

**Effects of Market Liberalization on Co-operative Performance
The Case of Kilimanjaro Native and Arusha Cooperative Unions**

By

Tbabbie Chilongo

Moshi University College of Co-operative and Business Studies (MUCCoBS)

(2009)

Abstract

The importance of cooperatives in Tanzania need not be overemphasized. From 1920s to date, cooperation continues to play a crucial role in Tanzania's economy. Over the years, the cooperatives have faced changes emanating from both political and economic reforms. This paper assesses the effects of market liberalization on the performance of cooperatives with special reference to Kilimanjaro Native Cooperative Association (KNCU) and Arusha Cooperative Union (ACU). The study was carried out in 2005. A least squares logarithmic trend analysis demonstrated that coffee collections from both unions have been on a constant decline even before liberalization. However, the declines were more after than before liberalization. Comparatively, KNCU experienced less market share loss than ACU. This was possibly due to some strategies employed by KNCU to survive the competition, such as rightsizing the union by leasing out some of its non-profit-making enterprises; and reduction of bureaucracy in decision making. Also, KNCU is important historically as it was the first co-operative to be registered in Tanzania. It is thus believed belonging to KNCU gives the farmers some sense of pride.