normal members in every society, so they automatically miss what goes on in a community. On the other hand, members come from the community and since they live together, they influence each other and one of the outcomes is that of joining AMCOS.

Radio and televisions were also mentioned as the methods used in obtaining Co-operative education. However, it was reported that in most cases radios were the ones mostly accessed by co-operative experts to send information. From the findings, most of the study participants accepted that TVs and radio were still used to inform about co-operatives. Some six officials also mentioned radios and TVs as the methods used by many people. This information is supported by the response from one representative from Ileanilo AMCOS in Sengerema when he responded that: *"Radio and TV have been in use for a long time. Now, we say we are not very much on track but I have to watch every*

Friday the session of "Ujue Ushirika ". On the TV side, maybe there are people talking about development from the government but in the past, it was awareness" (P8S, 21 May, 2019).

Based on the observation from the AMCOS representatives, it is evident that members get education although the means of organising them is still difficult. The methods used here seem to be appropriate because it is difficult to take all AMCOS members in the class. This is supported by Anania and Rwekaza (2016) when they suggested that co-operative education could be accessed through self-guided training, through listening to radio programmes, reading available literature, accessing online resources, and learning from one another. Also, this could be done through peer networking where people can learn in groups. Again, through workshops, seminars and conferences people can learn widely. Also, Ubandoma *et al* (2019) and Linzalone and Schiuma (2015) report that training is a product or service and that it must be offered by co-operative societies. The findings on the rare use of televisions compared to radios in the study area correspond with the findings by Lebowski (2015) who found that TVs are minimally used as a source of information in rural areas in Nigeria by co-operative societies.

3.4. Product Evaluation

On the aspect of product evaluation, outcomes/outputs of the schooling process which in this context is referred to as education and training process in AMCOS were evaluated. Thus, members were asked some questions which could measure what they had acquired as findings of the education and training process in the selected AMCOS. After being asked, the author through observation had the following to examine in terms of member's skills, attitudes, knowledge learning and abilities they attain for the benefit of AMCOS and a society at large.

3.4.1. Evaluation of knowledge acquisition

From the findings, it was observed that most of the AMCOS members were either mal-educated or were half-educated or trained on the AMCOS related issues. The AMCOS members showed incompetence on the questions related to the basic traits of a trained member including concept of corporation, responsibility and rights, trade and entrepreneurship products, interpretation of financial and auditor views, budget and debt limit, preparation and operation of meetings, production and value adding of crops, capital and investment growth, marketing, products and rules, committees and terms of association. These findings concur with Okoli and Ezenwafor (2018) who stated that because of poor education provision, most of the AMCOS were not performing well in Nigeria.

The findings of the study further showed that effective environment, resources, relevant content, proper and effective teaching and learning and use of different strategies have a great impact on members' behaviour, skills, attitudes, performance, loyalty, attendance in meeting, declining incidence of awareness, good member relative, good management, good public image, high productivity, ability to change with time, sustenance of core purposes, informed community, democratic structures, good decisions by elected representatives and increased member enrolment. These findings concur with the suggestions of Woodin (2015) and Molohe and Oduaran (2019) who mention outputs/outcomes as important results of any education programme evaluation.

4. Conclusion and Recommendations

From the study findings, the context, input, process and outputs of co-operative education and training in AMCOS do not collectively suggest sustainability of such societies. Majority of the study participants disagreed on what they are being taught, how they are being taught, the environment in which they are being taught and the way their education and training is being evaluated. It was noted that the education and training programmes could never impact members' behaviour, skills, attitudes, performance, loyalty, attendance in meetings, awareness of members, good member relationships, good management, good public image, high productivity, ability to change with time, sustenance of core purposes, democratic structures, and increased member enrolment.

Therefore, co-operative education providing institutions in Tanzania are called upon to formulate the curriculum which co-operative societies, including AMCOS, will use in order to have sound and sustainable co-operative societies. Again, quality of facilitators needs to be improved on the way they teach, how they interact with members, how they evaluate the programme and even in building rapport AMCOS members. Moreover, since such retraining requires money which institutions may not necessarily have, the government is asked to help rescue the situation, and the co-operative societies are called upon to adhere to the ICA requirements of setting aside fund for training. Lastly but not least, screening of the trainers needs to be done (by regulatory authorities, co-operative officers and/or Board) to avoid education and training that are not relevant to AMCOS or create confusion to them.

The theoretical implication of the findings and conclusions dwelling on the CIPP Model of education evaluation lied onto the context, input, process and products of CET. The findings hugely contradicted the CIPP model since the missions, objectives and goals of an education system (In this study, AMCOS) were not adhered to. Again, the inputs both physical and human resources in-terms of infrastructures and trainers were found to miss and where available, insufficient. Moreover, on the process evaluation methodologies of training seemed to contradict the CIPP model which requires a careful utilisation of the available inputs so as to achieve the desired products. Lastly, the outputs of CET reflected the previous stages of evaluation, as a result today co-operative societies (particularly in the studied areas) are dominated with uneducated members, irresponsible leaders and untrained members or leaders of AMCOS.

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CONCERN FOR COMMUNITY AS AN INNOVATION FACTOR FOR CO-OPERATIVE DEVELOPMENT, POVERTY ALLEVIATION AND LIVELIHOOD DIVERSIFICATION: A CASE OF ETHIOPIA, FINLAND AND TANZANIA

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Abstract

The aim of this paper was to discuss application of the Principle, Concern for Community, in the context of innovation for co-operative development. A field survey conducted among potato farmers who were involved in the Finnish-Tanzanian project “Seed Potato Development Project (SPDP-Tz)” on “The possibility to form self-initiated co-operatives by the farmers” in Mbeya rural, Njombe, Wanging’ombe, and Rungwe in the Southern Highlands Zone of Tanzania revealed that the vast majority of the farmers belong to informal cooperation societies and participate in activities taking place in their villages. A case study carried out on the operation and values of the new co-operatives in the Municipality of Loppi in South Finland showed the possibility of forming locally initiated and based primary co-operatives that serve as means of income diversification. The study on the traditional and multi-purpose informal cooperation societies in Azezzo town in North-West Ethiopia showed their versatile role in community development, protection of environmental degradation, poverty alleviation, preservation of traditional and religious life and peace building. The case studies on the three countries are presented in order to show as an example of the practical application of the Principle, Concern for Community, in promoting co-operative development in rural and urban areas.

1. Introduction

Of the 17 UN Sustainable Development Goals (SDG) 2030, SDG9 encompassing innovation is considered as a key factor to finding lasting solutions to both economic and environmental challenges such as increased resource. The SDG9 of the UN is implemented particularly in Africa through research, education and capacity building in innovation. Many people, engaged in African development affairs, acknowledge Africa as the continent of the future to which contribution to development can be best implemented through supporting institutions such as co-operatives as it is indicated in the targets of SDG9. By virtue of the task set out to fulfil as a guideline, the Principle, Concern for Community, is relevant to operate as a means for applying innovation tasks to serve co-operative development and donor countries in channelling development assistance in the area of SDG9.

Following the above statement, the Concern for Community which was adopted as a new Co-operative Principle by the International Co-operative Alliance (ICA) in 1995 that addresses the internal operation and the external relationships of co-operatives ensuring the development of their communities – economically, socially and culturally is sustained. This matches, to a large extent, with the concept of the global ethics focussing on looking for basic values to bring together people of different cultures. Exploration of Global ethics is based on the optimistic view that the interaction can be based on a harmonious consensus of culture, religion, birth and domicile. The principle

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was the cornerstone in the preparatory process of co-operative laws in several countries including Tanzania which promulgated the Co-operative Societies Act of Tanzania, 2013.

Indeed, the informal cooperation societies rooted in communities would enable them to respond to problems as mentioned above. Due to this, it is justified to consider them as a real potential source of enhancing development and solutions for several local problems. However, policy changes are required to shift the informal cooperation societies to formal co-operatives for better performance by means of applying the Principle, Concern for Community.

From the point of view of the author's career as a researcher on co-operatives, emergence of the Concern for Community as a new principle arouse interest and research studies were carried out on the possibility of forming the grass-rooted co-operatives by shifting informal cooperation societies into formal primary co-operatives in Tanzania, Ethiopia and Finland. Active participation in the ICA - Africa Regional Assemblies as presenter of several research papers, follow-up of the global co-operative development activities were the determinant factors for carrying out the studies under the auspices of the long-time project administered by the author on "Developing the task of the Plan of Implementation of the UN's Summit on Sustainable Development (WSSD) 2002.

It is worth mentioning in this junction that the common challenges linked to co-operative development in the research countries in Tanzania and Ethiopia are food security, climate change and growing poverty. Certainly, the situation of food production in both countries paints a very gloomy picture as in other sub-Saharan countries and the general panorama is not improving since securing food production remains the greatest challenge. The population group that would suffer most from these consequences is the poorer segment of the rural population, which in the sub-Saharan African countries' context means the small-scale farmers.

Another problem that significantly hampers small-scale farmers in several sub-Saharan African countries including Ethiopia and Tanzania lies in agricultural production lines: food crop production and cash crop production. In general, food crops are produced by small-scale farmer on little land in remote areas for home consumption and marketing purposes. On the other hand, cash crops are export commodities which, through trading, fetch earnings more than food crops. Thus, income distribution of cash crops among the small-scale farmers is minimal, even if they are engaged in producing them as portfolio entrepreneurs. Instead, since cash crops earn export revenues, they are the backbone of state budgets for the producing countries. Another problem related to cash crops is that the prices are low in real terms in the world market which can be the cause of economic crises at the state level. This is one of the determinant factors of the future of small-scale farmers in sub-Saharan Africa. Agriculture, rural and co-operative development become sustainable when they are economically viable and evenly distributed (Tenaw).

The only way sub-Saharan Africa can get rid of such a situation as mentioned above is by developing new approaches in the area of institutional development such as co-operatives. Professor Douglas North, the 1993 Nobel Prize winner, claims that institutional development accounts for a disproportionate share of economic development. This holds true especially in the case of co-operatives. However, it should be noted that the economic performance of co-operatives in Tanzania and Ethiopia has been very low as in many sub-Saharan African countries.

On the basis of the above-mentioned facts, this paper presents three case studies on the applications and implications of the Principle, Concern for Community, in the Southern Highlands Zone of Tanzania, Azezo town in North-West Ethiopia and in the Municipality of Loppi, South Finland. In addition, the paper endeavours to evaluate how well the principle can be applied in view of the difference in cultural identity, heritage, values and ethics in the context of performance of the informal cooperation societies and formal co-operatives in the countries mentioned above. This study is part of the research and project implementation project programme administered by the author "Developing the task of the Plan of Implementation of UN's Summit on Sustainable Development (WSSD) 2002". The project focuses on the role of co-operatives in poverty alleviation, enhancing means for food production, food security and means for diversification of livelihoods in sub-Saharan Africa and Finland.

2. Relevance and Application of Concern for Community

The principle, concern for community, opened a new venue to the performance of community rooted informal cooperation societies which are prolific in Tanzania and Ethiopia. This way the new principle gave a good

opportunity to strengthen co-operative activity in co-operative less developed countries in Africa and position itself in the global co-operative movement. The main factor that differentiates them from the formal co-operatives is that they are not registered co-operatives. The principle is commonly shared by all cooperators in highly and less co-operative developed countries and it is assumed that application of the principle possesses different patterns (MacPherson).

African co-operators have fully participated in the discussion and decision-making process of the Co-operative Identity. The co-operative principles and values along with the strategies for increased self-sufficiency in Africa were the main focal point of discussion by the African co-operators at the seminar on "Reviewing Co-operative Principles" which was organised during the first ICA General Assembly of the African Region held in Nairobi, Kenya in 1994. The paper presentation on "Co-operative Adjustment in a Changing Environment in Africa" thoroughly discussed ways to build co-operative development policy for use in the future. The seminar, attended by the African and international co-operative officials and experts, discussed the proposed Co-operative 7th Principle: Concern for Community due to its importance for grassroots co-operative development in Africa (ICA Co-op News).

The dialogue during the first ICA African Regional Assembly meeting in Nairobi 1994 was an opening to a new era of co-operative development in Africa and a positive sign of the strengthening of the continent's position in the global co-operative movement. The recommendations and resolutions produced as a result of the African co-operative seminars sponsored by the Government of Finland and coordinated by the author held in Helsinki, Finland, 1992 and Harare, Zimbabwe, 1993 were tabled at the Nairobi Assembly that contributed immensely to the dialogue and specifically ratification of the Principle, Concern for Community by the African co-operators. Brief outlines of the unanimously agreed issues were as follows:

- a) Scrutinising the recommendations and resolutions for implementation within national and international agricultural and co-operative development programmes in African countries;
- b) Establishing representation of co-operatives at widely recognized organisations in Africa e.g. African Union (AU);
- c) Finding means of conducting research and exchanging researchers in the field of co-operatives in job creation in rural areas;
- d) Proposing an appropriate process of converting the state controlled cooperative movements into genuine, economically viable co-operatives, included the legal framework required for this purpose;
- e) Forming a forum where co-operative and rural development specialists from Africa and aid donor countries can exchange views and discuss specific themes concerning co-operative development in Africa.

Of the above-mentioned issues, seeking representation of co-operatives at the African Union (AU) level and enhancing co-operative research and exchanging of researchers in the field of co-operatives were demanded to be prioritised for implementation. From the point of view of research, the informal co-operatives became an interest of research study by the author in order to find out their role in solving local problems related to socio-economic development, poverty alleviation, food security, peace building and employment opportunity. From the perspective of their operations, some experiences of new co-operatives formed on the basis of Concern for Community in Finland, a highly co-operative developed country shows interesting similarities with the activity of informal cooperation societies in North-West Ethiopia and in the Southern Highlands Zone of Tanzania that are countries of low development of co-operatives (Tenaw). This part presents three separate cases that show application of the Principle, Concern for Community in Finland, Ethiopia and Tanzania.

3. Case Finland

3.1. Possibility of forming new co-operatives by farmers in the Municipality of Loppi (1997-2000)

The study, carried out among farmers in the Municipality of Loppi at the local and regional levels, focused firstly, in view of the agricultural policy changes underway, what new ideas could be produced in the context of the co-operative organisations in order for the farmers to explore new ways of diversifying their activities? Secondly, to what extent and how could the CAP influence the role of co-operatives in promoting the development of the rural and agricultural sectors? (Tenaw). The grass-root approach where the target groups, i.e. the farmers at local and regional levels, are involved was chosen, trusting that this will improve the quality and use of the research results.

The first phase of the study was carried out in the villages of Topeno and Ourajoki, which are located in the North-Western part of the Municipality of Loppi, in 1997 - 1998. This involved 35 farmers. The positive attitudes of the farmers and the local leadership towards the good results achieved already in the first phase led to the second phase of the study, which was conducted in 1998 – 2001. As many as 281 farmers living in different parts of the Municipality of Loppi were now involved in the study. As regards the new co-operatives, the idea was to investigate the views of the farmers as to how learning through a specific training course about the new co-operatives would be beneficial for them.

The purpose of the study was also to disseminate information on matters concerning the possibilities for earning one's living from farming in the future as well as the opportunities the farmers might have to influence agricultural entrepreneurship on their farms. At the same time, the relevant local officials and authorities will be kept informed on the situation of farmers. As far as the role of the new co-operatives is concerned the main purpose was to investigate the farmers' knowledge about the new co-operatives and usefulness of the new co-operatives in enhancing their livelihoods. In addition, the differences between the new and the traditional co-operatives were also raised to the respondents' attention.

The study showed that the vast majority of the respondents were aware of the fact that the new co-operatives are new modes of entrepreneurship in rural and urban areas and help to construct new production lines in rural areas. On the contrary, many of the respondents did not have any opinion whether the new co-operatives will change the mode of operations of co-operative dairies, co-operative slaughterhouses and other service co-operatives. In the same way the large majority of the respondents were not aware of the significance of the new co-operatives in view of the changing Common Agricultural Policy (CAP). Additionally, most of the respondents did not have any knowledge about the essential role of the new co-operatives in offering employment opportunities to the unemployed people in rural and urban areas in Europe.

As regards application of the new co-operatives in the respondents' everyday work, the majority of them were of the opinion that the new co-operatives did not contribute to their work in any way. On the other hand, a few of the respondents find the new co-operatives useful for them due to the very fact that new ideas are generated through the new co-operatives to explore other means of livelihood in case of uncertain situations in the future; promote joint supplies and sales as well as support the marketing of agricultural products, help cooperation, enhance one's knowledge, give the opportunity to form co-operatives, e.g. agricultural machine co-operatives for joint use by the farmers and, best of all, create a feeling of joy.

3.2 Initiatives for Setting up New Co-operatives

Prior to considering initiatives for planning formation of new co-operatives by the respondents, evening training courses on the new co-operatives were organised attended by a good number of participants representing four regions in the sample areas. The course provided the participants with basic knowledge about the concept and role of new co-operatives in diversifying the economic activities in the rural areas. At the end of the course, the participants initiated several ideas and made plans in groups and privately to form new co-operatives in different fields in order to provide employment opportunities for themselves and other people in their home districts. Plans prepared for formation of new co-operatives include the different sectors as follows:

3.2.1 Service co-operative, lopen virkeät

The main task of the co-operative is to create job opportunities and take advantage of the members' professional skills, knowledge and experience. At the same time, the internal services of the Municipality of Loppi will be increased and diversified, thus maintaining the high standard of living conditions and active countryside where people are able to lead a comfortable life. The operation line of the co-operative focuses on four different sectors that should cover the demand in the whole of the Municipality of Loppi. The sectors chosen include namely; Arts and Crafts; Health and Therapy; Arranging feasts; Extra services such as supporting computer service, writing articles, photography and translation services (Finnish, Swedish, English, Russian, and French).

3.2.2 Agricultural machine co-operative, aitokone

The purpose is to form an agricultural machine co-operative which includes grain drying, threshing and drilling machines. The co-operative guarantees the services for its members at fair prices and encourages them in their work without risking the operations in any way. The co-operative promotes the members' employment and development of secondary occupations. At the beginning, the co-operative sought financial assistance from the EU's LEADER programme. Prices may be higher when the members sell large amounts of grains jointly, which leads to profitable joint action in marketing. Price competition and joint purchasing guarantee fair supply prices to the members. The rental prices for machines can be kept at a reasonable level and the machines stay in good condition without unreasonable amounts of capital. Later on, the operations of the co-operative will be expanded.

3.2.3 Energy co-operative, Hakelämpökeskus

At the initial phase of forming the Energy co-operative, members of the co-operative will operate in cooperation with the officials in the Municipality of Loppi. The proposed energy co-operative will offer energy sources and maintenance services to the Municipality of Loppi. Division of labour is such that the Municipality of Loppi will construct and own the energy co-operative as well as the energy distribution network. The co-operative will be in charge of procuring wood chips and take care of the energy production as well as costs of the energy produced. The Municipality of Loppi will take care of the high and low power by means of oil. The prerequisite is that each member of the energy co-operative participates in planning the energy plant. The price of energy offered by the co-operative is FIM X/MWh (VAT 0%) delivered to the district heating network. The co-operative procures the wood chips in cooperation with the Municipality of Loppi and takes care of the maintenance of the energy plant.

3.4. Research Findings

In principle, it is presumed that agricultural entrepreneurs have some knowledge about the role of co-operatives due to their involvement in their everyday life. Recently, however, the new types of co-operatives known as new co-operatives have been in the forefront. As a first step, the study focused on investigating the farmers' knowledge about the new co-operatives, in what respect they differ from the traditional co-operatives and to what extent they are utilised by the farmers in the sample areas. The organised training course enabled the participants to grasp knowledge about the new co-operatives. On the basis of the research results, the new co-operatives were unknown to a large number of the small-scale farmers in the sample areas, while the large-scale farmers had fairly good knowledge about the new co-operatives. At the same time, the farmers' understanding of the differences between the new and the traditional co-operatives differ tremendously. Due to lack of adequate knowledge, some of the respondents had compared the new co-operatives with the secondary types of co-operatives and they claimed that the co-operative ideology was missing in both cases.

From the point of view of the respondents, quite many of them have experienced the traditional co-operatives as hard and unnecessarily large, covering a wide range of activities. In spite of this, however, some of the respondents were strongly of the opinion that the traditional types of co-operatives were enough for the rural areas. They were convinced that the new co-operatives could be used in urban areas, in towns and big cities. On the other hand, the vast majority of the respondents expressed their positive attitude towards the role of the new co-operatives and issues related to local level decision-making process as well as channelling services of the new co-operatives based on the local demand. As for the application of the new co-operatives, the majority of the respondents were of the opinion that the new co-operatives were of no use. It can be concluded that quite many of the respondents lacked knowledge about the new co-operatives as essential means of diversifying the farmers' sources of livelihood at the local level.

The few respondents who replied that they made use of the new co-operatives had the opportunity to receive knowledge about the new co-operatives at advisory meetings, where they were told that the new co-operatives were one possible way of exploring other sources of livelihood. Actually, they were strongly of the opinion that via the new co-operatives it was possible to promote the joint acquisition of agricultural implements, product marketing and sales. Above all, it was clear to the respondents that the new co-operatives will help to increase cooperation, acquire knowledge and make it possible to establish new contacts with other people.

The agricultural sector is not the only means of livelihood in the sample areas, especially for the small-scale farmers, and thus the new co-operatives can be one possible way of creating new employment opportunities in the future. This idea can be best implemented by the provision of the necessary training and advice to the farmers at the local and regional levels. The training course on new co-operatives which was held at the Adult Education Centre in Loppi Municipality was certainly beneficial for the active participants who were involved in the study. The participants had the opportunity to bring up the problems in their communities. With the help of the knowledge acquired from the course, they started planning various kinds of new co-operatives for the local use on their own initiative. This operation was highly successful. Whenever ideas for formation of new co-operatives are initiated from the real local needs, there is no doubt that it lays on a sustainable basis.

Solutions must be found to problems faced by the farmers, and the farmers' negative attitudes towards the new co-operatives can be overcome by training, advice and encouragement. On the other hand, the farmers openly expressed their wishes to acquire personal advice and emphasised that they will be ready to do so when the basic structures of agriculture are in good order. This requires active follow-up of the farmers' situations with the help of the advisors and instructors. This would make it possible to understand the human factors and observe the farmers' living conditions as a whole (Westermarck).

On the basis of the long-term study and the various activities carried out in the Municipality of Loppi, it should be possible to plan development strategies for various sources of livelihood which would serve the farmers as well as the Municipality of Loppi. The experience and knowledge acquired from the study and other activities in the sample areas could also be applied in other parts of Finland and elsewhere especially in the developing countries. Finally, the study showed clearly that development at the local level and interaction among the target groups, decision-makers and researchers is of primary importance in gathering information so as to pinpoint the potential human or natural resources which could bolster the sustainable development of agriculture and the rural areas.

4. A Case of Ethiopia

4.1 The Role of Informal Co-operatives in Socio-economic Development

In Ethiopia, where there is a multitude of ethnic groups, the lack of sustainable institutional development and durable peace have been among the key factors causing increasing poverty and its further aggravation in the country. Considerable structural changes have occurred in the entire society due to the changing political environment since the 1970s. Apparently, this has had a major impact on local people, as it hampers their livelihood. In spite of the prevailing problems, the people have to find a way to survive. Hence, especially among the poorest segments of the population, cooperation has become a high priority. Tesfai, 1992 stresses that in Ethiopia the situations and problems co-operatives are facing are very similar. Of course, in specific situations they may be different, but the basic problems faced by co-operatives are very similar to a very large extent. Cooperation is not new to the Ethiopian environment, because co-operatives which usually are called formal and informal ones basically, have the same task and objectives and are very dominant ones.

The aim of this presentation is to examine how locally-based, informal co-operatives contribute to community building and cohesiveness, and sustain some economic activity, which in turn contributes to a more stable, healthy, and thus peaceful, society for people living under the yoke of poverty. The structure and function of informal co-operatives, existing generally in Ethiopia, is presented in this paper, in order to discuss their potential for contributing to improvements in the socio-economic life, and maintenance of traditions and faith that enable people to lead peaceful lives, and possibly to build sustainable development in their locality. Additionally, a couple of case examples on the versatile role of informal co-operation societies initiated by the inhabitants of Azezzo town, located in north west Ethiopia, are presented in this paper to scrutinise their operations and goals for their members and for community development.

Azezzo is a small town located on the outskirts of Gondar, a provincial town in North West Ethiopia. It is surrounded by chains of mountains, and lies at an altitude of 4,600 feet (1,400 m) above sea level. The average temperature ranges from 10 to 26 c. The Demaza River, which flows through the heart of Azezzo, demarcates the military camp from the town. Azezzo comprises three small boroughs, commonly called “Kebeles.” The total population, which is estimated at 35,000, is a mixture of military and civilian people of different tribal origins. The male-female breakdown is 45% to 55%, respectively, indicating that large portions of the households are headed by females. More than 45% of the population is under 15 years of age, and this contributes to a greater demand for schools and learning facilities. There are three Orthodox churches, known as Loza-Mariam, Tekele-Haimanot, and St. Michael, and one mosque.

Apart from very few government employees and small factory workers, most of the residents survive on meagre incomes through brewing local drinks, trading, gardening, raising cattle, and selling firewood and some handcrafted products. Many families are also dependent on remittances from family members who live and work in larger towns or abroad. In addition to the increasing poverty and political unrest (due to its location as a military base), the prevailing problem in Azezzo is the poor ecological conditions, including deforestation, overgrazing, and erosion, all of which have drastically reduced the water volume of the Demaza River, the single most important lifeline of the town (Tenaw).

Generally, in Ethiopia, traditional informal co-operatives are formed at the local level for various purposes in rural and urban areas and, typically, for religious and socio-economic reasons. When it comes to religious ceremonies, such as weddings and funerals, people living in the same community form a society known as “Mehaber.” They arrange wedding and funeral ceremonies collectively. Usually, in the case of a wedding, members of the informal co-operative in the community take part by contributing labour, food items, and a certain amount of money. Religious elders hold ceremonial meetings on these occasions and share food, drinks, and blessings together. When any member of the community passes away, people in the community arrange the funeral ceremony cooperatively, and in that way express their condolences. When money saving is needed, a group of people form an informal co-operative society known as “Ekub.” They gather once a month in a member’s home, who hosts the members by providing them with traditional refreshments. At that time, each member pays a certain amount of money, as agreed by them, and gives this to the host. The sum raised is then rotated among the members. This form of co-operation continues throughout the year, maintaining the same principle.

When it comes to farming and crop harvesting, rural people use a system known as “Wobbera,” “Debo,” or “Wonfel.” This way, farmers living in the community work together helping neighbouring farm families, turn by turn, during the weeding and harvesting periods, and in cutting wood. All helpers who participate bring along with them the necessary equipment to do the work. Such traditions have existed for a long time, and continue to the present day, primarily because they have been successful in achieving their objectives. Informal co-operative activities, as described above, are abundant in Azezzo town and follow the same pattern found throughout Ethiopia. They are actualized as ways to find local solutions to the problems prevalent in the area, such as increasing poverty caused by scarce access to jobs, either a permanent or temporary basis; the lack of a durable peace, which is mainly caused by continuous war and political instability and mobilisation demands of the military force based in the town; tribal conflict, which contributes to forming different opinions about state politics and biased attitudes towards each other since the inhabitants originally come from various tribes; and, environmental degradation, which has severe impact on the life of the inhabitants.

The Association for Mutual and Emergency Help of Higher 4 Area is another typical type of informal co-operative formed in the town of Azezzo. It is known locally as “Idir”. The basic idea of the association is very much in line with the principle concern for community and the motto how to encourage self-help. The association, which was founded in 1994, is based in the Higher 4 Area, where there are an estimated 600 inhabitants. It operates in several sub-regions comprising 200 members, and is run with an annual budget of Eth. Birr 3000¹. The monthly payment by members is Eth. Birr 2. The Association has its own by-laws and is administered by a 9-person, elected board. Meetings are called as deemed necessary at 2-to-3-months intervals. Retired soldiers from the town’s military force, as well as civilians, are among the key persons who have played significant roles in founding the Association, whose members typically have extremely low-incomes.

The Association contributes services in various sectors to members, and to non-members, in the Higher 4 Area. For example, as regards humanitarian support, the Association covers hospital treatment costs of any member in case of sickness, it provides financial support and labour as deemed necessary to any member whenever he/she initiates any kind of development work which involves the community. The Association occasionally arranges meetings with invited officials and experts to discuss community development and environmental degradation, thereby allowing members to exchange views with decision makers. As part of community development, the Association has undertaken the task of renovating the elementary and secondary schools operating in the area.

Members of the sub-regions of the Association conduct wedding feasts and baptising ceremonies collectively by preparing meals and drinks together with the host family in order to minimise the cost. The Association recognizes that people in the community cannot afford to manage all alone. In particular, when it comes to funeral ceremonies, the whole function is undertaken by members of the association. For example, they assist with arrangements for a coffin, the erecting of a tent where the host receives guests, meal preparation, and the sharing that can last for many days and evenings. Religious activity is one arena which has a significant role in the everyday life of the people in Azezzo town. This is mainly due to the vast Orthodox Christian population, for whom their faith is a symbol of peace. Thus, it is a tradition that in different subregions of the Higher 4 Area, there are a number of informal types of religious co-operative associations. The most commonly known of them is what is locally known as "Senbete " (Sunday); usually formed by up to 25 members belonging to the Orthodox Christian faith in different sub-regions. The basic purpose of the association is to get together in a host member's home on the last Sunday of each month to socialise religiously, to help each other in arranging monthly/annual religious ceremonies, and to make charity contributions in case of death and funerals.

4.2 Challenges and Solutions to Co-operative Development in the Surveyed Area

The mode and operational environment of informal co-operatives at the local level generally in Ethiopia and has been examined more specifically with the case study area of Azezzo town in North-West Ethiopia which shows their importance for people living in harsh situations. Such organisations should be given a high priority in times of disaster and combating poverty. The various forms of locally-based, informal co-operative associations in the case study area show that whatever political changes take place at the state level, informal co-operatives have value for the local people and for community development. The problem common to most of the inhabitants of the case study area, is the prevailing situation of poverty which gradually leads to hunger. According to Woube, the nature of the socio-economic and political systems of a country serves as the most realistic explanation of poverty. Alternatively, people are poor because they are exploited over a long period of time. Thus, in order to alleviate poverty, the fight in poor communities should focus on socio-economic development via strong cooperation. Through the work of the informal co-operative associations in Azezzo town, people of different tribal origins have been integrated into the community because the main interest of the people is to manage life within the possibilities available to them.

In order to enhance co-operative development in Azezzo town, first and foremost, policy changes are required to enable co-operatives to grow and to be more effective. This includes the removal of government interference in co-operative management. Therefore, co-operatives should be rooted in communities and respond to their members and the interests of those communities. This would enable them to respond to the current socio-economic and poverty problems faced by the vast majority of the inhabitants in the study area. Taking into account the above-mentioned facts, it can be claimed that co-operative values and principles have an immense role to play. The challenge becomes shifting the operation of informal co-operatives to formal co-operatives in accordance with the co-operative principles and values, a shift that requires the approval and support of the respective governments and elsewhere in developing countries. In this regard, knowledge about the 7th principle of co-operative identity, concern for community, (MacPherson) should be disseminated to members of the informal co-operatives by means of organising co-operative learning courses in the survey area.

5. A Case of Tanzania

The first survey which was conducted from 21.10.-5.11.2014 to investigate the possibility of forming self-initiated co-operatives and community rooted co-operatives by the farmers in Mbeya rural, Wanging'ombe, Njombe and Rungwe regions located in the Southern Highland Agro- Ecological Zone of Tanzania showed successful result. The farmers living in 16 villages were organised under the Finnish-Tanzanian joint project on "Seed Potato Development Project (SPDP-Tz)" which operated from 2012 -2015. The survey revealed that the vast majority of the farmers belong to informal cooperation societies and participate in activities taking place in their villages (Tenaw). The second survey was conducted in two phases: 1st week 1.-5.3.2016 and 2nd week: 7.-11.3.2016 in 6 centres; Usuka, Igima, Ikanga, Ulembwe, Maduma and Nyombo. Altogether about 331 farmers were involved in the project. The participatory approach method applied to carry out the survey proved that success in co-operative formation could be attained by means of establishing partnership with the local authorities, institutions and interaction among decision makers, researchers and farmers. During the survey, issues that were scrutinised included the vital role played by co-operatives from various perspectives; performance of the formed co-operatives, members' participation in co-operative activity, the need for forming self-initiated grass rooted co-operatives, the advantage of shifting the informal community based cooperation activities into formal modes of co-operative enterprises to stabilise and guarantee continuation of co-operatives and the value and principles of co-operatives as spokesman for the members.

The survey also showed the importance of a bottom-up approach as the best operational pattern of co-operatives to serve the members at the grassroots level. The survey took a long time and was demanding in terms of input in human labour and time. Realising the role co-operatives play at the local level in improving the livelihoods of the farmers living in rural areas, several fruitful ideas worth implementing were produced by the participants in meetings held during the survey. The farmers that participated in the meetings held in the 6 centres on two occasions were provided with ample knowledge about preparation plans for forming primary co-operatives by means of shifting the informal cooperation societies formed by themselves into formal co-operatives to serve different purposes in their living areas. At the end of the survey, several important issues were revealed and the respondents proposed several ideas and initiatives that would lead to the possibility of planning self-initiated co-operatives in the survey sample areas. This is especially essential for the small-scale farmers as these co-operatives would give them the opportunity to increase their income and create a venue for socio-economic development of their localities.

5.1 Initiatives for Formation of Primary Co-operatives in the Sample Area

The survey explored the means for formation of farmers' initiated primary co-operatives in their localities. The knowledge acquired by the farmers about co-operatives from the perspectives of the operational mode of formal co-operatives and informal cooperation societies encouraged the farmers to become involved in co-operative activities. The informal cooperation societies found in plenty in the sample areas were formed and administered predominantly by the poorer segment of the village population that are the small-scale farmers. Nevertheless, it should be borne in mind that there are also formal co-operatives in certain areas with limited scope of operation. The farmers in the sample areas showed interest in forming genuine primary co-operatives in the area of agriculture and marketing by means of shifting the informal cooperation societies to formal co-operatives. Additionally, from the farmers' perceptions, co-operatives can serve as a tool for poverty alleviation strategy. The negative impact of intervention of the middlemen potato traders on the income of the farmers and appropriate marketing system was the focal point of discussion. The farmers unanimously agreed that the remedy for such a serious problem is to form genuine primary co-operatives to control marketing of potato and other crops legally. During the dialogue between the farmers and the co-operative, agricultural extension officers, NADO's facilitators, as well as the researcher, it was revealed that there were already registered primary co-operatives in the sample areas mainly AMCOS and to some extent also SACCOS. It is worth mentioning at this junction that the operational line of the AMCOS is to focus on provision of marketing services for the small-scale farmers that form the majority of the rural poor who are in need of effective production support and marketing services to facilitate production and marketing of their products. The few AMCOS found in the sample areas were formed as primary co-operatives and also serve as secondary co-operatives as for example in Usuka village. Due to this, therefore, there is no need for registering other similar co-operatives rather than changing some parts of the constitutions in order to give opportunity for more farmers to join these co-operatives as members. In the meantime, several ideas were produced for forming primary co-operatives in groups as a long-term plan. These co-operatives operate as integrating factors in the task of establishing partnership with the Finnish Potato masters Ltd Company and NADO to promote and facilitate potato production, seed potato distribution as well as marketing and trading.

5.1.1 Findings and discussions

The survey was a follow-up of series of activities implemented in the sample areas which began firstly by carrying out assessment on exploration of the means for organising farmers into co-operatives followed by the field survey on the possibility of forming self-initiated co-operatives by the farmers living in 16 villages who were involved in the project "Seed Potato Development Project (SPDP-Tz). By then, it was noted that there were many informal cooperation structures in place in the sample areas. These activities were documented in reports consisting of recommendations for planning formation of co-operatives in compliance with the Co-operative Societies Act of Tanzania (2013) at all levels; Primary (Village) Secondary (District) and Apex, Federation (Regional).

The main focus of the study was on formation of primary co-operatives by the farmers, the majority of whom are members of NADO representing 27 villages in 6 centres in Wanging'ombe District, Njombe District and Njombe Town Council, Njombe Region. Presentation of the outcome of the survey carried out previously and familiarisation with the concept of co-operatives during the study inspired the framers to create a positive attitude towards forming co-operatives by shifting their informal cooperation societies to formal primary co-operatives in their localities although the implementation process is a demanding task. Another aspect of the need for shifting these community-rooted informal cooperation societies to formal primary co-operatives was to deploy these co-operatives to undertake the task of promoting the members' needs. Agricultural and marketing co-operatives were the most preferred sectors by the vast majority of the farmers in the sample areas and most of them prioritised formation of large potato co-operatives. Meanwhile the registered AMCOS in some villages were utilised as primary co-operatives in potato and other crop production sectors. During the study it was revealed that the prevailing problems in potato production in the sample areas were availability of insufficient potato seeds, lack of systematic potato marketing network and storage facilities. Lack of financial resources at farm level was another severe challenge that caused increasing poverty among the farmers. However, the farmers expressed their views that these burdens can be solved through genuine performance of the primary co-operatives they plan to form in their localities.

First and foremost, the survey was a successful operation in such a way that through the activities conducted in the sample areas, voices of the farmers were heard and helped them to plan formation of primary co-operatives according to their preferences. In the process of promoting formation of primary co-operatives the mutual understanding and good coordination between the researcher representing Potato masters Ltd Company and staff members of NADO was the real factor for attaining the goal set up in initiating plans for forming primary co-operatives on sustainable basis at the grass-root level for use by the farmers. The significant role played by NADO during the survey bolstered greatly the process of implementing the idea of forming primary co-operatives in the 6 selected centres and 27 villages. It is thus justified to pay special attention to NADO from the viewpoint of co-operative organisational structure. As the largest agricultural organisation consisting of a huge group of farmers, NADO can be proposed at best to operate as an apex co-operative organisation.

6. Conclusion

The mode and operational environment of informal co-operatives at the local level generally in Ethiopia and Tanzania has been examined more specifically with the case study area of Azezzo town in North-West Ethiopia and in the Southern Highlands Zone of Tanzania which shows their importance for people living in harsh situations. Such organisations should be given a high priority in times of disaster and combating poverty since there are a great number of community-based informal co-operative societies that provide services in several ways. The various forms of locally-based, informal co-operative associations in the case study areas show that whatever political changes take place at the state level, informal co-operatives have value for the local people and for community development. The problem common to most of the inhabitants of the case study areas in Ethiopia and Tanzania is the prevailing situation of poverty which gradually leads to hunger. This burden is usually caused due to maladministration policy and scarce financial sources. Thus, in order to alleviate poverty, the fight in poor communities should focus on socio-economic development via strong cooperation. In the case of Azezzo town, the work of the informal co-operative associations in people of different tribal origins have been integrated into the community because the main interest of the people is to manage life within the possibilities available to them.

The case study on the application of the Principle, Concern for Community, for formation of new co-operatives in the Municipality of Loppi, Finland and the informal co-operative societies in Azezzo town, North-West Ethiopia and the Njombe Region, Tanzania reveals their similarity in many respects. The similarities between the foregoing examples are more with regard to the organisational structure. These co-operatives are locally based ones. In the case of Finland, the new co-operatives are used for diversification of means of livelihood through learning as opposed to the eradication of poverty, socio-economic development, maintenance of religious and cultural heritage and peace building at the local level in Azezzo town and Southern Highlands Zone of Tanzania. As a matter of fact, these types of co-operative societies deserve direct development assistance from their governments and donor countries.

In order to enhance co-operative development, first and foremost, policy changes are required to enable co-operatives to grow and to be more effective. This includes the removal of government interference in co-operative management. Therefore, co-operatives should be rooted in communities and respond to their members and the interests of those communities. This would enable them to respond to the current socio-economic and poverty problems faced by the vast majority of the people. This holds true in many parts of sub-Saharan African countries where there are a great number of communities based informal types of co-operative societies, which offer several services.

Taking into account the above-mentioned facts, it can be claimed that the Concern for Community Principle has an immense role to play as a foundation of innovation in the process of shifting the operation of informal co-operatives to formal co-operatives. The task is challenging and requires the approval and support of the co-operative development authorities in the respective countries where the task is intended to take place. Thus, it is of paramount importance to disseminate knowledge about the principle to members of the informal co-operatives by means of organising study courses as in the case of the Municipality of Loppi. Noteworthy is also the message of the ICA Conference on “Co-operatives for Development” held in Kigali Rwanda, 14-17 October 2019 whereby Africa was described as a continent of the future where the immense contribution of co-operatives for development is highly expected in the continent. In fact the main focus of emphasis in this endeavour lies upon four key-issues: i) the impacts co-operatives have on poverty alleviation ii) employment generation iii) strengthening communities iv) combating climate change and food insecurity. These efforts can be attained by using the Principle, Concern for Community, as a tool for innovation in the task of shifting informal co-operatives into formal primary co-operatives which is the right path for co-operative development generally in the continent of Africa.

There are several issues that can be raised as causing a dilemma with regard to formation of co-operatives especially in sub-Saharan African countries. A good example of this is the case of the survey carried out in the Highlands Zone of Tanzania. Results of the field survey clearly showed that it should be possible to form various types of farmers-initiated co-operatives on the basis of the model and strategies drawn by the author within the framework of the project-(SPDP-Tz) they were organised as target groups and assistance of the Co-operative Societies Act of Tanzania, 2013. Additionally, the target groups of the survey clearly showed their genuine interest in forming multi-purpose primary co-operatives by shifting the operational patterns of the informal cooperation societies they have formed in their living areas. Regrettably the implementation task of co-operative formation as desired was not fulfilled to the disappointment of the target groups.

Bearing in mind the above-mentioned fact, the author has been obliged to approach co-operative development authorities in the Ministry of Agriculture of Tanzania, Co-operative Research Institutions and researchers in the Co-operative University of Moshi (MoCU). It is anticipated that another option to carry out the task of implementing the planned co-operative formation can be by establishing partnerships with co-operative institutions and researchers in Finland. A good example of this is the initiative under way for establishing partnership between the Co-operative University of Moshi (MoCU), Omnia, the Joint Authority of Education in the Espoo Region and Kooperatiivi, the Association of Finnish Co-operative Researchers.

Another vital aspect to be raised is the fact that African co-operative authorities played a significant role in the discussion and ratification process of the newly introduced in the 7th Co-operative Principle, concern for community at the first ICA General Assembly of the African Region held in Nairobi, Kenya in 1994. Already by then the African participants were aware of the special and immense contribution of the principle in the future co-operative development in many African countries. Judging by the atmosphere and the hot nature of the debate undergone during the assembly in Nairobi, the voice of Africa was tuned loudly that gives the impression to conclude that the principle, concern for community, is equally concern for Africa. With the increased independence and efficiency of operation, the informal co-operatives have the ultimate potential of operating as a vital tool of innovation for meeting the needs and goals of co-operative development in Africa and elsewhere in the world.

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