

**STRATEGIC MANAGEMENT IN COOPERATIVE DEVELOPMENT: CASE
STUDY OF MBOZI, MOROGORO AND SONGEA - NAMTUMBO
COOPERATIVE UNIONS IN TANZANIA**

BY

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**A THESIS SUBMITTED IN FULFILMENT OF THE REQUIREMENTS FOR
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ABSTRACT

This study was conducted in Mbozi, Morogoro and Songea Namutumbo cooperative unions. The study areas were selected on the basis of the ailing performance of their respective cooperative unions. The problem which this study strove to address was that after the International Monetary Fund having introduced structural adjustment programs came trade liberalization which allowed many key players in agriculture, where cooperative unions used to operate. Cooperative unions failed to compete under such competitive business environment, the issue at stake was to assess the extent to which strategic management influences the performance of the studied cases. The overall objective of this study was to assess the contribution of strategic management in the management of cooperative unions in Tanzania. The justification of the study is premised on the need for transforming agriculture by putting farmer members and cooperative unions at the centre of economic development for the betterment of the rural poor. A sample of 795 respondents was selected out of the population of 2375, random sampling technique was used to select sampling units thus obtaining 808, 692 and 875 farmer members from each union, thereafter proportional reallocation was computed from each union hence obtaining 270 farmer members from MBOCU, 232 from MOFACU and 293 farmer members from SONAMCU. Purposive sampling technique was applied in interviews. Both primary and secondary data collection methods were used, the former involved questionnaires. The latter involved reviewing performance reports and reading news papers. Descriptive statistics was applied in the analysis of quantitative data where frequencies, percentages and chi-square were used to analyse results. Content analysis was applied on qualitative data based on verbal discussion and observation. The results of the study indicated that the use of strategic management in the study lacked. Strategic leadership failed to take participatory approach to influence the studied cases. Productivity across the studied cases dwindled due to competition. The study recommends that for competitive viability cooperative unions

should have corporate plans. Strategic leadership among others should manage the strategic management process. For productivity improvement policy makers and top managers of cooperative unions should ensure that agricultural inputs were available and affordable.

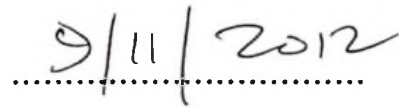
DECLARATION

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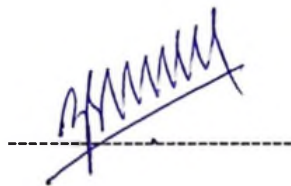
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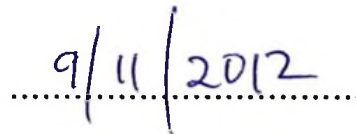
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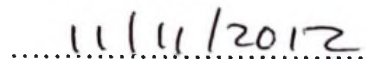


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LIST OF ABBREVIATIONS

AIDS	Acquired Immune Deficiency Syndrome
AMCOS	Agriculture Marketing Cooperative Societies
ARCU	Arusha Regional Cooperative Union
ASDF	Agriculture Sector Development Funds
BBCU	Bukoba Bahaya Cooperative Union
CAN	Calcium Ammonium Nitrate
CEO	Chief Executive Officer
CHUTCU	Chunya Tobacco Cooperative Union
COASCO	Cooperative Audit and Supervision Corporation
CRCU	Central Regional Cooperative Union
CTU	Central Tobacco Union
DAP	Di Ammonium Phosphate
FAMOGATA	Fanya Morogoro Iwe Ghala Tanzania
FFS	Farmer Field Schools
GNP	Gross National Product
HIV	Human Immunodeficiency Virus
ICA	International Cooperative Alliance
ICO	Industrial Common Ownership
ICT	Information and Communication Technologies
IFAD	International Fund for Agricultural Development
IMF	International Monetary Fund
IRCU	Iringa Regional Cooperative Union
KACU	Kahama Cooperative Union
KCU	Kagera Cooperative Union
KDCU	Karagwe District Cooperative Union

KNCU	Kilimanjaro Native Cooperative Union
KNPA	Kilimanjaro Native Planters Association
LATCU	Lake Tanganyika Cooperative Union
LGA	Local Government Authority
MAMCU	Masasi Mtwara Cooperative Union
MANCU	Matengo Native Cooperative Union
MBICU	Mbinga Cooperative Union
MBIFACU	Mbinga Farmer's Cooperative Union
MBOCU	Mbozi Cooperative Union
MCGA	Meru Coffee Growers Association
MCGA	Morogoro Cotton Growers Association
MDG's	Millennium Development Goals
MOFACU	Morogoro Farmers Cooperative Union
MRCU	Mbeya Regional Cooperative Union
MRCU	Morogoro Regional Cooperative Union
MUCCoBS	Moshi University College of Cooperative and Business Studies
NMB	National Microfinance Bank
NMCU	Ngoni Matengo Cooperative Union
NPU	Nyankyusa Pare Union
NPK	Nitrogen Phosphorus Potassium (K)
NRCU	Nyanza Regional Cooperative Union
NSGR	National Strategy for Growth and Poverty Reduction
OPRAS	Open Review Appraisal System
PASS	Private Agriculture Sector Support
PCB	Private Coffee Buyers
R&D	Research and Development

RAAWU	Researchers, Academicians and Administrators Workers Union
RCU	Rungwe Cooperative Union
RIVACU	Rift Valley Cooperative Union
ROI	Return on Investment
RRCU	Rukwa Regional Cooperative Union
SA	Sulphate of Ammonia
SACCOS	Savings and Credit Cooperative Society
SAOC	Strength, Areas for Improvement, Opportunity and Challenges
SCCULT	Savings and Credit Cooperative Union League of Tanzania
SCOPO	Standing Committee on Parastatal Organizations
SONAMCU	Songea Namtumbo Marketing Cooperative Union
SONTOP	Songea Tobacco Processing
SRCU	Shinyanga Regional Cooperative Union
SRECU	Singida Regional Cooperative Union
STAN COM	Standard Commerce
TCB	Tanganyika Cotton Board
TCMB	Tanganyika Cotton Marketing Board
TLTC	Tanzania Leaf Tobacco Company
TRCU	Tanga Region Cooperative Union
TCCA	Tanganyika Coffee Cooperative Apex
TTCA	Tanganyika Tobacco Cooperative Apex
UNDP	United Nations Development Programme
URT	United Republic of Tanzania
USA	United States of America
VNCU	Victoria Nyanza Cooperative Union
WAMCU	Wino Agricultural Marketing Cooperative Union

WELCU	Western Lake Cooperative Union
WETCU	Western Tobacco Growers Cooperative Union
WEZTCU	Western Zone Tobacco Cooperative Union
WOPATA	Women Poverty Alleviation in Tanzania
VFCU	Victoria Federation of Cooperative Union Ltd

CHAPTER ONE

1.0 INTRODUCTION

1.1 History and Performance of Cooperative Unions in Tanzania Mainland

1.1.1 The history of cooperative unions in Tanzania Mainland

Historically, Tanzania mainland had cooperative unions which performed very well, this was because their formation was based on economic viability. According to White and Runge (1994) there are many factors associated with the individual choice to cooperate. The pioneer co-operators were peasants who owned land and grew cash crops.

According to Maghimbi (2010); Kaleshu (2007); Mwaibasa (2007) Peasants in Tanganyika (now the mainland of Tanzania) started informal (unregistered) cooperatives in 1925 so that they could make profit out of the sales of their crops. The first cooperative union in the country was the Kilimanjaro Native Cooperative Union (KNCU), which was registered with its eleven affiliated primary cooperatives on 1st January 1933. The event took place in Moshi district which comprised of Rombo, Hai, Moshi, Siha and Mwanga districts. In 1924 there were 3 300 coffee growing peasants who sold 40 tons of parchment coffee in Moshi District. The formation of KNCU saw the number of growers increasing to 15 000 in the district. These growers sold 1 709 tons of parchment at £ 39 000 in 1933. By 1966 KNCU was marketing 16 730 tons of clean coffee per year and which was sold at £ 308 per ton.

As it has been indicated KNCU performed very well there after according to Maghimbi (2010) followed the Ngoni- Matengo Cooperative Marketing Union and its three affiliated Primary Cooperatives which were registered in 1936 in what is now Ruvuma Region. As a result in the same year, tobacco output rose to 120 tons from 1 ton in 1930. Tobacco

output reached four figures in the 1950s. The increased tonnage of crops was reported in other areas soon after the cooperative efforts were translated into action.

The performance reports of KNCU and Ngoni-Matengo were encouraging and according to Kaleshu (2007); Banturaki (2000) in the 1940s and 1950s, other cooperative unions were formed and registered. These were Bugufi Coffee Cooperative Society in Ngara district, and the Mwakaleli Coffee Growers Association in Rungwe district. The latter went on to change its name to Rungwe African Cooperative Union. Others were the Bukoba Native Cooperative Union in Bukoba district, and the Lake Province Growers Association in the Lake Victoria area, which later changed its name to the Victoria Federation of Cooperative Unions Limited (VFCU). It is estimated for instance that 40% of cotton bought by Asians businessmen during 1930s and 1940s was not paid for (URT, 2004). According to Maghimbi (1990) in Maghimbi (2010) the VFCU carried out various functions which included marketing and ginning cotton that was produced by peasants in the lake zone, distribution function of supply of low priced inputs, such as cotton seeds and pesticides to members.

The VFCU also started an industrialization process in the lake zone distinguishing itself from the operations of cotton ginneries. The federation bought and loaned tractors to its members. Its famous building “Pamba House” in Mwanza city, where new tractors were on display for members to buy, was the largest cooperative union in Africa (Maghimbi, 2010).

The performance of cooperative unions in Tanzania mainland continued to be vibrant and in 1976 most cooperative union’s assets exceeded liabilities. According to Banturaki (2000) although 1976 primary cooperatives and cooperative unions were disbanded, their

functions were taken over by parastatal Crop Authorities. Surprisingly, the new system was even worse in execution of service delivery because of lack of knowledge and experience among the personnel. Therefore, at the beginning of the 1980s the government realized that Crop Authorities were not performing as expected.

In 1982 the government re-introduced cooperative unions and changed the Crop Authorities to Crop Boards. According to Mchomvu (2002); Banturaki (2000) membership was almost compulsory, but not clearly defined because every village in the country was supposed to be a political wing of the ruling party and a multipurpose cooperative at the same time. Cooperatives made attempts to make their members contribute to the share capital and this resulted in low number of members.

In the past, the cooperative unions used to offer credit to farmers, such arrangement created a breathing space to farmers. The private dealers' intention was to maximize profit through hiking the prices of agricultural inputs as well as reducing the producer prices which led to higher cost of production. According to Mhando (2005) trade liberalization made the situation worse to farmer members than it was before, because the quality of service delivery deteriorated as time went by and farmer's conditions as well as the performance of cooperative unions continued to deteriorate.

Cooperative unions failed to offer credit as had been the practice in the pre-abolition era, and thus they lost their traditional role in creating attractive environment in protecting peasants. For example, after the introduction of trade liberalization farmers were forced to pay cash in order to obtain agricultural inputs as the distribution function was left in the hands of private dealers who sold the same at exorbitant prices. According to Banturaki (2000), the apex leadership which was given the responsibility of regulating the game of

business was ineffective as such the majority of farmers could not afford to obtain agricultural inputs on cash basis.

Cooperative unions have proved to be less efficient now than they were during the colonial time. According to Maghimbi (2010); URT (2005); Maghimbi *et al*, (2002); URT (2002) by 2001 cooperative unions in Tanzania were reported to be in an appalling state, owed banks Tshs 17.8 billion, they had accumulated these huge debts despite the cancellation of their Tshs 48 billion by the government in the previous ten years (Appendix 6).

Generally, Tanzanians recognise that cooperatives are all about the reduction of income poverty. But when it comes to natural resource endowment the chairman of one of the primary societies in the surveyed area, pointed out that there is a general agreement that people are not poor but they need an organization that functions. If you have functioning co operatives then poverty reduction is a challenge that can be addressed. According to Chambo (2003), this does not mean that if cooperatives are not there, poverty is not a challenge, but rather, what we see is that cooperative unions have the characteristics of organising the broad community into income generating projects more effectively.

The roles of cooperative unions were fundamental “in improving the wellbeing of the rural poor, in particular, and the economy of Tanzania in general” URT (2004). According to Maghimbi (2011) and Sizya (2001) the roles of cooperative unions in Tanzania provide the following:

Marketing services: it is common knowledge that smallholder farmers who comprise the majority of the rural poor need effective production support and marketing

services to facilitate production and sales of their produce. The sales of produce comprise a major source of income for the rural poor;

Voice: for the poor in the policy making structures, the government has given cooperatives a place in the policy making machinery. The apex organizations are represented in the crop industry councils (representatives from enterprises which produce similar agricultural produce e.g. tobacco, coffee, cotton in Tanzania) which have been established to bring on board all the stakeholders in the policy making process. Given the weak status of the cooperatives and particularly the organization of these vital instruments, this representation is yet to be effectively utilized to make the voice of the rural poor stronger and for whom the cooperative structures intend to represent.

Innovations to improve member incomes and benefits: cooperative unions have attempted to improve the mechanisms for linking coffee producers to the consumers to realize better prices for the producers; these innovations are indicative of the poverty reduction. For example Kagera Cooperative Union (KCU); Karagwe District Cooperative Union (KDCU); Kilimanjaro Native Cooperative Union (KNCU) and Wino Agricultural Marketing Cooperative Society have been able to facilitate the export of coffee from their members to Europe, USA and Japan.

Social welfare facilitation: cooperative unions have contributed to community welfare as they pay taxes through district council's in their areas of operations. In addition, the premises and facilities of the cooperative unions have provided convenient venue for many development activities:

Employment: employment creation potential of cooperative unions has a significant role to play on the issue of employment creation. For example, the Department of Cooperative Development in the Ministry of Agriculture, Food security and cooperatives employed 426 people by December 1999. On the whole, the Registrar of Cooperatives report indicates that there were more than 400 workers in cooperative unions of which 231 were in the industrial sector, 81 in mining, 59 in the service sector and 81 in fishery; and

Education support to member: coffee cooperatives in Mbinga, Kagera, and in Kilimanjaro are reputed for the support they have provided to the members in their regions with regards to education.

As time went by the performance of cooperative unions of Tanzania started to drop, as the service delivery has been far from optimal (Maghimbi, 2010; URT, 2005). The trade liberalization which was introduced in 1992 added more challenges to the cooperative union's performance. In fact the cooperative unions of Tanzania are worse off today than they were in the past with respect to their performance (Maghimbi, 2010; URT, 2005; Banturaki, 2000). If strategic management could have been in place, cooperative unions could have not been in such a situation. According to Kazmi (2008), enterprises applying strategic management get improvement in sales, profitability, productivity as well as awareness of external and internal environment compared to enterprises without systematic planning.

In the context of cooperative unions, empowerment means giving members wider space in order that they can participate fully in the implementation of various decisions. In this regard, sustainability of cooperative unions hinges on the issue of empowerment among others. This, according to Chambo (2003); Macha (2003); Bee (2003) empowerment is

creating of an enabling environment, where cooperative unions would be able to use the available opportunities to build cooperatives in a participatory manner, such an approach ensures member's ability to solving or tackling their social and economic challenges in a smooth way.

For any sustainable cooperative development, member empowerment remains crucial. According to Chambo (2003) cooperative development should become a process that enables members to take charge of their own lives and use their own capabilities to effectively tackle their own life demands and poverty reduction. Empowerment is an approach to managing people, which permit team members to exercise greater decision making on day to day matters in their work places (Cole, 2004; Koonzt, 2006; and Griffinns, 2006. According to Koonzt and Weinhrich (2005); Cole (2004) for example, in Japan to increase productivity Japanese managers cultivate workers' loyalty by shortening or eliminating distance between them by giving them a voice in management.

According to Banturaki (2000) in 1982 cooperative unions were re-introduced but failed to maintain their original vibrancy. In 1992 the trade liberalization was introduced, during this time most cooperative unions failed to cope as such the majority collapsed, for example the Mbinga Cooperative Union, Shinyanga Cooperative Union, Singida Cooperative Union and others.

1.1.2 Performance of cooperative unions in Tanzania

According to Banturaki (2000) the performance of cooperative unions in Tanzania mainland continued to be very active particularly in 1960's and 1970's; the reason behind this performance was that no single cooperative union was allowed to be started without

economic viability. As it has been noted in Section 1.2 of this study the performance of cooperative unions was vibrant both in terms of tonnage and member empowerment.

According to Maghimbi (2010), in 1960 cooperative unions handled 145 000 tons of produce, in 1965 they handled more than 80 percent increase. The cooperative unions continued to perform better by that time than the performance of the current cooperative unions. For example, according to the Ministry of Agriculture, Food Security and Cooperatives in 1969 now the Ministry of Agriculture, Food security and Cooperatives, cooperatives were making profits and huge surpluses. Table I shows the performance of cooperative unions, showing that they were able to get surpluses in the recorded years.

Table 1: The performance of Cooperative from 1960 – 1967

Year	No. of registered cooperatives	No. of members	Share capital in Tshs	Reserves/Surpluses in Tshs
1960	691	236 211	9 993 000	60 296 270
1962	674	330 644	9 140 720	545 350 080
1965	1 518	607 655	11 250 620	97 356 920
1967	1 649	-	-	-

Source: Maghimbi (2010)

Table 1 shows the performance of cooperative in terms of registered cooperatives, number of members as well as share capital and reserves. By 1968, Tanganyika had the largest cooperative movement in Africa and the third largest cooperative in the world in terms of percentage of market share of agricultural exports (Maghimbi 2010). According to Urio (2003) the performance of cooperative unions has been unstable over years and has been registering continued losses. For example, according to Maghimbi (2010) the number of

cooperative unions were; 38 in 1961, 33 in 1966, and 21 in 1974. The number of cooperative unions decreased from 1961 to 1974 due to the government policy of having one union for each administrative region.

As time went by the performance of the cooperative movement has been poor and remained inflexible. On the basis of continuing poor performance of the movement the government appointed the Presidential Special Committee of 2000, which according to URT (2005); Banturaki (2000); Kimario (1992) identified the major constraining factors, which among other things include; weak capital base, weak cooperative support institutions including weak government support as well as high levels of illiteracy.

The cooperative societies which are a foundation of cooperative unions have in terms of performance displayed up swing and down swing behaviour. According to Kapinga (1996) for example in 1961, there were 875 cooperative societies, 1975 there were 2299, in 1986 there were 2040, in 1991 there were 5974 in 1995 there were 2626, in 2003 there were 2296, and in 2008 there were 2733. Fig. 1 indicates the cooperative society's trend indicating an upswing and down swing patterns.

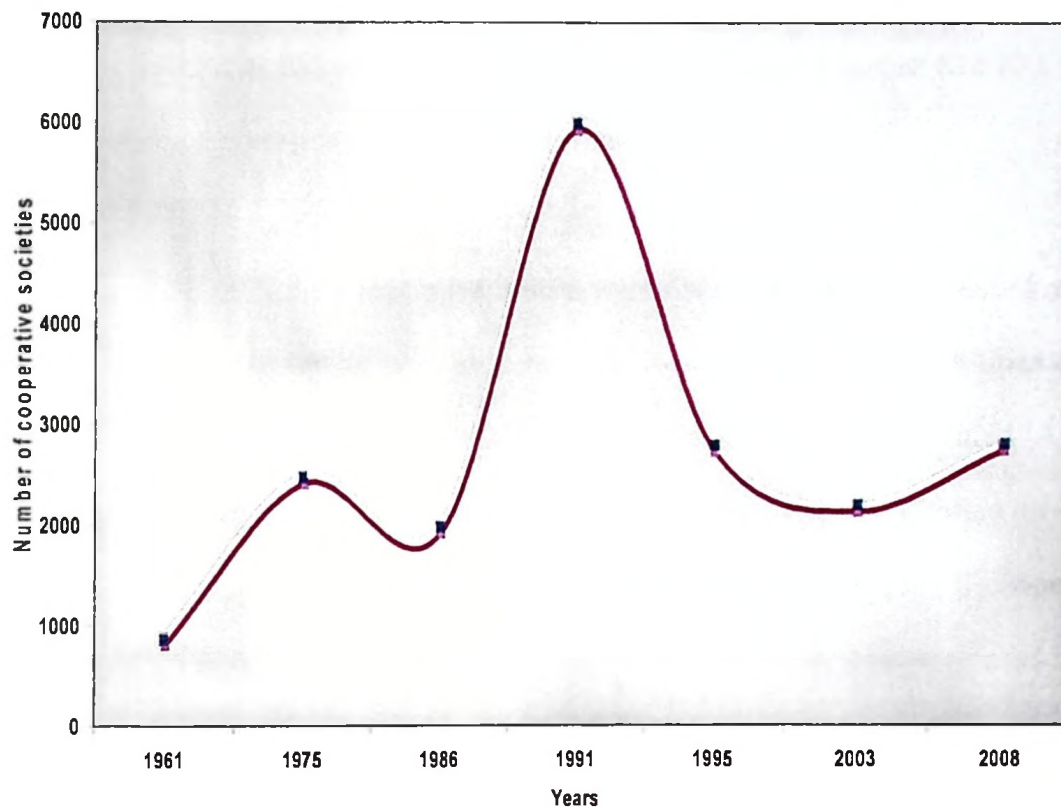


Figure 1: Cooperative societies up swing and down swing

Source: Kapinga (1996)

Figure 1 shows the upswing and downswing formation of cooperative societies in Tanzania. In 1990 onwards, the cooperative societies were reduced in number due to trade liberalization as private traders used to go to the farmers straight and the functioning of cooperative societies were even useless. Later on their performance improved and the number increased.

1.2 Background to Cooperative Development

Currently, the performance of cooperative unions in Tanzania is disappointing; this however, was not the case in the past especially before the 1970s. For example, from the 1961 up to the mid 1976 the performance of cooperative unions in Tanzania Mainland was

vibrant. According to Maghimbi (2010) for example, in 1965 cooperative unions collected and handled 496 000 tons, and in 1966 they collected and handled 628 833 tons. In 1967 cooperative movement had 3 000 000 members in rural areas.

Although in 1976 the cooperative unions were disbanded due to increased overburdening of farmers, the assets of most cooperative unions exceeded their liabilities (URT, 2004). The list of cooperative unions with their assets and liabilities is provided (Appendix, 17). When the cooperative unions were re-introduced in 1982, they failed to recover their former vibrancy. According to Kikula and Rao (2010); Maleko (2003) cooperative unions have failed to operate in a dynamic business environment as they were used operating in a monopolistic business environment.

Cooperative unions have not performed well, in the sense that they have failed to discharge their service delivery function in accordance with the need of farmer members. According to Maghimbi (2010); URT (2005); and URT (2004) the roles of cooperative unions in Tanzania and globally are still valid now as they had been in the past (Appendix, 16). The study addresses ways of improving the performance of cooperative unions through strategic management.

Revamping the performance of these cooperative unions through strategic management remains a necessary approach so as to make cooperative unions more responsive to the needs of the members than it has been the case. This is particularly important given the current competitive business environment (VanWegberg and Vanweithel 2011; Kolb and Prissia 2009; Wright, *et al.*, 1998; Vinzant *et al.*, 1996). For competitive viability, the contribution of strategic management in managing business enterprises operating in a dynamic business environment has been reckoned; hence this study examined the

contribution of strategic management on the performance of cooperative unions as a tool of managing business enterprises operating in a competitive business environment.

1.3 Problem Statement

Tanzania mainland had very strong cooperative unions in the past, even though currently the cooperative unions are not performing well. By the 1960s for example, Tanganyika had the strongest cooperative movement in Africa and the third largest in the World in terms of the market share of agricultural exports (Maghimbi, 2010). According to Maghimbi (2010) cooperatives handled agricultural produce worth £27.5 million or 49 percent of the country's annual export. Marketing cooperatives expanded their business tremendously in early 1960s, during the same period cooperatives handled 145 000 tons of produce, in 1965 they handled 498 000 tons, and in 1966 they handled 628 833 tons of agricultural produce which was worth Tshs 605 200 500. By 1967, the cooperative movement had 3 000 000 members in the rural areas of Tanzania.

In 1976 most cooperative unions had their assets exceeding their liabilities, however despite vibrant performance; cooperative unions were disbanded due to the fact that they turned to be a burden to the farmer members (Maghimbi, 2010; URT, 2005; Banturaki, 2000). In 1982 they were reintroduced and in 1992 trade liberalization was introduced, cooperative unions failed to operate in a competitive business environment hence they displayed a disappointing performance.

The International Monetary Funds (IMF) through Structural Adjustment Programmes (SAP) introduced trade liberalization policy which shifted the business environment from monopolistic business environment to a more competitive business environment. This allowed several key players in agricultural sector particularly in areas where cooperative

Security and Cooperatives; this is because the study has addressed ways of improving the performance of cooperative unions through strategic management. The study adds new information on cooperative union's performance in relation to strategic management. Tracing the history of cooperative union, one finds that there is a practical concern on cooperatives because they are the saviour of the community, therefore researching on this area was not a choice but a necessity. The proposed strategic management model from this study will be applicable to cooperative unions in other parts of the developing world operating in an environment similar to that of Tanzania.

1.5 Objectives

1.5.1 Overall objective

The overall objective of the study was to assess the contribution of strategic management in the management of cooperative unions.

1.5.2 Specific objectives

Specific objectives of the research were to:

- (i) assess the use of strategic management in the selected cooperative unions;
- (ii) find out factors influencing the performance of the selected cooperative unions;
- (iii) identify critical success factors of the selected cases;
- (iv) investigate the influence of strategic leadership on the performance of the selected cases;
- (v) assess the relationship between productivity of the selected cases and the pace of coping with changing business environment;

1.6 Research Questions

To accomplish the above objectives the following research questions were formulated:

- (i) to what extent does strategic management enable cooperative unions to cope with the challenges of market liberalization?
- (ii) how competitive were the selected cases in terms of productivity in the market?
- (iii) what factors did critically influence the performance in the selected three cooperatives in the wake of market liberalization?
- (iv) what needs to be done to improve cooperative unions in Tanzania?

1.7 Conceptual Framework

According to Linda (1996) in Lusambo (2009) the conceptual framework acts as a basis for discussing the relationship between different groups, individuals or issues and can always be progressively revisited as further information becomes available. This study intended to assess the influence of strategic management on the performance of cooperative unions and uses a theory developed by Wright *et al.* (1998). Under this theory, objectives of the study have been formulated and objectives by results have been analysed and presented in Chapter 4 and linked with conclusions and recommendations of this study. Strategic management and its components is assumed to reposition cooperative unions operating in a competitive business environment. The study assumes that, the performance of cooperative unions depends on strategic management and its components and used performance as a dependent variable and strategic management as independent variable. This was done on the anticipation that the relationship between variables would contribute to the outcome of the model, hence performance. Strategic management was measured on the adoption of strategic management philosophy through the enterprise developed through participatory approach, (indicators see Fig. 2) while the performance of cooperative unions was measured through collection and handling of agricultural produce

as well as the level of member empowerment (indicators see Fig. 2). Accordingly, the strategic management components, where $X_1, X_2, X_3, \dots, X_n$ determine the performance of cooperative unions (y) see strategic management components result in chapter 4 items 4.3, 4.4, 4.5 and 4.6). $Y = f(X_1, X_2, X_3, X_4, X_5, \dots, X_n)$, Where $y =$ Performance of cooperative unions high or low.

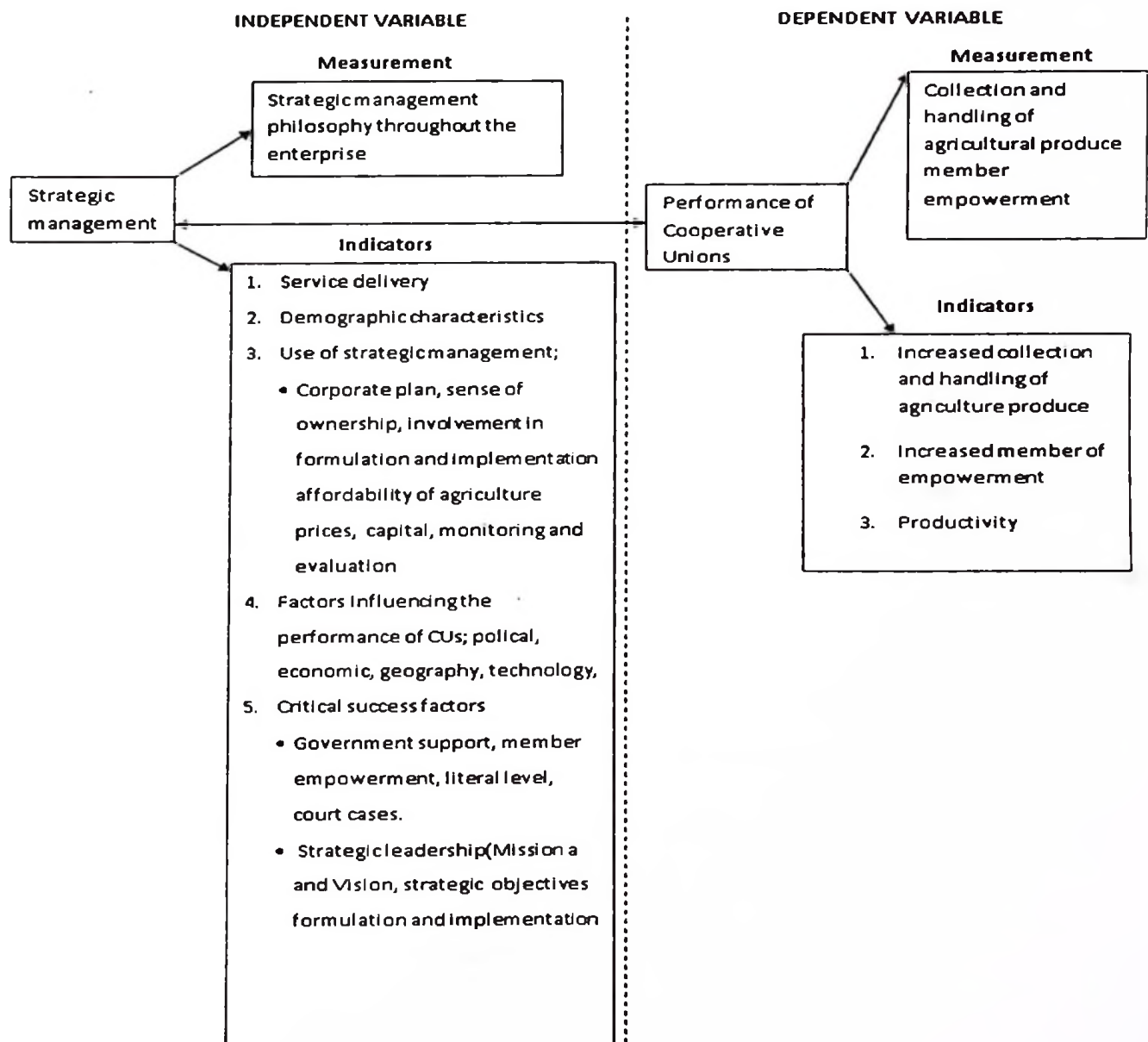


Figure 2: Conceptual Framework

1.7.1 Cooperative union as a concept

The concept of cooperative unions has been defined variably by various scholars. For example, Munker (1984) in Banturaki (2000) defines a cooperative union as a pure organizational model “which is any kind of group of persons linked together by economic interest who undertake a planned economic activities by using their own resources of solving their own problems.” Banturaki (2000) defines a cooperative union as a business organization owned and operated by a group of individuals for their mutual benefits.

O’Sullivan (2005) defines cooperative as a business organizations owned and operated by a group of individuals for their mutual benefit. A cooperative is defined by the International Cooperative Alliance (2005) as “*an autonomous association of persons united voluntarily to meet their common economic, social, and cultural needs and aspirations through jointly owned and democratically controlled enterprise.*” According to Iyengar (2011) cooperative may also be defined as a business owned and controlled equally by the people who use its services or by the people who work there.

Cooperative union is a legal entity owned and democratically controlled by members. Members often have close association with the enterprise as producers or consumers of its products or services or as its employees (Wikipedia, 2011) thus the sustainability of the enterprise depends on the members. The operational definition of a cooperative union in this thesis will henceforth be as a business entity legally recognized and controlled by its members in an effort to carry out service delivery function according to the needs of the members. The relationship between cooperative societies and cooperative unions is depicted in the four tier structure whereby at the bottom there are primary societies and then cooperative unions, followed by Apex and then Federation (URT, 2005).

1.7.2 Strategic management as a concept

Strategic management has a remarkable contribution in managing enterprises in a competitive business environment. Strategic management starts with the analysis of business environment in terms of external and internal analysis. According to Wright *et al.*, (1998), strategic management refers to a set of decisions and actions used to formulate and implement strategies that will provide a competitively superior fit between an organization and its environment so as to achieve organizational mission and goals. The purpose of strategic management is to maintain a favourable balance between the organization and its environment over a long period.

According to Hans Centre for strategic management Integrated Lines of Business, strategic management is defined along the following lines; Strategic Thinking - Strategic Planning - People - Leadership and Strategic Change Deliver Customer Value. This is further illustrated as follows:

"Once again, what you have helped us achieve in building our direction and executive team work is wonderful"

"The clarity, focus, and simplicity of the Centres approach to Strategic Planning are extremely effective"

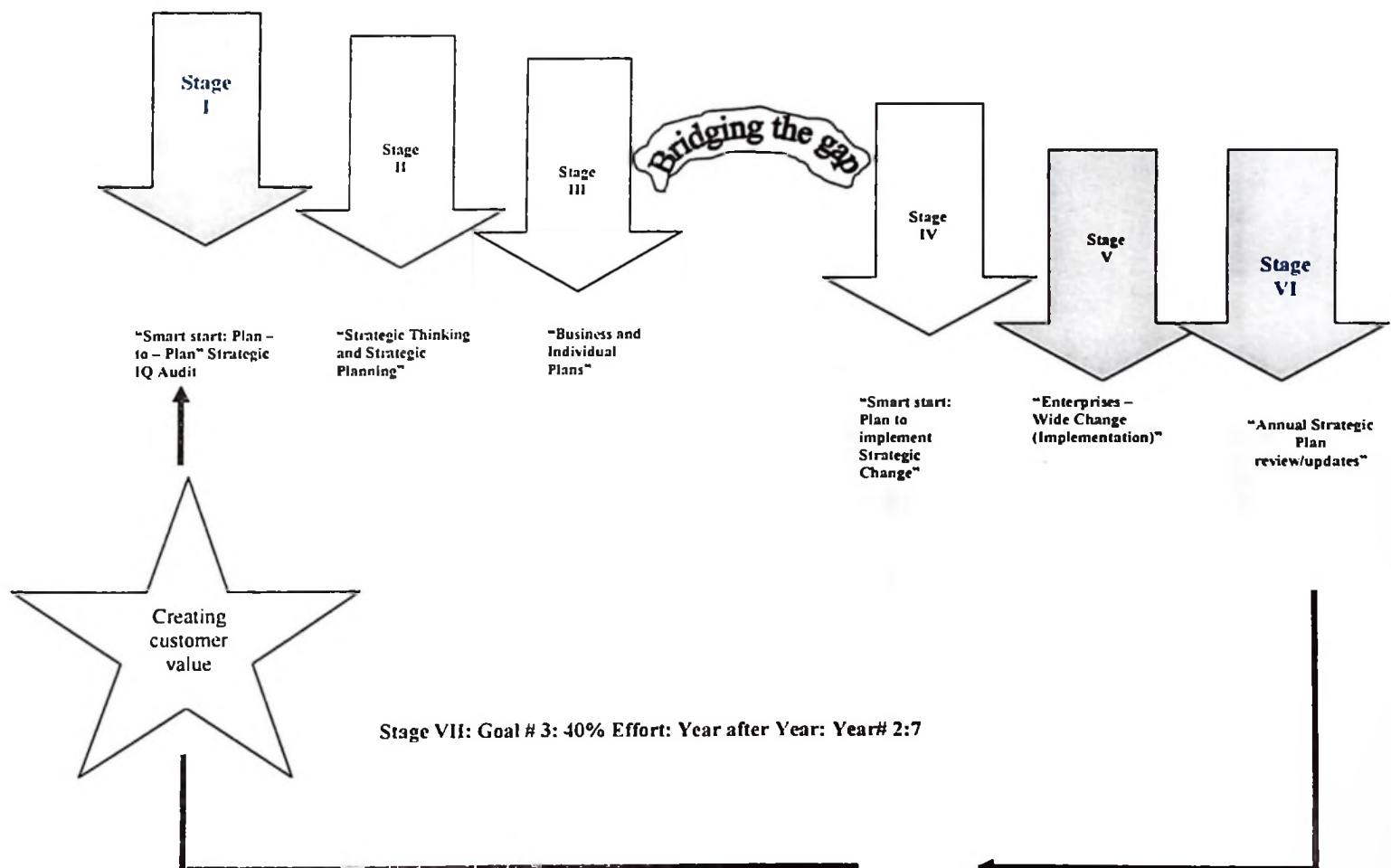
Delivering Customer Value
A seven stage – Totality integrated Sustained Systems Thinking Solution

Goal # 1: 20% Effort: Cascade of Strategic Planning

Goal # 2: 40% Effort: Cascade of Strategic Change

Phases E – A- B- C: Develop Plans and Documents

Phase D: Ensure Successful Enterprise Wide Change



Phases E – A – B – C: Sustained Superior Results and Business Excellence

Source: Haines Centre for Strategic Management, 1990.

The operational definition of strategic management is that, it consists of quality managerial decisions and actions, as there is no decision without a price tag, therefore strategic management help to ensure that the enterprise formulates and maintains a beneficial fit with the business environment.

1.7.3 Management as a concept

Management is the process of organising the internal parts of the organisation to implement systems and coordinate resources to produce reliable information (Ford and Herding, 2007; Cole, 2006; Colega, 2005). Management as process include several functions; 1) decision making 2) planning 3) staffing 4) communicating 5) Motivating 6) leading and controlling.

1.7.4 Strategic leadership as a concept

The ability of strategic leadership and its understanding is the most fundamental aspect in the success of strategic management. According to David (2006) strategic leadership can either facilitate or frustrate the entire strategic management process. In other words the success of strategic management hinges on the strategic leadership. The operational definition of strategic leadership or chief executive is the one who is responsible in ensuring that the vision and mission are formulated and implemented through participatory approach so as to enable the enterprise compete.

1.8 Organization of the Thesis

This thesis is organized into five Chapters, each of which is divided into various sections. Chapter 1 presents the history and performance of cooperative unions in Tanzania. The background of strategic management in business enterprise is also covered. Also covered in this chapter is the statement of the problem, justification of the

study, research objectives, and questions as well as the conceptual framework. Chapter 2 describes the literature review; it covers the conceptual and empirical review of strategic management. The factors affecting the performance of business enterprises and the critical success factors are also covered. The strategic leadership and productivity for enterprise's improvement are also covered. Chapter 3 covers the research methodology whereby sampling, instrumentation and data analysis are covered. Chapter 4 presents results and discussions in relation to the research objectives and questions. Finally Chapter 5 presents conclusions and recommendations drawn from this study.



CHAPTER TWO

2.0 LITERATURE REVIEW

2.1 The Conceptual and Empirical Review of Strategic Management.

It can be argued that strategic management has an important role in the management of business enterprises operating in a competitive business environment. On the basis of business environmental analysis top managers through involvement of key managers can formulate and implement strategies that are likely to reposition the business enterprise in order to achieve the vision, mission and objectives.

2.1.1 The Conceptual review of strategic management

The uses of strategic management are several they include; taking into account on both the external and internal forces from the business environment on the basis of which the opportunities are identified and exploited by the enterprise's internal strengths. Another major ingredient to strategic management has been to assist the organization to formulate better strategies. According to Keller *et al*; (2008); Norburn (2006); Van Weggberg and Va Witteloostuijn (2001); Kim and Lim (2000); Peele (2005); and Wright *et al*. (1998), the process rather than the document remains to be the most effective ingredient of strategic management. Strategic management embodies such major inputs as strategic plan to ensure competitiveness of the business enterprises. For this to take place, participatory approach is vital in ensuring that all primary stakeholders are involved and that ownership of the process is guaranteed. The process of ownership is important because these primary stakeholders would be involved in the implementation so as to achieve the mission and objectives of the business enterprise.

When primary stakeholders have awareness as to what the enterprise is doing and why they often feel that they are a part of the enterprise and therefore they become committed in supporting the enterprise. For this process to be effective, employees should also be aware of the linkages between their own compensation and organizational performance. In this way, the primary stakeholders become exceptionally creative and innovative toward supporting the enterprise's vision, mission, and objective. According to; Gooty *et al.* (2009); Mayer (2006); Thomson and Strickland (2007), the opportunity of the process to empower stakeholders reflects one of the benefits of strategic management. Empowering is the process of enhancing the sense of responsibility by encouraging the employee to participate in decision making and to take initiatives and become imaginative.

2.1.2 The empirical review of strategic management in Africa

Strategic management in essence is concerned with managing information, information from external and internal part of the business enterprise. The external part reflects the opportunities and challenges while the internal part reflect the strengths and areas for improvements. Speedy strategy is needed in getting information, in analyzing, in understanding, in disseminating, in converting information into tangible results and in delivering the results to the markets. According to Nandain (2006); Scholes and Whittington (2005); Prasad (2009) strategic management in Africa has been used to ensure effective use of government information. However, some countries such as Kenya have experienced challenges in applying strategic management in records keeping practices. A great disparity has been noted in the current records management practices. While some registries had good management practices, a good number of others were on the extreme and with poor practices. There is thus a need for harmonization in the record-keeping practices in government institutions.

2.1.3 The empirical review of strategic management in Tanzania

In the case of Tanzania many organizations are in the strategic planning stage and not in the strategic management stage. According to Green and Madlin (2003), Ndunguru (1999); Mace (1985) most organizations have been operating in monopolistic umbrella, therefore it was deemed unnecessary to have strategic plans. But as time went by, there was a shift from monopolistic business environment to a competitive business environment mostly as a result of International Monetary Funds (IMF) conditions. This situation pushed some enterprises to develop corporate plans.

According to Ndunguru (1999) a larger percentage, (about 90 percent) of the parastatal organizations, for example, are in the financial (sources and uses of funds) and forecast-based planning stages. By 1988, of the 400 parastatal organizations only about 20 or 2.2 percent had a corporate plan. The introduction of corporate plans currently in Tanzania is faced with several challenges. According to Sule (2009) some of the challenges include; (a) Inadequate funding for the formulation and implementation of strategic plans. (b) Shortage of skilled staff in some specialized areas. For example agencies are not allowed to recruit unless they get special permit from the treasury. This means that the majority have been relying on consultancy services, and this is a very expensive strategy for many parastatals.

Over the last few years, especially during the 1980's, managers began to think of creating strategically managed firms. This change of value system held by the managers is particularly due to the increased "hostility" in the parastatal environment due to both cyclical and structural changes since the early 1990's. According to Ndunguru (1999) these changes in the processes in the business environment are the result of the country's changing macro-economic policies as well as the changes in the world economy. The

conditions of the International Monetary Fund (IMF), for example, are a major source of the hostile environment for many business organizations.

For example, the need to create strategically managed parastatal organizations has also been recognized by the government. In May to June 1991, The Presidential Standing Committee on Parastatal Organizations (SCOPO) organized two workshops, one in Tanga and the other one in Arusha. Participants of the workshop were the CEOs and their planning deputies of sixty (60) parastatal organizations. The focus of these workshops was on corporate planning and management information system in the parastatal organizations. According to Ndunguru (1999) in the course of paper presentations, discussions and ultimate deliberations and recommendations, corporate planning was the most overworked concept. Informal discussions with the majority of participants, who attended the SCOPO workshop revealed that only 10 percent of the executives and their planning deputies were knowledgeable about the concept of corporate planning.

According to this study, cooperative unions have a long way to go as to the application of strategic management. On corporate plan which is the major input to strategic management few confused it with a series of activities with the corresponding budget. In the case of district councils it was just recently, during the premiership of Edward Lowasa, when the need for corporate plans was emphasized. According to Sulle (2009) other areas which have just started to formulate strategic plans include Government Ministries, parastatal organizations, agencies, all of whom have been forced each to have strategic plans as a way of meeting the necessary requirements to qualifying for financial support.

The situation got worse; for example according to Kapinga (1996), in 1996 there were 51 cooperative unions, in 2009 this number was reduced to 18 and out of these some were dormant (Appendices 3 and 4). The reasons for the collapse of some cooperatives according to Maghimbi (2010); Mhando (2005); Baffer (2003); Banturaki (2000) include: among other things, shortage of staff, unqualified personnel and poor management. But these studies did not go beyond looking at strategic management in cooperative development as an aspect which may influence performance of cooperatives. Thus the foregoing situation analysis was a motivation behind the current study on strategic management in a cooperative development.

2.1.4 The empirical review of strategic planning

A strategic plan entails a nature of decisions in a given enterprise that encompasses its mission which reflects the enterprise's objectives and strategies as well as implementation approaches for achieving these objectives. Strategic planning is about looking to the future from the current position of a firm. According to Poister and Streib (2005); Bryson (2004); Sulle (1999); Bryson (1988) strategic planning entails a systematic process of gathering information about the 'big picture' and using it to establish a long term direction and then translate that direction into specific goals, objectives, and actions.

As Green and Madlin (2003); Kotler (2001); Ndunguru (1999) put it a strategic plan by nature takes time normally strategic plans are for 3 to 5 years plans, it is very difficult to implement issues reflected in the strategic plan in less than 3 years. The basic question in the determination of the planning horizon is how long a time should management take to give itself enough lead time to make real strategic changes in the direction of the organization? That is, what is a reasonable planning horizon for an organization? In

Most leaders exhibit both transactional and transformational styles, although they do so at different scales. Ultimately, the distinction between the two leadership styles is that leaders who are largely transactional continue to move their organizations in line with historical tradition, resulting in incremental improvements. On the other hand transformational leaders, motivate followers by creating an environment conducive to working so that the efforts and abilities are directed towards the achievement of objectives. Organizational members are transformed for better performance Wolfram and Mohr (2009); Ireland *et al.*, (2005). The transformational leaders are futuristic in the sense that they focus in the future that may bring significant changes in terms of registering better performance.

On leadership research David (2006); Pye (2005) found that, similarity between leaders and followers has predominantly been analyzed as a predictor of leader - member exchange. Avolio *et al.* (2004) found that similarity has also been examined in terms of value congruence as a mediator of transformation and leadership. Over the past few decades, transformational leadership has increasingly been seen as an effective leadership style. Transformational leadership involves leadership behaviour that can elicit extraordinary performance on the part of followers. Felfe (2006); Avolio *et al.*, (2004) found that transformational leadership engage the emotional involvement of their followers to build higher levels of trust in the leader and his or her mission. Furthermore, transformational leaders are said to inspire and intellectually stimulate their followers.

Leaders should set a tone by working longer hours in a day trying to inspire followers to follow the leaders. Both transactional and transformational leaders exhibit all of the leadership styles identified in the well-known leadership theories (Hertland, 2008).

These include such commonly studied styles as task-oriented leadership (emphasizing task effectiveness) or relationship-oriented leadership (emphasizing the building of relationships with employees), as well as those styles that emphasize directing employees, encouraging employees participation in decision making, or setting goals. But even as these two types of leaders engage in the same style, their intent may be quite different. For instance, the transactional leader may delegate responsibility to an employee as a reward for fulfilling an agreement, but a transformational leader may do the same for the purpose of developing employee skills.

As stated above most leaders exhibit both transactional and transformational styles, although they do so in different scales. However, it is transformational leadership which is the most preferred leadership style. Because of the importance of transformational leadership, other studies by Wolfram and Mohr (2009) and Wright *et al.* (1998) came up with three stage process of transformational leadership which include: recognize the need for change, create a shared vision, and institutionalize the change, each stage is described below:

The need for change: The transformational leader must be aware of the need for change and be able to persuade key managers in the organization of that need. It is through effecting transformational leadership that performance improvement is likely to be registered. Performance ought to be measured not by comparing the current performance against the performance of the past three years rather; performance of a business enterprise has to be benchmarked or measured against the performance of the most leading companies or competitors operating in the same industry.

A shared vision: The ability of the leader to create a shared vision, once the need for change is felt; the leader must inspire the followers with the vision regarding the future position of the enterprise. The contribution of a vision is high performance, and leaders in this respect must set a personal example in terms of punctuality, working long hours, their obvious commitment to success, and the consistent quality of their efforts. Furthermore, their public behaviour should reflect their own excitement and energy, and the more contacts they have with their employees at all levels, the more motivated and excited the employees become. Besides serving as role models, transformational leaders must communicate their vision clearly and completely to all members of the enterprise. Communicating vision to the followers is important because it creates a room for re-shaping through giving inputs thereby enhancing ownership. This process becomes efficient during the implementation stage after all the followers have been involved in all the stages. Cooperative managers are supposed to share the vision with their followers, unfortunately most cooperative unions not only do not possess the vision but also they have no personnel in such a situation is contrary to strategic management.

Institutionalising the changes: The transformational leader must institutionalize the changes that have been created. The CEOs must first ensure that the change is proceeding as planned. The leaders have to make deliberate follow up so as to ensure that things are moving as expected. In all these aspects, feedback and feed forward mechanisms remain important in order to satisfy the management on the smooth operation of the enterprise. According to Agho (2009); Solansky (2008) team building is important at all levels as it instils oneness of thinking towards one direction.

If cooperative unions would take into account the above stages in their operations it is likely that member empowerment would be enhanced. Cooperative union members are expected to work as a team, make the objectives easily achieved and to have empowerment enhanced.

2.1.6 Strategy formulation and strategy implementation

Strategy formulation is followed by strategy implementation. If the strategy cannot be implemented to fruition then it is doomed to failure. Yet other observers concur with the portfolio managers' opinion that the ability to execute strategy can be more important than the strategy itself. In the early 1980, a survey of management consultants (Pearce and Roberson, 2005; Metcalfe and Metcalfe, 2005 Kaplan and Norton, 2001) indicates that, fewer than 10 percent of effectively formulated strategies were successfully implemented.

The ability to implement the strategy is more important than the quality of a strategy itself. Since the essence of strategy implementation was to get results it is therefore immaterial to have good quality strategy which cannot be implemented. The ability to execute strategy is addressed in the study of 275 portfolio managers in Kaplan and Norton (2001), these scholars found that the ability to execute strategy was more important than the quality of the strategy itself. These studied portfolio managers cited strategy implementation as the most important factor in shaping management and corporate valuations.

Studies (Kazmi, 2008; Barney and Herterly, 2006; MacMillan, 1997; Roberts *et al.*, 2000; Miller, 1977) indicate that successful strategy formulation does not guarantee successful strategy implementation. It is always more difficulty to do something

(strategy implementation) than to say you are going to do something (strategy formulation). Strategists have developed skills to formulate strategies well but when it comes to implementation there is much to be desired.

Other studies (Gooty *et al.*, 2009; Alimo *et al.*, 2005; McGee *et al.*, 2005; Lenz, 2005) indicate that the distinction between strategy formulation and implementation is that strategy formulation is positioning forces where strategy implementation is managing forces during action. Accordingly, strategy formulation and implementation differ in the sense that, strategy formulation addresses the effectiveness in the sense that it is concerned in formulating objectives while strategy implementation asks a fundamental question with regard to how many resources have been used in achieving the objective and therefore it focuses on efficiency.

Strategy formulation is primarily an intellectual process while strategy implementation is primarily an operational process. Strategy formulation requires good intuitive and analytical skills in the sense that it requires managers with the ability to analyze issues while strategy implementation requires special motivation and leadership skills to enable the stakeholders to move together towards achieving the objective. For strategy formulation to take place it requires coordination of few stakeholders as opposed to strategy implementation which requires coordination among many individuals.

A study in the Indian context done with 145 managers working in companies in and around Delhi, attempted to uncover the reasons why strategy implementation is often unsuccessful. The study listed 11 most frequently cited reasons of which the major ones are (a) *inadequate management skills*: it is very difficult to implement strategies if the managers do not possess managerial skills; (b) *poor comprehension of roles*: the

individuals should be able to comprehend their roles, otherwise it would be difficult to get results; (c) *inadequate leadership*: because the implementation of strategy involves many stakeholders then the aspect of leadership is important otherwise things may become dysfunctional and (d) *ill-defined tasks and lack of employee commitment* : if the roles of individual and people lack commitment then certainly strategy implementation would be difficult.

Empowering operating personnel is essential, in implementing a business strategy but more still needs to be done. As Hurbert and Fitroz (2005); Pearce and Roberson (2005) point out supervisors and personnel in the today's competitive environment are charged with being responsible for customer value for being the "front line" of the company's efforts to truly meet customer needs. Meeting customer needs which is becoming obsessed with quality services was the buzzword in the 1980's.

On the other hand, Kazmi (2008) lists the following as major obstacles to strategy implementation;

- a) In ability to manage change, changes are inevitable, if participants are not knowledgeable it is difficult to manage change; b) poor or vague strategy not having guidelines or a model to guide implementation efforts, strategy ought to be clear and well formulated otherwise if it is vague with absence of guideline to ensure implementation efforts, this could lead to failure; c) poor or inadequate information sharing is another issue which can lead to poor implementation if it is shared among few while the majority do not have access to information then the strategy cannot be implemented; d) unclear responsibility and accountability in strategy implementation every individual should be responsible and equally accountable, if it lacks then it is not possible

for the strategy to be implemented and e) working against the organizational power structure.

Implementing and executing strategy entails converting the organization's strategic plan into action and then into results. The job of crafting strategy is the responsibility of the whole management team, and not just a few senior managers. While an organization's chief executive officer and the heads of major units (business divisions, functional departments, and key operating units) are ultimately responsible for seeing that strategy is implemented successfully, the implementation process would typically affect every part of the firm.

The study by Thomson and Strickland (2001); Gupta and Govindajan (1984) found that among the general, overarching issues that impede strategy implementation is the fact that managers are often trained to plan and not to execute strategies; the top managers are reluctant to soil their hands in the dirty tasks of implementation. Also, implementation takes longer than formulation; it puts pressure on the managers to show results; and it involves many more people within an organization than does formulation.

One of the keys to successful implementation is for the management to communicate the case of organizational change clearly and persuasively to organizational members. This entails determining commitment throughout the ranks of those who would carry out the strategy and meet performance targets. The ideal condition is for managers to arouse enough enthusiasm for the strategy to turn the implementation process into a company wide crusade. It is argued by Kazmi *et al.* (2008) that the management's handling of the strategy implementation process can be considered successful if and when the company achieves the targeted strategic vision. Strategic implementation is the least charted and most open ended part of strategic management.

2.2 Factors Affecting Business Enterprises Operating in a Competitive Business Environment

As Pollard and Hortho (2006); Wright *et al.* (1998) contend, every organization exists within a complex network of environmental forces. All firms are affected with both external and internal forces. External forces include political, geographical, competition, technological; and economic. These forces have been delineated by scholars (Kelly and Mark 2008; Hurbert and Fitzroy, 2005; Kotler, 2001) as follows. Political-legal factor include the outcome of elections, legislations, and court judgements as well as decisions rendered by various stakeholders. A nation's political- legal system greatly influences the business operations and the standard of living of its citizens.

Geographical factor refers to strategic location that enable customers to reach the business premise in all seasons, if the location of the business is not reachable this has negative influence on business and it erodes the profitability of the business firm. Economic factor has a significant impact on business operations. The impact of growth or a decline in gross national product and an increase or a decrease in the interest rate, inflation and the value of the dollar have an influence on business operations.

Technological factor refers to scientific improvements or advancement and innovations that provide opportunities or challenges for business. The pace of technological change varies considerably from one industry to another. For the enterprise which is technologically current its production costs become lower and its prices become competitive and hence can be able to attract more customers than business enterprise with absolute technology.

A change in technology can affect a firm's operations as well as its products and services. Recent technological advances in computers, robots, satellite networks and other related areas have provided significant opportunities for operational improvements. From another perspective, however, technological change can decimate existing businesses and even entire industries, since it shifts the demands from one product to another.

On competition, a shift from monopolistic umbrella to a more competitive business environment has some effects on business operations, as it erodes profitability of the business enterprise, however, customers are advantaged as competition has some influence not only in improving the quality of services but also it forces the prices down. Together these elements comprise the macro environment of a business enterprise. Because these forces are so dynamic, their constant change presents a myriad of opportunities and challenges or constraints to strategic managers.

The internal forces include: managerial competence, performance, skills and knowledge of employees and managers understanding of business skills and knowledge. These forces can be explained as follows: the competence of managers is important in shaping the organization, not only the managers but also the general employees need to have the skills as these are the implementers. According to Habi and Gellejar (2009); Sigh and Vohra (2009) ; Greener (2006) performance refers to results in terms of realizing the objectives set, while workforce refers to the employees who direct their efforts to accomplish a firm's objectives thus their understanding and commitment on what and why the enterprise is doing is exceptionally important.

Strategic management allows business enterprise to be dynamic in shaping its own future. The benefits of strategic management have been recognised across the managers of profit and non - profit organizations. According to David (2006); Karen and Sterwart (2007) strategic management remains a tool to managing business enterprises in a competitive business environment. It sets a long term direction while honouring the short term issues impacting the business enterprise

Most organizations have shifted from centralizing to decentralizing due to the fact that it allows involvement of lower level managers and employees since strategic management is a process. Strategic management as a process is learning, dealing with supporting stakeholders and very educative. Communicating plays a very important role in strategic management. According to Kazmi (2008); Hurbert and Fitzroy (2005); Peace and Robinson (2005) and Bryson (2004), strategists should involve stakeholders during developing strategic plans rather than just presenting it to operating managers to execute. In fact a participatory approach is essential as it enhances ownership which is a key to success.

Although the responsibility of effecting strategic decision rests on the chief executive officer, both managers and employees must also be involved in strategy formulation, implementation, and evaluation activities. Participation is a key to gaining commitment for the needed changes. As Karen and Sterwart (2007); and Kaplan *and* Norton (2001) observe an increasing number of corporations and institutions using strategic management to make effective decisions. But strategic management is not a guarantee for success; it can be dysfunctional if conducted haphazardly.

According to Hunger and Whellen (2006); Vinzant and Vinzant (1996) enterprises applying strategic management concepts get more sales, become more profitable and productive compared to other enterprises which are not applying strategic management. High performing enterprises place more emphasis in planning; this helps them to be more futuristic than those enterprises which are not applying strategic management; as they fail to analyse their competitor's strengths and tend to overestimate their own strengths. Strategists of low- performing organizations are often preoccupied with solving internal problems and meeting paper work deadlines. They often attribute weak performance to uncontrollable factors such as poor economy, technological change, or competition.

Lack of effective strategic management leads to business failure, besides helping firms avoid financial demise, strategic management offers other tangible benefits such as awareness of external challenges, competitors analysis, productivity improvement, reduced resistance to change and clear understanding of performance reward system. Kelly and Mark (2010) argue that more than 100 000 businesses in the United States fail annually. Business failures include bankruptcies, foreclosures, liquidations, and court mandated receiverships for reasons related to lack of effective strategic management.

Strategic management also plays a role in problem - prevention due to the fact that it encourages interaction among managers at all levels. Motivated managers and employees share organization objectives amongst them and team up in improving products and services. According to Felfe (2006); Dose (1999) and Prien (1990) such an interaction, brings order and discipline particularly to an ailing enterprise. In this way effective and efficient managerial system is likely to be improved thus renewing confidence in the current business strategy. Strategic management helps managers to see

the need for change; it therefore helps managers to see change as an opportunity rather than a challenge.

Other studies (David and Rhodes, 2006; Barney and Hesterly, 2006; Alimo and Alban, 2005; Hurbert and Fitzroy, 2005; Roberts and David 2000) indicate that strategic management allows an organization to be more proactive than reactive in shaping its own future; it allows an organization to initiate and influence (rather than just respond to) activities and thus to exert control over its own destiny. Small business owners, chief executive officers, presidents, and managers of many profit and non profit making organizations have recognized the benefits of strategic management.

2.3 Critical Success Factors

Resources are always scarce in this case firm's managers have to resort to carefully identifying and selecting certain activities in the firm. These referred to as critical success factors, that is, activities of the business enterprise which if effectively implemented are bound to add value and therefore improve the performance of the business enterprise. According to scholars (Tourish and Vatchs, 2005; and Duncan, *et al.*, 1995) these factors include: work force, communication, funding, collaboration, services, leadership, management, data and information. Each of these factors is explained below:

Workforce: a need for the CEO to create a conducive working environment by providing the necessary resources that will attract and retain qualified workforce (staff members) and empower them to achieve or exceed the intended objectives. The working environment will support responsive personnel policies, competitive compensation, adequate training, trust, and advancement opportunities, honest, innovation, excellence, commitment and visionary mind;

Communication: the organization's management must communicate effectively both with employees and externally with other stakeholders. Communication must be accurate and consistent to reflect the vision and mission of the organization;

Funding: the organization should establish funding priorities to pursue innovative strategies to obtain adequate stable financial resources for ensuring that fundamental services package delivery are available and the use of funds are monitored to achieve established objectives;

Collaboration: the organization must establish internal team work and external partnership;

Services: the organization must maintain a client driven services by ensuring quality services offered to all internal and external customers;

Leadership: the organization must be a visible, active and persistent advocate on behalf of its employees and its members this leadership must be based on efficiency, innovation, respect for the individual, and science. Leadership qualities will be recognized and promoted at all levels of the organization;

Management: the organization must implement a process that plans and sets priorities within the constraints of available resources and in the context of strategic thinking. Management must promote inter-program coordination and cooperation to achieve intended objectives; and

Data and Information: the organization must acquire and use timely and accurate data to assess needs, develop policies, and assure quality services. The data and information acquired must be shared with people who need them to carry out their responsibilities.

2.4 Strategic Leadership

According to Kelly and Mark (2010); Wang and Clegg (2007); Moisty (1990) the role of strategic leadership or Chief Executive Officer (CEO) include to set long term direction for competitiveness, developing and communicating a mission and vision for the future competitive position as well as motivating and inspiring members to move in that direction.

2.4.1 Mission statement

Mission statement reflects the fundamental purpose for establishing the enterprises. Although this may change over time, it is essential that stakeholders understand the reasons for the existence of the enterprise that is the mission statement. According to Prat *et al.* (2001); Day and Pemchate (2009) a mission is a statement of purpose that identifies the scope of the enterprise's operations and its offerings to the various stakeholders.

As David and Rhodes (2005); Hurbet and Fitzroy (2005); Prate and Kerker (2009) observes, in the process of developing a mission statement, it is important to involve as many managers as possible because through involvement, people become committed to an organization and through this process ownership is enhanced.

It was also observed by Metcalfe and Vetife (2005); Pearce and Robenson (2005) Duncan *et al.* (1995) that the development of mission statement can follow two main approaches namely, internally and externally. Internally, the process involves the selection of several mission statements.

These are distributed to managers who are asked to read, and thereafter, start preparing several drafts. Thereafter, a facilitator then puts them together and merges these statements into a single mission statement, thereafter, members are requested to reshape by contributing inputs to the extent that the final document becomes the mission statement.

During the process of developing a mission statement, some organizations use discussion groups of managers to develop or modify the mission statement. Some organizations hire an outside consultant or facilitator to manage the process and help draft the language. Sometimes an outside person with expertise in developing mission statements, and who has unbiased views, can manage the process more effectively than an internal group or committee of managers. The decision on how to communicate the mission to all managers, employees, and external constituencies of an organization is needed when the document is in its final form. Some organizations even develop a video tape to explain the mission statement and how it was developed. After this, it is the duty top managers to communicate the mission statement to all managers, employees and to external stakeholders (Sigh and Vohra, 2009; Harbergberg and Reaple, 2007; Solansky, 2008; Barney and Hesterly, 2006).

The process of formulating a mission statement creates a bond between the enterprise and the employees each of these has to observe the obligations at hand. The difference

between the terms vision and mission is that vision is the future state of the business enterprise. While mission expresses the current goods and services offered by the business enterprise not all mission statements are the same, certainly they do vary in length, content, format and specificity. As Gaduish and Gilbert (2001); Pearce *et al.*; (2005); Green and Madlin (2003) point out, a mission statement is one of the major inputs of strategic management process, it has therefore to include the following essential components: a) Who are the firm's customers? b) What are the firm's major products or services? c) Is the firm technologically current? d) Is the firm committed to growth and financial soundness? e) What are the basic beliefs, values, aspirations and ethical priorities of the firm? f) Is the firm responsible to social community, and environmental concerns? g) And are employees a valuable asset of the firm? The process is participatory and it involves all stakeholders to make them have a sense of ownership making the employees not only committed and dedicated supporting the organisation but also in making the implementation process easier.

2.4.2 Corporate vision

A vision sets a long term direction for the organisation while taking into consideration the short term issues. A vision is a springboard along which the enterprise can operate; a vision is futuristic oriented as it reflects far reaching thinking about the future of the organization. A vision is a dream which is true about the future markets and competitors. Scholars (Ireland *et al.*, 2005; Duncan, *et al.*, 1995) suggest the key characteristics of an effective vision as follows that a vision should be: 1) clear, simple and the one that has a basic direction as a driving force; 2) inspiring not merely reflecting qualitative goals to be accomplished in the next year; and 3) should be one of the important inputs of strategic management, 4) as managers and employees participate in formulating vision is likely to make a difference in the success of a business

enterprise. 5) Other characteristics of an effective vision include; stability and the potential of consistently being challenged and changed when necessary; 6) being a beacon and be able to control a business enterprise; 7) it should also provide interested people with a sense of direction.

A leader of a business enterprise has to inspire member's involvement in development of mission and vision. Mission and vision have a positive influence in transforming the enterprise performance. According to the Citizen of 21 April, (2011) clarity of purpose and clear vision expedites corporate growth, they provide focus and direction. The leader raises a question: Is everyone aiming at the same goal post? If not there will be scattered energy. A leader ensures that every one is on board with the mission and vision. A shared purpose allows a "by-in" from all stakeholders, be it employees, shareholders, financiers and other stakeholders.

2.5 Productivity for Enterprise Success

The ability of business enterprise to survive depends on the improved productivity which is a primary determinant of the enterprise's profitability. If a firm is productive then it will have more products and services to sell at lower prices than the enterprises which are not productive. Literature (Barney and Herterly, 2006; Deluga, 1998; Vinzant and Vinzant 1996; Ross, 1995) reveals that research and development is a foundation upon which enterprises can improve productivity. Furthermore, productivity is the ratio of output divided by inputs, the total factor productivity is an overall indicator of how well the enterprise uses all of its resources such as labour, capital, materials, extension services, availability of extension kits which include; landcrusers, motorcycles, bicycles, gumboots, exercise books, pencils or pens, equipments for testing soils and energy to create all its products and services.

Other ways of enhancing productivity is to organize competitions and agricultural shows among enterprises with a special focus on applying improvement and transformation approaches. According to Kapinga and Wambura (2007), to enhance productivity, cooperative unions need to be subjected to competitions as well as using agricultural shows in order to improve productivity. These measures were in place in the 1970s in the operationalisation of *Siasa ni kilimo*. During this time, villages used to compete, these agricultural shows, were by then in line with the improvement and transformation approaches. These strategies, and particularly the improvement approach, concentrated on agricultural technological packages, and the provision of extension services.

In the case of cooperative unions, they could also be measuring performance in terms of ability to collect agricultural produce and the level of members' empowerment, the supply of agricultural inputs to farmers and how they have influenced agricultural expansion and developing extension services in the rural areas. According to Samson (2007) the role of extension personnel is provision of relevant, current, and sufficient information as well as linking farmers with different sources of information. According to Mattee and Mvena (1988) providing knowledge and information that help farmers acquire new knowledge and skills empowers them in decision making. An extension officer or agent has to have good professional and technical competences all of which are the most crucial inputs for the extension system.

2.5.1 Monitoring, evaluation and control systems

Monitoring, evaluation and control was based on tracking performance. Performance is the end result of an activity which measures to select and assess performance would depend on the organizational unit to be appraised and the objectives to be achieved. As Kazmi (2008) note the objectives that are established in the beginning of the strategy

formulation part of strategic management process (dealing with profitability, market share, and cost reduction, among others) should be used to measure corporate performance once the strategy has been implemented.

Controls can be established to focus on the actual performance results (output) on the activities that generate the performance (behaviour), or on resources that are used in performance (input). Behaviour controls specify how something is to be done through policies, rules, standards operating procedures, and orders from supervisors. According to Kaplan and Norton (2001) output controls specify what is to be accomplished by focusing on the end results of the behaviour through the use of objectives and performance targets or milestones. Input controls focus on resources such as knowledge, skills, abilities, values, and motive of employees.

2.6 Chapter Summary

This chapter has covered the conceptual and empirical evidence of strategic management in the management of business enterprises. The factors affecting the performance of enterprises have been addressed. The critical success factors as well as strategic leadership were also covered in this chapter. Productivity improvement of the enterprises also featured in this chapter. The gap which the study tried to fill was on the application of strategic management in managing cooperative unions under the current competitive business environment. The gap was established after reviewing other studies by Maghimbi (2010); Muhando (2005); Baffer (2003); Banturaki (2000); and Kapinga (1996) who found that the collapse of cooperative unions was due to, among other things, shortage of staff, unqualified personnel and poor management. But these studies did not go beyond looking at strategic management in cooperative development

as an aspect which may influence performance of cooperatives. Hence, this study was designed to bridge that gap. The chapter that follows is on research methodology.

CHAPTER THREE

3.0 RESEARCH METHODOLOGY

3.1 Description of the Study Area

This study was conducted at the Mbozi Cooperative Union (MBOCU) in Mbozi district, Morogoro Farmers Cooperative Union (MOFACU) in Morogoro and Songea Namtumbo Marketing Cooperative Union (SONAMCU) in Ruvuma. According to URT (2004) the cooperative unions under study are not performing well. On event of this ailing performance, it was envisaged that if the given recommendations of strategic management of this study are effectively implemented then this could help revamp the ailing performance of cooperative unions under the study area, thus be in a position to improve the welfare of the rural poor.

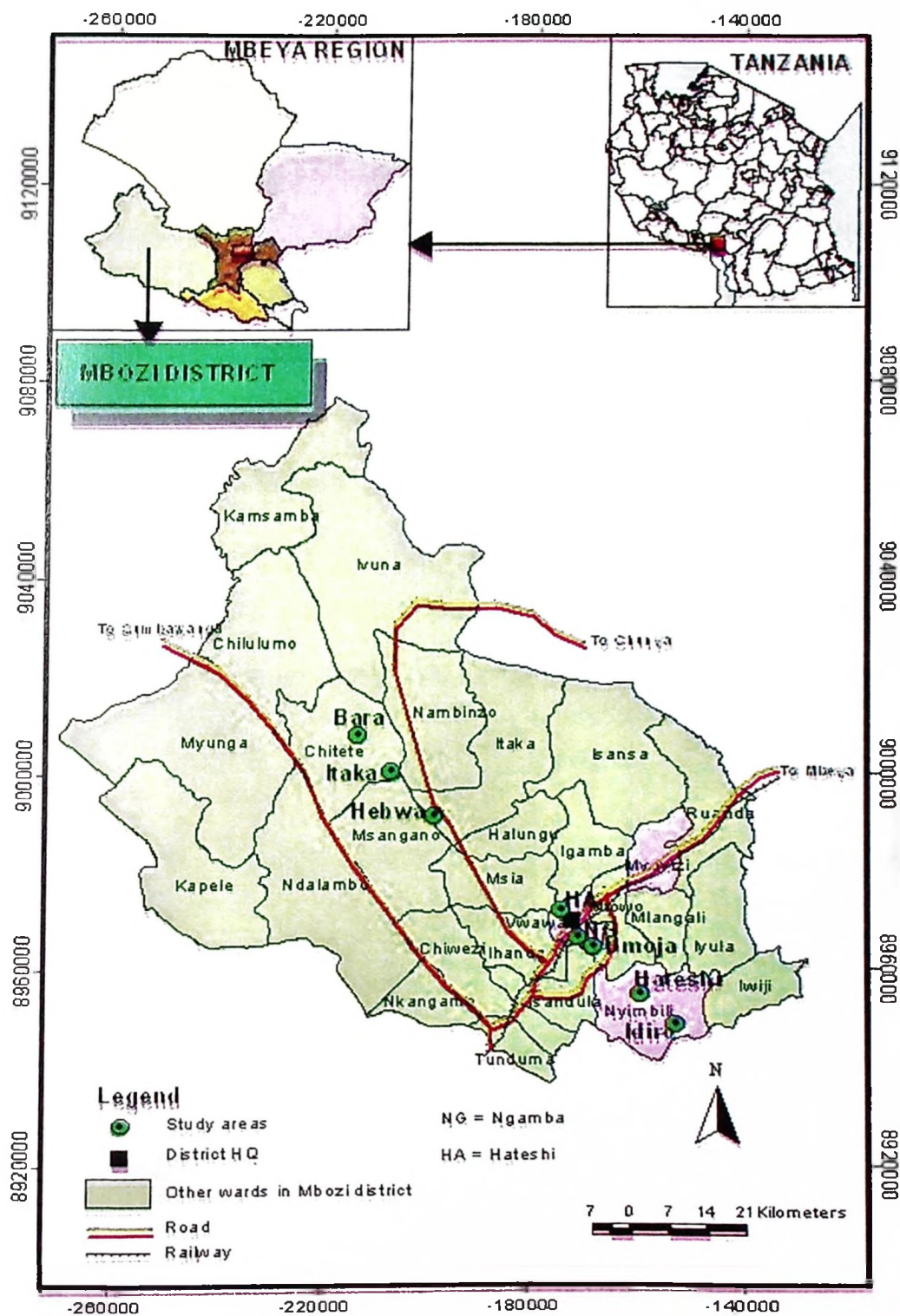


Figure 3: Location of the study area MBOCU (Mbozi).

3.1.1 Mbozi

Mbozi district is famous for the production of both cash and food crops. Cash crops produced in Mbozi district include Arabica coffee and food crops include maize, and beans. However, the focus of this study is purposively on coffee production.

Figure 3 shows the localities which the research covered for data collection, they include: Idiru which is 36 km from Mbozi. Hateshi/Shawinga which is 20 km. from Mbozi, Hebwa which is 35 km. from Mbozi, Bara which is 54 km from Mbozi, Itaka is 46 km. from Mbozi, Umoja is 5 km, from Mbozi, Ngamba is 2 km. from Mbozi and Hasamba is 2 km. from Mbozi. The production of Arabica coffee and other key cash crops such as maize and beans makes Mbozi district economically strong.

3.1.2 Morogoro

Fig. 4 shows the localities which were covered in this study. They include Mkuyuni, Mlali, Jembemali, Mkata, Turiani, Kingolwira and Mikese. MOFACU is located in Morogoro region which is potential in cotton and sunflower as cash crops as well as maize and rice as food crops. However, the focus of the study was purposively selected to be cotton as cash crop.

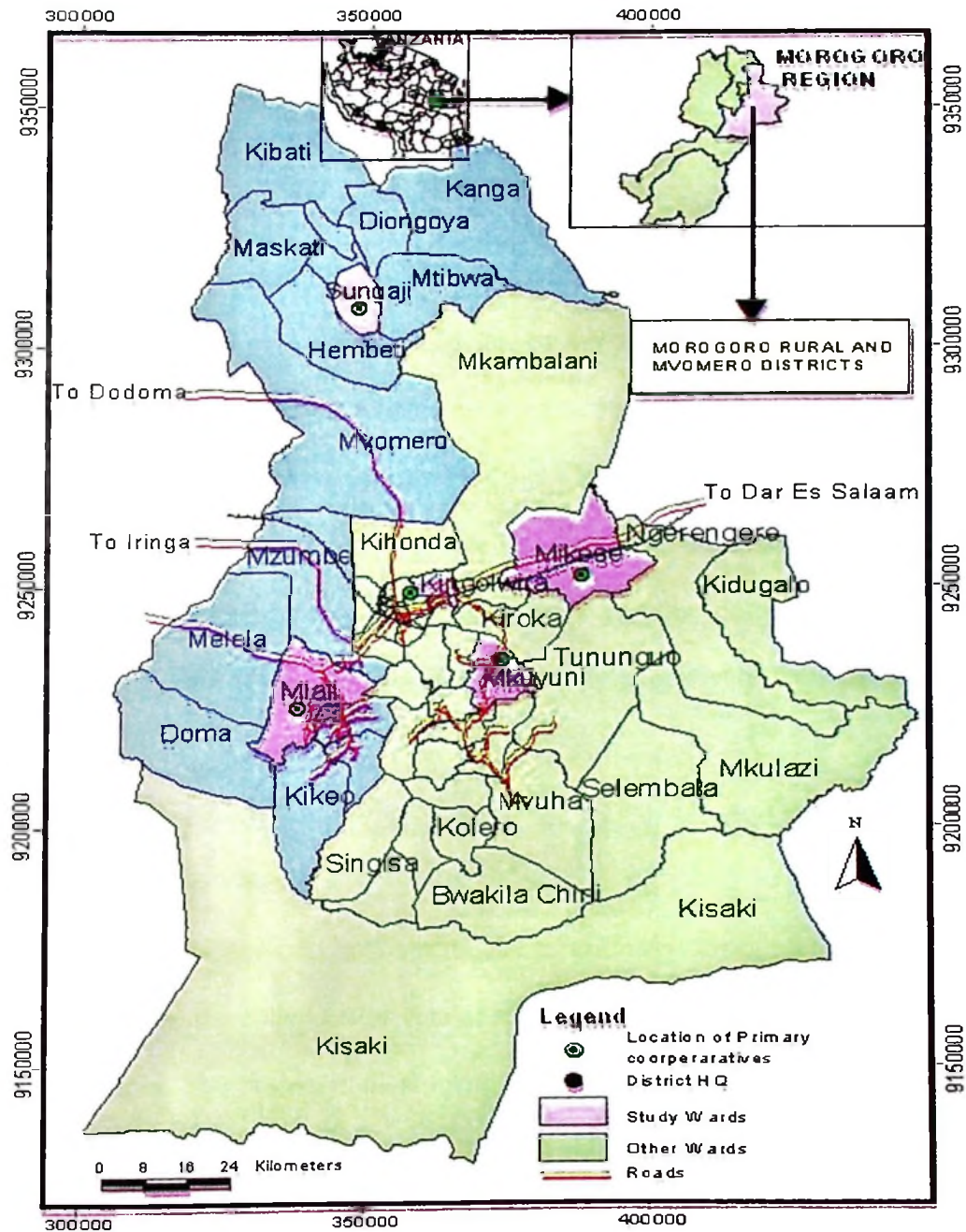


Figure 4: Location of the study area MOFACU (Morogoro)

3.1.3 Ruvuma

The earmarked study area indicates the localities which the researcher located some of the respondents of this study. They include Juhudi, Hanga, Mpitimbi, Mputa, Mngombasi, Nguvu Moja, Litepeka, Jitume, Namtumbo, Wino and Hanga. SONAMCU was established in 1936 by the name of Ngoni Matengo Cooperative Union (NGOMAT) later on it was renamed Songea Agricultural Marketing Cooperative Union (SAMCU) which changed to its current name Songea Namtumbo Cooperative Union (SONAMCU). The union operates in two districts namely Songea and Namtumbo. Major food crops produced in the area include; paddy, cassava, sweet potatoes, beans, finger millet, peas' sorghum. Cash crops include; coffee, tobacco, sunflower, groundnuts, and sesame. However, this study is purposively focuses on tobacco as a cash crop.

3.2 Research Design

The research design used in this particular research was cross sectional survey method, which allows the collection of data at a single point in time from selected sample of respondents. The design is most appropriate for descriptive interpretation as well as determination of relationships between and within variables (Mbwambo, 2007; Welman and Kruiger, 2001).

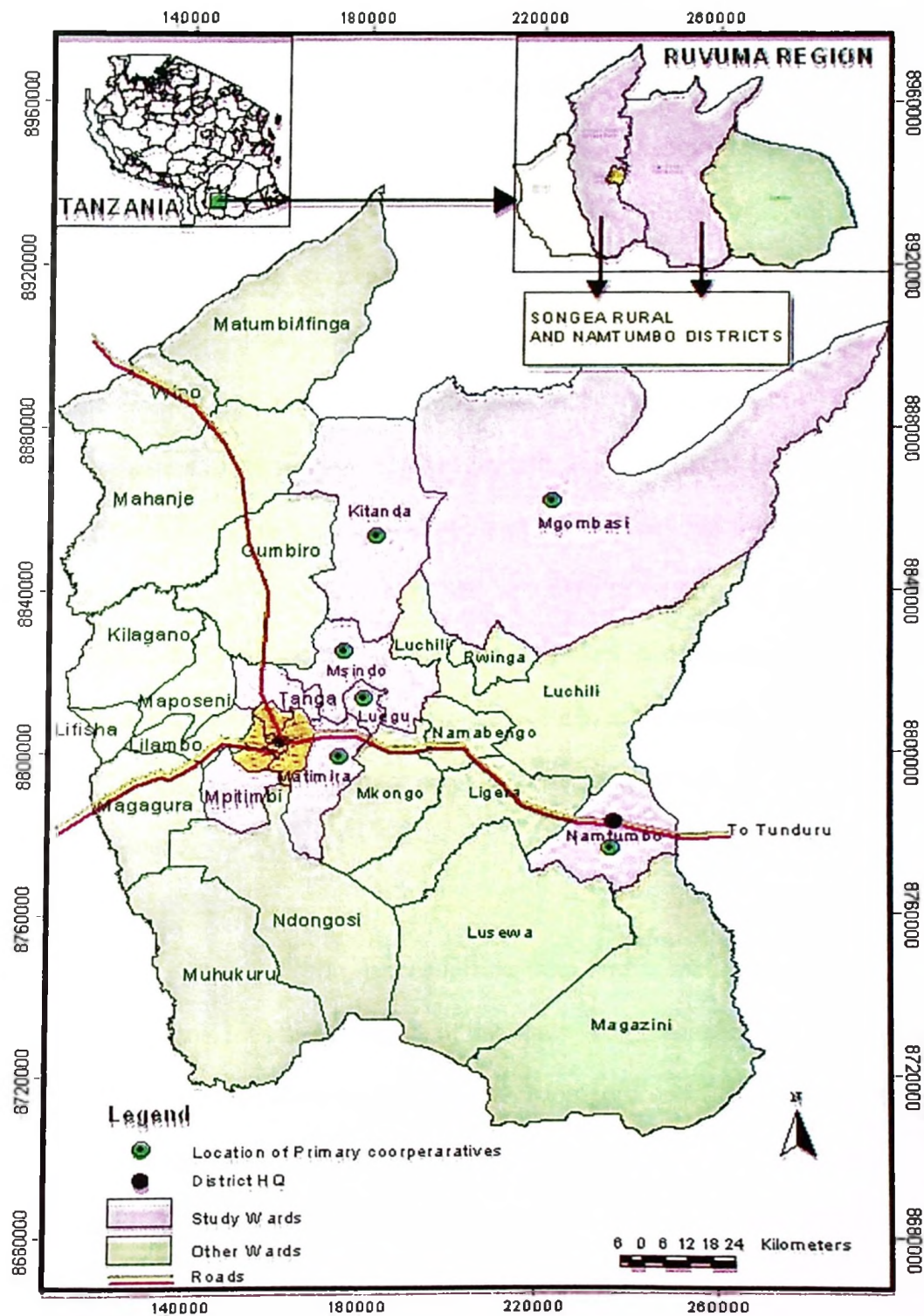


Figure 5: Location of the study area SONAMCU – (Ruvuma)

3.3 Research Phases

To capture issues related to the objectives of the study and issues described in the conceptual framework, the first phase of data collection involved pre-testing the instruments to colleagues and then later carried out a participatory rural appraisal (PRA) and collected primary data through observation in the three cooperative unions. The primary objective of this approach was designed to acquire background information in all the study area. At this phase the pilot study was carried out by administering questionnaires to 40 farmers in Mkuyuni village in Morogoro in February 2008. The objectives of the pilot study were to evaluate validity of the questionnaire as an instrument for collecting intended data, to verify the clarity of pre-coded responses included in the questionnaire and to check relevance and sequencing of the questions. The pre-test called for some changes to the wording of the questions and removing some questions which were thought not necessary; the final revised questionnaire is attached as Appendix 1.

The second phase dealt with data collection from farmer members, because, the farmer members constituted a larger sample of this study. Top management and board members of three cooperative unions based in Mbozi, Morogoro and Ruvuma Regions were also involved in clarifying issues raised by farmer members. Occasionally, the Agricultural Marketing Cooperative Societies (AMCOS) and Farmer Groups (FG's) as well as private dealers were also involved in clarifying some of the issues as key informants.

3.4 Source of Data

The units of data collection emanated from the three study areas namely MBOCU, MOFACU and SONAMCU. In the case of MBOCU, the units of data collection included, Farmer members, board members, top management of the union and that of

the private company, Agricultural Marketing Cooperative Societies (AMCOS), Farmer Groups (FG's). Further more policy makers were also involved, and these included, the Mbeya Regional Commissioner, Mbozi District Commissioner and the Administrative Secretary, the Registrar and the personnel of cooperative development.

In the case of MOFACU, the units of data collection included, the farmer members, board members, top management, AMCOS, FG's and private dealers. Policy makers included the Regional agriculture officer. In the case of SONAMCU, the following sources of data were involved; farmer members, board members, top managers which included the general manager, the Legal and Administration Manager, and the chief accountant. Others included policy makers namely the Regional Administrative Secretary (RAS), the regional cooperative supervision and auditing officer. In all of the three cases farmer members constituted a larger sample.

For the purpose of efficiency, communication was relayed well in advance so as to prepare the respondents for the undertaking before the process of data collection was conducted.

3.5 Target Population, Sample Size and Sampling Procedure

3.5.1 Target population of the study

The target population of the study in the study cites was farmer members within the cooperative unions of the studied cases. The farmer members who qualified as target population of this study were 2375 farmer members. The focus was on cash crops outside other crops namely coffee from Mbozi, cotton from Morogoro as well as tobacco from Songea Namutumbo cooperative unions. So these were purposively selected because the researcher needed crops for cash generation. They were selected

because they are exclusively for cash crops. Sampling frame (the list of respective farmer members cultivating coffee, cotton, and tobacco) were obtained from the leaders of the respective cooperative unions. These were asked to prepare an updated list of the same by removing the names of the farmer members who no longer existed and adding the names of those missing in the list. Sample random technique was then used to select individual farmer members from the sampling frame to be included in the study. The random sampling technique was effected using a random numbers table technique. According to Lusambo (2009) the random sampling technique using random numbers is used if there are many people.

3.5.2 Sample size

Bartlett *et al.*, (2001) argue that inappropriate, inadequate or excessive sample sizes continue to influence the quality and accuracy of the research. Sample size can influence the detection of significance difference, relationships or interaction (Peer, 1996). According to Bartlett *et al.*, (2001), before proceeding with sample size calculations, the researcher has to determine whether continuous or categorical variable will play a significant role in data analysis. For both continuous and categorical or combination of the two variables sample size can be obtained using the formula:

$$n = [n_0 / (1 + n_0 / N)] \text{-----} (1)$$

Where: n is the required (adjusted) sample size, N is the population size, n_0 is the sample size of infinite population calculated as:

$$n_0 = (t^2 \times pq / d^2) \text{-----} (2)$$

Where: P is the proportion of the respondents that will give you information of interest (the proportion confirming), q viz $(1 - p)$ is the proportion not giving you information of interest (proportion defective), $p \times q$ is the estimate of variance (which is maximum when $p = 0.50$ and $q = 0.50$). The maximum population variance of 0.25 will give the

maximum sample size. Kreicie and Morgan (1970) suggested the following values for survey studies: the appropriate margin of error is 0.05 (i.e 5 percent), and alpha is 0.05 (i.e 95%, confidence level); and p and q should be 0.5 and 0.5 respectively. In the present study however, the error margin adopted was 2.83% with the aim of collecting larger sample. Lusambo (2009) argued that the margin of error is dependent on the researcher's decision, but usually lies between 1% and 10%. Consequently, using equation 2, the adopted margin of error (2.83%) produced the value of $n_0 = 1199$.

Sample size determination was thus effected using the formula:

$$n = 1199 / (1 + 1199/ N) \quad \text{Where } N = \text{Target population in the study (i.e. 2375).}$$

Therefore the required sample size (n) = 796. During the questionnaire administration one respondent went missing and was ignored, resulting to the effective sample size of 795. According to Austin (1983) the question of sample size how much is enough has no simple answer magical numbers do not exist. The sample size necessary to produce a good estimate is a matter of judgement. Larger sample will of course bring greater precision and certainty than a smaller sample.

According to Lusambo (2009) factors affecting sample size include, but not limited to the following:

- i. *Margin of error (e)*: how much error can be tolerated by the researcher, the smaller the error margin the bigger the sample size.
- ii. *Confidence level* with which the researcher wants to report the findings. Usually the most common confidence levels are 90%, 95% or 99%. The higher the confidence level, the more the sample size.
- iii. *Variation among the target population*: the higher the variation, the larger the sample size and vice versa.

- iv. *Population size*: the higher the population size, the more the sample size required.

3.5.3 Sampling procedure

There were three study sites namely; Morogoro, Mbozi and Songea-Namtumbo; and the sampling units were coffee growers under MBOCU, cotton growers under MOFACU and tobacco growers under SONAMCU. A simple random sampling (using a random number table) was employed to draw sampling units from the three study sites.

The sample size (as determined above in section 3.6.2.1 *see equation 1*) was allocated proportionally to each study site using the formula: $n_i = (N_i / N) \times n$

Where: n_i = sample size in study site i

N_i = Total target population in study site i

N = Total target population in all study sites

n = Cumulative sample size (i.e sample size with respect to total target population).

Consequently, the computations were done as follows:

$$n_{\text{Mbozi}} = (808 / 2375) \times 795 = 270 \text{ farmer members (coffee growers)}$$

$$n_{\text{Morogoro}} = (692 / 2375) \times 795 = 232 \text{ farmer members (cotton growers), and}$$

$$n_{\text{Songea-Namtumbo}} = (875 / 2375) \times 795 = 293 \text{ farmer members (tobacco growers).}$$

The summary of sample farmer members is explicitly presented in Table 2.

Table 2: Study Sample of Farmer Members

Farmers' Union	Sampled farmers	Percentage
SONAMCU	293	36.8
MBOCU	270	34.0
MOFACU	232	29.2
Total	795	100

Table 2 shows the key informants of the study from three cases namely MBOCU which comprised of 270 farmer members, 232 farmer members from MOFACU as well as 293 from SONAMCU. Table 3 shows another set of key informants.

Table 3: Key Informants for the study

	Board Members	Top Management	Others	Primary Society	Private Buyers	AMCOS	Farmers Groups	Total
SONAMCU	6	3	2	1	1	1	1	15
MBOCU	5	1	2	1	1	1	1	12
MOFACU	5	1	2	1	1	1	1	12
Total	16	5	6	3	3	3	5	29

Table 3 shows the composition of respondents who played a role of sources of data in the case studies. The Table show board members, top management, primary societies, private dealers, AMCOS and FGs. Table 4 shows Key informants from the policy makers categories.

Table 4: Key Informants from the Policy Makers' Category

Response Rate	Freq.	Perc.
Commissioner and Registrar of Cooperatives	2	25.0
Ruvuma Administrative Secretary	1	12.5
Mbozi Administrative Secretary	1	12.5
Morogoro Regional Agriculture officer	1	12.5
District Commissioner Mbozi	1	12.5
Ruvuma Cooperative Officer	1	12.5
Mbozi Co operative Officer	1	12.5
Total	8	100

Table 4 shows the composition of policy makers' categories which constituted the key informants.

3.6 Purposive Sampling Technique

According to Welman *et al.* (2001) purposive sampling technique is the most important kind of non- probability sampling. Purposive sampling technique was applied in selecting informants (Table 3 and 4) based on the nature of their positions, and experiences, knowledge regarding the agricultural performance they had to be selected purposively in such a manner the sample of 37 respondents obtained was unbiased and therefore a representative of the entire population.

3.7 Data Collection Methods

Various methods were employed to collect both primary and secondary data. Secondary data was collected mainly through reviewing performance reports, various policies as well as reading news papers. For the sake of clarity, the data collection methods for each objective have been highlighted in section 3.9.

3.7.1 Primary data collection method

Primary data involved several methods, these included; key informants interview guide, questionnaires, focused group discussion and observation methods. Interview guide were directed to top managers and board members. Focused group discussions involved FGs and AMCOS. In order to investigate individual farmers in relation to the objectives of the study, structured and unstructured questionnaires were designed and administered to farmer members and observation was applied to both respondents. In a practical sense the methods for data collection through interviews, questionnaires and focused group discussions were carried out as follows:

3.7.1.1 Interview guide

First interview guide was prepared and then appointments were fixed with top managers, board members and policy makers (see Tables 3 and 4). The interview started around 9.00 A.M and ended around 1 P.M. The interviews for the three groups, namely top managers, board members and policy makers were done separately. The interviews started with board members, followed by interviews with top managers, and lastly, policy makers. All interviews took place in the respondents' respective areas of operations. The languages used during the interviews were English and Kiswahili for managers and policy makers, and Kiswahili for board members. Gender distribution of the respondents was such that under board members and top managers all the respondents were males, and under policy makers only 2 respondents out of 8 were females the rest were males.

A total of 37 respondents were interviewed purposively selected informants, between March and April 2008. As earlier mentioned, the composition of informants included top managers, board members, and policy makers. Upon securing respondents' consent,

the interviews were recorded using a tape recorder. The tape recorder did not create any trappings to the interview process; hence it did not cause any interruptions.

In order to avoid scaring the respondents and hence make them cooperate in answering the questions, the research established amicable rapport and assured them of high confidentiality on the responses they could provide. Also, the researcher told them that the information provided was to be used for the purpose of this study only. Furthermore, in order to abide by ethical norms of the places where the study took place, the research asked for consent from the respondents in order to be able to use the tape recorder. The respondents in this regard were few and therefore the exercise was done by the researcher himself across the cases.

3.7.1.2 Questionnaire

First, along with the preparation of hard copies for questionnaire, appointments were also made with farmers for distributing the questionnaires. Six research assistants were recruited to administer the questionnaires. The respondents (farmers) were invited in the respective warehouses with capacities of accommodating all the respondents. Across the cases, the exercises started around 9 am and came to an end at 2 pm, Kiswahili was used in administering the questionnaires, because this was the language easily understood by the respondents in this group. Clarifications were given when required otherwise the exercise was also done very smoothly. At the end of the exercise the contents of the instruments were checked thoroughly well and then collected, and packed.

3.7.1.3 Focus group discussions

Twelve focused group discussions were conducted. The first group involved the AMCOS for MBOCU, the second AMCOS for MOFACU and third group AMCOS for

SONAMCU. Later on, FGs for MBOCU were conducted, the second for MOFACU and the third for SONAMCU. Then the same was done for primary societies for MBOCU, MOFACU and SONAMCU. Then the same was done for private buyers for MBOCU, MOFACU and lastly SONAMCU.

The group discussions for each target group were conducted in the respective warehouses. Upon securing respondents' consent, the conversations were tape recorded directly into the tape recorder. Again the recording equipment did not create any complications or trappings in the discussions. In all the cases, the groups answered questions on the same thematic areas as the ones provided for the interview above (see interview questions for both categories).

3.7.1.4 Participant observation

The day to day activities of the respondents through participant observation were observed and noted. Observation involved noting the quality of facilities, infrastructures, agricultural produce, as well as the farms. Movement of personnel and trucks offloading tobacco bales in the warehouses were also observed. This helped to get impression on how efficient and effective were the systems ranging from personnel, facilities as well as infrastructures.

3.8 Objective – Specific Data Collection Methods

It was felt that it is imperative to explicitly highlight data collection methods for each objective of the study as detailed in the sections 3.9.1 through 3.9.5.

3.8.1 Data collection methods for objective one

Objective number one aimed at assessing the use of strategic management in cooperative unions of the studied area. Specific research questions that guided this investigation were whether strategic management enabled cooperatives to cope with the challenges of trade liberalization? How competitive were the cooperative unions in the selected cases?

Methods applied were such that interview guide was directed to board members, top managers while questionnaires were applied to farmer members. Focused group discussions were applied to Farmer groups (FGs) and Agricultural marketing cooperative Societies (AMCOS).

3.8.2 Data collection methods for objective two

Objective number two of the study focused on the factors influencing the performance of cooperative unions of the studied area. This objective was followed by specific questions which included: What factors did influence the performance of the studied cases and what needs to be done? Methods applied were such that interview guide was directed to top managers while questionnaires were applied to farmer members. Focused group discussions were applied to FGs and AMCOS.

3.8.3 Data collection methods for objective three

The objective number three of the study aimed at carefully identifying and selecting the critical success factors of which if effectively implemented were bound to add value on the performance the selected cases. This objective was steered by specific research questions which included: What factors did critically influence value addition of the selected cases which belong to the three cases? Interview guide was applied to top

also used to analyse association of the parameters. The formula for chi-square test is shown below:

$$\chi^2 = \sum \frac{(f_o - f_e)^2}{f_e} \text{-----} (3)$$

Where: χ^2 is chi-square; f_o is observed frequency; f_e is expected frequency. According to Gravetter and Wallnau (2004), the degree of freedom (df) for chi-squared is C-1, where C is the number of columns in the chi-square frequency table.

It was considered imperative to undertake a rigorous analysis to find whether or not, the factors considered to affect the performance of the studied cases were statistically significant. The chi – square (χ^2) test was used to accomplish this endeavour. Factors which were tested by χ^2 included: Availability of corporate plans, sense of ownership, involvement in the formulation and implementation of corporate plans, affordability of agricultural input prices, monitoring and evaluations, political factor, economic, geography, suppliers, technology, competitors, workforce, performance, member empowerment, government support, literacy, cases, formulation of vision and mission, formulation of strategic objectives and implementation, labour, capital, agricultural inputs, availability of extension services and extension kits.

Content analysis was also applied in qualitative information based on dialogue, focused group discussion, observation, reports, and open ended questions. The extraction of content was effected that best relate to the objective at hand, when similar event is repetitive then the situation is confirmed (Kothar, 2004; Welman and Kruger, 2001). In this study content analysis was also applied in qualitative data analysis.

3.10 Chapter Summary

This chapter presented the study methodology. Things covered in the chapter include the description of the study area, that is, Mbozi, Morogoro, and Ruvuma. On the basis of ailing performance of the study area it was chosen so as to see whether the recommendations from strategic management can help in improving its performance. Other elements covered were research design, research phases and sources of data. The research design followed in the study was cross sectional, which was chosen because of the nature of the study which required a collection of data from one point at a time. Additionally, the chapter covered data collection methods focusing on interviews, questionnaires, observations and focused group discussions, which are appropriate for a study which follows quantitative and qualitative research as this one. The chapter concludes by describing methods for data processing and analysis.

CHAPTER FOUR

4.0 RESULTS AND DISCUSSION

4.1 Socio-Demographic Characteristics of the Respondents

The socio-demographic characteristics were household respondents and therefore they constituted the distribution of farmer members by age and sex from the studied cases which is presented in Table 5.

Table 5: Age category of the respondents by sex and age

Characteristics	Cooperative Unions		
	MBOCU	MOFACU	SONAMCU
Age of Farmer Members	n=270	n=232	n=293
35-45 Years			
Male	35(13%)	40(17%)	50(17.0%)
Female	85(31.%)	72(31%)	143(49%)
Sub total	120(44%)	112(48.0%)	193(65%)
46-55 Years			
Male	20(7%)	20(8.6%)	15(5%)
Female	45(17%)	60 (25.9%)	45(15%)
Subtotal	65(24%)	70(30.5%)	60(20%)
56+ Above 56 years			
Male	25(9%)	10(4.3%)	10(3%)
Female	60(22%)	30(12.9%)	30(10%)
Subtotal	85(31%)	40(17.2%)	40(13%)

According results from Table 5 it can be noted that there is a difference in number between females and males in terms of engagement in agricultural activities, in the sense there are more females than males who engage in productive activities as indicated in Table 5. This

trend could be linked to the reasons that most men are polygamist this is a strategy in order to increase the agricultural workforce outside the cooperative unions. This is because, the working environment under cooperative unions is not conducive as such cooperative unions have shifted from core business to activities outside core business. Moreover, in core business, agricultural inputs are sold at high prices and sometime even the quality is below standards. These reasons create a push factor for farmer members especially males to engage in other productive activities outside cooperative circle.

According to Table 5 the same phenomenon was captured at MOFACU, and at SONAMCU. In all of the three cases, there is a unique pattern which featured in a sense that females were the majority throughout, while the males were the minority. Additional reason as to this pattern is that most of the heads of households are polygamists. A good example, include Ndendeule tribesmen of Ruvuma Region. Polygamy is a strategy which allows men to marry many women who in turn become workforce in agricultural production (Mhando, 2005). Table 6 show the average number of farmer members.

Table 6: Average number of farmer members by sex

	MBOCU (n=270)	MOFACU (n=232)	SONAMCU (n=293)
Male	25(9.2%)	23(9.9%)	25(8.5%)
Female	59(21.8%)	58(25%)	75(25.6%)
Total	84(32.0%)	81(35.0%)	100(34.1%)

Table 6 shows the average number of farmer members, who are engaged in economic agricultural activities by sex, in both cases the average number of females was higher than that of males.

The findings indicate that there were higher percentages of female farmer members participating in farming than that of male farmer members. One reason for this as discussed earlier in this report is that the unconducive working environment in cooperative unions was a push factor which led male farmer members to quit from cooperative unions.

4.1.1 MBOCU main economic activities

- a) The main economic activities undertaken by farmer members of MBOCU include coffee farming, maize farming, beans farming, millet farming, cattle grazing, piggery keeping, goat keeping, local brew processing and charcoal burning. Table 7 shows the results.

Table 7: Distribution of MBOCU (n = 270) farmer members multiple responses on their involvement in agricultural production and other activities

Types of agricultural produce / activity	MBOCU (n = 270)			
	Yes		No	
	Frequency	%	Frequency	%
Coffee	75	27.8	195	72.2
Maize	200	74.0	70	36
Beans	190	70.4	80	29.6
Millet	180	66.7	90	33.3
Cattle	195	72.2	75	27.8
Piggery	190	70.4	80	29.6
Goat	180	66.7	90	33.3
Local brew	185	68.5	85	31.5
Charcoal	170	63	100	37

From the results in Table 7, it can be deduced that most farmer members are engaged in activities outside core business areas (i.e. coffee farming) of cooperative unions. This is because of the unconducive working environment existing in cooperative unions. As a result, farmer members decide to engage in other farming activities, such as maize farming.

The results in Table 7 show that the most leading activity according to the respondents was maize farming. The study results indicate that only 27.8 percent reported to have been involved in coffee farming. While 74 percent of the respondents reported to have been engaged in maize farming. A number of farmer members reported to have been engaged in maize farming because maize can serve both roles as a cash and food crop. As a matter of fact agricultural inputs for maize are easily obtained, as some use cow dung manure in their farms. In the same manner, farmer members are largely involved rice farming, millet farming and cattle and goat keeping. In addition, local brew is processed by females while charcoal burning is done by males. Both of these activities contribute a lot to households incomes.

b) MOFACU

The main economic activities undertaken by farmer members of MOFACU include cotton farming, maize farming, beans farming, millet farming, cattle grazing, piggery keeping, goat keeping, local brew processing and charcoal as shown in Table 8.

Table 8: Distribution of MOFACU (n = 232) farmer members multiple responses by main economic activities

Types of agricultural produce/ activity	MOFACU (n = 232)			
	Yes Frequency	%	No Frequency	%
Cotton	62	26.7	170	73.3
Maize	165	71.1	67	28.9
Beans	175	75.4	57	24.6
Rice	135	58.2	97	41.9
Cattle	190	77.6	42	22.4
Piggery	185	79.8	47	20.2
Goat	185	79.8	47	20.2
Local brew	200	86.2	32	13.8
Charcoal	190	82.0	42	18.0

According to the results, it can be deduced that most farmer members are engaged in activities outside core business areas (i.e. cotton farming) of cooperative unions. This is because of the MOFACU working environment is not attractive; it is on this basis that farmers decided to engage in other farming activities, such as maize farming.

Table 8 results show that 26.7 percent only are practicing cotton farming, whilst 71.1 percent of the respondents revealed to have been engaged in maize farming. It is underscored that there is less participation of farmer members in cotton farming, as it has been mentioned in the subsequent section, this is due to unfavourable working business environment eg. Increase in the price of agricultural inputs (cotton seeds), a situation which makes farmer members to get engaged in other activities. In the case of maize there is engagement in that activity as it serves both as cash and food crop. Additionally, there is an alternative to agricultural inputs as some apply cowdung which majority of farmer members can easily access.

In the same token, a number of farmer members reported to be engaged in rice and millet farming as well as cattle and goat grazing. Moreover, local brew and charcoal are reported to be processed by females and males respectively. This is an important activity as it contributes to household incomes as parents were able to pay school fees for their children, and upgrading their houses from mud built and thatched with grass to burnt brick built houses with corrugated iron sheets.

c) SONAMCU

The main economic activities undertaken by farmer members of SONAMCU include Tobacco farming, maize farming, Beans farming, millet farming, cattle grazing, piggery keeping, goat keeping, local brew processing and charcoal Table 8 shows the results.

Table 9: Distribution of SONAMCU (n = 293) multiple responses of farmer members by main economic activities

Types of agricultural Produce / activity	SONAMCU (n = 293)			
	Yes		No	
	Frequency	%	Frequency	%
Tobacco	60	20.5	233	79.5
Maize	250	85.3	43	14.7
Beans	200	68.6	93	31.3
Rice	235	80.2	58	19.8
Cattle	220	75.0	73	25.0
Piggery	205	85.7	88	14.2
Goat	220	75.0	73	25.0
Local brew	250	85.3	43	14.7
Charcoal	200	68.6	93	31.3

From these results, it can be deduced that most farmer members are engaged in activities outside core business areas (i.e. tobacco farming) of cooperative unions. This is because of the fact that the working environment with SONAMCU is not conducive. As a result, farmer members decide to engage in other farming activities, such as maize farming.

The patterns of the main occupation of farmer members in Table 9 shows that only 20.5 percent of the respondents are engaged in tobacco farming with SONAMCU while the majority of the respondents are engaged in maize farming and other commercial activities. From the results, it can be noted that membership in cooperatives is relatively smaller. According to Banturaki (2000) membership has dropped because of inability of cooperative unions to carry out service delivery functions in accordance to the needs of the farmer members.

In the case of SONAMCU, Tobacco is the main source of income, indeed as mentioned earlier the demand of tobacco is higher than coffee and cotton. However, as it will be reported, the union is unable to compete as such the management of the union as well as farmer members have shifted from core business to non core business.

4.1.2 Education level of farmer members

Education is very important in human life. Education is concerned with opening up the world to people so that they can choose their interests, mode of living and career. Education has influence to the performance of cooperatives. Farmer members and cooperative unions' personnel have to be empowered and equipped with education so that they are able to manage cooperatives as business entities and work as team in a more meaningful way. Therefore, education of farmer members and cooperative personnel as well would have improved the operations of cooperatives which are currently experiencing shortage of personnel and who are poorly trained and ill equipped in professional conduct; this goes up to the level of board members. Similar results David (2006); Harberber and Reaple (2007) indicate that enterprise applying strategic management concepts are getting more sales, become more profitable and productive compared to other enterprise which are not applying strategic management. Table 10 show the distribution of education level of the responses.

Table 10: Distribution of education level of the respondents of MBOCU (n = 270), MOFACU (n=232) and SONAMCU (n =293)

Parameters	MBOCU (n=270)		MOFACU (n=232)		SONAMCU (n=293)		AVE
	Male %	Female %	Male %	Female %	Male %	Female %	
None formal	20	80	10.2	89.7	20	80	50
STD IV	76	24	63.2	89.7	76	24	60
STD VII	60	20	48.9	16.3	60	20	37.5
Secondary	8	Nil	48.9	Nil	8	Nil	10.8

In the case of MBOCU, Table 10 indicates that 20 percent of males and 80 percent of females did not attend any formal schooling. However, 76 percent of males and 24 percent of females had reached class four. Also, 60 percent of males and 20 percent of females had reached standard seven. The table also reveals that 8 percent of males had reached secondary school while there were no females who reached secondary school education.

In the case of MOFACU, 10.2 percent of males and 89.7 percent of females did not attain any formal education. However, 63.2 percent of males and 36.7 percent of females reached standard four and 48.9 percent of males and 16.3 of females reached standard seven. Those who had secondary school education were only 30 percent for males while none of the females had secondary school education. Therefore this can have some detrimental effect as to the performance of cooperative unions.

In the case of SONAMCU, 33.3% of males and 66.6% of females did not have any formal education, while both 63.3 percent of males and 36.6 of females had a standard four education. In the case of standard seven, 50 percent of males and 16.6 percent of females had reached this level of education. Unfortunately, only 6.6 percent of males had secondary



school education while none of the females had reached this level of education. On average in both cases stands as follows; non formal school was 50 percent, standard four was 60 percent, standard seven was 37.5 percent and secondary school was 10.8 percent.

A general pattern which is observed in the three cases is that in both cases the percentage of females was less than that of males; in as far as formal schooling is concerned. The main reason for this trend was that most parents regarded enrolling their female children to school as wastage of time and money because for them female children are only useful for being offered into marriage. Thus, they encourage their daughters to get into early marriages. Also, when the same is calculated on average standard four are leading followed by non formal. The majority in non formal and standard four are males this is impliedly while the minority are females.

It can be observed education is the most important ingredient in increasing the general knowledge and understanding of a person's environment and therefore, borrowing Mbwapbo's (2007) words education is a tool for enhancing people's ability to fight poverty and build awareness on various interventions including extension services. It may also be a survival strategy in which few educated members of the family may be formally employed and hence be able to help other family members in various developmental aspects as well as in the provision of financial support. The lesson gained in this discussion is that it is important for cooperatives to be managed with better educated respondents, because these people are more likely to comprehend the affairs of the cooperative unions than the less educated.

Farmer members have to recognize that it is time that education is given the priority it deserves. There is need to emphasise on giving equal education opportunities to boys and

girls, and that this is fundamental in the development of farmer members not only at the cooperative union level but also at the level of the community.

4.2 Use of Strategic Management in Cooperative Unions of the Studied Cases

The theory of strategic management was applied to develop objectives of the study which later were analysed to get results. The results in objective (4.3) were such that cooperative unions failed to use strategic management. As it has been mentioned the first objective of the research was to find out the use of strategic management by the studied cases through the support of cooperative managers. In order to meet this objective questionnaires were administered to farmer members, interviews were contacted to directors, top managers and focused group discussions were organized to AMCOS and FGs, Table 11 provides the results in the subsequent sections.

4.2.1 Managing business in a competitive environment

It is widely acknowledged that managing business operations in a competitive business environment without the use of strategic management is risky this is mainly because of the competitiveness of business environment (Hurbert *et al.*, 2005; Wright *et al.*, 1998). In order to help farmer members to manage their operations in such a competitive business environment this study attempted to establish the parameters considered useful on the use of strategic management which included; the availability of corporate plan, a sense of ownership, involvement in the formulation and implementation of corporate plan, access to financial resources to capital, affordability of the prices of agricultural inputs and monitoring and evaluation systems as Table 11 shows.

Table II: Use of Strategic management of the studied cases

Parameters	MBOCU				MOFACU				SONAMCU			
	Yes		No		Yes		No		Yes		No	
	Frequency	%	Frequency	%	Frequency	%	Frequency	%	Frequency	%	Frequency	%
1. Availability of corporate plan	3	1.2	267	98.8	2	0.9	230	99.1	3	1	290	99
2. Sense of ownership	4	1.5	266	98.5	3	1.3	229	98.7	2	0.7	291	99.3
3. Involvement in formulation of Corporate Plan	5	2	265	98	-	-	232	100	3	1	290	99
4. Implementation	8	3	262	97.0	21	9.0	211	91.0	2	0.7	291	99.3
5. Financial resources	3	1.2	267	98.8	2	0.9	230	99.1	54	18	239	82
6. Agriculture input price	-	-	270	100	-	-	232	100	54	18	239	82
7. Monitoring and evaluation	-	-	270	100	-	-	232	100	3	1	290	99

The results in Table 11 show that there was hardly any strategic management in place. For a number of years they operated under the umbrella of monopolistic situation. For all these years, they could not realise that there was a foreseen competition in doing business and for which they were supposed to get prepared. The shift of business environment from monopolistic business environment to a competitive business environment was almost a surprise to them and they were caught unaware. However, for competitive viability, cooperative unions must be reorganized so that they are able to compete and therefore improve their operations through capacity building on strategic management among others. One indication of lack of strategic management according to the results is non existence of corporate plan in these cooperative unions.

When the results for these parameters as shown in Table 11 (i.e. availability of corporate plan, sense of ownership, formulation and implementation of corporate plan, affordability of inputs prices, availability of capital, and availability of monitoring and control systems) are compared across the three cases, the following picture is depicted: on the availability of corporate plan; MOFACU scored 99.1, SONAMCU scored 99, and MBOCU scored 98.8 percent. The figures indicate that all the three cases across had no corporate plans. As it can be seen, the difference between the availability of corporate plan across the three cases is far from optimal.

On the availability of corporate plan as mentioned in sub section 2.2.4, for competitive viability, corporate plan sets a long term direction for a business enterprise. For it to be effective the plan requires effective coordination of all primary stakeholders (Kazmi, 2008; Brison, 2004 and Ndunguru, 1999).

4.2.2 Corporate plan

The results in Table 11 show that about 98.8 % of the respondents at MBOCU revealed that the corporate plan did not exist. Similar results were reported by 99.1 percent and about 99 percent of the respondents at MOFACU and SONAMCU respectively. The availability of corporate plan particularly in a competitive business environment is important as it sets a long term direction for the enterprise for competitiveness. Unfortunately the studied cases had no practice to have the same this affected agricultural performance.

When top management was asked to clarify as to the non availability of corporate plans in cooperatives, they reported that cooperative unions had been experiencing a monopoly and therefore the management found that there were no challenges encountered with regard to their operations. Besides, the government used to give subsidies in terms of agricultural inputs to these unions and that the unions used the subsidies to support farmer members. Farmer members had to pay for these subsidies in two instalments. Such a situation created laxity on the part of farmer members as well as the cooperative union managers. In this case, they (cooperative unions) felt that there was no need to come up with corporate plans as they enjoyed operating under the monopolistic umbrella.

With changes following the Structural Adjustment Programmes (SAP's) reforms, farmer members and cooperative unions found it difficult to perform as they were used with the traditional approach of managing their operations. In the case of MBOCU, top managers and the board of directors were not able to formulate corporate plans; the same applied to MOFACU where a one-man manager failed to formulate corporate plans.

The top management of SONAMCU clarified that

The attempt was made to develop corporate plans but they lacked expertise with regard to skills in developing this vital tool, as such we confused a corporate plan on the one hand with a series of activities associated with the corresponding budget on the other. We could not invite a consultant to carry out this vital undertaking due to financial constraints.

Similar study by URT (2005) found that it is not a common practice for cooperatives to prepare corporate plans to guide their operations. This has been one of the most serious problems that have contributed to their poor performance in the sense that it has made it difficult to hold implementers accountable for the failure to prepare such vital documents.

4.2.3 Sense of ownership

On the sense of ownership, as mentioned in sub section 2.5.1, this has to do with participatory approach whereby all stakeholders are involved in various processes in the firm, in this way ownership is guaranteed and commitment is enhanced (Kazmi, 2008 and Kaplan, 2001). In the case of MBOCU the study shows that about 98.5 percent of the respondents reported to lack the sense of ownership. In the case of MOFACU, the study results also indicate that about 98.7 percent of the respondents show having no sense of ownership. In the case of SONAMCU, the study results show that about 99.3 percent of the respondents revealed of their lack of sense of ownership. Sense of ownership enhances dedication, unfortunately the studied cases lacked ownership as such agricultural performance was affected.

Board members through the interview guide were interviewed with respect to a sense of ownership, they said this was lacking among farmer members because managers of

cooperative unions that were supposed to coordinate farmer members faced enormous operational problems as such leaving farmer members alone without effective support. Therefore, the question of involvement in formulation and implementation of corporate plans did not exist.

4.2.4 Involvement in formulation and implementation of corporate plan

With regard to involvement in the formulation and implementation of corporate plan, as already implied in sub section 2.2.4, both managers and employees together with the Chief Executive Officer (CEO) must be involved in this exercise, short of this the corporate may become dysfunctional. In this respect, the study results indicate that about 98 and 97 percent of the respondents at MBOCU revealed that there was no involvement in the formulation and implementation of corporate plan respectively. This logically confirms the earlier mentioned argument of non availability of corporate plans.

With regard to the involvement in the formulation and implementation of corporate plan, the study results indicate that 91 and 99.1 percent of the respondents at MOFACU reported of there being no involvement in the formulation and implementation respectively of corporate plan. Similar results were reported by 99 and 99.3 percent for the two phenomena at SONAMCU. When members are involved in formulation and implementation in various processes in the enterprise feel part of it as such it has influence in performance of the enterprise, but this was a reverse in the studied case as such it affected negatively the performance of agricultural performance.

4.2.5 Access to financial resources

With respect to access to financial resources, it can be said that though capital is a major input in facilitating the implementation of corporate plan, but capital remains a major

challenge to cooperative unions. In this respect, the study results indicate that about 98.8 percent of the respondents at MBOCU revealed that financial resources was inadequate. Similar results were reported by 99.1 and 82 percent of the respondents at MOFACU and SONAMCU respectively.

When asked to clarify on the aspect of access to financial resources to finance the implementation of the corporate plan in terms of operations of farmer members as well as cooperative unions, board members said that finance has been a major challenge. Thus, the implementation of various activities in relation to the core business has been difficult if not impossible. For example, the collection and handling of agricultural produce which could have been the agenda in the corporate plans has not been effective due to lack of financial resources. In fact, capital constraints posed a great challenge affecting not only the performance of farmer members but also that of cooperative unions. The studied cases were unable to collect and handle agricultural produce due to shortage of financial resources; and this has gone to the extent of making the unions shift their focus from engaging in core business to engaging in non core business for their survival.

When asked about capital the response from MBOCU top management was that the union in question had a weak capital base in the sense that it was unable even to pay salaries, leave alone executing its core functions in relation to collecting and handling agricultural produce. In this respect the total production of coffee in Mbozi district for the year 2007/08 was 11500 tons, but MBOCU managed to collect only 64 874 kgs or 6.4 tons (Appendix 5).

4.2.6 The survival of the union

The union survived through revenue realized outside its core functions. In addition, the revenue collected was based on the levy from coffee collected through primary societies.

The union had a coffee realization account through which funds were deposited after the collection has been done. For example, in 2007 the union received only Tshs 70 per kg x 15 000 or Tshs 1 050 000. Other sources of revenue included rental of its warehouses to coffee dealers.

The MBOCU warehouses were dilapidated which private dealers used to store their agricultural produce. The MBOCU general manager reported that the government debt relief in the case of MBOCU had no significant impact as only Tshs 10 million was given to the union out of which Tshs 8 million was paid to Mbozi District Council, and Tshs 2 million was paid to the Cooperative Audit and Supervision Cooperation (COASCO) out of the total debt of Tshs 313 466 698.

Similar studies (e.g. Banturaki, 2000; URT, 2005) found that cooperatives have such a poor and weak capital base that they failed to carry out their operations effectively and efficiently. According to URT (2005), the Presidential Committee on cooperatives, its report, underlines lack of financial resources as one of the major constraints facing cooperative unions.

4.2.7 Affordability of agricultural inputs

As reported in section 2.6 according to (Hurbert and Fitzroy, 2005) on the issue of affordability of agricultural inputs, when there is financial demise, businesses using strategic management show improvement in sales, profitability, productivity and helps firms avoid financial demise compared to firms without systematic planning activities. Agricultural inputs are a major factor which enhances productivity, but exorbitant prices of such inputs is a constraint to the majority of farmer members who cannot afford the same (Banturaki, 2000). In this respect, the study results indicate that 100 percent of the

respondents at MBOCU reported that agricultural inputs were not affordable. Similar results were reported by 100 percent and 82 percent of the respondents at MOFACU and SONAMCU respectively.

Similarly, one of the respondents from the Mbozi Institute of Coffee Research remarked, *“suppliers were an evil to MBOCU performance”*. The reason behind this remark was that since the introduction of trade liberalization, the role of distribution function of agricultural inputs shifted from MBOCU to private traders. The interest of private traders was to maximize profit through increased prices of agricultural inputs and through decreased producer prices. The private dealers sold agricultural inputs at very high prices which farmers could not afford and at times such inputs were of poor quality, and this, in turn, discouraged farmer members. Although coffee production trend was slightly on upward trend (Appendix 5) but the same could have been improved more had it been the agricultural inputs prices were better.

With respect to affordability of inputs, this was reported as being one of the major problems. This is because the majority of farmers in the studied cases were unable to purchase agricultural inputs due to prices that have always been exorbitant. Thus, majority of farmer members were so discouraged that they chose to carry out agricultural activities without applying such inputs something which has affected production.

Board members of the cooperative unions for MOFACU and SONAMCU reported to have been surviving through renting offices and warehouses. A similar trend has also been reported by MBOCU. The revenues collected from these rentals were used to meet the costs of office overhead. Fig. 6 portrays the categories and prices of agricultural inputs from 2002/03 to 2007/08.

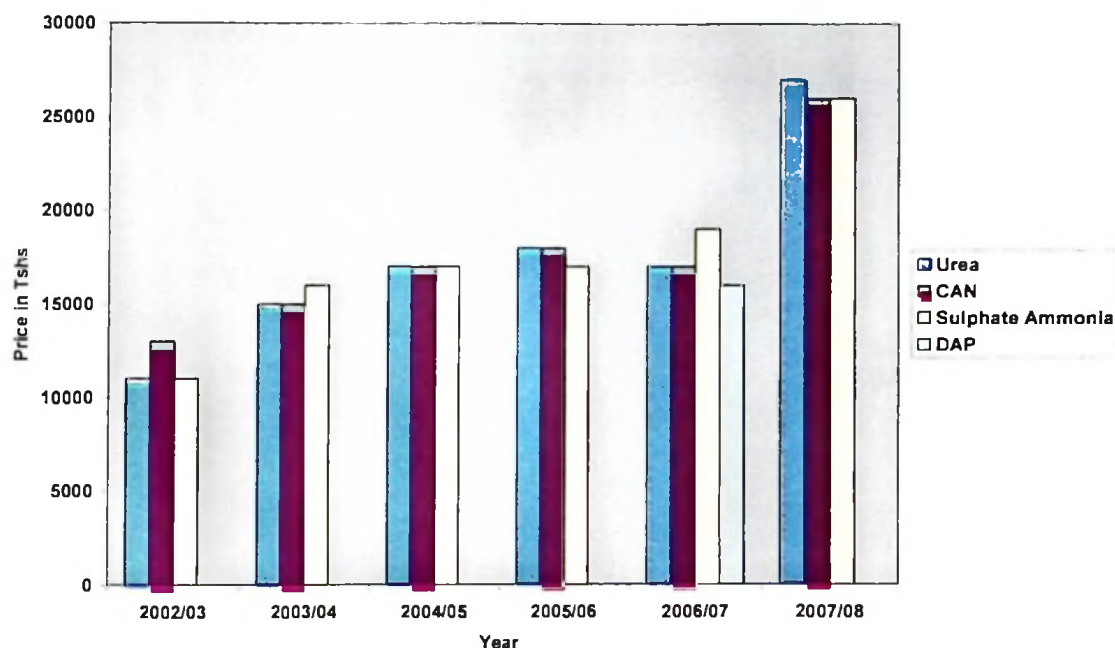


Figure 6: Categories and trend of prices of agricultural inputs for the period 2002/03 up to 2007/ 08.

The findings of the study show that the prices of agricultural inputs have been increasing as time passed by to the extent that farmer members were unable to afford to acquire such inputs; such a situation discouraged them from applying the inputs, and this in turn, affected agricultural production. Fig. 7 indicates the manner in which average input prices have affected average production reflected in tons. According to the Fig. 8, while the average input prices kept on increasing every year, the average production in tons kept on declining, indicating a negative correlation between the two variables (i.e. average input prices and average production). This relationship is illustrated in Fig. 7.

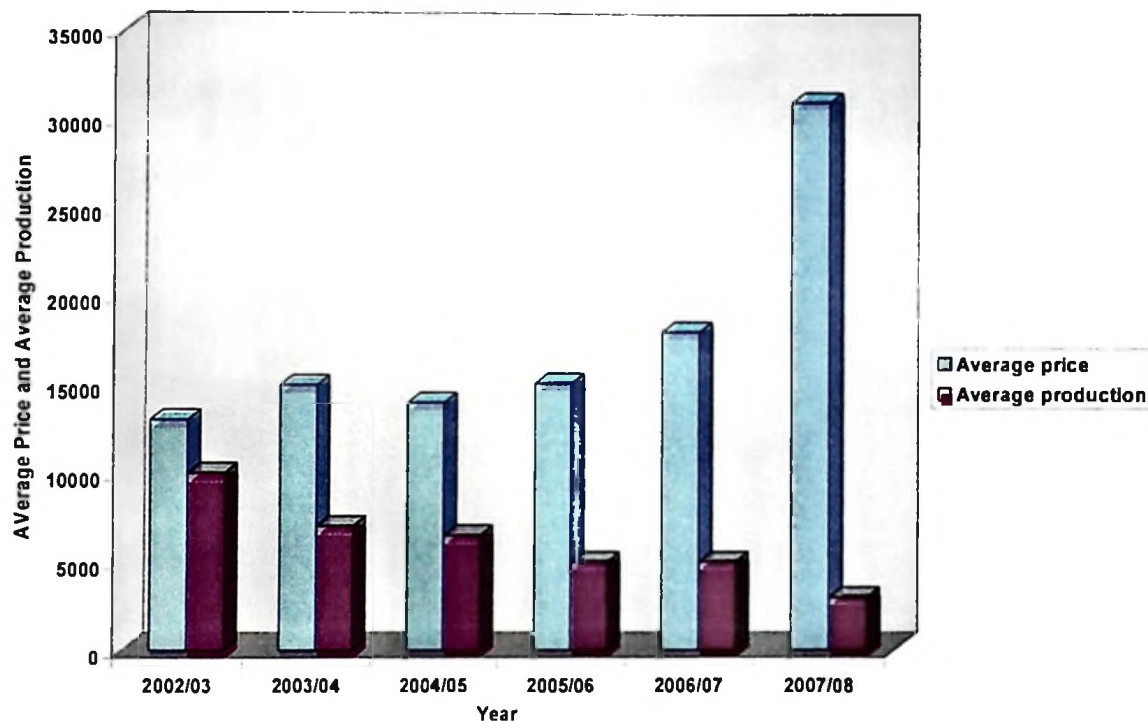


Figure 7: Relationship between average agricultural input prices in Tshs and the average production in Tons for the period 2002/3 up 2007/08

Fig. 7 shows that, the average agricultural inputs having a impact on the average production to the extent that as the average prices increased the average production decreased. A significant increase in prices for agricultural inputs was triggered by two main reasons; first the increased trend of inflation rate, which weakened the purchasing power of not only the farmer members, but also that of cooperative unions. And secondly, the world financial crisis, which also affected the economy in the sense that exports function, was affected particularly in cash crops like coffee and cotton. For example, in January 22, 2009 about 138 011 bales of cotton were piled up in ginneries due to lack of purchasing orders.

The demand for Tanzania cotton declined in the world market; this led to a crisis in the domestic market as international prices fell by 40 percent. Also, the crisis led to the pulling out of investors from Tanzania thus leading to an increase rate of unemployment and

government tax denial thus affecting the economy (URT, 2005). Fig. 8 shows the exchange rate in Tshs against a dollar and its effects on the prices of agricultural inputs.

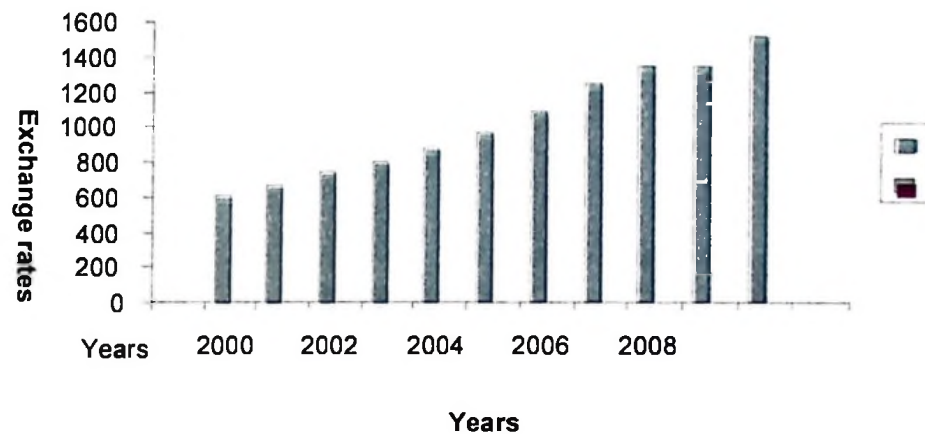


Figure 8: Exchange rate trend for the period 2000 up 2008

Fig. 8 indicates the exchange rates trend over 8 years; such a trend has affected importation function, as more dollars were needed to import the same goods imported in previous years.

In the case of MOFACU, although the union was unable completely to collect and handle a single ton of agricultural produce, the researcher had to survey the prices of agricultural inputs in relation to production. As it has been the case with suppliers in the aforementioned cases, the pattern was also the same with respect to the prices of agricultural inputs. The suppliers sold the inputs at very high prices as Fig. 9 indicates.

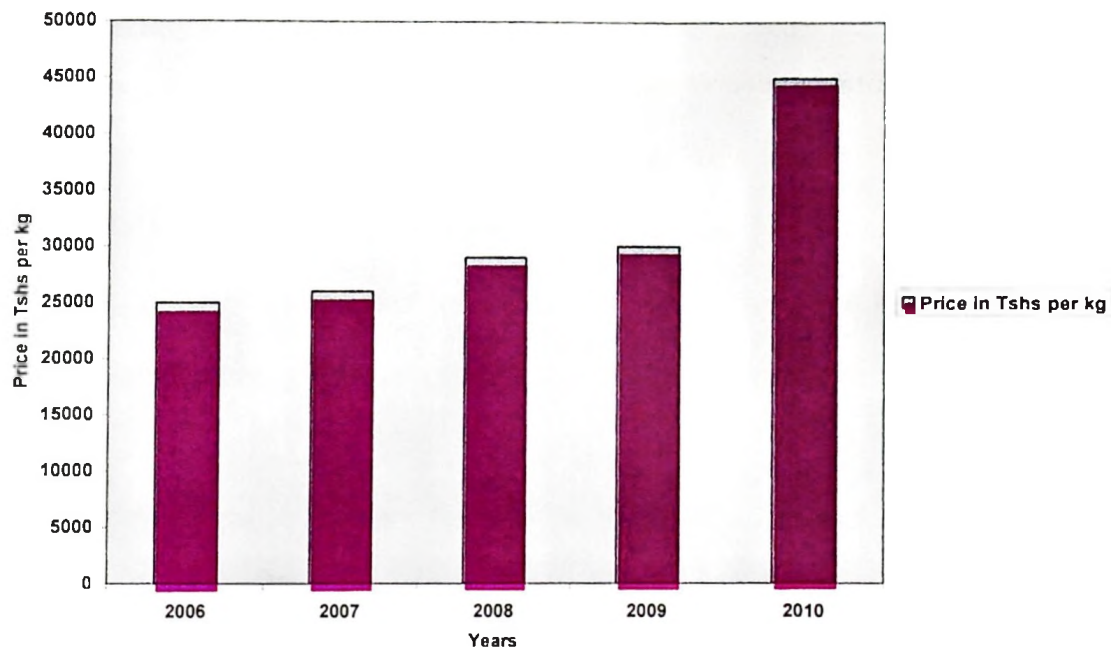


Figure 9: Agricultural input price for cotton for the period 2006 to 2010

Fig. 9 shows the trend of agricultural input price for cotton since 2006 through 2010. The same pattern featured in the prices of seed cotton, which indicated a fluctuating upward trend, the prices of agricultural inputs also affected production (Appendix 15).

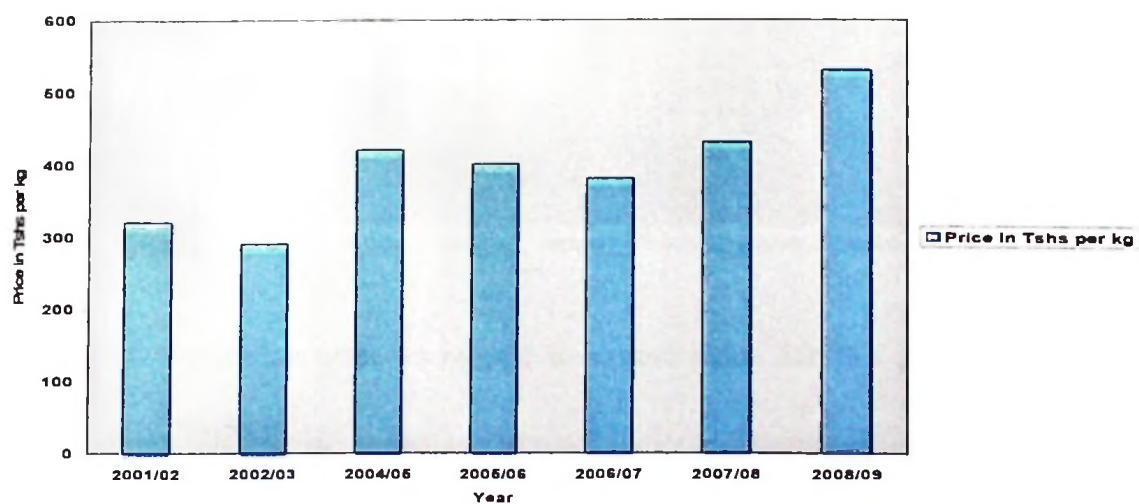


Figure 10: Seed cotton price trend for the period 2001/02 – 2008/09

Fig. 10 shows the prices of agricultural inputs in terms of seed cotton. Generally, the prices have been increasing as time passed by. In all the situations, farmer members have been overburdened, in a sense that the producer prices have been declining while the export prices have been indicating an upward trend as Table 11 illustrates. Fig. 11 shows the disparity between the producer prices and the export prices. The export prices have been increasing on average when compared with the producer prices.

Fig. 11 shows the relationship between the producer prices and export prices. Producer prices have been low throughout as compared with export prices which were high throughout. The same pattern was displayed at SONAMCU, the prices of agricultural inputs increased to unmanageable proportions as time went by (Appendices 10, 11 and 12).

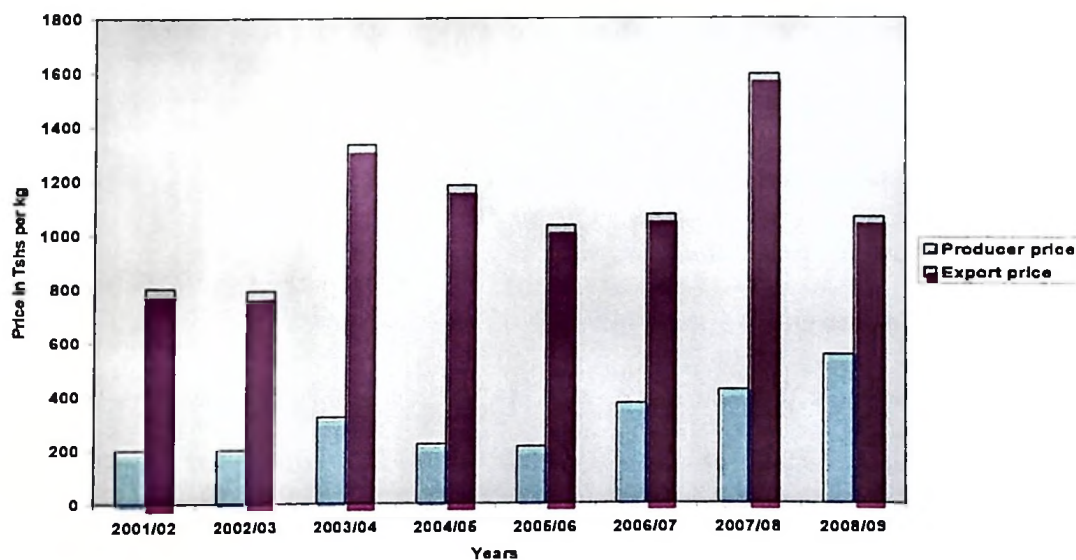


Figure 11: Producer price as related to export price for the period 2001/02 up to 2009/10

Fig. 11 shows that the producer prices is lower than export prices the reason is that farmer members do not have strong representation when it comes to price negotiations as opposed

to export prices which have strong presentation when it comes to price negotiations. Table 12 show tobacco average producer price.

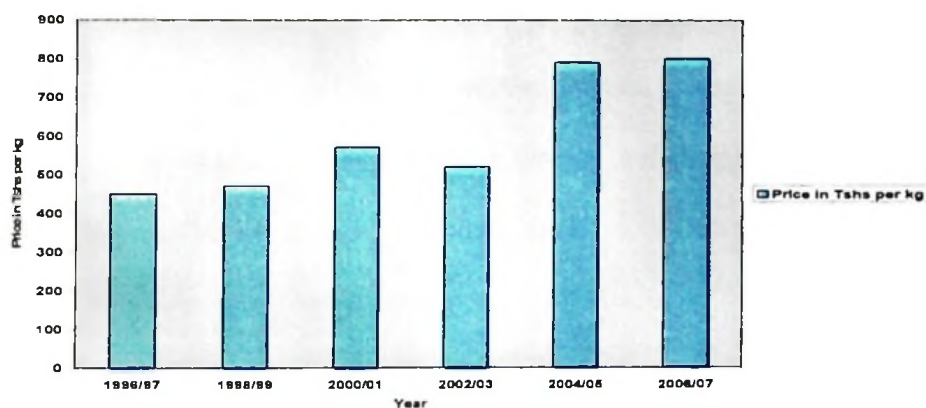


Figure 12: Tobacco average producer price for the period 2006/07-2008/09.

Fig. 12 shows the pattern of average tobacco producer prices which have been displaying an upward trend. This is because the demand of tobacco has always been exceeding that of the supply; this is unlike the case for coffee and cotton whose producer prices have been displaying a downward trend throughout. Similar studies (e.g. Banturaki, 2000; Mhando 2005) found that the agricultural inputs were sold at such exorbitant prices that majority of farmer members could no longer afford the inputs as such agricultural production was affecting.

On the existence of monitoring and control systems, as reflected in 2.6.1 monitoring was based on tracking of performance as the end results of an activity, while control was about ensuring that things were carried out smoothly and remedies are made in cases where things go astray (Green and Madlin, 2003). In the case of MBOCU, the study results indicate that 100 percent of the respondents revealed that monitoring and control systems were not existent.

A similar pattern was observed in MOFACU, whereby the results indicate that 100 percent of the respondents reported of lacking the monitoring systems while the results in SONAMCU indicate that 99 percent of the respondents reported of not having the system in place. A similar study by Banturaki (2000) found that there is pervasive dishonesty, corruption, greed, abuse of committee powers, irresponsibility and non-accountability within then ranks of cooperative leadership indicating that the system of monitoring, evaluation and controls were not in existence.

When the results for these parameters (i.e. availability of corporate plan, sense of ownership, formulation, and implementation of corporate plan, affordability of inputs prices, availability of capital, and availability of monitoring and control systems) are compared across the three cases, the following picture is depicted: on the availability of corporate plan; MOFACU scored 99.1, SONAMCU scored 99, and MBOCU scored 98.8 percent. The figures indicate that all the three cases across had no corporate plans. As it can be seen, the difference between the availability of corporate plan across the three cases is far from optimal.

On the sense of ownership, MBOCU scored 98.4 percent, MOFACU scored 99.5, and SONAMCU scored 99.3. On this aspect there was no significant difference across the three cases. On the formulation and implementation of corporate plan, MBOCU scored 98.8 percent and 96.8 percent respectively, while MOFACU scored 100 percent and 91 respectively, and SONAMCU scored 99.3 and 99.1 respectively. The results here show that on the formulation of corporate plan MBOCU ranked first by scoring 98.8 and MOFACU comes last by scoring 100 percent. On the implementation of corporate plan on this aspect however MBOCU ranked first by scoring 96.8 and SONAMCU ranked last by scoring 99.1. On the whole, the difference is insignificant. In all three cases, the involvement in the

formulation and implementation stages has always been problematic. It therefore indicates that strategic management is not a common practice in cooperative unions.

On the availability of capital MBOCU ranked first with a score of 97.1 percent, the two other cooperative unions had a tie score of 99.1 percent each. The difference across the cases is therefore insignificant. This is because the issue of capital is a headache of every stakeholder in the studied cases. On whether input prices were affordable, SONAMCU ranked first as it scored 82 percent while the other two unions ranked second as each one of them scored 100 percent. Since the introduction of trade liberalization, there has never been any government subsidy which cooperatives would use to support farmer members. On the availability of monitoring, evaluation and control systems SONAMCU ranked first, with a score of 99 percent while the two ranked second with a score of 100 percent each.

When the overall results are measured using defined parameters, the use of strategic management by the farmer member through the support of cooperative managers was far from optimal, implying that this variable was almost non-existent. On the whole, the majority of the respondents indicated that strategic management was not a common practice for all the parameters, a situation which led to disappointing performance.

The results addressing research question number 4, as what is to be done to improve farmer members and cooperative unions in Tanzania, have little contribution in providing solution to the problem in question. In fact farmer members, with the support of cooperative managers need to apply strategic management in order to reposition themselves for better performance. Better performance would be reflected through the ability of cooperative unions to collect and handle agricultural produce.

4.3 Factors Influencing the Agricultural Performance of the Studied Cases

Guided with the theory of strategic management the second objective was to find factors influencing the performance of the studied cases. The results were such that the factors influencing the agricultural performance were affected negatively. The analysis of the results is provided in Table 15, 16, 17, and 18 this section. It is understood that managing business enterprises without being aware of the nature of the business environment into which the enterprise operates is highly dangerous as the business is likely to be out of control. According to Kotler (2001) the business environment is comprised of forces or factors external and internal to the business enterprise, while the former is uncontrollable, the latter is within the control of the managers of the enterprise.

The parameters for objective two which focused on the factors influencing the farmer performance in agricultural production, were divided into two categories namely; external and internal parameters. The external parameters included; political, economic, technology, geographical, suppliers, legal, and competitors, while the internal parameters involved; workforce and performance.

In relation to the parameters of the study objectives, the results indicate that the potential of cooperative unions is far from optimal. The performance of the cooperatives is so disappointing that farmer members and cooperatives of the studied cases were unable to collect and handle agricultural produce. Similar studies (e.g. Maghimbi, 2010; Banturaki 2000) found that service delivery of cooperative unions deteriorated tremendously after the reintroduction of such cooperatives in 1982.

The study results have done little in answering the research question 1 which asks, to what extent does strategic management enable farmer members through the support of cooperative managers to cope with the challenges of market liberalization. The farmer members, through the support of cooperative managers were expected to ensure that their plans and strategies are adjusted according to the uncontrollable factors or external factors failure to that they will record disappointing performance.

On the performance of the three cases the scores across the cases appeared as follows; SONAMCU 76.3 percent, MBOCU 88 percent, and MOFACU 98.7 percent. These figures when ranked in accordance to their performance show that the performance across the three cases is disappointing; while the two cases liabilities exceeded assets, SONAMCU possessed a number of physical assets which also exceeded liabilities.

The results in Table 12 show that, political force, as discussed in section 2.3 greatly influences the business operations and the standards of living of the people (see for example Kotler, 2001; and Wright *et al.*, 1998).

4.3.1 Political factor

In this respect, the study results indicate that 97.4 percent of the respondents at MBOCU revealed that political factor was favourable because it influenced the operations positively. In MOFACU, 97 percent of the respondents revealed that political factor influenced the smooth operations of the union. A similar pattern was observed at SONAMCU, where 98.3 percent of the respondents indicated that political force had a favourable influence on the operations. On the whole political stability of Tanzania facilitated cooperative unions and farmers to continue with their agricultural operations.

On the influence of political factor, the FG's and AMCOS during focused discussion, said that in spite of the multiparty system political stability of Tanzania created a conducive working environment to the farmer members to the extent that they participated fully in their operations. A similar study by Banturaki (2000) found that the establishment of cooperative unions were politically driven. The difference between the current cooperative unions and the colonial cooperative unions was that the expansion of the latter was then uncontrolled, such that these cooperative unions were set up everywhere in the country regardless of whether or not their operations could be viable.

4.3.2 Economic factor

Economic factor as discussed in section 2.3 has a significant impact on business operations. The growth or decline in the gross national product and an increase or a decrease in interest rates, inflation, and the value of a dollar has also an impact on business operations (Wright *et al.*, 1998). With this respect, the study results indicate that 97.2 percent of the respondents at MBOCU, revealed that economic factor did not favour the union's operations. Similar results were reported by 89.2 percent and 93.3 percent of the respondents at MOFACU and SONAMCU respectively.

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During the discussion with the top management on the issue of economic aspects, it was revealed that economic factor created operational challenges to farmer members and to MBOCU itself. This is because of the increase of the prices of agricultural inputs as well as the increase of other production costs. For example, the inflation of 2007 and 2011 which reached 12.5 percent and 16 percent respectively coupled with the world financial crisis in the same period made the situation worse in the sense that farmer members were in a difficult situation due to not only the increase of prices of agricultural inputs but also the export and import functions were made impossible as results some of the investors pulled out from Tanzania.

MOFACU, SONAMCU experienced the same phenomenon. For example, in the case of MOFACU, during focused group discussions AMCOS and farmer groups in Mkuyuni, Jembemali, Melela and Songambebe were heard complaining that they were unable to afford the prices of agricultural inputs which had been increasing while the producer prices had been decreasing.

The top management of SONAMCU said that the union in question was also affected with inflation as has been the case with other studied cases. With the exception of the union in question, the world financial crisis did not affect the farmer members, particularly on the export of tobacco as the demand always exceeds supply. However, farmer members were affected by the world crisis on the aspect of agricultural inputs. The AMCOS and FG's said that the suppliers have been a necessary evil to cooperative movement since the government introduced trade liberalization.

The top management of SONAMCU reported the trend of agricultural inputs as follows; in 2006/07 the price of inputs was Tshs 26 000 compared to the year 2007/08 when the prices

of the same agricultural input especially for NPK reached Tshs 31 000. This was an increase of almost 5 percent. The average price of other agricultural inputs was Tshs 23 000 per 50kg bag. In terms of chemicals, in the same periods, that is in 2006/07 in the chemicals were sold at Tshs 56 000 per 50 gm and in the following year it was sold at Tshs 61 900 per 30 gm. The respondents provided information on tobacco production and the average agriculture inputs.

Buyers of Tanzanian Tobacco were only three companies namely, Alliance One with ability to buy 35 percent, Tanzania Leaf Tobacco Company (TLTC) with ability to buy 55 percent, the remaining 10 percent is consumed by Tanzania Cigarettes Company (TCC) in Tanzania. There are three categories of Tobacco namely; Virgin Flue Cured (VFC) which is almost 95 percent, Dark Fire Cured (DFC) which is 4 percent and Barley (B) which is 1 percent of the total tobacco produced in the country. Barley is almost phased out, due to lack of markets.

Ruvuma manufactures both Virgin Flue Cured (VFC) as well as Dark Fire Cured (DFC). Other areas producing VFC in Tanzania include; Tabora, Shinyanga, Singida, Mbeya and Rukwa. Producer prices were set by the Tobacco Council (TC) which comprised of all buyers, stakeholders' representatives of farmers' primary societies, cooperative unions and apex. The price setting is controlled by the government up to a point until where the consensus is reached by the major world buyers comprising Malawi, Zambia, Mozambique, South Africa and Brazil. Table 13 shows the producer tobacco price and production.

Table 13: Producer tobacco price and production by trend for the period 2004/05 to 2008/09

Crop season	Production (tones)			Average price (Tshs/kg)	
	VFC	DFC	Total	VFC	DFC
2004/05	50 494	5 228	55772	983.40	735.05
2005/06	46 729	3 537	50 266	1 102.28	681.95
2006/07	49 576	1 038	50 614	1 240.35	882.00
2007/08	52 597	2 474	55 071	1 340.64	999.60
2008/09	55 193	3 983	59 176	2 775.50	1 784.9

Source: URT (2008)

Table 13 depicts the producer category price and production trend. The trend shows further that tobacco was not affected at all by the world financial scourge especially because the demand has always exceeded the supply. Furthermore, the production has been increasing over the years, especially for the case of virgin flue cured (VFC) while in the case of dark fire cured (DFC) there was a slight drop both in the production as well as on the average price for the year 2006/07.

The bar chart shows that the producer price of virgin flue cured (VFC) has been increasing with the passing of time, while the DFC producer price has also been increasing but at a slower pace Fig. 13. The reason for this trend is that the demand of VFC is very high as 95 percent of VFC has been exported every year, while only 4 percent of DFC has been exported during the same period of time.

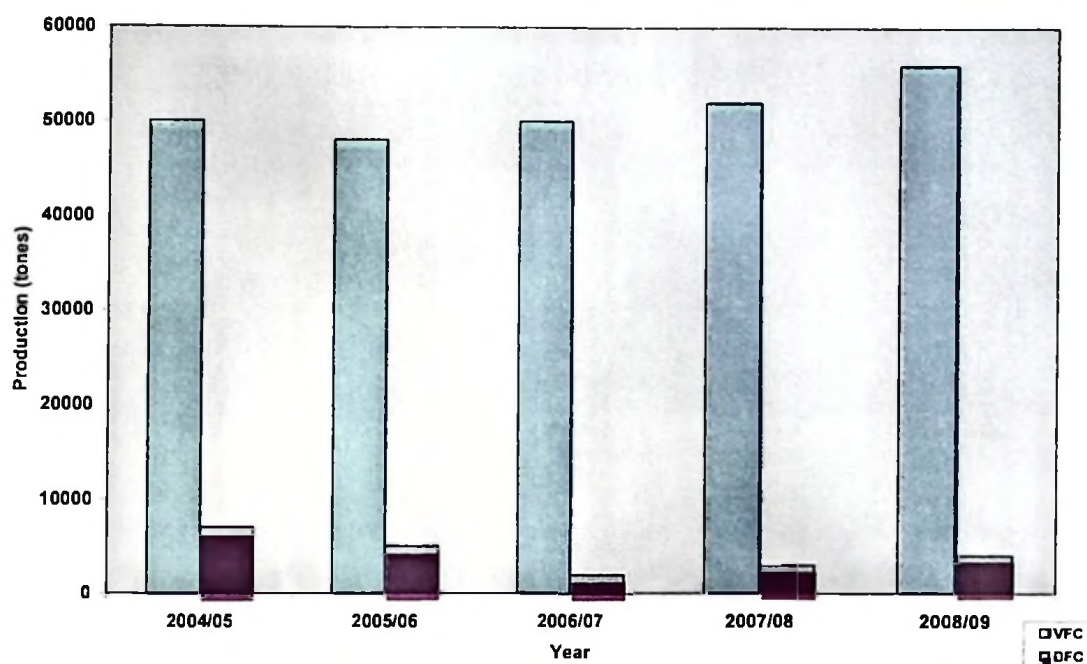


Figure 13: Production trend in tons for the period 2004/05 to 2009/10

Fig. 13 shows production trend in tons from 2004/ 05 through 2008/09. In 2005/06 the production of virgin flue cured (VFC) declined slightly because of the weather changes. Other wise as Fig. 13 shows, virgin flue cured (VFC) is the most leading in production as the demand is higher than dark fire cured (DFC). In the case of DFC production was slightly higher in 2004/05 thereafter it declined because generally, the demand of the latter is lower. This acts as disincentive to farmer members as they don't invest much in the production of the latter.

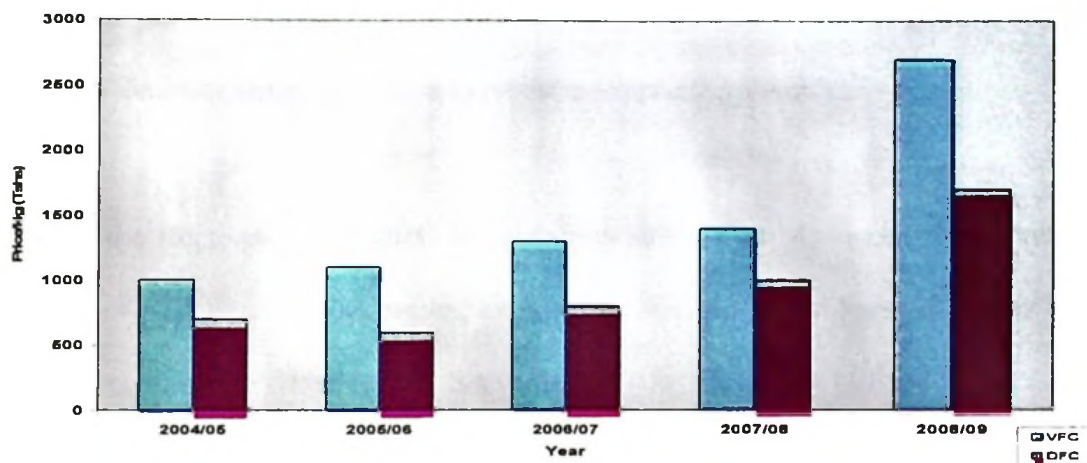


Figure 14: Producer price trend for the period 2004/05 to 2009/10

Fig. 14 indicates the production trend of both VFC and DFC, whereby the production of the former seems to have been increasing every year except in the year 2005 where the production declined due to change of weather but it (the production) later on peaked up. As for the latter, on the other hand the production trend reached the maximum in 2004 and gradually declined in 2006 up to the level of 1 038 tones due to weather changes; but the production later peaked up slightly. On the issue of technology, according to section 2.3 of this study, technology connotes scientific advancement and innovations that provide opportunities or challenges for business. A change in technology can affect a firm's operations as well as its products and services (see also Wright, *et al.*, 1998).

The study results in the case of MBOCU, show that 96 percent of the respondents revealed that the pace of coping with the current technology is very slow. A similar pattern was observed at MOFACU and SONAMCU where the study results indicate that 93.8 percent and 91.6 percent of the respondents respectively revealed that technology posed a big challenge in the studied cases. During focused group discussion with AMCOS members it was revealed that a hand hoe was the main tool used for tilling the land; and this resulted

into low yields. Furthermore, Mbozi had no potential of irrigation system and therefore it was difficult for farmer members to promote irrigation system.

When the Regional Agricultural Development Advisor in Morogoro was consulted on the status of agriculture in the region, he reported that the technology of power tillers was a recent phenomenon, however if this technology is effectively utilised is likely to improve agricultural production. This could have been possible if farmer members were organized through cooperative union. As of now, the union in question was unable to collect and handle agricultural produce during discussions with the general manager, it was revealed that the pace of the adoption of the technology at MOFACU was slow.

4.3.3 Technological factor

Technologically, farmer members in this union continued to suffer, this is because they continued using a hand hoe for agricultural production, resulting into lower yields per hectare, one of the reasons was that irrigation was not possible. This contradicts with White and Runge (1994) who have provided lessons on cooperative water shed management. In the case of MBOCU, the study results indicate that 96.3 percent of the respondents revealed that the studied case was geographically well positioned In the case of MOFACU and SONAMCU, the study results indicate that 93.5 percent and 91.5 percent of the respondents respectively revealed The support from the union had little impact due to the fact that the referred union was not in a better position to organize farmer members under one roof. Similarly, a study by Mhando (2005) in Mbinga district (see page 52) found that for the past 30 years major coffee producers have been involved in the experiments in order to come up with the improved technology of coffee production that would enable producers to increase yields within their areas without increasing the number of trees.

4.3.4 Geographical factor

The geography as applied here means distance or strategic location of an area, as discussed in section 2.3 strategic location for a business enterprise can also offer opportunities and/or challenges to business operations (David, 2006). In the case of MBOCU, the study results indicate that 96 percent of the respondents revealed that the studied case was geographically well positioned, with the exception of farmer members who were to travel long distances to access agricultural inputs. In the case of MOFACU and SONAMCU, the study results indicate that 89.2 percent and 89.8 percent of the respondents respectively revealed that the geography factor was in favour of business operations for both unions; this is mainly because the two areas are high potential for agricultural production.

4.3.5 Supplier factor

As for the issue of suppliers, this affected the studied cases unfavourably as reported by 94 percent, 91.4 percent, and 95.6 percent of the respondents at MOFACU, MBOCU, and SONAMCU respectively. Since the introduction of trade liberalization, the supply function of agricultural inputs were shifted to private dealers whose interests is getting super profits through increased agricultural input prices and decreased producer prices.

A Similar study by Mhando (2005) found that farmer members had to travel long distances to find agricultural inputs mainly from shops owned by private dealers in towns. Otherwise Mhando's study also noted the great potential in agricultural production of the three regions in which the three unions are located. According to Wright *et al.* (1998) as for the case of suppliers, these represent business dealers who carry out the supply function to enable business to execute the input- out put operations.

4.3.6 Legal factor

As for the legal aspect, as discussed in section 2.3, a nation's legal system greatly influences the business operations in that it can also pose opportunities and or challenges (Lenz, 2005 and Wright *et al.*, 1998). The study results indicate that 76 percent of the respondents at MBOCU revealed that, the legal system affected the studied case negatively. Similar results were indicated by 100 and 91.5 of the respondents at MOFACU and SONAMCU respectively.

During focused group discussions, respondents had the opinion that trade liberalization could have not been introduced as it affected their operations in the sense that this policy did not help farmers; instead it made the situation worse than it was in the past. One of the respondents remarked,

The government should not have allowed trade liberalization because the policy affected farmers in a sense that the welfare of farmer members is more deteriorated than it was before.

As for MBOCU, the situation was even worse, but the union continued to exist because it was a legal entity; otherwise there was no activity taking place at the union offices. When the researcher entered the union's office, there was no sign of life. Everything was disorganized. When the author of the current work inquired about this state of affairs from the general manager, the response was "*there was no activity at all because the union had no ability to collect and handle a single ton.*"

As for management and financial policy documents, it was noted that the union was not in possession of such policy documents, this was a clear sign of not practicing strategic management. In the case of legal/regulations, farmer members were also indirectly affected

with a pile of cases facing MOFACU; this is because the union's focus of attention was on how to mitigate the cases. Since the defunct Morogoro Regional Cooperative Union (MRCU) some cases were still pending with MOFACU. The general manager had to move up and down in an effort to settle the pile of cases whose position is yet to be known to date (Appendix 8). This endeavour is very expensive, for example more than Tshs 7 million was spent on the logistics governing the administration of these cases. This has caused farmers untold suffering as service delivery by the union was far from optimal.

In the case of SONAMCU, generally farmer members were affected by the legal aspect as they suffered indirectly in the sense that at one time Wood Slide, one of SONAMCU competitors, entered into contractual agreement with the union whereby the competitor was obliged to collect tobacco and the latter was supposed to bring tobacco to SONAMCU's Songea Tobacco Processing Plant (SONTOP). In the process, Wood Slide breached the contract by organizing itself with other private companies and identified their own plant, which is known as Morogoro Tobacco Processing Plant based in Morogoro. From that time to date, Songea Tobacco Processing Plant (SONTOP) was closed; such a move affected both farmer members as well as SONAMCU.

A similar study by Banturaki (2000) found that pervasive dishonesty, abuse of committee powers, irresponsibility, and non-accountability have been rampant amongst the leadership ranks. This has so far not only continued unchecked but it has also continued to distort the image of rural cooperative enterprises, and thus causing unimaginable financial losses and general retrogression of rural social and economic development. On the level of competition SONAMCU had 91.6 percent, MBOCU had 98 percent, and MOFACU 93.8 percent. This reflects the competitiveness of the business environment in which the cooperatives operate.

4.3.7 Competition factor

As discussed in section 2.3 competition is a shift of business enterprise from monopolistic umbrella to a more dynamic business environment. According to Mayor (2006); Kotler (2001) and Wright *et al.* (1998) such shifts has effects on business operations as it erodes profit but it enhances improved customer service. In the cases of MBOCU, the results indicate that 100 percent of the respondents revealed that competition was very stiff. As for MOFACU and SONAMCU, it was 93.5 percent and 91.5 percent of the respondents respectively who revealed that competition was very stiff.

During discussion with the top management it was revealed that MBOCU faces stiff competition (Appendix 9) as the Coffee Private Buyers (CPB's) linked and paid cash directly to the farmer members in purchasing parchment coffee. One of these competitors is LIMA. At the outset, farmers were happy but later on they came to realize that these private dealers were not that much honest because they continued to increase the prices of agricultural inputs while lowering the producer prices. In that way farmer' conditions did not improve, thus trade liberalization has not helped the farmer members instead they have been made worse than they were before. The government had good intention in introducing trade liberalization but due to lack of adequate preparation, trade liberalization brought with it seeds of misconduct. Plate 1 depicts the warehouse of LIMA one of the competitors of MBOCU.



Plate 1: LIMA warehouses where the company used to handle its agricultural produce

Plate 1 shows the warehouse which belongs to one of the competitors of MBOCU namely LIMA Ltd. From observation, it became apparent that MBOCU warehouses were dilapidated, and is a testimony of not practising strategic management and weak competitive position of the union. LIMA management demonstrated small farms, as shown in Plate 2, for farmer members well in advance so as to improve agriculture production.



Plate 2: LIMA small farm for farmer's demonstration

Plate 2 shows the small farms which were established by the management of LIMA with a view of improving production. In fact the company supported farmers with quality coffee trees by supplying farmers with agricultural inputs and subsidy arrangements backed up with pre-financing of inputs which were delivered to farmers directly and timely. LIMA had its internal control system which comprised of traceability component involving the process of registering farmers so that the capacity of coffee production per farmer per hectare is known. LIMA has representatives in the villages appointed by village leaders who formed three groups, 400 village coordinators, 28 village supervisors and field supervisors. Additionally, the company has 14 zonal managers. The main purpose of these arrangements is to ensure they get quality coffee trees which would improve average production per hectare.

In the case of competitors, MOFACU was noted to have no operations, however during focused group discussion with Agricultural Marketing Cooperative Societies (AMCOS) and Farmer Groups (FGs) at Mkuyuni, and Mlali respectively and, farmer members at Jembemali and Mikese, it was revealed that local and foreign traders used to go to these areas to collect and handle agricultural produce at a give away price.

As for SONAMCU, the top management revealed that the union operated in a hostile business environment, as it had to compete with multinational corporations such as Tanzania Leaf Tobacco Company (TLTC) Alliance One, Wood Slide and Stan Com. All of these companies were under one roof of Association of Tanzania Tobacco Traders (ATTT) a subsidiary holding company based in Europe.

In this way, SONAMCU was outpaced in the competition, the union was competing with foreign and local competitors for example AMCOS (Appendix 14). For example, earlier on the supply function of agricultural inputs was operated by the union through primary societies, the competitors contravened these arrangements and started going to the farmers to collect tobacco and paid cash. Since this was a lucrative deal to these competitors, they therefore quietly withdrew from the union at a stage where SONAMCU had already supplied agricultural inputs worth Tshs 500 000 000 to farmers. These debts have never been recovered to date.

4.3.8 Workforce factor

On the issue of workforce, according to section 2.3 refers to workforce as employees whose individual performance is vital in the total performance of the business enterprise. When managers and employees understand what the organization is doing and why, they often feel a part of the organization and thereby become committed to assisting it (Gooty *et al.*, 2009

and Avolio 2004). In the case of MBOCU the results indicate that 96 percent of the respondents revealed that the workforce was not effective. As for MOFACU and SONAMCU it was 97.9 percent and 89.9 percent of the respondents respectively who indicated the workforce not being effective.

On internal factors with respect to the workforce has been defined in section 4.3 of this study the cases had the following representation; SONAMCU 90 percent, MBOCU 96 percent and MOFACU 97.9 percent. When the board members were asked on the state of poor performance the response was that, this was triggered by the fact that the personnel of the unions in question were unskilled and this affected performance.

During discussion with the top management regarding the composition of work force, it was revealed that the coordination of farmer members depended on how active the managers of the cooperative union were. In this case, some bottlenecks emerged due to the fact that at times farmer members were left alone since there was no facilitation in terms of capital to enable them to obtain agricultural inputs. More seriously, farmers and cooperative union managers lacked education this is because before trade liberalization the employment of employees and appointment of board members did not follow qualifications strictly, this was possible during monopoly.

For example cooperative personnel, should have the exposure in terms of skills to enable them manage operations successfully. Even MBOCU management did not take up the issue of education for its managers as its challenge. Table 14 shows the human resource composition for MBOCU with regard to education and professional background.

Table 14: The composition of MBOCU human resource

Board Members	Education qualification	Professional qualifications	Top management	Education qualification	Professional qualification
Chairman	Standard 8	Certificate in cooperative and procurement	Ag. GM	Form 4	Post graduate diploma in cooperative management
Deputy Chairman	Standard 7	Nil	Others		
Members	Standard 7	Nil	Cashier	Standard 7	Nil
Member	Form four	Diploma in Education	Security	Standard 7	Nil
Member	Standard 7	Nil			

As it can be seen in Table 14, the majority of board members were standard seven leavers, while the top management comprised of one manager with a form four certificate and a post graduate diploma in cooperative Management.

It was observed that the workforce of farmer members and cooperative managers were not effective enough as they lacked member education. As for MOFACU human resource composition; this also lacked managerial competence. Additionally MOFACU had a limited number of managerial staff in the sense that there was only one manager at the level of top management, and the rest being board members who were also not well equipped in terms of managerial competence. Table 15 indicates the MOFACU, human resource composition.

Table 15: Composition of MOFACU human resource

Board Members	Educational Qualifications	Professional Qualifications	Top Management	Educational Qualifications	Professional Qualifications
Chairman	Standard Seven	Certificate in Cooperatives	General Manager	Form Four	Post graduate diploma
Deputy Chairman	Standard Seven		Chief accountant (retired in 2010)	Standard Seven	NIL
Other Board Members	Standard Seven		Others Security Guard	Form Four	Form Four

Table 15 shows the composition of MOFACU human resource which comprises of board members all of these had standard seven certificate; and the top management which had a form four certificate, and a post graduate diploma. Such a situation certainly makes it very difficult for such staff to manage cooperative unions as business entity particularly under the current competitive business environment.

Table 16 shows that SONAMCU had seven board members, and all of who had Standard Seven leaving certificate as their education qualification. As to the top management, SONAMCU had three top managers, the General Manager, the Legal and Administrative Manager, and the Chief Accountant. The General Manager had Form Six leaving certificate as his educational qualification together with his professional qualifications in terms of Master of Science and advanced diploma in cooperative accounting.

Table 16: Composition of SONAMCU human resource

Board Members	Educational Qualifications	Management Profile		Educational Qualifications	Professional Qualifications
		Professional Qualification	Top Management		
Chairman	Standard seven	NIL	General Manager	Form Six	Msc and advanced Diploma in Accountancy
Deputy Chairman	Standard seven	NIL	Legal and administrative manager	Form Six	LLB and postgraduate diploma
Other 5 Board Members	Standard seven	NIL	Chief Accountant	Form Four	Advanced diploma in accountancy

The Legal and Administration Manager reached Form Six and had LLB and a postgraduate diploma as his educational and professional qualification respectively. The Chief Accountant was a Form Four leaver and had an Advanced Diploma in Accountancy. Other staff included a driver and a secretary with a class seven and Form Four School Leaving Certificates respectively. With respect to the human resource composition SONAMCU was relatively better than MBOCU and MOFACU. SONAMCU's top managers were few but at least they were better skilled.

During the discussion with the general manager about SONAMCU's human resource position, it was revealed that having a small size personnel was a union's strategy, and especially because there was little business going on. Therefore having a small workforce was a cost saving strategy. However, at the level of board members there was no difference with the other two cases with regards to the level of education. SONAMCU was not exception in failing to carry out its core businesses; the management resorted into managing the non-core or peripheral businesses. For example, the Angon Arms Hotel and houses for rent in Songea town and warehouses were the Union's properties which were offered for

rent to businessmen. Apart from these properties there was no meaningful business which SONAMCU carried out for the union's survival.

The URT (2002) reports that any viable cooperative union has to have 10 to 30 employees which should include, inter alia, board members, a general manager, a chief accountant, an operational manager, a legal and administration manager, an internal auditor, accountants, secretaries, office attendants, and drivers. As it stands, there is a big difference or gap between the actual situation and what is expected in terms of human resource in the studied cases.

It was also observed that the issue of workforce of farmer members at SONAMCU portrayed a different picture from other unions under this study. Farmer members were still very loyal to SONAMCU. Given the intensity of competition, the union had to pull out from its core business; instead became engaged in assisting primary societies in assuring trade regulations were adhered to and that all the legal matters were followed. Apart from this, the union also used to organize member meetings on quality assurance and price negotiations both in prices of agricultural inputs as well as producer prices. Likewise, the union used to assist farmer members to enter into viable contracts. In this arrangement, SONAMCU was a signatory to farmer members and private dealers (Appendix, 7).

4.3.9 Performance factor

The performance of the enterprise, as discussed in the literature review refers to the results or outcomes in relation to achieving the intended objectives (Habi *et al.*, 2009). The study results for MBOCU indicate that 88 percent of the respondents revealed that performance was very poor. As for MOFACU and SONAMCU it was 98.7 and 75 of the respondents respectively who also revealed that performance was very poor.

Performance is a function of several variables one of these is high quality of agricultural inputs. However, the practice of private buyers of going straight to farmers to collect parchment coffee also affected the quality of coffee because small farms were not prepared to the required standards.

The researcher discussed with the then District Commissioner of Mbozi, on 8th, August, 2008 on the coffee business environment, where upon she said,

Trade liberalization has not helped the farmer members at all because the private buyers were not interested with the quality of coffee, and this was done at the expense of farmers as in the end prices offered to the farmer members were very low.

The Commissioner continued by saying,

However, the government was determined to open agricultural input centres in almost every village, this would be preceded by preparing a register of farmers so as to make it easy for the farmers to get support through the input voucher system. However, this move should go in line with member education to convince farmers that the government was determined to establish a new system which involves farmer members and not the old system which did not recognize that farmer members were the owners of the cooperative system and that they are the foundation upon which the sustainability of cooperative unions hinges.

On the other hand, the performance of farmer members as well as MBOCU as a union was very disappointing. For example during discussion with the acting general manager about

the performance of MBOCU, it was revealed that the union in question had liabilities exceeding assets; the performance of MBOCU is depicted in Table 17.

Table 17: MBOCU ratio analysis portraying the union's financial picture

Financial year	1998/1999	1999/2000
Liquidity Ratios		
Current Ratios	1.6	1.5
Acidic test Ratios	1.6	1.4
Activities Ratios		
Inventory Turn over	4.4	1.8
Collection Period (days)	289	203
Payment period (days)	238	286
Assets turnover	0.6	0.9
Profitability Ratios (%)		
Gross profit margin	97	97
Net profit margin	Loss	Loss
Return on investment	Loss	Loss
Leverage Ratios		
Debt ration	0.5	0.5
Equity Ratio	0.4	0.4
Share Capital		
Full paid up shares	9000	9000
Partial paid up	520	520

Source: URT (2002)

Table 17 shows the financial position of MBOCU, which portrays a very bleak financial picture. During the discussion with the general manager, it was learnt that the disappointing performance of MBOCU was the result of the fact that the union in question was left to fend for itself, hence it was just struggling to invest in agriculture whose returns were dismissal. Poor agricultural inputs and lack of access to capital and markets also remained a big challenge to the union's performance.

As for MOFACU, during the discussions with the general manager on the performance of this union, it was learnt that the union in question was performing so poorly that its

liabilities exceeded assets. For example, the financial years ending 30th June 2006, and 30th June 2007 reflected the following picture:

- (1) During the two years the union made a loss of Tshs 25 348 059 and 28 284 145 in 2006 and 2007 respectively (URT, 2002);
- (2) The ratios of the union in question were 0.12 and 0.10 in the years 2006 and 2007 respectively which is calculated as follows; the total current assets minus stocks over current liabilities. The liquidity of the union was not favourable as the ratios were less than one. This implies that the ability of the union to finance its maturing obligations was bleak. Current assets in the category of stocks, debtors and prepayments have shown either no movement or a slight movement for years;
- (3) The liquidity of an organization was measured by computing ratios; in this case it is current assets over current liabilities and the total current assets less stocks over total current liabilities. These ratios determined the ability of the organization to finance its day to day obligations. Without the ratios being favourable, the union may not be able to meet its maturing (due commitment e.g. paying salaries, marketable securities) obligations. These ratios were calculated as hereunder; the current ratio was calculated by dividing the total current assets over the total current liabilities. The ratios for 2006 and 2007 were 0.18 and 0.16 times respectively;
- 4) On share capital, due to non creation of value for the past years, the accumulated losses have almost eaten up the whole share capital and reserves.
- 5) as with regards to Return on Investment (ROI), the union realized negative return on investment for the financial years 2006 and 2007. This shows that the union has not realized any profit for the mentioned years. The returns on investment are calculated as follows:

$$ROI = Profit/Total Assets$$

The return on investment, ratios was negative of the value of 22.5 percent and 18.5 percent (loss made over the total assets x 100); therefore in 2006 and 2007 there was a loss of 25 348 059/23 222 435 x 100, and 28 145 145/51 406 580 x 100 respectively. This indicates that the union was sustaining a loss of Tshs 22.5 and 18.5 for every Tshs 100 invested, this is a disappointing performance.

In terms of cash flow generation, the union managed to generate cash from its operations to the tune of Tshs 82 411 and 14 800 for 2007 and 2006 respectively. That was a small amount which could not enable the union to make any further investments. Drawing from foregoing presentation, it could be concluded that the performance of the union was not good. The union had been persistently operating at a loss. As it has been mentioned earlier, in the preceding sections, for survival, MOFACU relied on fees from office and warehouses rentals. For example, MOFACU managed to survive through rental fees obtained from its thirteen offices, which earned the union between Tshs 40 000 and 50 000 every month.

Moreover, the union has one house which is offered for a rent of Tshs 50 000 per month. In addition, there were private businessmen who used to rent the warehouses at Tshs 400 000 monthly. The other three warehouses were used to store cotton chemicals, which were brought by Tanzania Cotton Board in order to support MOFACU. These chemicals, had already expired at the time of writing this report (2011), and the cooperative has no ability to collect and handle a single ton of agricultural produce. As a result, MOFACU is now faces court cases to attend to forcing the union to close all normal business operations.

On the Performance of SONAMCU, the general manager said despite the operational challenges, assets of the union in question exceeded liabilities; and although the union was not able to collect and handle tobacco, it still enjoyed a certain level of loyalty from its

members. As it has been mentioned in the previous section, due to competition SONAMCU had to pull out from its core businesses and started to invest in non core businesses. The management provided the researcher a check list of physical assets of the union in question.

Table 18: Composition of SONAMCU physical assets

Category	Quantity	Capacity
SONTOP	1	10,000 per day
Office building	1	
Mkenenge farm	1	9 hectare
Warehouses	2	
Ushirika secondary school	1	Form I to IV
Hotel Angon Arms	1	
Stationery	1	
Rental houses	3	

Table 18 indicates SONAMCU assets which comprise: Songea Tobacco Processing Plant (SONTOP) with a capacity of 8 000 tons and which later on increased to 10 000 tons per day. Other SONAMCU's assets include; office buildings, Mkenenge farm with about 9 hectares, warehouses which are used by private traders on rental basis. The union had also started constructing Ushirika Secondary School which was at the completion stage at Mtwara pacha, at Naholo village. In addition to these assets, SONAMCU had a conservation forest and tobacco farm of 100 hectares at Wino.

Other SONAMCU revenue generation projects with their monthly monetary contributions in bracket include; Angon Arms Hotel (Tshs 90 000), book shop (Tshs 35 000), rental houses (Tshs 55 000). The shares of members' contributions cater for all expenses in terms of travel allowances, per diems and other logistics. SONAMCU debts position in 2005/06 by client and with the amounts in brackets stood as follows; NBC holdings (Tshs 1 765 422 127), Tanzania Fertilizer Company (Tshs 107 million) and Songea District Council (Tshs 109 607 310) and COASCO (Tshs 6 400 000).

The researcher also found that SONAMCU had the following management and financial policy documents: (1) financial regulations (*Kanuni za Fedha*) and (2) Scheme of Service (*Kanuni za Utumishi*) in both English and Kiswahili versions. These policy documents were very important as they set a framework whereby mutual working relationship between the employer and employee is realised, and this in turn makes it possible for the realisation of SONAMCU objectives. Having such regulations also cultivates a culture of accountability and commitment. Such policy documents are quite useful in instituting checks and balances.

However, the image of SONAMCU management was at stake following the complaints of members from Songea and Namtumbo in Ruvuma Region against it (the management). The complaints centred on the fact that the management of the union in question was not following the regulations and policies governing a cooperative society. The chairman of Minazini primary society observed that the management made various decisions which were supposed to be made by the general meeting, which is supposed to be held once every year.

Such a meeting has however never taken place for almost three years now. The chairman of Minazini primary society of Namtumbo on behalf of other primary societies listed some of the major decisions made by the top management without involving the members as per the cooperative regulations as follows: Improper utilization of funds amounting to Tshs 15 000 000 which was obtained from the sale of the union's house.

The members had of the opinion that the funds could be used to finish one of the buildings of the secondary school in Lutepaka village in Namtumbo district, but the SONAMCU management used the funds for other unauthorised ventures. The issue at stake was lack of involving members on the revenue and expenditure of the union funds for the past three

years as well as the misappropriation of Tshs 15 000 000 which were requested by members from Tanzania Leaf Tobacco Company (TLTC) for the purposes of organizing ordinary meetings. Another issue is the management's decision to sub-contract the Angon-Arms hotel without involving the members (Nipashe of Saturday, 19th 2009).

During discussions with SONAMCU's board members, it was reported with concern that one of the vital roles which could be played by cooperative unions for example, SONAMCU was that of providing employment. SONAMCU's disappointing performance had a direct negative effect to the community, one of the effects related to employment as permanent employees and casual labourers were rendered jobless.

SONAMCU had employed 101 permanent employees out of those 25 were females. Casual labourers were between 1 500 to 2 000 out of these 500 were females. SONAMCU had various projects including transport services and the Songea Tobacco Processing Plant (SONTOP) which was able to employ 50-80 permanent employees. These projects boosted household incomes as parents were able to take their children to school. The majority of Songea farmer members were also able to construct burnt brick houses and roof them with iron sheets and reinvest the money in many other development projects.

The ailing performance of SONAMCU had been a blow to everybody including businessmen. Farmer members' income declined significantly from Tshs 3 842 billion in the 2004/05 to Tshs 829 billion in the year 2006/07 and this was equivalent to 78 percent decrease. The situation had gotten even worse at the time of writing this report. Other stakeholders like Songea District Council were equally affected in terms of revenue collection which declined from Tshs 192 million in the year 2004/05 to Tshs 41 million in the year 2006/07. This was equivalent to 21.35 percent decrease. The private buyers were

sometimes not honest as they colluded with board members to downgrade the quality of tobacco in an attempt to lower down the producer prices. In so doing, a loss of Tshs 700 million could be registered per season. Farmer members noted this and decided to do away with the private buyers.

Comparing the results of the three cooperative unions in relation to the parameters in question the following trend is depicted: In the case of political factor, this influenced all the cases positively with the following scores SONAMCU, 98 percent; MOFACU, 97 percent; and MBOCU, 97.2 percent. The scores are high because of the political stability of Tanzania, which remains a driving force for economic development.

Economic factor affected all the cases negatively with the following scores, MOFACU, 89.7 percent; SONAMCU, 93.3 percent; and MBOCU, 99.2 percent. The economic factor revealed a negative influence due to the trend of having a sharp increase in the prices of agricultural inputs and a decrease of producer prices. On the factor of technology, this also affected the studied cases negatively, with the cases having the following percentages; SONAMCU 92.6 percent, MOFACU 93.8 percent, and MBOCU 96 percent. In all the cases a hand hoe was dominant in agricultural production, while irrigation farming was difficult if not impossible.

Geographical factor influenced the studied cases positively with the following rating MOFACU, 89.7 percent; SONAMCU, 90 percent; and MBOCU 96 percent. All the studied cases were observed to have great potentials in agricultural production, but surprisingly all the cases failed to exploit this opportunity.

On the issue of geographical location of the unions, the top management reported that farmer members and the MBOCU itself are located in Mbozi, a district which is very potential in both agriculture of cash crops such as coffee as well as food crops such as maize and millet. However, farmer members had to travel long distances to access agricultural inputs. As Table 19 indicates, the distances travelled by farmer members in search of agricultural inputs are unbelievably long.

Table 19: The distance covered by farmer members

Name	Distance (Km)
Idiro/Homba	36
Hareshi/Shiwinga	20
Hembwa	35
Bara	54
Itaka	46
Isumi	5
Umoja	5
Ng'amba	2
Hasamba	2

Table 19 shows the distances covered by farmer members in an effort to access agricultural inputs in town. During the interview with board members on the issue of geographical location of farmer members in the three cases; MOFACU farmer members were reported to be sparsely scattered, even though their localities are very potential in producing both cotton and cloves as cash crops as well as rice and maize as food crops.

The major challenges which facing farmer members at MOFACU was that the union was rather dormant and therefore it was less active in carrying out its core functions in terms of collecting and handling agricultural produce. This situation subjects farmer members to endless difficulties. MOFACU, for example had abundant opportunities because Morogoro

has an extensive fertile land suitable for rain fed and irrigation farming. However, MOFACU was unable to exploit these opportunities in any meaningful way.

Geographically, farmer members at SONAMCU enjoyed an environment with fertile land where both cash crops such as tobacco and food crops such as maize could be grown. However, managers of the union failed to take advantage of this opportunity.

As for the legal aspect; this also affected the studied cases negatively with the following standing; SONAMCU 76.6 percent, MBOCU 96 percent and MOFACU 100 percent. The score is alarming for the case of MOFACU due to the fact that the union in question had a pile of cases which affected the service delivery. During focused group discussions, respondents had the opinion that trade liberalization could have not been introduced as it affected their operations in the sense that this policy did not help farmers; instead it made the situation worse than it was in the past. One of the respondents remarked:

The government should not have allowed trade liberalization because the policy affected farmer members in a sense that the welfare of farmer members is more deteriorated than it was before.

As for MBOCU, the situation was even worse, but the union continued to exist because it was a legal entity; otherwise there was no activity taking place at the union offices. When the researcher entered the union's office, there was no sign of life. Everything was disorganized. When the author of the current work inquired about this state of affairs from the general manager, the response was "*there was no activity at all because the union had no ability to collect and handle a single ton.*"

As for management and financial policy documents, it was noted that the union was not in possession of such policy documents, this was a clear sign of not practising strategic management. In the case of legal/regulations, farmer members were also indirectly affected with a pile of cases facing MOFACU; this is because the union's focus of attention was on how to mitigate the cases. Since the defunct Morogoro Regional Cooperative Union (MRCU) some cases were still pending with MOFACU. The general manager had to move up and down in an effort to settle the pile of cases whose position is yet to be known to date (Appendix 8). This endeavour is very expensive, for example more than Tshs 7 million was spent on the logistics governing the administration of these cases. This has caused farmers untold suffering as service delivery by the union was far from optimal.

In the case of SONAMCU, generally farmer members were affected by the legal aspect as they suffered indirectly in the sense that at one time Wood Slide, one of SONAMCU competitors, entered into contractual agreement with the union whereby the competitor was obliged to collect tobacco and the latter was supposed to bring tobacco to SONAMCU's Songea Tobacco Processing Plant (SONTOP). In the process, Wood Slide breached the contract by organizing itself with other private companies and identified their own plant, which is Morogoro Tobacco Processing Plant based in Morogoro. From that time to date, Songea Tobacco Processing Plant (SON TOP) was closed; such a move affected both farmer members as well as the union.

A similar study by Banturaki (2000) found that pervasive dishonesty, abuse of committee powers, irresponsibility, and non-accountability have been rampant amongst the leadership ranks. This has so far not only continued unchecked but it has also continued to distort the image of rural cooperative enterprises, and thus causing unimaginable financial losses and

general retrogression of rural social and economic development. On the level of competition SONAMCU had 91.6 percent, MBOCU had 98 percent, and MOFACU 93.8 percent. This reflects the competitiveness of the business environment in which the cooperatives operate.

On the performance of the three cases the scores across the cases appeared as follows; SONAMCU 76.3 percent, MBOCU 88 percent, and MOFACU 98.7 percent. These figures show that the performance across the three cases is disappointing; they are ranking in accordance to their performance. While the two cases liabilities exceeded assets, SONAMCU possessed a number of physical assets and these assets exceeded liabilities. If cooperative managers are to perform in the context of factors influencing the performance of cooperative unions, it is important to ensure that the policies and strategies are adjusted in line with the changes taking place as caused by the external factors.

As these external factors change, they create opportunities and pose challenges to the cooperatives. In the light of the internal factors in terms of strengths and areas for improvements, it is possible to exploit the existing opportunities by using the strengths and convert the challenges into opportunities while moderating the areas for improvement. A failure to carrying out the mentioned strategies will result in persistent failure of these cooperatives and the farmer members.

4.4 Critical Success Factors of the Studied Cases

In an effort to meet the third objective of the research which was to find out the critical success factors of the studied case in consistence with the theory of strategic management the results were provided in Table 26, 27, 28 and 29. Questionnaires were administered to farmer members as they constituted a larger sample while key informant interviews were

conducted to top management, board members, AMCOS and FGs. Critical success factors include carefully identified and selected activities in the firm which if effectively implemented are bound to add value to the performance of the firm (Tourish and Naheed, 2005; Duncan *et al.*, 1995). The parameters applied in this context include; member empowerment, government support, agricultural inputs, literacy rates, capital as well as cases.

Table 20: Critical success factors of the studied cases

Parameters	MBOCU			MOFACU			SONAMCU		
	Yes	No		Yes	No		Yes	No	
	Frequency	%	Frequency	Frequency	%	Frequency	Frequency	%	Frequency
Member empowerment	9	3.3	261	5	2.1	227	78	27	215
Government support	10	3.7	260	7	3.0	225	72	25	221
Agricultural inputs	20	7.4	250	6	2.6	226	30	10	263
Literacy	7	2.6	263	10	4.3	222	30	10	263
Capital	42	16.4	228	12	5.1	220	43	14.7	250
Cases				232	100	-	213	72.6	80

Drawing a comparison on the parameters of critical success factors across the studied cases the depicted stand is as follows:

The overall results indicate that the farmer members through the support of cooperative managers were unable to implement the critical success factors. Had the cooperative managers applied strategic management it would have been easier for them to implement the critical success factors. In this respect, the corresponding research question, that is, ‘what factors did critically influence the performance in the selected cases in the wake of market liberalization? This question remained unanswered.

In the case of member empowerment respondents across the three cases, had the following response in terms of negation, SONAMCU 74 percent, MBOCU 96 percent, MOFACU 97.8. SONAMCU was optimal above the other two cases because the union in question enjoyed member empowerment to an extent that the union managed to record various developments. For example, the union and the members were making efforts to build a secondary school at Namtumbo.

In essence critical success factors are carefully identified and selected activities which if effectively implemented are bound to add value in terms of performance of farmers through the support of cooperative managers. As it appears in Table 20, the farmer members through the support of cooperative managers have failed to implement the critical success factors.

4.4.1 Member empowerment

Table 20 presents the results on the issue of member empowerment. As presented in section 1.2, empowerment means employee’s involvement or participation in various levels of decision making up to the use of integrated work teams. Through participation, employees’

“need to belong” is addressed (Griffin, 2006 and Chambo, 2003). The study results on member empowerment for MBOCU reports that, 96.7 percent of the respondents denied the existence of any member empowerment. In the cases of MOFACU and SONAMCU, the study results show that 97.8 percent and 73 percent of the respondents respectively reported the non existence of any member empowerment in these case studies.

Regarding member empowerment at MBOCU; farmer members were divided into two groups following the ailing performance of the union. The first group, which remained with the union, was completely not active because the union failed to provide service according to their needs. The second group, on the other hand, decided to pull out and organized themselves into Agricultural Marketing Cooperative Societies (AMCOS) and Farmer Groups (FGs) thus forged backward integration strategy which made them become competitors to the union.

At MOFACU, member empowerment was lacking and this led to a disappointing performance of the union in question. Farmer members used to complain that they had been abandoned as they had nowhere to express their demands with respect to agricultural implements. The level of member empowerment of farmer members was highest at SONAMCU, because of the fact that the union’s performance was better than that of the two cases. The union was a signatory of contracts which farmer members entered with the private dealers (Appendix 7). Moreover, the union played an advisory role in the negotiations between farmer members and private dealers with respect to agricultural inputs prices and producer prices.

Similar studies (Banturaki, 2000; URT, 2005) found that after 1976 there was an alarming big drop in cooperative membership. The perpetual deterioration of services of the

cooperative unions had frustrated many potential members and those who were already members were forced to quit.

4.4.2 Government support

Lack of government support and poor strategies is one of the factors that contributed to the downfall of cooperative unions. This is because in the past, the government used to give subsidy to these cooperative unions, this is however no longer the case currently (Maghimbi, 2010). For example, 96.3 percent of the respondents at MBOCU indicate that the government support was not forthcoming. Similar results were reported by 97.0 percent and 75 percent of the respondents at MOFACU and SONAMCU respectively. Cooperative managers and farmer members were used with subsidies given by the government as the trade liberalization was introduced the support from the government was also withdrawn, standing in their own feet became a challenge to cooperative unions which affected the agricultural performance.

Similar studies by Mhando (2005); Ponte (2003) reported that farmers got used with the system in which the inputs were provided on credit and the payment was done after the sale of crops. Through Structural Adjustment Programmes (SAPs), trade liberalization brought government support to an end.

4.4.3 Affordability and availability of agriculture inputs

As for the affordability and availability of agricultural inputs, which have been defined in subsection 4.4, the results show that 92.6 percent of the respondents at MBOCU indicated that agricultural inputs prices were not affordable. And 97.4 percent and 90 percent of the respondents at MOFACU and SONAMCU respectively indicated that agricultural inputs were still a major challenge.

Agricultural input price, has been and will continue to pose a challenge to farmer members. As stated earlier, in the past the government used to give subsidies, where upon farmer members had to pay for the inputs in two instalments. Such an arrangement created a breathing space for members. After the introduction of trade liberalization, the supply function of agricultural inputs shifted to the hands of private dealers whose interests were to maximize profit through fixing exorbitant prices to agricultural inputs and reduced producer prices. This has created a very difficult working environment to farmer members (Appendices 10, 11 and 12. This aspect goes against government intention of introducing trade liberalization. Thus, a free market has not helped farmer members because their conditions are worse today than they were in the past!

The government had arranged agricultural subsidies whereby the farmer had to top up. when farmer members had no money to top up they would collude with private dealers who would endorse the vouchers. These vouchers would then be presented to the bank and the cash obtained would be shared among the parties involved.

Similar studies (e.g. Mhando, 2005); Cooksey, 2003; and Ponte, 2001) found that the entry of private traders in the marketing of agricultural inputs has not assisted farmers in obtaining the inputs. The inputs have been very expensive. Furthermore, most private traders operate from town centres, making it very expensive and difficult for farmers in the remote areas to access the services.

4.4.4 Illiteracy level

Illiteracy has also been a contributing factor to poor performance of cooperative unions (URT, 2005). In the studied cases for example, 97.4 percent of the respondents at MBOCU

indicated that illiteracy level was alarming. Similar results were reported by 95.7 percent and 90.0 percent of the respondents at MOFACU and SONAMCU respectively.

The level of illiteracy coupled with shortage of staff made the situation more alarming. Farmer members need education to enable them to acquire skills for managing agricultural operations effectively. All the three unions were handicapped in this dimension at all levels from the board members to the farmer members. The board as well as farmer members lacked education to enable them understand how to manage business and thereby improve production. As indicated earlier at MOFACU for example, had no operational staff, there was only one manager, a security guard, and a secretary.

These results conform to the study by Banturaki (2000) who found a high level of illiteracy among the players in the cooperative unions across the ranks of general membership to cooperative leadership. During the focused group discussion, it was revealed that illiteracy had been a major problem which compromised farmers' level of understanding of the importance and advantages of becoming a member of a cooperative.

4.4.5 Financial resources

With regard to financial resources as defined in section 4.3 of this chapter, the study results indicate that 83.2 percent of the respondents at MBOCU indicated that shortage of capital was a big challenge. Similar results were reported by 95.9 percent and 85.3 percent of the respondents at MOFACU and SONAMCU respectively.

At MBOCU for example, capital has been such a major problem that farmer members were denied services as per their needs. The union is not operational as there was no any collection or handling of agricultural produce going on. This had a direct impact to farmer

members as they were not getting any services from the union. There were no operations at the union. The union existed only as a legal entity. When the researcher interviewed the agricultural officer in Mbozi, it became apparent that the existence of the union had no impact on the livelihood of farmer members.

At MOFACU, farmer members lacked capital to enable them to obtain agricultural inputs. As mentioned earlier, in the past the government provided loans arrangements to farmers of which they had to repay for these in two instalments. Currently, farmer members are forced to pay cash for the agricultural inputs, something which the majority of farmer members cannot afford. As a result, some farmers had to stop using these inputs. And as mentioned earlier, this affected production. We have also seen that MOFACU was unable to collect and handle agricultural produce. The union survived through revenue collected from rent of warehouses and offices. The rest of the funds were used to cater for overhead costs such as water and electricity bills. Plate 3 indicates MOFACU warehouse.



Plate 3: MOFACU warehouse for handling agricultural produce for private dealers

Plate 3 shows MOFACU warehouse in shambles; thus the union was unable to utilize, instead private dealers used to rent for storing agricultural inputs and bales of cotton. During focused group discussion with AMCOS and FG's, capital was also reported as a challenging issue to farmer members at SONAMCU. This is because the prices of agricultural inputs used to be sold at very high prices and the majority of farmer members did not have enough cash to enable them buy the inputs. Such situation was a disincentive to farmer members who resorted to carrying out agricultural activities without the application of agricultural inputs, and thereby affecting agricultural production. As mentioned earlier, SONAMCU also faced financial constraints and this resulted into shifting from core functions to non core functions due to the failure of collecting and handling of agricultural produce particularly tobacco. The union survived through renting its warehouses to business men. Plate 4 indicates the SONAMCU warehouse.



Plate 4: SONAMCU warehouse for handling private dealers' agricultural produce

As it has been the case with MBOCU and SONAMCU, the union was not an exception; Plate 4 shows the SONAMCU warehouse that was used as a source of revenue through renting it to businessmen. A similar study by Banturaki (2000) found that cooperatives had a negligible capital base for them to perform core functions effectively and efficiently.

4.4.6 Court cases

As for court cases, which have been defined in section 4.4 of this study, the study results show that respondents at MBOCU indicate acquittal of cases as having no effects, while 100 percent and 72.6 percent of the respondents at MOFACU and SONAMCU respectively revealed that acquittal of cases was needed.

Farmer members at MOFACU were affected indirectly by the cases because the union had a pile of cases to attend. As a result, settling of the cases became the main focus of the union (Appendix 8). Some of the cases were very old and whose origin is traceable to the time of the defunct Morogoro Regional Cooperative Union, while other cases were as recent as to the time of MOFACU itself. The union existed because it is a legal entity; otherwise it has ceased to exist in terms of operations.

The general manager used to move up and down trying to find ways of mitigating these cases. These cases were very expensive to settle as they involved bus fare, accommodation, and advocate fees and as some of the cases were prosecuted in Dar es Salaam. For example, more than Tshs 7 millions was spent on logistics governing the administration of these cases which involved moving from Morogoro to Dar es Salaam. To date the position of MOFACU with respect to cases is not known. All this happened at the expense of farmer members' wellbeing, and MOFACU as a union was described as a one-man management that had lost its identity, image and reputation.

Drawing a comparison on the parameters of critical success factors across the studied cases the depicted stand is as follows: In the case of member empowerment respondents across the three cases, had the following response in terms of negation, SONAMCU 74 percent, MBOCU 96 percent, MOFACU 97.8. SONAMCU was optimal above the other two cases because the union in question enjoyed member empowerment to an extent that the union managed to record various developments. For example the union and the members were making efforts to build a secondary school at Namtumbo.

In the case of government support respondents across the three cases, had the following response in terms of negation, SONAMCU had 76 percent, MBOCU 97.6 percent and MOFACU 97.5 percent. During this research, SONAMCU management was processing a debts relief provided by the government while other two cases the relief was insignificant. On affordability of agricultural input prices, respondents across the three cases, had the following response in terms of negation, SONAMCU had 90 percent, MBOCU had 92 percent and MOFACU 97.1 as it has been mentioned earlier the prices were so exorbitant that few if not all farmer members could not afford.

On the level of illiteracy, respondents across the three cases, had the following responses in terms of negation, SONAMCU 93.1 percent, MBOCU 97.2 percent while MOFACU 95.9 percent. As it has been mentioned the level of illiteracy is disappointingly in across the cases and across the ranks within individual cases. On the aspect of capital the following picture is displayed in terms of negation; SONAMCU had 85.5 percent, MBOCU 86.6 MOFACU 99.5 percent. As it has been mentioned capital was a major challenge.

On court cases the following was depicted in terms of negation, MBOCU had no effect, SONAMCU 89.7 percent and MOFACU was negatively affected as it stood at 100 percent

the union in question had pile of cases, to an extent that it affected service delivery, as the major focus of management was to try to mitigate with those cases.

4.5 Strategic Leadership Influence on the Performance of the Studied Cases

Guided with the theory of strategic management another objective was on the investigation of influence of strategic leadership on the performance of the studied cases. The results were such that strategic leadership failed to take participatory approach in order to influence the performance of the studied cases. The parameters of strategic leadership include the following; formulation of vision and mission, formulation of strategic objectives and implementation.

As discussed in 2.5.2, vision is future oriented; it reflects far reach concerns about the future markets of the business enterprise and spells out the characteristics of an effective vision. The characteristics of an effective vision are as follows. A clear vision should be simple, clear, challenging and stable. As regard to the formulation of a mission it is important to involve as many people as possible because through involvement, people become committed to an organization, and through this process ownership is enhanced (Kelly and Mark, 2010; Pearce and Robinson, 2005; and Duncan *et al.*, 1995).

Table 21: Strategic leadership influence on the performance of the studied cases

Parameters	MBOCU		MOFACU		SONAMCU							
	Yes	No	Yes	No	Yes	No	Yes	No				
	Frequency	%	Frequency	%	Frequency	%	Frequency	%				
Formulation of vision and mission	2	0.9	268	99.1	2	0.9	230	99.1	51	17	242	83
Formulation of strategic objectives	10	4	260	96	2	0.9	230	99.1	20	6.7	273	93.3
Implementation	11	4.0	259	96.0	4	1.7	228	98.3	20	6.7	273	93.3

The pattern of parameters in Table 21 indicates that the results are not in favour of strategic leadership. This is because the strategic leadership at the level of cooperative managers has not been used in formulating a vision, let alone in implementing the vision, mission, and strategic objectives. For competitive viability, cooperative managers ought to be exposed to strategic leadership issues as they have positive influence in setting long term direction for cooperative unions competitiveness.

Comparing the strategic leadership parameters across the studied cases the following can be depicted; on the developing vision and mission the score stood as follows; SONAMCU 83 percent, MBOCU 99 percent, and MOFACU 99 percent. The figures imply that the Chief Executive Officers of the three cases were unable to address their abilities in for example in setting long term direction for competitiveness as well as developing and communicating the vision and mission.

4.5.1 Vision and mission

The results in Table 21 show that 99 percent of the respondents at MBOCU indicate that vision and mission did not exist. Similar results were reported by 99 percent and 83 percent of the respondents at MOFACU and SONAMCU respectively.

4.5.2 Formulation of strategic objectives

As for the formulation of strategic objectives which appears in section 2.2.6, defines strategic objectives as entailing the approaches to achieve the objective against which the firm has to be measured in terms of its ability to achieve these objectives. Therefore, the ability to execute the strategy was more important than the quality of the strategy itself (Kaplan, 2001). The study results indicate that 96 percent of the respondents at MBOCU

revealed that strategic objectives were not in place. Similar results were reported by 99.1 percent and 93.3 percent of the respondents at MOFACU and SONAMCU respectively.

4.5.3 Implementation

As for implementation; as defined in section 2.2.6 of this study as managing forces during action and therefore primarily an operation process (David, 2006; Hunger *et al.*, 1993) is the most important factor in shaping management and corporate valuation. The study results indicate that 96 percent of the respondents at MBOCU revealed that implementation was a major challenge. Similar results were revealed by 98.3 and 93.3 of the respondents at MOFACU and SONAMCU respectively.

Comparing the strategic leadership parameters across the studied cases the following can be depicted; on the developing vision and mission the score stood as follows; SONAMCU 83 percent, MBOCU 99 percent, and MOFACU 99 percent. The figures imply that the Chief Executive Officers of the three cases were unable to address their abilities in for example in setting long term direction for competitiveness as well as developing and communicating the vision and mission.

On the formulation of strategic objectives SONAMCU had 93.3 percent MBOCU 98.8 percent, while MOFACU 99.1 percent. On the issue of implementation SONAMCU stood at 93.3 percent, MOFACU 98.3 percent and MBOCU 99.2 percent. SONAMCU was slightly higher as the skills in strategic leadership require competent personnel of which the union in question was endowed particularly on the level of top management. Even though the union in question did not succeed as other factors were not favourable, these include price of agricultural inputs, lack of capital and unattractive producer prices.

Strategic leadership across the cases is weak; such weakness makes the entire strategic management to be dysfunctional.

4.6 Assessment of the Relationships between Productivity of the Selected Cases and the Pace of Coping with Changing Business Environment.

In line to the theory of strategic management, the fifth objective of the research was to assess the relationship of productivity of the studied cases the results show that productivity in the studied cases was low. The parameters of productivity of farmer members included the following: labour, capital, agricultural inputs, extension services and extension kits. Labour as discussed in section 2.6 of this study, it is one of the major inputs in improving productivity (Ross, 1995). Table 22 illustrates the parameters of productivity of farmer members of the studied cases.

Table 22: Productivity Assessment of studied cases

Parameters	MBOCU				MOFACU				SONAMCU			
	Yes	%	No	%	Yes	%	No	%	Yes	%	No	%
Labour	124	46.0	144	54	137	60	95	40	193	67	100	33
Capital	5	2	265	98	3	1.3	229	98.7	5	1.7	288	98.3
Agricultural Inputs	6	2.2	264	97.8	4	1.7	228	98.3	7	2.4	286	97.6
Extension Services	5	2	265	98	3	1.3	229	98.7	78	26	215	74
Extension Kit Availability	5	2	265	98	5	0.9	230	99.1	85	29	208	71.0

Comparing productivity parameters across the three cases the following picture is depicted; the productivity of farmer members through the support of cooperative managers across the three cases has dwindled because all major inputs to productivity have not been adequately available.

For example with regards to labour, this was found to have favourable influence across the covered cases. This is reflected by the following results SONAMCU had 33 percent, MBOCU 54 percent, and MOFACU 60 percent. Even though labour is indicated to have favourable indication, the truth of the matter is that the said labour is largely uneducated and unskilled.

4.6.1 Labour

The results in Table 33 show that 54 percent of the respondents at MBOCU indicate that labour was not enough. On the other hand 60 and 67 percent of the respondents at MOFACU and SONAMCU respectively revealed that labour was enough.

In the case of farmer members at MBOCU, much as labour was reported to be available, this was not skilled labour. The majority of farmer members are not equipped with skills on how to manage farms. As for the availability of agricultural inputs across the studied cases so far the discussion has shown that there is a need to address the issue of agricultural inputs. Lack of extension officers and extension kits were also the challenges which affected the level of productivity.

In the case of farmer members at MOFACU, much as labour was reported to be available, such labour was not skilled. Thus, there was a need for a change from labour intensive to skilled ones. It is very unfortunate that the available labour was not skilled; this is because extension officers were not ready to support farmer members with skills, the reasons for this among others is poor working environments and working tools.

The farmer members of SONAMCU had different experience as at the level of regional office, the office under the Regional Administrative Secretary had attempted to have

prior arrangements in preparing farmer members with what is referred to as Farmer field schools (FFS) or *shamba darasa*. The extension officers carry out pilot demonstration farms supported with experiments from the beginning of nursery preparation through the preparation of farms to the stage of harvesting.

In that way, farmer members have been benefiting in the sense that such arrangements have significantly improved farmer members income. During discussions with informants at regional office level it was revealed that there were some improvements on the issue of equipping farmers with skills in Ruvuma where there was an introduction of Field School (FS) or *Shamba Darasa* (SD). In the region, there were 279 Field Farms and the graduates which produced 5 867 farmer trainers. As a result, production increased from 766 723 tons in the year 2007 to 887 102 tons in the year 2008.

4.6.2 Capital

Capital as defined in section 4.3 has the following; In the case of MBOCU the study results indicate that 98 percent of the respondents revealed that capital was not enough. In the cases of MOFACU and SONAMCU the study results indicate that 98.7 percent and 98.3 percent of the respondents respectively revealed that capital was a major challenge.

4.6.3 Agricultural Inputs

Agricultural inputs have been defined in section 4.3. In the case of MBOCU, the study results indicate that 97.8 percent of the respondents revealed that agricultural inputs were not enough. In the cases of MOFACU and SONAMCU, the study results indicated that 98.3 percent and 97.6 percent of the respondents respectively revealed that agricultural inputs were not enough. Similar results by URT, (2008) found that the demand of agricultural inputs was high as per Table 23.

Table 23: Availability of agricultural inputs

District	Private Traders	Type of Agricultural Inputs	Planned	Actual	Sold
Morogoro	TFC	DAP	50	50	50
		UREA	1200	753	753
	Premium EXPORT	DAP	160	160	160
		UREA	200	-	-
	DRTC	DAP	108	108	-
		UREA	600	600	600
	CHAPA MELI	DAP	25	-	-
		UREA	600	600	300
	MOHAMED Enterprises	UREA	200	-	14
Ifakara	TFC	UREA	300	14	-
	Export	DAP	176	300	-
		UREA	300	-	400
	CHAPA MELI	DAP	25	400	400
		UREA	860	-	-

Table 24 above indicates the types of the agricultural input that are available in Morogoro districts in terms of the planned and the actual; needless to say, the demand of agricultural inputs is very high. Similar study by URT, (2008) found the data bank of agricultural implements supplied as per Table 24 was inadequate.

Table 24: Number of agricultural implements supplied for the year 2008/09 in Morogoro

Company	No. of big Tractors	No. of Power tillers	Location
DEMACO	12	-	7 – Gairo 4 – Lupira 1 – Demaco
Mfuko wa Pembejeo	17	3	6 – Mvomero 5 – Kilombero 1 – Morogoro Municipal 5 – Kilosa 3 – Individual village
SCCULT	26		7 – Gairo 19 – Individual people
WOPATA	-	4	Rudewa Ward – Kilosa
Ministry of Agriculture	-	10	Mkindo Farms Institutes
PADEP	3	-	Ulanga, in the villages of Kalenga, Kalo, Mwaya and Kipenya

As mentioned earlier, agricultural implements are very important and if properly utilized, they are likely to have positive impact on agricultural production. Agricultural extension service, as discussed in section 2.6, is one of the major components in improving productivity (Mattee and Mvena, 1988).

4.6.4 Agricultural extension services

In this respect, the study results report that 98 percent of the respondents at MBOCU revealed that extension services were not available. Similar results were reported by 98.7 percent and 74 percent of the respondents at MOFACU and SONAMCU respectively.

4.6.5 Agricultural extension kits

Extension kits are also discussed in section 2.6 of this study as an important component in improving productivity (Vinzant *et al.*, 1996 and Ross, 1995). Accordingly, the study results indicate that 98 percent of the respondents at MBOCU reported that extension kits were not adequately available. Similar results were reported by 99.1 percent and 71 percent of the respondents at MOFACU and SONAMCU respectively. Similar results by Rutachokoziwa (1993) found that female farmers in Tanzania are constrained with inadequate number of female extension personnel. Similar results regarding availability of extension officers and extension kits are reported in a study by URT (2008). Table 25 provides a profile of the availability of extension officers and extension kits in the study area.

Table 25: Availability of extension kits to facilitate agricultural Activities at Morogoro

Councils	No. of extension requirements	Extension officers available	Extension kits requirements	Kits available
Morogoro	44	0	100	0
Manispaa	0	0	27	0
Mvomero	20	0	85	29
Kilosa	60	16	148	0
Kilombero	0	0	86	0
Ulanga	58	6	10 6	0
Total	182	22	552	29

Table 25 shows the available extension officers as well as extension kits, extension kits include; landcruisers, motor cycles, bicycles, and kit for testing soils, this indicates that extension kits are vital in supporting farmers in improving agricultural methods and thereby improving yields.

Comparing productivity parameters across the three cases the following picture is depicted; with regards to labour, this was found to have favourable influence across the covered cases. This is reflected by the following results SONAMCU had 33 percent, MBOCU 50 percent, and MOFACU 61.2 percent. Even though labour is indicated to have favourable, the truth of the matter labour is that the said labour is largely uneducated and unskilled.

As far as capital is concerned across the cases, the profile is that MOFACU was represented by 98.3 percent, MBOCU 98 and SONAMCU 98.3 percent. All of these

percentages were in agreement with the argument that capital has been a challenge. As a result farmer members have to pay cash for agricultural inputs, the situation is made worse due the reason that government subsidy is no longer provided as it used to be the case before trade liberalization.

On the level of agricultural inputs prices SONAMCU had 97.6 percent; MBOCU had 97.6 percent while MOFACU had 98.3 percent. The difference is insignificant as the issue of prices of agricultural inputs lacked control, making the prices become exorbitantly high. On the issue of availability of extension services SONAMCU has 74 percent, MBOCU 98 percent and MOFACU 98.7. On the aspect of adequacy of extension kits; SONAMCU had 79 percent, MOFACU 97.9 MBOCU 98 percent. SONAMCU ranked significantly high on both the availability of extension services and on the adequacy of extension kits. This is because at Ruvuma regional office, there were deliberate arrangements with regard to the field schools and this improved agricultural production.

The overall results indicate that productivity of farmer members across the studied cases is very low. With the use of strategic management productivity could have improved because strategic management helps enterprise to improve sales, profitability and productivity. For optimal productivity performance there is a need to provide farmer members with member education. Apart from this, agricultural inputs should be made available and at affordable prices, ensuring adequate availability of extension services and kits is another milestone. Extension services together with extension kits are important in terms of equipping farmers with modern methods of agriculture thereby improving yield. There is also need of ensuring that cooperative bank is established so that farmers and cooperative unions have access to capital requirements. Such

arrangements will certainly improve productivity. The following section provides results on the basis of chi- square test.

4.7 Results of Chi-square Test on the Use of Strategic Management in the Studied Cases by Parameters:

4.7.1 Chi-squared test on the availability of corporate plans

Table 26: The observed frequencies and expected frequencies for chi-square test on the availability of corporate plans

	Presence of corporate plan (%)	Absence of corporate plan (%)
Observed frequencies	1	99
Expected frequencies	50	50

Using the values in Table 26, the computed chi-square statistic (χ^2) was 96.04, implying that the respondents in the study area showed statistically significant difference in their response on the availability of corporate plan, $\chi^2_{(1, n=795)} = 96.04, p < 0.05$.

4.7.2 Chi-square test on the sense of ownership

Table 27: The observed frequencies and expected frequencies for chi-square test on the sense of ownership

	Presence of sense of ownership (%)	Absence of sense of ownership (%)
Observed frequencies	1	99
Expected frequencies	50	50

Using the values in Table 27, the chi-square statistic was then computed and found to be 96.04. The respondents in the study area thus showed statistically significant difference in their response on the sense of ownership, $\chi^2_{(1, n=795)} = 96.04, p < 0.05$.

4.7.3 Chi-square test on the involvement in the formulation of corporate plans

Table 28: The observed frequencies and expected frequencies for chi-square test on involvement in the formulation of corporate plan

	Presence of involvement in the formulation of corporate plan (%)	Absence of sense of ownership involvement in the formulation of corporate plan (%)
Observed frequencies	1	99
Expected frequencies	50	50

Using the values in Table 28, the chi-square statistic was then computed and found to be 96.04. This reveals that the respondents in the study area showed statistically significant difference in their response on the sense of ownership, $\chi^2_{(1, n=795)} = 96.04, p < 0.05$.

4.8 Chi Square on the Factors Influencing Agricultural Performance by Parameters

4.8.1 Chi-square test on the political factor

Table 29: The observed frequencies and expected frequencies for chi-square test on political factor

	Presence of political factor (%)	Absence of political factor (%)
Observed frequencies	20	80
Expected frequencies	50	50

Using the values in Table 29, the computed chi-square statistic was 36. It indicates that respondents in the study area showed statistically significant difference in their response on the effect of political factor, $\chi^2_{(1, n = 795)} = 36, p < 0.05$.

4.8.2 Chi- Square on economic factors

Table 30: The observed frequencies and expected frequencies for chi-square test on economic factor

	Presence of economic factor (%)	Absence of economic factor (%)
Observed frequencies	6	94
Expected frequencies	50	50

Using the values in Table 30, the chi-square statistic was then computed and found to be 77. This signifies that respondents in the study area showed statistically significant difference in their response on the sense of ownership, $\chi^2_{(1, n = 795)} = 77, p < 0.05$.

4.8.3 Chi- Square on technology factor

Table 31: The observed frequencies and expected frequencies for chi-square test on technology factor

	Presence of technological factor (%)	Absence of technology factor (%)
Observed frequencies	6	94
Expected frequencies	50	50

Using the values in Table 31, the computed chi-square statistic was 77. The results indicates that respondents in the study area showed statistically significant difference in their response on the sense of ownership, $\chi^2_{(1, n = 795)} = 77, p < 0.05$.

4.8.4 Chi-Square on geographical factor

Table 32: The observed frequencies and expected frequencies for chi-square test on geography factor

	Presence of geographical factor (%)	Absence of geographical factor (%)
Observed frequencies	8	92
Expected frequencies	50	50

Using the values in Table 32, the computed chi-square statistic was 83. Therefore, the respondents in the study area showed statistically significant difference in their response on the sense of ownership, $\chi^2_{(1, n=795)} = 83, p < 0.05$.

4.8.5 Chi-Square on supplier factor

Table 33: The observed frequencies and expected frequencies for chi-square test on supplier factor

	Presence of supplier factor (%)	Absence of supplier factor (%)
Observed frequencies	6	94
Expected frequencies	50	50

Using the values in Table 33, the deduced chi-square statistic was 77. It can be inferred that respondents in the study area showed statistically significant difference in their response on supplier, $\chi^2_{(1, n=795)} = 77, p < 0.05$.

4.8.6 Chi- Square on legal factor

Table 34: The observed frequencies and expected frequencies for chi-square test on legal factor

	Presence of legal factor (%)	Absence of legal factor (%)
Observed frequencies	32	68
Expected frequencies	50	50

Using the values in Table 34, the chi-square statistic was then computed and found to equal to 12.96. It shows that respondents in the study area showed statistically significant difference in their response on legal factor, $\chi^2_{(1, n = 795)} = 12.96, p < 0.05$.

4.8.7 Chi-square test on competitor factor

Table 35: The observed frequencies and expected frequencies for chi-square test on competitors factor

	Presence of competitors factor (%)	Absence of competitor factor (%)
Observed frequencies	5	95
Expected frequencies	50	50

Using the values in Table 35, the computed chi-square statistic was 81. This indicates that respondents in the study area showed statistically significant difference in their response on competitors, $\chi^2_{(1, n = 795)} = 81, p < 0.05$.

4.8.8 Chi-square test on work force

Table 36: The observed frequencies and expected frequencies for chi-square test on work force factor

	Presence of work force factor (%)	Absence of work force factor (%)
Observed frequencies	39	61
Expected frequencies	50	50

Using the values in Table 36, the chi-square statistic was found to be 4.84. Therefore, the respondents in the study area showed statistically significant difference in their response on the work force, $\chi^2_{(1, n = 795)} = 4.84, p < 0.05$.

4.8.9 Chi-square factor on performance

Table 37: The observed frequencies and expected frequencies for chi-square test on performance factor

	Presence of performance (%)	Absence of performance factor (%)
Observed frequencies	13.4	86.6
Expected frequencies	50	50

Using the values in Table 37, the chi-square statistic was computed and found to be 53.7. Therefore, the respondents in the study area showed statistically significant difference in their response on the performance, $\chi^2_{(1, n = 795)} = 53.7, p < 0.05$. It can therefore be inferred that people are negatively affected by performance factor in the study sites.

4.9 Critical Success Factors for the Studied Cases

4.9.1 Chi –square test on member empowerment

Table 38: The observed frequencies and expected frequencies for chi-square test on empowerment factor

	Presence of empowerment factor (%)	Absence of empowerment factor (%)
Observed frequencies	12	88
Expected frequencies	50	50

Using the values in Table 38, the chi-square statistic was 57.76. It is thus reasonable to argue that respondents in the study area showed statistically significant difference in their response on the member empowerment, $\chi^2_{(1, n = 795)} = 57.76, p < 0.05$.

4.9.2 Chi-square test on government support

Table 39: The observed frequencies and expected frequencies for chi-square test on government support

	Presence of government support factor (%)	Absence of government support factor (%)
Observed frequencies	11	89
Expected frequencies	50	50

Using the values in Table 39, the chi-square statistic was 60.84 suggesting that the respondents in the study area showed statistically significant difference in their response on the government support, $\chi^2_{(1, n = 795)} = 60.84, p < 0.05$.

4.9.3 Chi – Square test on agricultural inputs

Table 40: The observed frequencies and expected frequencies for chi-square test on agricultural inputs

	Presence of agricultural inputs factor (%)	Absence of agricultural inputs factor (%)
Observed frequencies	7	93
Expected frequencies	50	50

Using the values in Table 40, the chi-square statistic was computed and found to be 73.96, implying that the respondents in the study area showed statistically significant difference in their response on the sense of agricultural inputs, $\chi^2_{(1, n = 795)} = 73.96$, $p < 0.05$.

4.9.4 Chi – Square test on literacy

Table 41: The observed frequencies and expected frequencies for chi-square test on literacy

	Presence of literacy factor (%)	Absence of literacy factor (%)
Observed frequencies	6	94
Expected frequencies	50	50

Using the values in Table 41, the chi-square statistic was found to be 77.44. This suggests that the respondents in the study area showed statistically significant difference in their response on literacy, $\chi^2_{(1, n = 795)} = 77.44$, $p < 0.05$.

4.9.5 Chi – square test on capital

Table 42: The observed frequencies and expected frequencies for chi-square test on capital

	Presence of capital factor	Absence of capital factor
	(%)	(%)
Observed frequencies	12	88
Expected frequencies	50	50

Using the values in Table 42, the computed chi-square statistic was 57.76. This reveals that respondents in the study area showed statistically significant difference in their response on the literacy, $\chi^2_{(1, n = 795)} = 57.76, p < 0.05$.

4.9.6 Chi – square test on cases

Table 43: The observed frequencies and expected frequencies for chi-square test on cases

	Presence of cases factor	Absence of cases factor
	(%)	(%)
Observed frequencies	44	56
Expected frequencies	50	50

Using the values in Table 43, the computed chi-square statistic was 1.44. This implies that the respondents in the study area showed no statistically significant difference in their response on the effect of cases, $\chi^2_{(1, n = 795)} = 1.44, p < 0.05$.

4.10 Strategic Leadership Influencing the Performance of the Studied Cases

4.10.1 Chi – square test on development of vision and mission

Table 44: The observed frequencies and expected frequencies for chi-square test on formulation of vision and mission

	Presence of formulation of mission and vision factor (%)	Absence of formulation of vision and mission factor (%)
Observed frequencies	7	93
Expected frequencies	50	50

Using the values in Table 44, the chi-square statistic was computed and found to be 73.96. This suggests that respondents in the study area showed statistically significant difference in their response on the formulation of vision and mission, $\chi^2_{(1, n = 795)} = 73.96$, $p < 0.05$.

4.10.2 Chi – square test on formulation of strategic objectives

Table 45: The observed frequencies and expected frequencies for chi-square test on formulation of strategic objectives

	Presence of on formulation of strategic objectives factor (%)	Absence of formulation of strategic objective factor (%)
Observed frequencies	10	90
Expected frequencies	50	50

Using the values in Table 45, the chi-square statistic was found to be 64. This shows that respondents in the study area showed statistically significant difference in their response on the formulation of strategic objectives, $\chi^2_{(1, n = 795)} = 64$, $p < 0.05$.

4.10.3 Chi – square test on implementation of strategic objectives

Table 46: The observed frequencies and expected frequencies for chi-square test on implementation of strategic objectives

	Presence of on implementation of strategic objectives factor (%)	Absence of implantation of strategic objective factor (%)
Observed frequencies	4	96
Expected frequencies	50	50

Using the values in Table 46, the computed chi-square statistic was 84.64. Therefore, the respondents in the study area showed statistically significant difference in their response on the implementation, $\chi^2_{(1, n=795)} = 84.64$, $p < 0.05$.

4.11 Productivity Assessment Levels of the Studied Cases

4.11.1 Chi- square test on labour

Table 47: The observed frequencies and expected frequencies for chi-square test on labour

	Presence of labour factor (%)	Absence of labour factor (%)
Observed frequencies	43	57
Expected frequencies	50	50

Using the values in Table 47, the computed chi-square statistic was 1.96. This indicates that respondents in the study area showed no statistically significant difference in their response on the labour, $\chi^2_{(1, n=795)} = 1.96$, $p < 0.05$.

4.11.2 Chi- square test on capital

Table 48: The observed frequencies and expected frequencies for chi-square test on capital

	Presence of on capital factor (%)	Absence of capital (%)
Observed frequencies	2	98
Expected frequencies	50	50

Using the values in Table 48, the calculated chi-square statistic was 92.16. It implies that respondents in the study area showed statistically significant difference in their response on the capital, $\chi^2_{(1, n = 795)} = 92.16, p < 0.05$.

4.11.3 Chi- square test on agricultural inputs

Table 49: The observed frequencies and expected frequencies for chi-square test on agricultural inputs

	Presence of agricultural inputs factor (%)	Absence of agricultural inputs (%)
Observed frequencies	2	98
Expected frequencies	50	50

Using the values in Table 49, the deduced chi-square statistic was 92.16. This suggests that respondents in the study area showed statistically significant difference in their response on the agricultural inputs, $\chi^2_{(1, n = 795)} = 92.16, p < 0.05$.

4.11.4 Chi- square test on extension services

Table 50: The observed frequencies and expected frequencies for chi-square test on extension service

	Presence extension services (%)	Absence of extension services (%)
Observed frequencies	11	89
Expected frequencies	50	50

Using the values in Table 50, the computed chi-square statistic was 60.84. This shows that respondents in the study area showed statistically significant difference in their response on the extension services, $\chi^2_{(1, n = 795)} = 60.84, p < 0.05$.

4.11.5 Chi- square test on extension kits

Table 51: The observed frequencies and expected frequencies for chi-square test on extension kits

	Presence extension kits (%)	Absence of extension kits (%)
Observed frequencies	11.6	88.4
Expected frequencies	50	50

Using the values in Table 51, the calculated chi-square statistic was 60.23, indicating that respondents in the study area showed statistically significant difference in their response on the extension kit, $\chi^2_{(1, n = 795)} = 60.23, p < 0.05$.

CHAPTER FIVE

5.0 CONCLUSIONS AND RECOMMENDATIONS

The overall objective of this study was to assess the contribution of strategic management in the management of cooperative unions in Tanzania. The summary of major findings of this study were as follows;

- **The use of strategic management in cooperative unions**

The analysis of findings on the use of strategic management indicates that farmer members through the support of cooperative unions were unable to apply strategic management in the sense that they were unable to carry out the service delivery functions. In the application of strategic management, no cooperative union across the cases had attempted to apply strategic management. Human capital was assessed on the basis of the type and level of education that was possessed by members of the three cases, MBOCU, MOFACU and SONAMCU. It is generally accepted that with higher level of education, throughout the entire human resource hierarchy of a given business enterprise, the employees get better understanding of the existing opportunities and challenges. As a result, they not only become better positioned in generating alternative strategies to tap into the existing opportunities but also they become better positioned in generating alternative solutions to the existing challenges.

Unfortunately, the human capacity and ability of the three cases were not well pronounced. Despite the shortage of personnel, the few available staff were on average not trained. All the board members in all the cases were class seven leavers, top managers were in the same range. SONAMCU had displayed a different phenomenon

despite the shortage of staff, the union's general manager and the administrative managers had relative higher professional qualifications.

- **Factors influencing the performance of cooperative unions**

The analysis of findings indicates that both farmer members and cooperative managers were affected with external and internal factors. With exception of political and geographical factors, the rest of factors affected performance negatively.

On the management competence and cooperative development in all the three cases it is only SONAMCU which was relatively better positioned as its top managers for example, were adequately trained. However, if the same was gauged in the context of board members then, all the three cases were worse off. Under the current competitive business environment managerial competence was a vital ingredient if cooperative unions were to be managed like business enterprises. For cooperative unions viability training needs to be given due weight.

Poor cooperative education in this aspect many members of the cooperative societies at various levels did not clearly understand the concept of a cooperative society. Thus, they were unaware of their rights and responsibilities related to their membership. Due to lack of cooperative education, members failed to control the assets of their societies, and did not understand any of these, let alone the level of interpretation of various reports related to the performance of their societies. As a result, members could not hold their leaders and management responsible for any misconduct.

The other issue which was related to lack of education was the inability of members to participate fully during annual meetings and in other forums. The challenge of untrained

members also prevailed at the level of directors, top managers and other employees. Consequently, it was not easy to manage cooperatives as business entities. It needs to be said here that is time for a change so that cooperatives can be a real instrument for improving the welfare of the rural poor majority.

- **Critical success factors on cooperative unions**

On critical success factors, the results from the analysis of findings indicate that the carefully identified and selected activities of farmer members and cooperative activities were not effectively implemented and therefore it was difficult to realize value for better performance. The introduction of trade liberalization, which allowed other private sector entities to perform some of the functions that had been carried out by cooperative unions caught the cooperative unions unaware and unprepared to compete. Managers at all levels lacked skills and knowledge in strategic management as a tool to managing business enterprise in a competitive and dynamic business environment. In view of this trend, cooperative unions experienced the disappointing performance witnessed today.

- **Strategic leadership influence on the performance of agriculture**

The analysis of strategic leadership on the influence of performance of farmer members and cooperative managers indicate some bottlenecks as result strategic leadership failed to take a participatory approach which could have improved the agricultural performance.

- **The productivity of the cooperative unions**

The results from the analysis of findings indicate that productivity of both farmer members and cooperative dwindled due to the shift of business environment from

monopolistic umbrella to a more competitive business environment. For example the availability of extension officers and kits: remain important in that their roles become essential in supporting farmer members in employing modern agricultural methods which results into improved agricultural production. Farmer members need to be advised in all dimensions with respect to modern agricultural production.

Farmer members were the foundation upon which the performance of cooperative unions was premised. Much as the need for extension officers had been felt, there was inadequacy of extension officers and extension facilities. It was evident that in the three cases there were no extension officers, farmer members expressed grave concerns on that side. Of the three cases it was only Ruvuma where Farmer Field Schools (FFS) were taking place.

Credit facilities or financing was an important factor as it facilitated the implementation of service delivery function. Following the economic policy reforms, various institutions including commercial banks were privatized. Cooperative unions were left without government guarantee; therefore cooperative unions could not secure bank loans. This was due to the withdrawal of the Government from doing business directly so that it could devote its efforts to policy issues and setting up a legal framework.

Under the new approach, cooperative unions were supposed to demonstrate their borrowing ability, unfortunately most of them were not credit worthy and this includes those in the study areas. Due to this, the unions in question have failed to collect and handle agricultural produce let alone carrying out other service delivery functions. SONAMCU, MBOCU, and MOFACU had lost members though at different magnitudes. Many members have pulled out of these unions; and some of these

members have undergone backward integration strategy thus becoming competitors to the unions in questions.

Furthermore, the cooperative unions under study had no working facilities. For example, their warehouses were used for other purposes different from the intended ones. On the whole, the cooperative unions under study have lost their image and reputation; and members and the general public have lost hope and have no confidence on the service delivery of the unions in question. For example, MOFACU was unable to collect and handle a single ton of agricultural produce; in fact there was no transaction at all. The union was overburdened as it was crowded with a pile of cases. It was not known as to when the cooperative unions would be out of the tragedy and start carrying out the service delivery functions.

5.1 Major Conclusions

5.1.1 The use of strategic management

Drawing from the summary of major findings, the studied cases have failed to use strategic management. The results from the use of strategic management point to a conclusion that the studied cases did not make use of strategic management through the corporate plans, sense of ownership, involvement in the formulation and implementation of corporate plan, access to capital, affordability of agricultural inputs prices as well as monitoring and evaluation.

5.1.2 Factors influencing the performance of the studied cases

Results from factors influencing the performance of the studied cases under the study point to a conclusion that factors influencing the performance of the selected cooperative unions pose challenges to studied cases in terms of the following

parameters; political, economic, technological, geographical, suppliers legal, competitors, workforce and performance.

5.1.3 Critical success factors

The analysis of findings from critical success factors point to a conclusion that the studied cases failed to implement the priority activities which if effectively implemented could have added value on the performance of the studied cases along the following parameters; government support, member empowerment, affordability of agricultural inputs, court cases, illiterate as well as financial resources.

5.1.4 Strategic leadership

The results on strategic leadership point to a conclusion that strategic leadership in cooperative unions failed to take a participatory approach in order to influence the performance of studied case along the following parameters; development of vision and mission through participatory approach, formulation of strategic objectives as well as implementation of strategic objectives.

5.1.5 Productivity level of the studied cases

The results from the analysis point to a conclusion that productivity of both farmer members and that of cooperative unions was declining due to the changing business environment in relation to the following parameters; labour was unskilled, capital was a challenge to the studied cases, agricultural input prices were very high and was not affordable, extension services as well as extension kits were inadequate.

5.2 Recommendations

Strategic management has an important role to play in improving the performance of cooperative unions. In this case support from policy makers is needed to promote strategic management process in their policy frameworks so that it can contribute to the development of cooperative unions in Tanzania. For sustainable strategic management it is proposed that the government should also support the “implementation policy” in terms of resources so that vision, mission and objectives are achieved.

Corporate plans as a major input to strategic management, Cooperative managers should look at the possibility of having corporate plans so as to guide the implementation of various developmental issues. The government have to make it mandatory so that every cooperative union possess corporate plan which is critical for competitive viability.

Strategic leadership at a top level should be able to demonstrate their ability to set long term direction for competitiveness as well as develop and communicate mission and vision as well as motivating the followers so that their efforts are channelled towards that direction. Strategic leadership at a top level has a role to play in managing strategic management process.

On the issue of productivity improvement, policy makers in collaboration with cooperatives managers have to ensure that there is availability of agricultural inputs at affordable prices.

5.3 Implication for Further Research

The significant scientific contribution provided by this study notwithstanding, there are still other pertinent issues that need to be further investigated so as to provide more

insight into strategic management in cooperatives development. The study therefore recommends the following as areas for further research:

- Youth unemployment is a major challenge in Tanzania if there are no concerted efforts to be effected, this could lead to a disastrous situation. So far there are no vivid efforts to address the challenges of youth unemployment. Investigation is needed therefore to establish strategies which can address the challenges of unemployment through strategic management. For example, agriculture is likely to contribute to youth unemployment challenges therefore more researches are needed on strategic management and improving agriculture with the focus to youth employment.
- During post harvest there are a number of losses which increase burden to farmers members, research on strategic management and post harvest losses in agriculture is likely to come up with recommendations on how to improve such kind of losses, thus releasing farmer members from this burden. The post harvest losses mitigation is in line with the implementation of “*Kilimo kwanza*” policy an endeavour which if well implemented is likely to improve the welfare of the rural poor through eradicating poverty as well as addressing the youth unemployment challenges.

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APPENDICES

Appendix 1: Questionnaires for Farmers

This questionnaire has been developed for the purpose of seeking your responses as members of cooperative unions regarding the performance of cooperative unions with respect to service delivery. The responses provided will be used only for this undertaking.

Category A. application of strategic management to farmer members

1) a) Put X against your age range and mention your gender.

35-45 Years

46-55 Years

+56 Years and above

b) Mention your age category by sex-----

2) Mention your gender -----

3) List your economic activities for income generation other than your core activities

4) What are benefits gained from your economic activities

5) What is the level of your education----- are the males and females get equal chances in education ? In any of the answer give reasons -----

6) Do you have a corporate plan?

Yes ☐ No ☐

7) Do you own the corporate plan and feel proud about it?

Yes ☐ No ☐

8) Are you involved in formulation of corporate plan/

Yes ☐ No ☐

9) Are you involved in the implementation of corporate plan

Yes ☐ No ☐

10) Are their systems of controls in the operations?

Yes ☐ No ☐

11) Are financial resource available for the implementation of corporate plans?

Yes ☐ No ☐

12) Are the prices of agricultural inputs affordable ?

Yes ☐ No ☐

13) Why do other members pull out from cooperative unions?

14) Are the internal factors listed here facilitate the smooth operations of your undertaking? -----

a) Work force Yes ☐ No ☐

b) Performance Yes ☐ No ☐

15) Do external factors listed below facilitate the smooth operations of your undertaking?

a) Political factor Yes ☐ No ☐

b) Prices of agricultural inputs Yes ☐ No ☐

c) Economic factor Yes ☐ No ☐

d) Geographical factor Yes ☐ No ☐

e) Technology factor Yes ☐ No ☐

- 16) Mention the critical success factors which if effectively implemented are bound to add value to the performance of cooperative unions -----

- 17) Are you influenced by strategic leadership in your in agricultural activities?

Mission and Vision

Yes ☐ No ☐

- 18) Strategic objectives are set by the top leadership so as to make you focused in your operations

Yes ☐ No ☐

- 19) The following items are present and therefore are improving productivity level in your operations

a) Labour

Yes ☐ No ☐

b) Capital

Yes ☐ No ☐

c) Extension service

Yes ☐ No ☐

d) Extension kits

Yes ☐ No ☐

e) Agricultural inputs

Yes ☐ No ☐

- 20) What challenges do you face with regard to your operations?
- 21) What should be done in order to alliviate those challenges?
- 22) What should be done in order to bring efficiency?
- 23) What is the status of service deliverly?
- 24) Is the mission for cooperative unions available?

- 25) Is the vision for cooperative union available?
- 26) Are the strategic objective available?-
- 27) What is your opinion with respect to the implementation of items in questions 24, 25 and 26.
- 28) Are the extension officers available?
- 29) Are the extension kits adequate?
- 30) What are the types of Tobbacco produced in Ruvuma?
- 31) What are other areas producing Tobacco in Tanzania?
- 32) Where are the markets for Tobacco, Cotton and coffee?
- 33) Who sets the prices of Tobacco?
- 34) What are prices of agricultural inputs for tobacco, cotton and coffee over years?
- 35) What are types of agricultural inputs?
- 36) Is there any alternative to agricultural inputs
- 37) What are the effects of inflation, and the world financial crisis to your operations?
- 38) What is your position with regard to debts?
- 39) What are benefits gained from your economic activities
- 40) What is the status of member empowerment
- 41) What is the performance of your unions?
- 42) What is the production trend of DFC, VFC and Barley?
- 43) Why males are marrying many wives?
- 44) Is agricultural implements available?
- 45) Are the extension officers and kits to facilitate agricultural activities available?
- 46) Are the agricultural inputs available?
- 47) What is the nature of your business environment?

Appendix 2: Interview guide to top management

- 1) What are the prices of agricultural inputs by trend?-----
- 2) Is there any alternative to the agricultural inputs
- 3) What is the ability of cooperative unions to collect and handle the agricultural produce by trend?-----
- 4) What are the types of taxes used to be paid by cooperative unions?-----
- 5) What is the composition of human resources in your cooperative union in terms of their educational and professional qualifications?-----

- 6) How many employees are in your cooperative union?-----

- 7) Is the level of paying debts encouraging?
In any of the response state the situation-----
- 8) Is the status of infrastructure friendly? in any of the response indicate the status -

- 9) Are there existing competitive strategy?
If yes mention the strategies-----
- 10) Are the needs of the members met?

- 11) What are the producer prices? Are they favourable?
In any of the response above give reasons and indicate the prices-----

- 12) What are the competing companies?

- 13) Is the system of collecting and handling agricultural produce by cooperative union effective?
In any of the response state the reasons-----

- 14) Is the system of supplying agricultural inputs effective?
If not why-----

- 15) Is the level of service delivery satisfactorily?
If not why-----

- 16) Is the vision of the cooperative union available?
- 17) Is the mission of the cooperative union available?
- 18) In light of the mission and vision are the strategic objectives available?
- 19) Is the level of implementation encouraging?
- 20) Are the extension officers available?
- 21) Are the officers pointed in Q. 19 have enough kits to enable them execute smoothly the service delivery?
- 22) What is your position with regard to debts?
- 23) What is your assets composition?
- 24) What is your performance?
- 25) What effects do members and the community at large face on ailing performance of your unions?
- 26) What are the types of Tobacco, and coffee produced
- 27) What are production trends of tobacco, coffee and cotton

- 28) What has been the effects of inflation, exchange rate trend and world financial crisis with regard to prices of agricultural inputs
- 29) How is producer prices related to export price
- 30) What are the agricultural input price for cotton over the trend?
- 31) What are the seed's cotton prices trend?
- 32) What are the relationship between average agricultural inputs prices and average production?
- 33) What are the categories and trends of prices of agricultural inputs?
- 34) Is the number of agricultural implements available?
- 35) Are the extension officers and kits to facilitate agricultural activities available?
- 36) Are the agricultural inputs available?
- 37) What is the nature of your business environment?

Appendix 3: A list of cooperative unions in Tanzania, June, 1996

1. ARUSHA COOPERATIVE UNION (ACU)
2. BIHARAMULO COOPERATIVE UNION (BCU)
3. COAST REGION COOPERATIVE UNION (CORECU)
4. DAR MULTPURPOSE COOPERATIVE UNION (DARMCU)
5. FIPA COOPERATIVE UNION (FICU)
6. IGEMBESABO COOPERATIVE UNION(ICU)
7. IRINGA MUFINDI COOPERATIVE UNION(IMACU)
8. ISAYULA COOPERATIVE UNION
9. KAGERA COOPEATIVE UNION(KCU)
10. KAHAMA COOPERATIVE UNION(KACU)
11. KARAGWE COOPERATIVE UNION(1990) (KDCU)
12. KARAGWE DISTRICT COOPERATIVE UNION (KIDCU)
13. KILIMANJARO NATIVE COOPERATIVE UNION(KNCU)
14. MBINGA COOPERATIVE UNION (MBICU)
15. MBOZI COOPERATIVE UNION (MBOCU)
16. NJOMBE LUDEWA MAKETE COOPERATIVE UNION (NJOLUMA)
17. NYANZA COOPERATIVE UNION (NCU)
18. RIFT VALLEY COOPERATIVE UNION (RIVACU)
19. SAVINGS AND CREDIT LEAGUE OF TANZANIA
20. SONGEA AGRICULTURAL MARKETING UNION (SONAMCU)
21. SINGIDA FARMERS COOPERATIVE UNION(SIFACU)
22. SHINYANGA COOPERATIVE UNION(SHIRECU)
23. TANGA DAIRIES COOPERATIVE UNION
24. TUNDURU AGRICLTURAL COOPERATIVE UNION

25. TANZANIA INDUSTRIAL COOPERATIVE UNION
26. VUASU COOPERATIVE UNION(VCU)
27. WESTERN ZONE COOPERATIVE UNION
28. USAMBARA COOPERATIVE UNION
29. MUTAPATA COOPERATIVE UNION
30. LAKE TANGANYIKA TOBACCO GROWERS
31. ILULU COOPERATIVE UNION
32. MOROGORO FARMERS COOPERATIVE UNION
33. KILOSA COOPERATIVE UNION
34. ULANGA COOPERATIVE UNION
35. TUPENDANE COOPERATIVE UNION(1995) LTD
36. TARIME COOPERATIVE UNIO LTD
37. MASASI MTWARA COOPERATIVE UNION
38. NEWALA COOPERATIVE UNION
39. RUNGWE COOPERATIVE UNION
40. MBEYA COOPERATIVE UNION(MBECU)
41. KIBAHA BAGAMOYO COOPERATIVE UNION
42. CENTRAL ZONE TOBACCO GROWERSCOOPERATIVE UNION
43. KYELA COOPERATIVE UNION
44. VICTORIA COOPERATIVE UNION
45. THE TANZANIA FEDERATION OF COOPERATIVES
46. KILIMANJARO COOPERATIVE BANK
47. TANZANIA COFFEE COOPERATIVE APPEX LTD (TCCA)
48. TANZANIA COTTON COOPERATIVE APEXLTD(TACOCA)
49. TANZANIA CERIAL COOPERATIVE APEX (TECECA)
50. TANZANIA CASHNUT COOPERATIVE APEX LTD

51. TANZANIA TOBACCO COOPERATIVE APEX LTD

Appendix 4: A list of cooperative unions in Tanzania active and dormant 2009

1. SHINYANGA REGIONAL COOPERATIVE UNION
2. WESTERN ZONE COOPERATIVE
3. KILIMANJARO NATIVE COOPERATIVE UNION
4. KIASU COOPERATIVE UNION
5. ARUSH COOPERATIVE UNION
6. COASTAL UNON COOPERATIVE UNION
7. CHUNYA TOBACCO COOPERATIVE UNION
8. MBOZI COOPERATIVE UNION
9. SONGEA NAMTUMBO COOPERATIVE UNION
10. ISAYULA COOPERATIVE UNION
11. KAGERA COOPERATIVE UNION
12. KOROGWE LIVESTOCK COOPERATIVE UNION
13. KAGERA FARMERS COOPERATIVE UNION
14. MASASI MTWRA COOPERATIVE UNION
15. TANDAHIMBA NEWALA COOPERATIVE UNION
16. ILULU COOPERATIVE UNION
17. NYANZA COOPERATIVE UNION
18. MOROGORO FARMERS ASSOCIATION COOPERATIVE UNION
(MOFACU) (dormant)

Appendix 5: Coffee production trend 1996/97 to 2008/09

Season	Production Trend (Tons)
1996/97	3 984
1997/98	6 984
1998/99	7 245
1999/2000	8 497
2000/01	12 542
2001/02	9 700
2002/03	10 772
2003/04	10 500
2004/05	10 240
2005/06	9 444
2006/07	11 784
2007/08	11 500
2008/09	12 700

Appendix 6: Cooperative unions debts and Institution(s) Owned Amount
(Tshs)

Institutin(s) Owned Banks	Amount (Tshs)
NBC	1 518 632 330
CRDB	846 952 330
RCB	573 500 000
Exim	79 878 140
Community & TIB	91 356 670
NBC HQ	12 555 256 360
Government	
Central Government	8 537 280 500
Local Government	1 569 260 380
Others	1 899 716 400
Crop Funds	3 395 801 800
Farmers	2 630 387 140
Traders/Suppliers	8 531 426 430
Cooperative employees	2 692 636 330
Primary Cooperatives	2 264 610 400
Others	1 126 240 860
Total	48 312 936 070

Source: URT (2004)

Appendix 7: Mkataba wa kilimo cha tumbaku msimu wa 2008/09-2010/2011

Mkataba huu umefanyika leo tarache 30 mwezi 10 mwaka 2008

Kati ya

Kampuni ya ALLIANCE ONE TOBACCO TANZANIA LTD ya sanduku la posta 1595 MOROGORO na hati ya usajili nchini Tanzania namba 32885 ya tarehe 23/10/1997 (ambayo katika mkataba huu itatambulika kama MNUNUZI kwa upande mmoja).

Na

Chama cha Msingi cha Msndepwende AMCOS ya sanduku la posts namba ya posta 07 NANDEMBE hati ya usajili nchini Tanzania namba RRR408 ya tarehe 16/06/1998 amabacho kwa mkataba huu kinatambulika/inatambulika kama MUUZAJI kwa upande wa pili

Na

Chama Kikuu cha Ushirika cha SONAMCU cha sanduku la posta namba SONGEA NA HATI YA USAJILI NAMBA- YA TAREHE----- ambacho Mkataba huu kitajulikana kama UNION kwa upande wa tatu.

KWA KUWA:

1. MNUNUZI ni kampuni inayojishughulisha na ununuzi, ukaushaji wa tumbaku ndani na nje ya nchi na sasa inpanga kununua kilo 160 000 za tumbaku kutoka kwa MUUZAJI
2. MUUZAJI ni Chama Cha Msingi chenye jukumu la kukusanya na kuuza mazao ya wanachama wake na sasa kinapenda kuuza tumbaku yote ya wanachama wake iliyolimwa katika msimu wa kilimo 2008/09 kwa MNUNUZI kutoa au kuopesha pembejeo.

Appendix 8: Pile of MOFACU cases

Shauri	Aina Shauri	ya Wahusika/mhusika
3/93	Wizi	Asin Mapunda na Connovera Wangere
12/36	Wizi	Hamis Abdalla
50/IR/6564/95	Wizi	Merystella Chamlungu na wenzake
50/IR/4947/94	Wizi	Hamia Vulua na Issawangu Minja
12/94	Wizi	Peter Lihokololo, Rashid S.
5/9/91	Wizi	Abdalla Aziz
5/9/91	Wizi	Shaban Kolaheri
		High Court (DSI)
46/95	Madai	MRCU (1984) Ltd vs CRDB
26/95		Sia Motors vs MRCU (1984) Ltd
106/95		Moretco vs MRCU
280/95		MRCU vs Ubungo spinning
263/90		Eliza & Sons vs MRCU
142/95	Madai	TCB (cotton) vs MRCU
		FM's Morogoro
24/95		Ford General Traders vs MRCU
29/95		Madaganya Investment vs MRCU
82/95		Minguti Investment vs MRCU
26/95		Sia Motors vs MRCU
51/96		Kibiki Hardware vs MRCU
79/95		Tana Injection pump vs MRCU
		RMT's Dar es Salaam
494/95		Guru Eng. Works vs MRCU
495/95		Guru Eng. Works vs MRCU
168/95		Ford General Traders vs MRCU
169/95		Siha Motors vs MRCU

Civil case No. 82/95 Rulenga Auction mart court Broker between Mingoti Investment Versus Morogoro Region Cooperative Union (1984) Ltd. 1,919,221.00 court Broker costs

Civil case no.51/95 Kibiki of R.A.K Hardware versus Morogoro Region Cooperative (1984) Ltd. Court broker costs Tshs 1 534 000

Civil Case No. 16/98 (House tribunal) D.D Jetwa versus MOFACU court broker cost Tshs 5 871 200

Misc. Civil case no. 1/2000 Ali Salehe Balhabou-Objector/Applicant versus D.D Jethwa and MOFACU

RM Civil case No. 4/ 2000 Tens Injection Pump Service versus MOFACU

Civil case no.25/2000 N.S.S.F Versus MOFACU

Civil Case No N.S.S.F Versus Ulanga Cooperative Union and MOFAC

Appendix 9: MBOCU competitors (Mbozi Coffee Curing Company Limited

Technical Department)

PARCHMENT COFFEE MOVEMENT REPORT

FROM: TECHNICAL DEPARTMENT

NO. III

EROWAMU CO. GROUP

TO: GENERAL MANAGER

SEASON: 2008/2009DATE: 10/11/2008

S/No.	Name of Customer/ Competitors of Mbozu	Today Parchment Receipt Kgs	Cumulative Receipts todate Kgs	Issues to Milling to Date Kgs	Cumm. Issues Todate Kgs	Parchment Stock Balance Kgs
1.	AMANI COFFE GROWER	-	22,095	-	22,095	-
2.	BKAMBO	-	6,167	-	-	6,167
3.	BUSARA COFFEE GROUP	-	11,086	-	11,086	-
4.	CHAMIDA F. GROUP	-	27,696	-	27,696	-
5.	CHIWINGA CO. GROUP	-	20,077	-	-	20,077
6.	CITIZEN COFFEE GROUP	-	7,215	-	7,215	-
7.	EROWAMU CO. GROUP	-	12,718	-	12,718	-
8.	GUZYO CO. GROUP	-	31,589	-	29,603	1,986
9.	HAKWA F. GROUP	-	11,487	-	-	11,487
10.	HANGOMBA AMCOS	-	18,200	-	18,200	-
11.	HARAKA AMCOS	-	5,598	-	-	5,598
12.	HASAMBO AMCOS	-	256,480	-	256,480	-
13.	HATELELE AMCOS	-	7,270	-	7,270	-
14.	HIARI YA MOYO "A"	-	16,582	-	16,582	-
15.	IGAMBA AMCOS	-	53,815	-	53,815	-
16.	IGAMBA MPYA CO. GROWERS	-	17,228	-	-	17,228
17.	IGANDA COFFEE GROUP	-	60,170	-	60,170	-
18.	IGANDUKA AMCOS	-	18,964	-	18,964	-
19.	IGANDUKA JITULIZE CO. GROUP	-	8,829	-	8,829	-
20.	IGONDA COFFEE GROUP	-	61,946	-	61,946	-
21.	IKONYA AMCOS	-	12,140	-	12,140	-
22.	ILENDELA INVIRO. GROUP	-	26,769	-	26,769	-
23.	IMAN COFFEE GROUP	-	12,127	-	12,127	-
24.	IMASHA AMCOS	-	12,725	-	-	12,725
25.	INSANI AMCOS	-	176,047	-	176,047	-
26.	INSEHO COFFEE FARMERS GROUP	-	4,286	-	-	4,286
27.	IPOROTO COFFEE GROUP	-	18,305	-	18,305	-
28.	IPYANA AMCOS	-	8,627	-	-	8,627
29.	IPYANZA COFFEE GROUP	-	3,623	-	-	3,623
30.	ISACOGA GROUP	-	40,512	-	40,512	-
31.	ISANDULA AMCOS	-	13,973	-	12,483	1,490
32.	ISANGU COFFEE FARMER	-	14,967	-	14,967	-
33.	ISANSA CO. PROT.GROUP	-	30,010	-	30,010	-
34.	ISANSA QUALITY CO. GROUP	-	3,032	3,032	3,032	-
35.	ISAYULA CO OPERATIVE UNION	-	2,974	-	2,974	-
36.	ISELA (ITSEHA) AMCOS	-	8,251	-	8,251	-
37.	ISELA CO. GROWERS ARC. "A"	-	60,889	-	60,889	-
38.	ISELA CO.GROWERS ARC. "B"	-	64,750	-	64,750	-
39.	ISELA COFFEE GROWERS ARC "C"	-	40,078	-	40,078	-
40.	ISELA COFFEE GROWERS ARC "D"	-	12,520	-	-	12,520
41.	ISENDE CO.GROUP	-	11,393	-	-	11,393
42.	ISENZANYA AMCOS	-	30,857	-	30,857	-
43.	ISHIGAMA COFFEE GROUP	-	5,656	-	-	5,656
44.	ISOWEZYA CO. FARM. PRODUCERS	-	14,797	-	-	14,797
45.	ISUMI AMCOS	-	11,056	-	11,056	-
46.	ISUWANGALA CO.GROUP "A"	-	15,787	-	15,787	-

S/No.	Name of Customer/ Competitors of Mbocu	Today Parchment Receipt Kgs	Cumulative Receipts todate Kgs	Issues to Milling to Date Kgs	Cumm. Issues Todate Kgs	Parchment Stock Balance Kgs
47.	ISUWANGALA CO. GROUP "B"	-	48 568	-	4 868	-
48.	ITENTULA ITESEHA AMCOS	-	11 097	-	11 097	-
49.	ITEPULA F. GROUP	-	14 072	-	-	14 072
50.	ITETE COFFEE FARMERS	-	28 535	-	-	28 535
51.	ITETE COFFEE GROWERS	-	17 191	-	17 191	-
52.	ITEPULA F. GROUP "A"	-	38 727	-	38 727	-
53.	ITEPULA F. GROUP "B"	-	1 402	-	1 402	-
54.	IWANGA COFFEE PRODUCERS	-	30 520	-	-	30 520
55.	IYENGA AMCOS	-	51 760	-	51 760	-
56.	IYULA AMCOS	-	73 036	-	73 036	-
57.	IZELA COFFEE GROUP	-	10 800	-	10 800	-
58.	IZYIKA K. C. WAKULIMA	-	22 959	-	22 959	-
59.	JKOMBOE COFFEE GROWERS	-	28 273	-	28 273	-
60.	JITEGEMEE COFFEE GROUP	-	12,320	-	-	12 320
61.	JITENGENI COFFEE GROUP	-	7 673	-	-	7 673
62.	JITUME COFFEE GROUP	-	27 718	-	27 718	-
63.	K.C. AMANI MBEWE	-	11 603	-	-	11 603
64.	K.C. NGUVU MOJA IDIWILI	-	19 746	-	-	19 746
65.	K.C. HATELELE KATI	-	38 123	-	38 123	-
66.	K.C. KAHAWA ILEMBO	-	50 688	-	50 688	-
67.	K.C. UBOR. MICHE IGUNDA	-	31 426	-	31 426	-
68.	K.C.U. KAHAWA IGALE	-	34 392	-	34 392	-
69.	K.C.U.M. (COFFEE GROUP)	-	15 935	-	15 935	-
70.	K.C.V.K. LUMBILA	-	50 457	-	38 595	11 862
71.	K.C.W. TWEZI	-	24 895	-	24 895	-
72.	K.C.W. NKANGA	-	18 529	-	-	18 529
73.	K.C.W. NURU ITAKA	-	20 201	-	20 201	-
74.	K.C.W.K. HANGOMBA	-	29 747	-	29 747	-
75.	K.C.H. BOR. END DAIMA	-	32 578	-	32 578	-
76.	KIMONDO COFFEE GROWERS	-	7 197	-	-	7 197
77.	KIWAKAI GROUP "A"	-	11 333	-	11 333	-
78.	KIWAKAI GROUP "B"	-	22 703	-	22 703	-
79.	LAKE NYASA (LANCOT)	-	418 448	-	304 745	113 703
80.	LUNGWA CO. GOWERS	-	7 057	-	7 057	-
81.	LUONGA COFFEE GROWERS	-	111 079	-	111 079	-
82.	LUONGA COFFEE GROWERS "B"	-	4 686	-	4 686	-
83.	LWIVANO COFFEE GROUP	-	6 657	-	6 657	-
84.	MAGAMBA CO. FARMERS	-	3 876	3 876	3 876	-
85.	MAKAMBINI CO. GROUP	-	27 714	-	27 714	-
86.	MALENJE COFFEE GROUP	-	22 350	-	22 350	-
87.	MALIGANE F.ECO. GROUP	-	9 801	-	-	9 801
88.	MANKA CO.FARMERS GROUP	-	4 495	-	4 495	-
89.	MAWANGA GROUP	-	2 412	2 412	2 412	-
90.	MAZIMBO COFFEE GROUP	-	36 823	-	36 823	-
91.	MBAGWA CO. GROUP	-	57 600	-	57 600	-
92.	MBANZO COFFEEGROUP	-	2 949	-	-	2 949
93.	MBEWE UNYIHA COFFEE GROUP	-	7 632	-	-	7 632
94.	MBEWELA COFFEE GROUP	-	33 192	-	33 192	-
95.	MBOCU LTD	-	45 300	-	45 300	10 527
96.	MBOZI CO.CUR PACH.PROJ. "A"	-	247 464	-	240 476	6 988
97.	MBOZI HIGHLAND. C.GROWERS	-	80 728	-	80 728	-
98.	MBULU AMCOS	-	11 412	-	11 412	-
99.	MCCCO PROJ. "B"	-	16 303	-	16 303	-
100.	MHEG "A"	-	16 419	-	-	16 419
101.	MHEG "B"	-	29 442	-	-	29 442
102.	MKOMBOZI FARM GROUP	-	67 298	-	67 298	-
103.	MLANGALI AMCOS	-	18 775	-	18 775	-
104.	MLOSA CO. GROUP	-	48 587	-	48 587	-
105.	MPATWA GROUP	-	22 547	-	22 547	-
106.	MPUKILI AMCOS	-	5 180	-	5 180	-
107.	MSANYILA (MWANDA) AMCOS	-	32 410	-	32 410	-
108.	MSANYILA COFFEE GROUP	-	11 514	-	-	11,514
109.	MSENSE CO. PRODUCERS	-	21 663	-	21 663	-
110.	MSIYA F. C. PRODUCERS	-	62 182	-	62 182	-
111.	MUUNGANO CO. GROUP (ISENZANYA)	-	15 721	-	-	15 721
112.	MUUNGANO CO. GROUP (IWALANJE)	-	3 609	-	3 609	-
113.	MWANDJE CO. GROWERS	-	14 083	-	-	14 083
114.	MZUMANZI F. GROUP	-	17 870	-	17 870	-
115.	NAMBINZO KATI CO. GROUP	-	2 030	-	2 030	-

S/No.	Name of Customer/ Competitors of Mbocu	Today Parchment Receipt Kgs	Cumulative Receipts todate Kgs	Issues to Milling to Date Kgs	Cumm Issues Todate Kgs	Parchment Stock Balance Kgs
116.	NANSAMA AMCOS	-	38 197	-	38 197	-
117.	NDOLEZI CO. GROUP	-	17 900	-	17 900	-
118.	NG'AMBA AMCOS	-	20 062	-	20 062	-
119.	NJUNGA GROUP	-	37 601	-	37 601	-
120.	NKANA AMCOS	-	20 382	-	20 382	-
121.	NKOMO COFFEE GROUP	-	5 153	-	5 153	-
122.	NSENGA COFFEE GROUP	-	25 024	-	25 024	-
123.	NYERENGA COFFEE GROUP	-	29,057	-	29 057	-
124.	NYIMBILI AMCOS	-	7 794	-	-	7 794
125.	NZWALO COFFEE GROUP	-	21 667	-	-	21 667
126.	RAHA LEO MSHIKAMANO	-	1 157	-	1 157	-
127.	RUANDA AMCOS	-	5 487	-	5 487	-
128.	RUCU LTD.	-	16 763	-	-	16 763
129.	SAMBEWE AMCOS	-	26 721	-	26 721	-
130.	SANDO CO. GROUP	-	95 904	-	95 904	-
131.	SHAJI COFFEE F. GROUP	-	26 092	-	26 092	-
132.	SHAMBWE CO. FAMERS GROUP	-	11 777	-	11 777	-
133.	SHASYA AMCOS	-	2 006	-	2 006	-
134.	SHASYA FARM P/S 2005	-	50 171	-	50 171	-
135.	SHEG	-	12 842	-	12 ,842	-
136.	SHIDUDA CO. GROUP	-	2 646	-	-	2 646
137.	SHIKUMBI GROUP "B"	-	29 289	-	29 289	-
138.	SHIKUNZI GROUP	-	38 126	-	-	38 126
139.	SHILANGA AMCOS	-	22 127	-	22 127	-
	SHISI FARM ASSOCIATION	-	156 014	-	156 014	-
140.	SHITETE GROUP	-	10 496	-	10 496	-
141.	SHIWANDA FARM	-				
142.	SHIWANSA F.	-				
143.	SHIWINGA HATESHI AMCOS	-				
144.	SHOMOLA AMCOS LTD	-				
145.	SIS KWA SISI F. GROUP	-				
146.	SUMBALUWELA F. GROWERS	-				
147.	TUKUNDANE NET FARM	-				
148.	TUMAIN COFFEE GROWERS (SANS)	-				
149.	TUMEANZA F.C. GROWERS	-				
150.	TWISHA GROUP	-				
151.	UKUKWE IPENJA AMCOS	-				
152.	UMOJA WAMANYALA	-				
153.	UNYIHA "B" MBEYA VIJIJINI	-				
154.	UNYIHA ASSOCIATES LTD. MBOZI	-				
155.	UPOROTO ICHESA C. GROUP	-				
156.	UWAKI	-				
157.	VILISYALA EC.C. GROWERS "A"	-				
158.	VILISYALA EC.C. GROWERS "B"	-				
159.	WAILOLELA C. GROUP	-				
160.	WAZURI COFFEE GROUP	-				
161.	WELU II AMCOS	-				
162.	ZELEZETA FARM GROUP	-				
	TOTAL	1 490	5 274 995	22 506	4 528 700	746 295

Prepared By: _____ Checked & Certified By: _____

Senior Stores Officer

Technical Manager

Appendix 10: Halmashauri ya Tumbaku Tanzania Bei za Pembejeo kwa Msimu

2008/09

S/No	Jina la pembejeo	Kipimo	Bei ya mkopo (kwa dola za Kimarekani katika chama cha msingi)	Bei ya taslimu (kutoka katika ghala la Kampuni)
Mbolea				
1.	NPK 10:18:24	Mfuko wa kilo 50	6.00	56.58
2.	NPK 20:10:10	Mfuko wa kilo 50	46.00	42.09
3.	NPK 20:0:15	Mfuko wa kilo 50	43.00	40.00
4.	CAN 27% N	Mfuko wa kilo 50	41.06	38.06
5.	UREA 46%N	Mfuko wa kilo 50	50.37	46.07
MADAWA				
1.	Decis TABS	Kidonge kimoja	0.77	0.77
2	Confidor	Pakiti ya gram 30	4.28	4.23
3	Yamaotca supper	Lita moja	2.08	21.08
4	Bulldock	Pakiti ya kilo moja	2.70	2.60
5	Actara 25% WG	Pakiti ya Gramu 40	3.80	3.77
Vifaa vya Kufungia				
1.	Magunia Mapya	Kipande cha mita moja	0.72	0.69
2.	Magunia mapya	Kipande cha mita moja 1.5	1.08	1.04
3.	Magunia yaliyotumika (Majafafa)	Kipande cha mita 1.5	Bure	Bure
4.	Kamba za Jute	Bunda la kilo moja	1.39	1.28
5.	Kamaba za Pamba	Kilo moja	4.15	4.04
6.	Kamba za Pamba	Kilo moja na nusu	6.23	6.06
7.	Kamba za Pamba	Kilo kambili	8.30	8.08
Vinginevyo				
1.	Miche ya miti	Kila kimoja	0.02	0.02
2.	Kipima joto	Kila kimoja	5.50	5.38
3.	Watter cans (keni za pastiki za kunyeshea)	Kila kimoja	6.24	5.81
4.	Baling Box	Kila kimoja	150.00	150.00
5.	Baling Screw	Kila kimoja	50.00	50.00

Masharti

Chama cha msingi kitalipa dola za kimarekani 1.50 kwa kila mfuko wa mbolea utakao rudishwa kwenye Kampuni

Chama cha msingi kitalipa dola za kimarekani asilimia 10 ya gharama kwa pembejeo nyingine zitakazorudishwa kwenye Kampuni.

Appendix 11: Tanzania Tobacco Council

INPUTS PRICE LIST FOR SEASON- 2007/08

TANZANIA TOBACCO COUNCIL INPUTS PRICE LIST FOR SEASON: 2007/2008 October 18 th 2007			
ITEM	UNIT	Credit Price US\$ DELIVERED AT PRIMARY SOCIETY	Cash Price US\$ EX-COMPANY WAREHOUSE
FERTILIZERS:			
NPK 10:18:24	50 Kg Bag	31.00	28.64
NPK 20:00:15	50 Kg Bag	26.50	25.80
NPK 20:10:10	50 Kg Bag	24.98	23.94
CAN 27%	50 Kg Bag	24.00	22.50
UREA 46%	50 Kg Bag	31.10	30.50
CHEMICALS:			
Decis TABS	Tablet	0.71	0.71
Confidor	30gm packet	4.32	54.05
Yamaotea	1 litre	20.00	20.00
Copper Oxychloride	250gm packet	1.75	1.75
Dithane	1 kg	6.91	6.91
Off School T	1 litre	2.20	2.20
WRAPPING MATERIALS			
New Hussein	Piece 1 Metre	0.68	0.64
New Hussein	Piece 1.5 metre	1.02	0.96
Used Twine	Piece 1.5 Metre	FREE	FREE
Jute Twine	Bundle 1nkg	1.45	1.37
Cotton Twine	1 kg	4.94	4.70
Cotton Twine	1.5 kg	7.41	7.05
Cotton Twine	2 kg	9.88	9.40

Appendix 12: Inputs Price List for Season 2006/2007

ITEM	UNIT	Credit Price US\$ DELIVERED AT PRIMARY SOCIETY	Cash Price US\$ EX-COMPANY WAREHOUSE
FERTILIZERS:			
NPK 10:18:24	50 Kg Bag	26.00	24.70
NPK 20:00:15	50 Kg Bag	23.00	21.85
NPK 20:10:10	50 Kg Bag	23.00	21.85
CAN 27%	50 Kg Bag	20.00	19.48
CHEMICALS:			
Hasaphat	500gm packet	4.80	4.80
Confidor	30gm packet	5.60	5.60
Yamaotea	1 litre	16.00	16.00
Copper Oxychloride	250gm packet	1.75	1.75
Dithane	1 kg	8.91	8.91
Off School T	1 litre	2.20	2.20
WRAPPING MATERIALS			
New Hussein	Piece 1 Metre	0.59	0.59
New Hussein	Piece 1.5 metre	0.89	0.89
Used Twine	Piece 1.5 Metre	FREE	FREE
Jute Twine	Bundle 1kg	1.36	1.36
Cotton Twine	1 kg	3.60	3.60
Cotton Twine	1.5 kg	5.40	5.40
Cotton Twine	2 kg	7.20	7.20
OTHERS			
Tress seedlings	Each	0.20	0.59
Flue pipes	3ft piece	6.00	0.89
Barn Thermometer	Pc	7.50	FREE
Kaapsack sprayer + PPE	Pc	3.97	1.36
Baling Box	Pc	150.00	3.60
Baling Screw	Pc	50.00	5.40
Watering cans and plastic	Pc	26.00	7.20

Conditions

Returns on fertilizers will be charged to the primary society US\$ 1.50 per bag returned.

Returns other than fertilizers will be charged to the primary society 10% of the cost.

Appendix 13: Uzalishaji wa Zao la Tumbaku Mkoa wa Ruvuma

Na.	Mwaka	Mavuno (Tani Tegemewa)	Ununuzi kwa Kg	Thamani	Bei ya Wastani
1.	2004/2005	7 500	5 100 690	3 924 154 190	782.72
2.	2005/2006	3 410	4 862 837	3 573 620 100	734.85
3.	206/2007	5 383	3 536 465	2 411 621 034	681.93
4.	2007/2008	1 6400	1 380 070	1 219 990 704.75	884
5.	2008/2009	3 002	2 921 021	3 111 574 608	1 065.24

Appendix 14: Wilaya Ya Songea Halmashauri Ya Wilaya Ya Songea Wanachama

AMCOS

S/NO.	JINA CHAMA	LA	REG.	ME	KE	JUMLA	THAMANI YA HISA
1	Naikesi AMCS		52	823	50	873	873 000
2	Kitanda		57	659	40	699	1 325 000
3	Mputa		65	545	20	565	893 781
4	Mara		354	832	79	911	4 555 000
5	Kimali		354	382	55	437	437 000
6	Selipema		356	716	209	925	1 689 905
7	Mpitimbi		364	989	71	1060	2 686 000
8	Namtumbo		365	412	70	482	1 200 000
9	Wino		367	1456	344	1800	6 600 000
10	Utwango		369	967	189	1156	2 497 000
11	Mangu		372	531	25	556	556 000
12	Suluti		391	628	172	800	535 500
13	Hanga		403	685	343	1028	2 413 000
14	Juhudi		404	1100	223	1323	3 301 290
15	Geuza Mwendo		405	1151	343	1494	1 768 000
16	Lumbole		406	672	90	764	1 102 899
17	Mamso		407	350	41	391	491 000
18	Matepwende		408	500	150	650	1 200 000
19	Mkongo Gulioni		409	693	138	831	1 313 000
20	Likonde		410	979	109	1088	1 656 500
21	Nangero		402	405	33	438	446 408
22	Likuyu Mandela		412	419	115	534	634 000
23	Mgombasi		413	501	20	521	701 000
24	Jitume		414	720	138	858	858 000
25	Umana		415	740	168	908	2 648 000
26	Nambecha		416	546	25	571	1 017 000
27	Mtonya		417	315	50	365	365 000
28	Minazini (1999)		418	205	105	310	310 000
29	Lobango		419	280	64	344	344 000
30	Namkeke (1999)		423	778	126	904	904 000
31	Mbimbi		425	300	563	863	863 000
32	Nguvumoja		425	990	90	1080	1 777 400
33	Magazini		426	545	61	606	606 000
34	Litepeka		427	303	122	425	497 000
35	Luega		428	285	80	365	365 000
36	Limamu (1999)		429	301	120	421	718 000
37	Mwangaza		430	217	150	367	734 000
38	Lihanje		431	755	161	916	3 885 350
39	Nalima		432	1441	112	1553	
40	Mkongo Nakawale		441	427	59	486	1 419 942
41	Njalamatata		442	448	60	508	
	JUMLA			25992	5183	31,175	

Appendix 15: Cotton Production and Exports between 1990/91 and 2007/08

Season	Production (bales)	Export	% Export
1990/91	268 996	216 935	80.6
1991/92	472 376	346 540	73.4
1992/93	532 440	321 420	60.4
1993/94	252 300	242 500	96.1
1994/95	223 376	195 464	87.5
1995/96	457 316	311 000	68.0
1996/97	480 283	375 224	78.1
1997/98	344 206	336 687	97.8
1998/99	201 400	151 232	75.1
1999/00	196 000	173 465	88.5
2000/01	228 868	175 270	76.6
2001/02	281 132	205 563	73.1
2002/03	347 778	256 313	73.7
2003/04	258 924	212 222	82.0
2004/05	637 421	509 937	80.0
2005/06	697 390	544 227	78.0
2006/07	241 833	107 360	44.4
2007/08	371 596	174 109	47.0

Appendix 16: Famous Practitioners Applauding Cooperative Movement in the World Tanzania

Perhaps it may necessitate providing cooperative education in schools to motivate the youth and educate them about cooperatives. Efficiency and ideal ethics in cooperatives so that they are motivated to rejoin the movement. Tanzania's 3rd Phase President, Benjamin W Mkaapa

Tanzania

In cooperatives the target is the member who are the major asset; the owners who are key resource Tanzania's President, Benjamin W Mkaapa

Tanzania

Cooperative leaders should not forget themselves by concentrating more in business functions and ignoring their responsibilities of promoting the interests and rights of the members who are poor. Tanzania's 3rd phase President, Benjamin W Mkaapa

Tanzania

The government will never let the cooperative movement collapse,----- it is indispensable for farmers welfare;--- economic development at regional levels will only be hastened through promotion of cooperative unions. Tanzania's President, Benjamin W Mkaapa (Daily News, 14/2/1997).

Zambia

Cooperative are "most suitable" to rural development, both as a way of life and also as an instrument for accelerated development.-Zambia's first President, Kenneth Kaunda (An address to the United National Independence Party's National Council, 1969).

India

--- No future for agriculture in India except through Cooperatives.---- It seems to be obvious that the cooperative approach is right approach not only in agriculture, but in many other activities. India's first Prime Minister, Nehru (Message to all India Cooperative Week Celebration, 1959,-in C.G.E).

Tanzania

Cooperatives are the instrument for change in an effort to alleviate poverty. Cooperatives are to take part in the major means of production-Tanzania's first President, J.K Nyerere, 1967.

Tanzania

In the moulding of our people into a nation, the cooperative movement has had and will continue to have a most important role to play. Already it has paved the way for our peasant farmers, who form the majority of our population, to take their rightful place in the nation's economy. It has been a school for democracy, a spearheading the war against poverty, ignorance and disease, and aim sure it will be one of the principal pillars in the future of our new nation- Tanganyika's former minister for agriculture, Paul Boman (The Cooperative Movement in Tanganyika, 1962).

UN

Cooperatives aim not at making maximum profits for a few but at rendering service to the community at large-UN's former Secretary General, Dag Hammarskjold, 1975.

To World Over

Rural workers feel a sense of solidarity one with another and should unite to form Cooperatives which are necessary if they are to benefit from scientific and technical progress. They need to organize to have a voice, for today almost nobody hears, much less pays attention to isolated voices- Pope John XX III. (Cooperative League of the USA).

UN

The promotion of the cooperative movement should be an important element of the strategy of the Second United Nations Development Decade, as a means of broadening the base for the popular participation in the development effort and for the equitable sharing in the benefits of development-UN Resolution of the Economic and Social Council, 1969'

To World Over

Small and Medium holdings in agriculture, the art, trade and industry must be guaranteed and supported. Cooperative Unions must provide them with the advantage of big business-Pope Pius XII

USA

The weavers of Rochdale who founded modern cooperative enterprise balanced independence with interdependence, self interest with good will, and action with foresight. The cooperative movement belongs to no one nation but has its roots in the traditions of all democratic people. I look forward with confidence to the contribution that cooperative organizations will make to the years of peace that lie ahead-USA-former President, Franklin D. Roosevelt (Cooperative League of the USA).

USA

The role of farmer cooperatives is increasingly important in our national economy. Over the years they have proved a major means for assisting farmers to meet the problems and opportunities of modern agriculture. Farmer cooperatives are shining examples of self help pioneering spirit that has made this Nation great. USA's former President, Dwight D Eisenhower (Cooperative League of USA).

To the Third World

Political support for co operatives has been substantial. The basic assumption all along had been that national development could be more effectively achieved via country wide cooperative efforts. The more the notion of development began to assume wider perceptions that went beyond mere economic growth, the stronger became the calls for more cooperatives action to help bring about national development in Third World countries- Charles G Enriuez, 1986.

Germany

Only the self help of the poor and their active participants in cooperative self help organizations would enable them to improve their social economic situation. F.W. Raiffeisen, 1862 (in Alfred Hanel, 1988)

Germany

The creation of local cooperatives should be favourable to the forming of relatively small cohesive face to face groups. These should be characterized by active member participation, mutual trust and solidarity. Membership should be acquired by the better off and the poor villagers- F.W Raiffeisen, 1870 (in Alfred, 1988).

Germany

In order to reduce the complexity of economic tasks to be performed by local cooperatives, it is often pointed out that the local cooperative enterprises of small farmers should concentrate on savings and credit activities, which are considered to be most important for the promotion of small farmers-F.W Ruffeisen, 1881 (in Alfred, 1988).

To the Third World

In order to overcome the relative weaknesses and economic advantages of isolated small local cooperatives, the need of developing secondary and eventually tertiary cooperative organizations is continually stressed. In this context it is emphasized to establish central cooperative banks and commercial institutions as well as federations, which provide at least services in the fields of education, training, information, consultation and in the representation of interests of the cooperatives and their members-Alfred Hannel 1988

Tanzania

The cooperative sector has the potential to play a key role in the agriculture sector in Tanzania, since cooperatives can organize the procurement of inputs and marketing of agricultural produce at a low cost. C-operatives are also involved in other sectors such as industry, and mining, fisheries, livestock and financial institutions-URT's Rolling Plan and Forward Budget for Tanzania, for the Period 1994/95- 1996/97.

From the First World Summit of UN-for Social Development, 1995

The only possible way and means to convey the most needed development assistance to reach the target poor, is to channel it through local cooperatives and community self

organizations, aligned towards reducing poverty, should be based at the bottom/ grassroots where the poor live: and should thus involve the promotion of micro-enterprises initiated and managed by own local self organizations-UN-World Summit, Copenhagen.

Appendix 17: Cooperative union's performance

Name of Cooperative	Assets	Liabilities	Surplus
Arusha Regional Cooperative Union	28 276 100	23 817 000	4 459 101.90
Ruvuma Regional Cooperative Union	27 143 786	2 617 674 000	9 469 798
Kilimanjaro Native Cooperative Union	24 098 558.00	4 428 243.65	19 670 314.95
Shinyanga Regional Cooperatives Union	104 304 222.98	78 854 922.98	25 449 299.22
Iringa Regional Cooperative Union	29 478 308.35	21 387 885.46	8 000 422.89
Mbeya Regional Cooperative Union	10 702 687.90	6 334 260.47	4 368 425.60
Morogoro Regional Cooperative Union	15 690 070.40	9 383 456.17	6 104 548.43
Nyanza Regional Cooperative Union	112 526 183	46 382 000	66 144 180
Rukwa Regional Cooperative Union	27 143 798.73	17 674 000	1168 981.456
Singida Regional Cooperative Union	7 018 107.06	6 184 287.12	853 819.34
Tabora Regional Cooperative Union	22 740 064.64	22 740 064.64	114 493.40
Tanga Regional Cooperative Union	27 014 466.99	26 327 893.84	686 573.15
West Lake Cooperative Union	165 783 444.50	57 265 634.10	108 017 810.40

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