



# MOSHI UNIVERSITY COLLEGE OF CO-OPERATIVE AND BUSINESS STUDIES (MUCCoBS)



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## *Abridged Theses and Dissertations of MUCCoBS Staff* *Vol. 1: 1977 – 1997*

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(Editors)**

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## **ACKNOWLEDGEMENTS**

**The idea to produce this publication arose from a meeting of the Research and Publications Committee of the then Bureau of Research and Consultancy Services. When the idea was brought forth by one of the Committee members, almost all the members voiced support. This marked the beginning of the gestation process for the *Abridged Theses and Dissertations of MUCCoBS Staff*.**

**When this idea started to permeate through the community around, it appeared as if everybody was eagerly waiting for such a publication. Probably that is why, in the course of collecting inputs and compiling this volume, assistance and co-operation were readily forthcoming from most members of the MUCCoBS Community when approached. In this regard, we wish to acknowledge all the support we got from these colleagues.**

**In particular, we sincerely appreciate the steadfast co-operation we enjoyed from Mrs. Joyce Mapunda, Mr. John Iwata, Mrs. Gladys Chambo and Mr. Jaffar Ponera – staff members of the National Co-operative Library and Archives (NCLA) where most dissertations and theses are deposited. Every time we approached them, they were always responsive to our many requests.**

**In the same vein, we wish to express our deep gratitude to Prof. L. H. K. Mlowe, Prof. J. Itemba, Prof. R. I. Msanga, Mr. M. R. Muhandeni, Prof. F. K. Bee, Ms. S. Lema and Mr. E. Sanga for providing us copies of their dissertations/theses which, at that time, could not be found in the library. We deeply appreciate the efforts which our colleagues exhibited during this exercise, some of whom had to retrieve their copies from distant places at their own cost.**

**It must be noted, nonetheless, that this volume is a product of many brains which cannot be possibly exhausted under this note. We sincerely acknowledge the support of every individual and institution which, in one way or another, contributed to the ultimate production of this publication. In this regard, we are not oblivious of the authority that appointed us to undertake this assignment.**

**= Editors =**

## PREFACE

Here is a new publication, '*Abridged Theses and Dissertations of MUCCoBS Staff*', which adds to the expanding catalogue of publications by the Moshi University College of Co-operative and Business Studies (MUCCoBS). It carries synopses of theses and dissertations of MUCCoBS' Staff and associates. The publication is intended to cover purposely-selected epochs in sequential series.

This particular *Volume 1* presents summaries of the aforesaid works of staff members (present and past) who graduated at Masters' and PhD levels between 1977 and 1997. The summaries are presented in an ascending chronological sequence starting with those of 1977. This inaugural issue carries a total of 25 synopses by 23 authors.

The synopses are based mainly on the abstracts or executive summaries of the dissertations/theses where provided. However, in some cases, the synopses stretch farther. They cover the greater part of the content of these dissertations/theses by taking on board salient issues in the 'Statement of the Research Problem', 'Research Methodology', 'Discussion of Major Findings, and 'Conclusions and Recommendations'.

The primary purpose of this publication is to keep students, staff and the general public better informed about studies that have been conducted by full-time and part-time employees of MUCCoBS (present and past) and their associates. The *Abridged Theses and Dissertations of MUCCoBS Staff* is intended to provide an avenue through which community members will know each other's field of specialisation and interest. Such knowledge is likely to spark off ideas for joint research projects in future. Likewise, it may inspire others to embark on new studies aimed at complementing or challenging these studies.

Further, this document may serve as a learning material particularly for research students and other members of the academia. They will learn how to write abstracts or executive summaries of research reports.

Similarly, it is intended that this series will regularly provide important inputs into our envisaged data banks of various competencies and knowledge bases available which the University College plans to construct in the near future.

YOU ARE ALL ENCOURAGED TO READ THROUGH AND SHARE WITH US ANY FEEDBACK

- 1977 -

**HISTORY OF LABOUR ON THE MWADUI DIAMOND MINE: 1940 - 1975**

*Aloyse Chanatra Ofunguo*

[M.A., University of Dar es Salaam]

(1977)

***Abstract***

The recruitment and stabilization of a cheap African labour force for the production of raw diamonds at Mwadui, since 1940, had been attributed to the management of the mining company, the Williamson's Diamonds Limited. Until recently, the history of labour on the Mwadui Diamond Mine, and even of the whole of the Tanzanian mining industry, was comparatively neglected.

This study attempted to describe the recruitment and maintenance of cheap labour under both colonial Tanganyika and neo-colonial Tanzania through a case study of Mwadui Diamond Mine for the period between 1940 and 1975. During this period, Tanzanian workers invariably maintained their ties with the rural sector where they owned some means of production in the form of landed property. With the penetration of the capitalist market forces into the rural sector and the subsequent expansion of economic horizons among the peasantry, more and more people had become increasingly dependent on employment in the modern sector to meet their basic needs. This was the context within which the development of the mine labour force at Mwadui was examined.

It was hoped that this study would give a human face to the study of economic history by examining the interactions between economic change and human experience not only in the Mwadui Diamond mining industry, but also in the context of the mining industry in Tanzania as a whole.

The study presented a historical account of the relationship between the level of the development of productive forces and the people involved in the mining industry. It then examined the forces behind the process of 'proletarianisation' which brought the mine's labour force into being. In the same vein, the social conditions on the mine were assessed by specifically examining the forces behind the stabilisation of the mine's labour force and those forces behind the development of working class consciousness which led to strikes and trade unionism.

A re-examination of the history of Labour at Mwadui mine revealed that there were socio-economic and socio-political forces outside and on the mine which made it possible for the management to recruit and maintain the labour force.

The colonial and neo-colonial demand for cheap raw materials from the underdeveloped world to the industrialized nations had brought about the imposition of the capitalist mode of production on the traditional economies of Tanzania. By the time the mining operations commenced at Mwadui in 1940, the penetration of the capitalist market forces into Tanzania rural societies

had made the availability of labour for the raw material industries relatively easier than at the beginning of colonialism.

Indeed, the making of the Mwadui Mine labour-force depended on external and external factors. The external factors were products of the imposition of the capitalist mode of production on the traditional self-sufficient rural economies. Taxation and the increasing penetration of market forces into the rural areas drove men away from rural societies to wage employment in the centres of raw materials production. The internal factors such as the relatively high wages and the attractive social amenities on the mine combined with the aforesaid external factors to attract labour from the rural areas.

Secondly, it was also observed that the maintenance of the African labour-force depended largely on a multiplicity of control measures by both the management of Mwadui Diamond mine and the state machinery. Part of the remuneration, which was made in kind, rather than big money wages, complemented the compound system in 1940s and 1950s to stabilize the labour-force.

In the course of the development of Mwadui mine, African labour became increasingly abundant. There was an increasing 'proletarianisation' in Tanzania and a process of mechanising production on Mwadui Mine. 'Proletarianisation' gave rise to a large unskilled labour force, while mechanisation reduced the need for a large number of unskilled labourers.

With regard to workers' consciousness, it could be argued that there was hardly any collective bargaining prior to 1958. Two major economic factors accounted for this low working class consciousness during the first 18 years of the mine. First, there was the process of 'proletarianisation' which was at a lower stage of development in 1940 than in 1958. This process increased as the penetration of money-commodity economy increased in the rural areas. Increasing scarcity of land in the rural areas and increasing interest of urban life spurred on the workers to struggle for 'better' life on the mine. Secondly, the process of mechanisation which was accomplished in greater part in 1956 began to make the most unskilled workers redundant.

Since 1958, very many unskilled labourers were being treated roughly or dismissed from Mwadui. As a result, the workers sought to organise themselves under trade unionist activities. This made it increasingly difficult for the management to control the workers.

In order to protect the industry, which was considered as one of the major sources of public revenue, both the colonial and, later, the national state machineries intervened by controlling both the management and the trade unionist activities on the mine. The final result of this kind of protection of the industry was that the production of raw diamonds by cheap labour continued at Mwadui.

Although the working conditions improved and the Government obtained the revenue it wanted, the industrial and the commercial bourgeoisie of the world capitalist system had continued to make profits through the exploitation of the Mwadui workers during the colonial and neo-colonial epochs.

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- 1978 -

COMMODITIZATION OF LIVESTOCK IN A PREDOMINANTLY NON-CASH CROP  
GROWING AREA: A CASE STUDY OF MBULU AREA

*Mathew Lohay Nade Diyamett*

[M.A (Sociology) - University of Dar es Salaam]

(1978)

**Abstract**

Today's international (capitalist) economic system presents us, among other things, with undisputed fact that the whole world is woven into this giant economic house. In one way or another, the economies of the world as a whole are affected by international capitalist system. Historically, the socialist economic systems are a consequence of the collapse of capitalism in countries which succeeded in bringing about the socialist revolutions e.g. Russia, China and Cuba.

On the other hand, the majority of the now developing countries were, and some still are, the plundering grounds for resources for the capitalist economies in the developed countries.

The implication of this state of affairs was that no single area of the world had remained outside this capitalist economic system. The countries of Asia, Africa and Latin America were mainly drawn into the system through colonisation by the European and North American countries.

This study intended to look into the question of commodity economy, not only of the former colony whose economy was still a peripheral one, but also of the periphery of that periphery. In particular, the study sought to assess the extent of gradual commoditization of livestock which came about at a result of the introduction of the capitalist colonial economy. The researcher was specifically interested in the peripheral economy (livestock). For most of the time, livestock economy in the developing countries had remained outside the main economic system of the society. But, it was still being drawn into the whole system through a variety of methods. This study sought to analyse the systematic commoditization of livestock which came about as a result of the introduction of the capitalist colonial economy.

The area under discussion was Mbulu, which was then in Arusha Region. It was one of those areas which did not "contribute enough" to the colonial economy. One reason was that the area was not economically attractive enough for the colonial economic ventures. However, from the very beginning of the colonial administration in this country, the area seemed a livestock economic backbone of the northern part of the country.

Since the aim of this study was mainly to analyse the systematic commoditization of livestock in particular, the findings were not directed to any specific community in the study area. As such, the whole exercise was essentially based on two communities who were the main inhabitants of this



area - namely; the pastoral Barbaig and the agro-pastoral Iraqw. The two communities had been taken together because of two key reasons.

The first reason was based on the degree of dependence on livestock by each of the two communities. This degree of dependence on livestock as a source of subsistence would tell the kind of approach one would use in order to bring about modernisation. Thus, in the then 'villagisation' programme which was geared towards quick rural development, one was bound to effect this with varying degrees between 'pure' pastoralists and semi-pastoralists. At the same time, both pastoralists and agro-pastoralist would show a varying degree and extent of participation in the commodity economy.

The second reason why these two communities have been studied together was that, for most of the time since the colonial times, livestock had been regarded as the only commercially-viable economic activity in the study area, and the attention of both livestock owners and policy makers was, therefore, directed towards livestock keeping.

In this study, documentary review was one of the main data collection methods used. Documents relating to livestock management were deemed the most reliable sources of information for this study. Substantial information was obtained from periodic reports in files from the Mbulu District Livestock Development Officer. Also, useful information came from similar reports of the Tanzania Livestock Marketing Company. Other forms of information were obtained through formal interviews and questionnaires. This was mainly with the livestock development experts at the ward, division and district levels, as well as the peasant pastoralists. These instruments consisted of questions which ranged from open-ended questionnaires dealing with various aspects of the livestock economy to questions which dealt with attitudes towards de-stocking or livestock price fluctuations.

The use of questionnaires was based on villages. At the time of this research, there were 85 registered villages in Mbulu District. Given this big number of the villages and time limitation, a small sample of 10% (8 villages) was selected. A random method was used after villages were arranged according to their recent registration order. The next step was then to pick up every nth (i.e. 10<sup>th</sup>) village. In this way, the selected villages were Endanachand, Haydom, Maghang, Dongobesh, Gidihim, Diyomat, Khaday and Waama.

The study observed that, although the people's primary economic base in the study area was livestock keeping, colonial rule demanded that all the people had to fully contribute to the colonial economy. Thus, in this non-agricultural cash crop growing area, livestock had to be incorporated into the colonial economic order. Even the wheat growing pioneer African farmers in the northern zone of Mbulu (not part of the study area) were said to have obtained cash for opening farms from the sale of livestock.

It was noted, however, that people in the study area did not enter the commodity economy by their own free will. They were forced into the deal, and the process continued. Nonetheless, their initial reluctance has never vanished. Unfortunately, these people were living under conditions which

were, in the eyes of outsiders, outdated. Consequently, it appeared that there was need to adjust the life of these people to be at the level of the '20<sup>th</sup> Century standards through an acceptable fashion'. Fortunately, the pastoralists were rich in terms of livestock. So, it was a matter of choosing the appropriate approach and methods suitable for the transformation.

## THE PERFORMANCE OF IMPORT SUBSTITUTION AS A STRATEGY FOR INDUSTRIALIZATION IN TANZANIA: A CASE STUDY OF SOME SELECTED INDUSTRIES

*Chambo, S. A.*

[M.A (Economics), University of Dar es Salaam]  
(1978)

### **Abstract**

Studies which had been carried out on industrial development in underdeveloped countries had shown that usually the aims and objectives of industrialization through import substitution did not conform to the outcome of the strategy. Normally, import substitution was designed to solve balance of payments problems including other problems of economic underdevelopment. Yet, it had been claimed that the strategy ended up in bringing more balance of payments problems and economic stagnation.

This paper was based on a study which sought to investigate on the problems of import substitution industrialization in Tanzania basing on quantitative data from some selected industries of consumer and intermediate goods. After outlining the economic background to import substitution in Tanzania and examining the theory and logic of industrialisation through import substitution, the paper delved into the practice of import substitution in the period between 1966 and 1977. In particular, it assessed the contribution of selected industries to the balance of payments in Tanzania.

The selected industries were mainly consumer and intermediate goods industries. The consumer industries included the Tanzania Cigarettes Company, Philips Electronics, Matsushita Electronics E. A. Ltd, Tanzania Shoe Company and Kibo Match Industry. The intermediate goods industries included the Tanzania Bag Industry and General Tyre E. A. Ltd.

It must be noted that the selected industries represented the major producing firms of their respective products in the country. The sampling was also influenced by the fact that the products in question were being produced in a homogeneous manner in their respective industries.

With regard to the theory and logic of industrialisation through import substitution, it was observed that the move by capitalist countries to locate their industries in underdeveloped countries coincided with the wishes of underdeveloped countries to industrialise. However, the consequences of import substitution had brought difficulties to the underdeveloped countries.

To investigate the performance of import substitution, questionnaires were used which called for 'time-series' data such as physical domestic output,

imports of the product, transfer of profits, interests and salaries of expatriates staff including dividends. Issues like transfer of dividends and salaries abroad were very sensitive to some of the companies as they were reluctant to release information on them.

The study was guided by the hypothesis that import substitution industrialization has not successfully solved balance of payments problems. Among the industries surveyed, the Tanzania Cigarettes Company and Tanzania Shoe Company had registered some positive contributions to foreign exchange earnings in all the years under study though these savings were not significant on average. The Tanzania Bag, Matsushita and General Tyre industries had both positive and negative contributions. The Tanzania Bag Industry recorded negative contributions to Balance of Payments in 1972 and 1973, while the Matsushita Electronics E. A. Ltd had negative contribution in 1972. There was positive contribution in the remaining years under the study. The General Tyre E. A. Ltd was the worst of all. It had positive contribution in only two of its six years of operation.

Further, it was found out that import substitution had not only been successful in alleviating balance of payments problems, but it had only managed to change the structure of imports. It brought a shift in the structure of imports from consumer to more expensive intermediate and capital goods. In this study, it was observed that though all commodity groups of consumer, intermediate and capital goods imports were rising, the importation of consumer goods was rising at a slower rate than the other two commodity groups. In particular, throughout the study period (1966-1977), intermediate goods imports were exceptionally higher than the other two commodity groups.

This superiority of intermediate imports was an indication to mark the beginning of the second stage of Import Substitution. According to the traditional model of this type of industrialisation, the intermediate goods imports would rise after import substitution of consumer goods. This would, in turn, create demand for intermediate and capital goods. Therefore, the increasing trend of intermediate imports was nothing but an indication of an increasing demand for intermediate goods imports. In the long-run, this called for the actual second stage of traditional import substitution which was the physical establishment of intermediate goods industries.

All in all, the study confirmed that import substitution industrialisation had not successfully solved balance of payments problems. The strategy had just changed the structure of imports while balance of payments problems continued to persist. In order for import substitution to play its ideal role in the development process, therefore, the study recommended that this strategy should not be an end in itself. Instead, it should be as an intermediary stage towards a basic industrialization strategy. It is the basic industry that is capable of changing the structure of the economy. A basic industry which uses local resources to produce industrial inputs and wage goods would even enable the existing import substitution to contribute to foreign exchange earnings effectively because there would be an assurance of all the capital and intermediate inputs locally.

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- 1980 -

**PEASANTS' PARTICIPATION UNDER KILIMANJARO NATIVE CO-OPERATIVE UNION (KNCU) AND COFFEE AUTHORITY OF TANZANIA (CAT)**

*Edwin H. Moshi*

[M.A, University of Dar es Salaam]

(1980)

**Abstract**

The purpose of this study was to assess the essence of popular participation by peasants and workers in decision-making in their areas of work. The chosen case study for analysis was the small holder coffee industry in Kilimanjaro region. Specifically, the study was on the extent of peasants' participation under the Kilimanjaro Native Co-operative Union (KNCU) and Coffee Authority of Tanzania (CAT). In particular, the concern was mainly on 'devolution' - the provision of participatory channels through which peasants could influence decisions affecting the small holder coffee industry.

The choice of the above study case and area was mainly prompted by the fact that coffee was then a prominent source of cash income for peasants in Kilimanjaro region. At the time when shortage of foreign exchange was creating severe economic hardship in Tanzania, it was evidently important to initiate a discussion on the future development of the major export crops.

Moreover, the then high rate of inflation meant that it was often the case that producer prices for the export crops had fallen in real terms, even though appearing to increase in money terms. This meant that real incomes to peasant earnings for certain cash crops had declined, thus, acting as a disincentive to productive effort when increased output was most needed.

The basic proposition behind this study was the hypothesis that most of the difficulties which had emerged in the production and marketing of export crops, coffee inclusive, could be attributed to the negative changes in the peasants' perception of their participation in the decisions affecting their production activities.

It was observed that the dissolution of the then co-operative marketing system and its replacement with CAT had resulted in a big decline in the institutional participation of small holder coffee producers in decisions affecting their welfare. This decline had, in turn, resulted in the decline in the share of the producers in the proceeds for coffee sales. This would ultimately lead to a substantial decline in coffee production as peasants were now demoralized.

In spite of the problems of control with respect to unions (which were abolished in 1976) and societies, there seemed to be little doubt that from the viewpoint of peasants' participation, these institutions were a more effective

instrument than the (then) contemporary institutional structures which had brought about the decline in popular participation.

The study, therefore, recommended that urgent consideration ought to be given to instituting channels which would ensure the peasants' popular participation in all matters concerned with the coffee industry within the existing structure of authority from village level upwards.

## **ECONOMIC AND POLITICAL RELATIONS IN UGWENO: THE REPRODUCTION OF A KULAK ELITE IN A CASH-CROP AREA IN MWANGA DISTRICT, KILIMANJARO REGION**

*S. J. Maghimbi*

[M.A, University of Dar es Salaam]  
(1980)

### **Abstract**

This study sought to examine the social and political character of what was regarded as a 'kulak' area and the effects of 'penetration' upon it - to find out the extent to which kulaks had been touched by the penetration process. The study also attempted to assess the extent to which the process of the formation of certain areas of a local 'productive' exploiting class had been underestimated. The ultimate aim was to locate the specific relationship between the peasant strata both in the economy and the polity and the consequences of this relationship.

Due to the nature of the research problem, it was decided to take one village in a traditional cash-crop and 'kulak' area. This village (Shighatini in Msangeni Ward, Ugweno Division, Mwanga District) was randomly picked among 13 villages in the Ugweno mountain zone. This village was picked mainly because all 13 villages had almost the same type of economy. Hence, the study of any one village was adequate in providing a good picture of the whole mountain zone. Further, Ugweno division was picked because cash-crop production (and agricultural production as a whole) was higher here than in Usangi division - the only other division in Mwanga District.

The research involved staying in the village for two months. During this time, observation of the village economy, politics and ideology was carried out. Neighbouring villages were also observed for the purpose of having a better picture of the whole mountain zone. Also, village records were studied and informal interviews conducted with older peasants (and those with special skills like traditional iron smiths, herbalists and church ministers), teachers and other staff in the village. Moreover, a formal questionnaire was administered on the basis of sample surveys. From the village household list (obtained from the village office), 40 (10%) out of 400 households were randomly picked for formal interviewing.

It was confirmed, during the study, that kulaks were dominant in the economy. They were, indeed, expanding their economic activities; thus, buttressing their superior position in the economy. Village politics and ideology

were controlled and manipulated by kulaks. Kulaks were able to use both the village and church leaderships to entrench their economic and social position. According to the study, there was little or only mild opposition to kulak domination of the polity and to kulak ideology. This was mainly due to the strength of the kulak class and the absence of independent class consciousness or ideological development among the sub-merged peasant categories.

The study re-affirmed that kulaks still existed as a local 'productive' exploiting class. Increasing political and economic 'penetration' of the rural areas had strengthened the relative position of the kulak class. The kulaks used that penetration for their own ends. They re-adjusted their economic and social behaviour to the changes in the penetration process.

Further, the study noted that the economic and political penetration of the peasantry had different effects on different peasant categories. Whereas the kulaks were able to adjust to this penetration and use it for their own benefits, this was not the case with the other peasant categories. The majority of these categories continued to wallow in abject poverty.

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- 1981 -

**CO-OPERATIVES, POLICY AND LAW IN TANZANIA WITH SPECIAL REFERENCE  
TO MULTI-PURPOSE CO-OPERATIVE SOCIETIES: THE CASE STUDY OF SAME  
DISTRICT**

*Ikamba Robert Elias Mjema Msanga*  
[LL.M, University of Dar es Salaam]  
(1981)

**Abstract**

This study was an attempt to discuss the effects of national policy on the development of co-operatives and law in Tanzania in a historical perspective. It was imperative to study co-operative development in a historical perspective because a discussion on ideas, policies and institutions outside the realm of history could not reveal their true nature and meaning. The study focused mainly on the attributes made by the various policies which had affected the nature, structure and organisation of co-operatives from the pre-colonial to post-independence era. Most of these developments culminated in the establishment of multi-purpose co-operative societies under the Villages and *Ujamaa* Villages (Registration, Administration and Designation) Act of 1975.

Given the policy and development strategies of Tanzania and the role assigned to the co-operatives (i.e. as stepping stone towards socialism and self-reliance), the aim of this study remained confined to the examination of the effects of 'villagisation' and 'communalisation' on the development of co-operatives and law in Tanzania. A special reference was made to the multi-purpose co-operatives having Same District as a case study.

In particular, the study sought to assess the extent to which the policy of 'villagisation' and 'communalisation' was affecting the development of co-operatives and law in Tanzania. It examined whether and how the multi-purpose co-operatives could effectively assist in the implementation of the said policy.

Throughout this study, an attempt was made to test the following hypotheses that:

- (i) Multi-purpose co-operatives were a further development on the traditional co-operatives and, thus, they were superior.
- (ii) Multi-purpose co-operatives allowed a higher degree of participation and involvement of the people than the traditional co-operatives.
- (iii) It was the socio-economic development and development strategy which led to the formation of multi-purpose co-operatives.
- (iv) In Tanzania, multi-purpose co-operatives were received as being inevitable given the policy objectives.
- (v) The problems of multi-purpose co-operatives were attributable to the shortcomings of the Villages Act 1975 and the inefficiencies of Crop Authorities, and not the villagers.

A total of four villages were studied. The choice was based on purposive sampling with the help of the District Co-operative and *Ujamaa* Development officer. As a result, the following villages were picked (with reasons in brackets): Marindi (where the first co-operative society was started), Masinde (the best village during that season), Ntenga (virtually no communal activity) and Makanya (which had incorporated Nkwini - an *Ujamaa* village). In each of the villages, stratified sampling was used to select interviewees. From each village, four ten cells were picked and three people were interviewed. The interviewees were selected from among farmers and traders. In total, therefore, 60 people were interviewed. This included 12 villagers from each village and their respective village leaders.

The study started by examining forces which initially led to the formation of co-operatives during the pre-colonial period. It pointed out that in traditional African societies, there were some traditional customs and norms of co-operation based on reciprocity whereby people would help each other in times of need. According to the study, 'modern' co-operatives began in England among industrial workers and were established in Tanzania, just like in other colonies, after the introduction of cash crops.

Further, the study gave account of the changes which were brought about by the post-colonial government in trying to encourage the formation of co-operatives in all areas of Tanzania. The aim was to direct them from the colonial set up of mere marketing organisations to producer co-operatives. This was more pronounced particularly after the Arusha Declaration, with the introduction of Socialism and Self-Reliance, whereby co-operatives were given a special significance - that of being a stepping stone to socialism. The

establishment of multi-purpose co-operative societies under the Villages Act, 1975 was the climax of these developments.

Then the presented a comparative assessment of the traditional co-operatives and multi-purpose co-operative societies, arguing that the latter were a development of the former but allowing a higher degree of involvement and participation of the members.

The study also attempted a critical evaluation of the Villages Act, arguing that the Act had been able to declare villages to be multi-purpose societies but had not been able to provide provisions for their management and functions.

## **TEXTILE PRODUCTION, PLANNING AND EXPORT PROMOTION: THE CASE OF PUBLIC TEXTILE SECTOR, 1970 - 1979**

*Ladislaus Kazingoma Mlowe*

[M. A (Economics), University of Dar es Salaam]  
(1981)

### **Abstract**

The future development of the Tanzanian economy would greatly depend on the increasing ability of the economy to generate foreign currency. Given the instability of the primary exports, they could not be relied upon to provide enough foreign exchange to finance the growing industrial sector. This meant that a carefully long-term industrial strategy, which would eventually lead to dynamic growth of manufactured exports, was required. Such a strategy demanded effectively established and specialised planning, marketing and financing institutions which, through their combined efforts, could facilitate both domestic production of exports and the international marketing thereof.

This study tried to examine the framework within which a meaningful export promotion programme could be executed. This was examined in the context of the link between domestic production and the general growth in export volume. In other words, the analysis was built on the premise that the pre-condition for any export promotion programme was increased and improved domestic supply of the export product. So, in view of that, the export promotion strategy would be achieved through the following four stages:

- (i) Increased investment and the consequent utilisation of the available resources in the export sector in order to increase its productive capacity.
- (ii) Quality improvement in order to meet the international standards.
- (iii) Reduction of cost of production. This could be achieved through improving productivity of all assets at the disposal of the enterprise. Improved productivity would allow domestic prices to compare favourably with international prices; thus, increasing the competitive capabilities of the export products.



- (iv) Introducing the product to the external markets. This could be done through advertising, trade fairs and exhibitions.

This study was based on the public textile sector. Several considerations influenced the choice of this sector. The sector was one of the relatively mature sectors in the economy. Secondly, exports from this sector have been initiated, and showed good prospects. Finally, this sector had good prospects for utilising local resources and satisfying domestic needs.

In this study, an attempt was made to test the validity of the following hypotheses:

- (i) Tanzania had paid more attention to international marketing than to improvement of supply of exports. Consequently, Tanzania had often been unable to fulfil all exports orders. More exports could be produced if efforts were made to utilise the current production capacity more efficiently.
- (ii) There had been inadequate coordination among export promoting institutions, on the one hand, and the productive enterprises, on the other. The two actors had not been able to jointly formulate one and consistent export programme.

It was evident from the study that textile production faced several challenges such as capacity underutilisation, falling productivity, inadequate communication among export promoting institutions and the productive enterprises, high import intensity, and failure to meet all export orders at the right time.

The study opined that the cause of almost all the above problems was mainly the shortage of foreign currency which had resulted in the disruption of supply of utilities and shortage of spare parts and other necessary inputs. Although the National Textile Corporation, which was then solely responsible for textile production in the country, was primarily concerned with the expansion of textile production capacity, expanding capacity did not automatically lead to higher textile output. It had been found out, in this research that on average only 68% of the installed capacity was being utilized.

Therefore, what TEXCO had to be concerned with in the short run was to increase the then existing capacity utilisation and improve productivity in order to increase utilisation of the existing assets.

Further, there was need to open up dialogue among TEXCO, the Ministry of Water and the Tanzania Electric Supply Company (TANESCO) on how to solve the problem of water and power supply which was adversely affecting the textile industry.

On the other hand, in order to minimise the impact of shortage of foreign exchange on the performance of textile industries, the industries ought to be encouraged to utilize local resources as much as possible as well striving to produce the needed spare parts locally.

TEXCO should also be concerned with improving productivity. This could be done by, among other things, introducing attractive incentive packages to the workers as well as to textile industries. These could include higher pay, bonuses, special awards, tax exemptions, credit facilities, etc. Productivity

could also be improved through an appropriate pricing system. The then cost-plus pricing system being used did not take into consideration all significant costs affecting prices.

The study had noted that one of the necessary conditions for any export drive policy was timely communication between exporters and importers. An export contract should be accepted only when the exporters are proved to have the required capacities to produce and ship exports on time.

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- 1986 -

## CO-OPERATIVES AND BASIC INDUSTRIAL STRATEGY IN TANZANIA

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[Master in Environmental Studies, York University]

(1986)

### Abstract

The focus of this study was industrial co-operative management in less industrialized countries. It was based on a premise that less industrialised countries had a narrow industrial base - indeed, absence of basic industry. Lack of basic industry had consequently made these countries, like Tanzania, heavily dependent on foreign aid, loans and grants for their development efforts. This study, therefore, attempted to question the traditional import substitution industry and suggested an alternative approach towards a meaningful industrial strategy. Basic industry strategy through co-operatives was considered to be appropriate for the development of the Tanzanian economy.

The study sought to challenge the existing economic structures imposed by the colonial system and propose how Tanzania could implement a basic industrial strategy focusing on the co-operative movement. The co-operative movement was considered as one of the central actors in the implementation of such a strategy. However, co-operatives were the operating on the dictates of a weak economic base. Deficits in balance of payments, inefficient import substitution industry and declining export prices made agricultural co-operatives also dependent, indirectly though, on international aid and loans.

Further, policies of the neo-colonial state had a direct influence on co-operative growth and performance. The state used co-operatives for accumulation through taxation and unequal exchange between industrial and agricultural commodities in favour of state-sold industrial goods. Marketing boards had greater say on the producer prices for agricultural co-operatives than the co-operatives themselves. Also, the national representative structure had become a stereotype from the centre on how co-operatives should structure themselves nationally rather than through joint consultations between co-operatives and the state. The abolition of co-operatives in 1976

was a case in point where giant peasant organisations were dissolved without any consultation.

The dilemma for co-operatives was essentially the implementation of such neo-colonial economic policies while they needed to satisfy their members' needs at the same time. On the other hand, the co-operatives themselves had their own limitations to growth and performance.

First, some of the leaders in the co-operative movement did not seem to be committed to the re-designing and transformation of the movement. These leaders would obstruct any attempts to make the co-operative movement more responsive to local community needs because they benefited from the status quo. The fact that any co-operative leader had first to be a member of the then only political party made such leaders pay more allegiance to that party than to their co-operatives. Moreover, given the economic hardships which the country was going through, co-operative leadership had become a lucrative position for personal accumulation rather than commitment to co-operative growth.

Second, from a historical perspective, co-operatives had been operating as independent units. There were no formal economic linkages, for example, between agricultural co-operatives and consumer co-operatives; no linkages between industrial co-operatives and saving and credit co-operative societies, etc. This, however, was not accidental. The models and style of organisation which Tanzania received from the industrialized countries was one guided by private enterprise competitive philosophy operating under capitalism. Under such a model, even co-operatives did not see themselves as constituting a wider community of co-operators.

Third, in terms of practical co-operation, there had been some hesitation or outright rejection among different types of co-operatives. For instance, in 1984 when agricultural co-operatives were being re-introduced in Kilimanjaro region, the formation meeting was asked if they could join hands with existing consumer and industrial co-operatives. The answer was NO! There was a general fear that, at the initial stages, the co-operative union might not have been comfortable dealing with other types of co-operatives.

Fourth, there was a growing tendency among agricultural co-operative unions being ambitious of becoming bigger organisations at the expense of their member primary societies. This tendency was being reinforced by more international and Government support going directly to the unions. Moreover, most unions were increasingly designing their own revenue-generating projects such as hotels and large estates, often without consulting their members - the primary co-operative societies.

All these shortcomings called for a re-thinking about co-operative development in the country. In particular, this meant that there was need to re-orient the existing agricultural and industrial co-operatives to address basic industrial development - to ensure that co-operatives are able to actively participate in an industrialization strategy that is capable of restructuring the 'banana and cassava' economy towards a self-sustaining economy.

This study showed how the basic industrial strategy could be implemented through the co-operative structure by starting with small engineering and manufacturing economic undertakings. This is where co-operators would engage in producing simple tools and fabrication of spare parts at a community level far in the rural areas. The co-operative movement was being preferred because it was considered to be the most decentralized and democratic non-governmental institution.

In this study, several areas were identified where the state could make a positive response to increase the capacity of the co-operative movement in the country. These included the re-designing of industrial co-operative organisations along with the traditional co-operative principles to capture wider aspects of industrial development.

The study further underlined the importance of international collaboration with respect to basic industry and co-operatives, while noting that such collaboration ought to be guided by mutual understanding and recognition of the problems of all concerned parties. It was observed that aid deployment could be more meaningful if more attention were paid to participatory research and planning rather than top-down procedures of shop-listing independent projects for donation of funds requested from the North.

## **THE PROSPECTS AND PROBLEMS OF CO-OPERATIVE INSURANCE IN TANZANIA**

*Jonas Modest Kibambi Itemba*

[LL.M, University of Dar es Salaam]

(1986)

### **Abstract**

This study attempted to appraise the proposed Co-operative Insurance Company by examining its prospects and problems in view of the socio-economic conditions in Tanzania. The state of the law governing commercial activities generally, and co-operative enterprises in particular, was one of these conditions. However, this was by no means the only one, nor was it the most important, since the law was a reflection of socio-economic relations in society in the area of production, exchange and reproduction. It was the analysis of the various phenomena, in a historical process, which could give a comprehensive picture of the subject under investigation.

In examining the prospects and problems of the proposed company, therefore, account had been taken of the policy objectives, the economic strength of the co-operative movement as well as the relationship between the co-operatives and other public institutions.

Three assumptions were made in this study. First, there existed need for insurance services among workers and peasants. Second, savings and credit co-operative societies (SACCOS), being sources of credit and also responsible for money mobilizing for low-income earners, would act as channels for insurance services thus reducing the operation costs involved in employing agents. Third, in order to keep to the co-operative spirit of democracy and

service, an insurance co-operative society, as opposed to an insurance company, would be more appropriate for the provision of insurance services to the majority of the people, especially those based in the rural areas.

It had been observed, however, that whereas there was need for insurance services due to the fact that the National Insurance Corporation Limited (NIC) could not fully exploit the potential, savings and credit co-operative societies could not provide such services. This was particularly so because of the SACCOS' present economic state and the legal controls within which they operated.

Consequently, the study recommended that a separate institution ought to be formed to provide insurance services to the rural based part of the population. Further, the results of this study tended to suggest that the 'company' form had some advantages over the 'co-operative society' form as an institution for insurance business.

One of the problems with the 'co-operative society' form was its tendency of being dominated by the apex organisation. Limitations put on it by law as regards the use or investment of its funds was also another hurdle. A company, controlled by the co-operative movement through shareholding and election of members to the board of directors, appeared to be the most appropriate option.

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- 1988 -

## DECENTRALIZATION AND THE POLITICAL PROCESS IN TANZANIA: 1962 - 1972

*S. M. Jonathan*

[M. A, University of East Anglia]

(1988)

### **Abstract**

In 1972, an administration programme of development planning and regional administration was launched in Tanzania. This reform was a major change from what previously existed. At independence in 1961, decentralization had taken the form of devolution in which local government institutions were formed at the district and urban levels. These institutions had been legally established. They had formal powers to decide on several public affairs in their domains. They consisted of elected local representatives. Revenue was secured and controlled independently of the central government. Although they might receive grants from the Government, their use was left at their disposal.

However, this local autonomy was generally eroded until another form of decentralization - 'deconcentration' - was adopted as a Government policy in 1972. In this form of decentralisation, administrative discretion and responsibility were transferred to staff outside the central headquarters. Additional administrative structures were created in the regions and districts.

These staff members were allowed to plan, make routine decisions and adjust the implementation of central directives to local conditions. But, they depended on the central government for revenue.

This study sought to examine the relationship between the political process and the movement in decentralization from its form of devolution to de-concentration in the 1961-1970 decade. In particular, the study attempted to address issues relating to the extent to which the decentralization policy of 1972 was an outcome of the power struggle between the political elite and the rural elite, and whether decentralization necessarily took the form of de-concentration when the political elite controlled local administration.

The study looked at the historical trend of the power struggles between the two camps. The argument was that, from the 1960s, the political elite gradually consolidated its control of society. In the course of doing this, it denuded local council step by step until it abolished them in 1971 to be replaced by bureaucracy in 1972. The political elite first wrested power from the chiefs; then from the kulaks.

Through the Arusha Declaration, the political elite hoped, among other things, to snatch power from the kulaks. The strategy which was adopted was the formation of *Ujamaa* villages whose members would join together voluntarily and work collectively. In this way, the organisation of agricultural production would change in favour of the peasants; hence, taking away the economic power of the kulaks who benefited from the individualization of agricultural production. However, it was difficult to get the co-operation of the rural people because the majority preferred individual ownership of land.

Further, the rich farmers were still a dominant force in local leadership. As a result, some kulaks even joined together to form *ujamaa* villages in order to access credit, land and other amenities which were meant to allure the peasants. In the light of this, it was difficult for the political elite to entrust the administration of the rural countryside to the district councils. In order to ensure political control of the countryside, bureaucracy was extended to the district level. It was this need for political control of local administration that led to over-centralisation prior to the 1972 policy. Therefore, it was the power struggles between the political elite and the rural elite that shaped decentralisation from devolution to de-concentration.

According to the study, factors which led to de-concentration included the search for administrative efficiency, search for regional equality, quest for meaningful local participation, and consolidating political control of society. Of all the factors, political control was the most dominant. The central government sought to check on the administrative efficiency of local institutions, oversee a unified development of all regions in the hope of redressing some inequalities, suppress the dominant classes at the local level, and facilitate popular participation. However, all this was being done not merely for popular interest but mainly for the interests of the ruling elite.

Central control through field administration was a means by which the ruling elite ensured that their needs were met with adequate resources and that their priorities were not subsumed under the broader range of interests

competing for resources. The ruling elite attempted to control local administration so as to keep itself firmly in power.

The central purpose of this study was to highlight the socio-political forces which were associated with Government pressure to de-concentrate planning and administrative responsibilities. According to the study, the political trend in the decade under study showed a tendency towards authoritarianism. This had been reflected mainly in the various policies formulated during the decade. Most of the policies reflected an effort by the political elite to consolidate power and entrench it.

## MARK-UP PRICING IN MOSHI URBAN DISTRICT

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(1988)

### **Abstract**

The study was to find out the application of mark-up type of pricing and how beneficial it was for businesses in the Moshi Urban District.

The mark-up pricing is the fixing of prices to commodities by adding a certain amount of profit to the cost price of the commodities. The profit is supposed to cover costs incurred by the business person and the expansion of the business volume. The higher the profit, the higher would be the net income per commodity.

It was observed that the individual business person could add a profit to the commodities in order to get the selling price, but was constrained by competition from other businesses. At that time, the Government had control over the prices. At the same time, however, the business needed a large net profit in order to expand. So, it was observed that there were those factors which were in the control of the businessman, and those factors which were outside the businessman's control.

So, if a business were to expand, it would need a large profit. In order to get higher profit margins, the businessman had to manipulate those factors which were in his control to increase the profit generated. In order to do this, the businessman had to:

- (i) The higher the volume of commodities was bought at cost price, the higher the profit generated. This was so because when large volumes of commodities were bought, there were less overhead costs, along the way when the commodities were not yet out of stock, the Government could increase the selling price of the commodities. This particularly applied to non-perishable commodities.
- (ii) The cost business premises. If the business premises were owned by the businessman; that was another reduction of the overhead costs.

- (iii) Number of employees. The fewer the number of employees, the less the overhead costs.
- (iv) Transport was another overhead cost which when reduced, the profit would increase.

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- 1989 -

**COMPANY AUDITING AND THE 'EXPECTATIONS GAP': CHANGING PERCEPTIONS OF THE AUDITOR'S RESPONSIBILITY FOR DETECTING AND REPORTING FRAUD**

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[MSc (Accounting and Finance), University of Stirling]  
(1989)

**Abstract**

In recent decades, the objectives of company auditing as perceived by auditors had changed considerably. Public perceptions, however, had not altered to the same extent, and an 'expectations gap' had developed. This gap was often obvious when a company collapsed after a fraud had taken place.

Since the 19<sup>th</sup> century, the prevailing view expressed by the professional accounting societies had been that the principal responsibility for the detection and reporting of fraud lay with the management, in the case of a company with directors. In recent decades, this view had been increasingly questioned particularly in U.S.A, United Kingdom and Canada following financial scandals. The 'expectation gap' had led to a sequence of events which had introduced changes in the auditor's responsibility.

The objective of this study was to carry out a critical review of previous work on the forces behind changes in perceptions of the auditor's role in detecting and reporting fraud, possible consequences that might have been caused by the vague understanding of the auditor's responsibility in detecting and reporting fraud, and the implications of recent legislations and other events which had introduced changes in the auditor's responsibility. These changes, together with the 'expectations gap', had affected the concepts of materiality, confidentiality and reporting.

In particular, the study sought to determine the causes for changes in perception of the auditor's role with regard to fraud and to look into the implications of legislation and other events for company external auditors and their clients. The study also considered one possible consequence of the vague understanding of the auditor's responsibility for fraud.

The study started by describing the historical development of the audit function and the identification of the 'expectations gap'. It noted that audit developed in response to external needs of accountability, and fraud and error detection dominated as the main objective of audit in the early days of audit. However, as business became large and more complex, and improvement in management standards resulted in improved information, error and fraud



detection were gradually relegated to secondary objectives; the main reason probably being that detailed checking could be inefficient. This notwithstanding, it had been noted that since fraud and error detection dominated the early history of audit, it was not surprising to find some financial statements users still holding that the auditor's objective was to search for fraud. Such users were not aware of the fact that the auditor's role had changed from fraud and error detection to attestation for credibility of the financial statements.

The study then considered the consequences for auditing of the changes in perceptions. Important consequences foreseen by the auditing profession included a rise in audit fees as a result of detailed checking, higher administrative costs for compliance, and how all this affected the concept of confidentiality.

One probable consequence of the 'expectations gap' was the escalation in liability claims against audit firms. For some years, there had been a number of suggestions aimed at limiting the liability claims against audit firms. These suggestions had included changing the law to allow audit firms to operate as corporate bodies with limited liability, reviewing the procedure for awarding damages, and allowing the liability to be based on the figure for the audit fee.

While the law was unclear on the auditor's responsibility for fraud, there was still a strong belief that the auditor had a role to play in this respect. However, the accounting and auditing professions seemed reluctant to sanction any extension of the auditor's responsibility towards fraud.

The study also pointed out a number of challenges and limitations to the auditing profession. These included time constraint, impossibility of detailed checking, ignorance on the part of some financial statements users of the role of the auditor in detecting, deterring and reporting fraud, uncertainties in the accounting process, the use of sampling, presence of alternative acceptable accounting principles and the possibility of management committing a 'clever' fraud which may be difficult for the auditor to detect.

## CONSUMPTION PATTERN IN TANZANIA: THE CASE OF ZANZIBAR

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[M.A (Economics), University of Dar es Salaam]

(1989)

### **Abstract**

This study attempted to analyse the factors influencing consumption patterns in Zanzibar. This entailed an econometric analysis of cross-sectional data from the 1981/82 Household Budget Survey (HBS) for Zanzibar. Using essentially the double logarithmic model, the influence of a number of factors on consumption was examined. Such factors included total expenditure, family size, location, education and sex.

The primary objectives of this study were to:

- (i) establish a quantitative relationship between the quantity of a consumer item demanded and various factors affecting consumption;
- (ii) obtain and estimate various levels of elasticity of demand; and
- (iii) draw policy implications from the results and provide appropriate recommendations.

The choice of Zanzibar hinged on three main factors. First, the study sought to contribute to the then limited analytical studies on consumption patterns in Zanzibar. Secondly, the study made use of the 1981/82 HBS data which were then more recent than the nation-wide 1976/77 survey conducted in Mainland Tanzania only. Thirdly, this study was responding to several calls by politicians and other analysts for more research work on Zanzibar. Fourthly, it was envisaged that the findings of such a study would be utilised by the Government to design policies which would influence consumption.

From the results, consumption in Zanzibar was found to be mainly influenced by total expenditure, location and education. These had been shown to be significant at 1%, 5% and 10% levels for various items. Generally, food stuff (as a group) and some food items (taken separately) were seen to be income inelastic, while non-food items were essentially income elastic. The main non-food items, in this respect, were clothes, footwear and fuel.

Further, the study showed that there was a variation of consumption among commodities between urban locations, on one hand, and rural ones, on the other. Some commodities were consumed more in the urban areas than in rural areas, and vice-versa. For example, cassava and maize were consumed more in rural areas, whereas bread and vegetables were consumed more in urban areas.

In the same vein, the influence of the level of education on the commodities consumed seemed to have a bearing on the rural-urban dichotomy. There was a high correlation between the items consumed by illiterates and those consumed in the rural areas. The consumption of maize, for instance, with an income elasticity of -0.16 was found to be significant in the rural areas; pointing to the low incomes of their population.

Following those results, it would be rational for policy-makers in Zanzibar to give special attention to the food question especially as regards food production, food reserve management and pricing to enable consumers afford a balanced diet. In particular, they ought to give attention to food security in view of the direct relationship between the rate of increase in national food consumption and income elasticity of demand. The focus should not only be directed on boosting the supply but also on realistic pricing, reflecting on the real incomes of the consumers to enable them afford a well-balanced diet.

Much care should also be taken in the pricing of non-food items, taking into consideration their income elasticity of demand, the objectives of raising peoples' standard of living and real income, and the competition for resources with food items.

The study also recommended that it was important for policy-makers in Zanzibar to formulate means of improving effective demand of items across locations. If the bottlenecks were found in the distribution system, efforts should be directed towards removing those bottlenecks and smoothing distribution channels.

Further, improvement of education especially for the rural people was important. Since most of the adults appeared illiterates, improvement ought to be based more on adult education programmes. Such programmes could include lessons on basic health and nutrition in order to show the importance of a good balanced diet.

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- 1990 -

**EFFECTIVENESS OF WORKERS' PARTICIPATION IN DECISION MAKING IN THE  
MANAGEMENT OF THE UNDERTAKING: A CASE STUDY OF HUNGARY**

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(1990)

**Abstract**

Ideally, the plea for workers' involvement in decision-making processes in an enterprise aimed at regulating property rights of the capitalist order to minimise social disorder and economic exploitation inherent in capitalism. This study attempted to examine the effectiveness of workers' participation in decision-making in the management of an undertaking in Hungary.

However, apart from the Hungarian experience, the study also ventured into other different systems of workers' participation operating in different parts of the world; both under capitalism and socialism. To this end, the study examined the 'British Joint-Consultation', 'Germany Co-determination', 'Yugoslavian Self-Management', 'Tanzania's Workers' Councils' and the then newly introduced 'Employee Ownership System of Participation' which had its first experimentation in the United States of America.

From the outset, the study distinguished two levels of participation; namely, the participation in property-example socialist ownership and the participation in management only-participation in decision making. Under the first level, the means of production were owned either by the state or under co-operative ownership. This kind of participation was common in the socialist countries.

Under the second level, workers did not own the means of production even by virtue of their membership to the society, but the capitalist. The means of production were owned privately. Under this kind of participation, workers strived to participate in decision-making bodies in order to safeguard their interests as workers. The management was obliged to involve workers in

decision-making with reservations in the sense that it wanted to stabilize production and, hence, get profits but nothing more than that.

One common factor between the two levels of participation was that both workers under capitalism and socialism were employees who depended on wages. So, participation only served to safeguard their interests as workers but under different conditions.

In almost all the cases, the study observed that the managerial clique interests in workers' participation was only real as far as it was linked to the ability of the participation to improve efficiency, productivity and, consequently, profitability. Management was unlikely, in most cases, to recommend workers' participation beyond the point at which managers perceived it as yielding the greatest marginal utility in terms of their own objectives. While many managers endorsed the idea of participatory decision-making, most of them maintained that the 'rank-and-file' workers were incapable of leadership and preferred always to be directed.

However, that kind of view cannot find support in this progressive world whereby there is an outcry for genuine democracy not only in politics but also in economic institutions. Workers wanted more opportunity, than they perceived themselves to have, to learn new things and to use their ideas, skills and abilities.

Indeed, the study found out that at the bottom of the hierarchy, members felt the need to increase their opportunities to learn, to use their skills and abilities, and to enhance their authority and influence. In that way, they were likely to feel a sense of responsibility in their organisations. However, the study had found out that workers would not be able to participate in decision-making that affect their lives at their work-places unless they had ample freedom to speak, to assemble and to oppose management without fear for reprisal.

One of the ways which the study recommended for encouraging participation was instituting a smooth and timely communication system. It noted that simply removing formal restraints to participation was not enough. Workers must be provided with all the information necessary to enable them to participate intelligently and effectively. The communication channel must flow top-bottom and bottom-up; a kind of a two-way traffic.

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- 1991 -

THE DEVELOPMENT OF THE BOOK TRADE IN TANZANIA

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[M. Lib., University of Wales]

(1991)

**Abstract**

The primary focus of this study was an assessment of the development of the book trade in Tanzania covering authorship, publishing, printing, book selling and other means of distribution. The study embraced all types of publishable literature such as books, periodicals and other ephemeral materials.

A historical approach was taken, in this study, starting from earliest times, through the colonial era, up to the present time. In each period, all known details pertaining to the book trade were briefly discussed. In the process, achievements and shortfalls were revealed.

The study noted that Tanzania, like many other third world countries, was facing problems with the book trade. Indeed, the many problems that faced the trade greatly outweighed Government efforts to salvage the book trade. This was notwithstanding the fact that the book trade was an important vehicle by which information is disseminated to Tanzanians, and that no society could survive without such service.

Despite the many Government efforts to promote literacy and the reading habit, Tanzania still faced serious problems with regard to the book industry. According to the study, the country was a clear example of a situation where two opposing social forces were at play - the growing literacy, on one hand, and the declining book production, on the other. Many forces, both internal and external, have continued to act unfavourably towards the book trade. Most of the problems revolve around two key areas - authorship and publishing.

With regard to 'authorship', the study noted that there were still inadequate textbook authors in Tanzania. Even most authors of fiction did not write literary novels. Generally, the book trade was comparatively young. The Government did not have a clear policy on authorship. Its system of a panel of authors for writing textbooks deterred many good authors.

Further, the system of sharing the royalty among a multitude of authors discouraged many authors. In a panel, not everybody contributed equally to a publication, but the proceeds of such book were distributed equitably.

Moreover, it was very difficult to get reputable publishers in the country. Most of the existing publishers were constrained in terms of resources, publishing skills, specialisation or even business skills. Many would not accept every manuscript brought to them for fear of risk of not being able to sell, or not having adequate knowledge on what the manuscript really contained.

The non-availability of printing equipment and spare parts, in particular, was a critical deterring factor. Many publishing houses had to stop production for a long time if their machines broke down because spare parts could not be obtained in the country. They had to fill in many and cumbersome application forms requesting for foreign currency from the central bank in order to import the needed parts. Many applications were delayed or rejected outright.

Similarly, no printing machines were being manufactured in the country. They had to be imported, and this meant going through the arduous procedure for obtaining the required foreign currency.

In general, all these problems and many others bogged down the publishing industry and the book trade in its entirety. Despite several government efforts, the future of the industry was still bleak.

There was need, therefore, for the Government to create enabling environment for the survival and growth of the book industry. With regard to authorship, for instance, there was need for a clear policy which would encourage people to publish. The system of panels of authors should be reviewed to allow as well individual authors in their respective areas of expertise.

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- 1992 -

**LONG-TERM CAPACITY BUILDING FOR INCREASING EXPORT MARKETING OF  
COFFEE IN TANZANIA**

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[MSc (International Marketing), University of Strathclyde]  
(1992)

**Abstract**

The decision to carry out this study on coffee industry was based on three important considerations, namely: the historical importance of coffee in the Tanzanian economy, the unique problems facing coffee export operations, and the greater potential for increasing coffee exports by exploiting value added along the coffee value chain.

Coffee was the leading agricultural export crop. Further, its performance, in terms of production, processing, manufacturing, productivity, quality and export earnings had been deteriorating over the last fifteen years. This meant that Tanzania had not been able to benefit fully from this crop.

This study was based on three main hypotheses which were considered to have contributed to this poor performance in the coffee industry. This included the unfavourable and weak government policies towards the coffee industry, adverse international coffee market conditions, and lack of value adding operations in the coffee industry. The objective of this study, therefore, was to test the validity of those hypotheses, and recommend actions to improve the performance of the industry.

In order to accomplish that objective, the researcher attempted to:

- (i) identify bottlenecks affecting coffee production, processing and exports operations;
- (ii) carry out Value Added Analysis along the coffee value chain with emphasis on primary production, processing and export marketing; and
- (iii) carry out analysis on the international coffee market in order to identify market trends, opportunities and threats, and assess how they impact on coffee export performance in Tanzania.

The study obtained most of its data through desk research/literature review on the coffee industry in general - where information on international market trends, opportunities and threats was gathered from various documentary sources. However, limited primary data on the conditions of the coffee industry in Tanzania were collected through questionnaires which were mailed to various respondents in Tanzania. By using the 1984/85 Telephone Directory available at Glasgow, at the time of this study, and the researcher's own experience in the coffee industry, a list of institutions involved in coffee promoting, processing and exporting was generated. Respondents included government departments involved in the promoting the coffee industry, research and training institutions, agricultural marketing co-operatives, and coffee processing and exporting firms. Independent views were also sought from some individuals with considerable experiences in the coffee industry either as former promoters or as former chief executives of the processing and exporting firms.

Within the limitations of this study, it had been established that the international market for coffee was volatile and coffee prices were generally on a declining trend. Further, the study had established that the coffee industry in Tanzania was too weak to compete in this international market. The export market was volatile and stagnant due to inelasticity of demand, supply variability, and the speculative influences of the international coffee traders who tended to buy more unprocessed coffee during falling prices and releasing the stocks when prices were rising.

Also, the greater part in the world coffee trade consisted of value added products which were more profitable. Unfortunately, despite being a primary producer, Tanzania had been slow in pursuing coffee manufacturing and exporting processed products. Only 5% of the coffee output was being processed. The bleak coffee situation in Tanzania was generally compounded by internal factors which had resulted in falling farm productivity, falling output, deterioration in quality and falling exports.

These internal factors included:

- (i) too much government involvement in the management of the coffee industry while, at the same time, most government policies towards primary production had not brought the desired results;
- (ii) weak research and extension services;
- (iii) obsolete coffee processing technology; and
- (iv) inappropriate marketing arrangements whereby both domestic and export marketing had been exclusively under the State Coffee Marketing Board.

In order to arrest the declining performance of the coffee industry, the study recommended the following policies/actions for both the government and other stakeholders in the industry:

- (i) Adopt an integrated management system which should address the problems of production, processing and export marketing

- while, at the same time, identifying and exploiting all economic potentials unfolding along the whole coffee value chain;
- (ii) Develop product brands of international standards;
  - (iii) Adopt a market focusing strategy for processed coffee products instead of spreading export efforts over widely dispersed geographical markets; and
  - (iv) Direct more resources, both at government and firm levels, at expanding and improving education and training.

## STATE POLICIES, CO-OPERATIVE EDUCATION AND SUSTAINABILITY OF CO-OPERATIVES: THE CASE OF TANZANIA

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(1992)

### **Abstract**

At the time of this study, little had been written about co-operative education in Tanzania. Moreover, with few exceptions, the existing literature on co-operatives in Tanzania emphasized the economic aspect of the movement. The social aspect of the co-operative movement, particularly co-operative education, had hitherto received little attention.

Consequently, in this study, the argument had been that state policies on co-operative development emphasized training of co-operative officials rather than education to raise the beneficiaries' consciousness and empowerment. This, unfortunately, had not been without bizarre and outlandish ramifications on the conduct of the co-operation. State policies focused on bureaucratic mechanisms and sought to ensure enforced compliance with government decisions. Such policies most often focused on attaining nationally-based aims and objectives through programmes and projects which had their bearing from a point of view of an assumed need.

This study had noted that if sustainability of local organisations like co-operatives were to be feasible, co-operative education formed one of the cornerstones to successful and viable organisation. Education contributed to capacity building through strengthening co-operative institutions and members' vision of their organisation.

It was argued in this study that co-operative education and training exhibited faulty lines against a backdrop of failure of state policies and failure within co-operative institutions in their inability to develop a concise and effective co-operative education programme for various target groups based on the needs of beneficiaries. Member education had suffered most both in type of curriculum, methodology and, worst, in terms of education programmes and implementation that go in hand with financing.

The study noted, further, that co-operative institutions were faced with a challenge of keeping updated data base regarding various aspects of the co-operative movement.



## FOOD-CROP MARKETING THROUGH CO-OPERATIVES IN TANZANIA: PROBLEMS AND PROSPECTS

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(1992)

### **Abstract**

This study examined causes of the food crisis in Tanzania by analysing the marketing of food crops through state-sponsored marketing co-operatives. It aimed at, first, contributing to the solutions of food marketing through co-operatives and, second, at investigating available options to marketing co-operatives in order to expand and integrate food trading with processing.

The food problems experienced in the Third World countries had generated a great deal of concern among policy makers and analysts. Stagnating or declining trends in food production per capita and an increasing inability to meet shortfalls with imports had created severe food shortage problems in these countries. Tanzania was not an exception in this regard. It had equally been facing food shortage in varying magnitudes over the previous three decades.

Studies on food problems in these countries had often pointed to natural disasters such as floods, droughts, pests' attacks, etc. as main factors responsible for the food crisis. Yet, other studies considered low agricultural productivity and rigid consumption habits as additional factors.

While all these factors could be accepted as partly responsible for hunger and famine in these countries, this study asserted that the problem could find cause in the agricultural marketing and distribution. The existence of food problems even during surplus periods that was observed in Tanzania revealed the existence of structural as well as institutional and policy-related food marketing problems.

On the same note, agricultural markets in a majority of developing countries had been subject to comprehensive state controls for several decades. In Tanzania, state involvement in agricultural markets had been a common feature since the beginning of 1960s. The period between the 1960s and early 1980s witnessed an important role played by the state in agricultural markets, prices and institutions (such as the agricultural marketing co-operatives).

The state intervention in agricultural marketing co-operatives in Tanzania was necessitated by a number of factors. First, there was shortage of resources (especially financial and human) which constrained the Government from intervening directly in agricultural development. Secondly, co-operatives were seen as the only feasible alternative of integrating peasants into the wider national economy as well as international markets by providing agricultural marketing facilities. Thirdly, co-operatives were regarded as an ideal mechanism for agricultural intervention due to their ability to bring

together small and scattered operations of peasants into a much more formal body, registered and operated within a given national political and legal framework. Further, co-operatives were ideologically accepted. Tanzania's attempt to build a socialist state - following egalitarian principles - saw co-operatives as a means of eradicating exploitation and social differentiations.

Although, after independence, marketing co-operatives started playing a crucial role in collecting surplus food crops for the state parastatals that had very limited contact with the peasants, their efforts in securing food self-sufficiency for their members remained very low.

This study had observed that the state-sponsored co-operatives had failed to solve food problems due to a number of factors. Agricultural marketing co-operatives had been under close supervision and control by the state. They had been used to fulfil multiple objectives, some of which were even beyond their reach. The introduction of producer co-operatives as agents of rural change during the 1960s through the 1980s was a clear testimony in this regard.

Furthermore, there were deliberate policies which aimed at suppressing peasants' efforts in development in order to avoid emergence of independent power base for a peasant movement. As such, there was interference in co-operative affairs through, for instance, scrutiny of co-operative leaders and co-opting prominent leaders into the political system.

Apart from natural calamities, several state policies as well as internal weaknesses of agricultural marketing co-operatives had negatively affected the domestic food supply conditions. Government policies on agricultural marketing often acted as disincentive to small producers, leading to a decrease in both production and sales of food through agricultural marketing co-operatives.

It was observed that smallholders, who were the key to Tanzanian economic prosperity, occupied a relatively minor position in public policies. There had been negligible budgetary allocation for research, extension, credit as well as direct investment in food production. As a result, the actual public resource input per capita into food and agricultural sector had remained insignificant. Externally, poor transport and communication network, inadequate storage and lack of crop finance greatly contributed to the country's food shortage problems.

Furthermore, the study pointed out that other factors which contributed to the Tanzanian food problems included eating habits, marketing structures and policies, crop financing and payment arrangements, shortage of capital equipment, lack of qualified and honest personnel and laxity of agricultural marketing co-operatives to handle some crops and perform certain marketing functions, such as food processing.

According to this study, there was need to improve food marketing as a necessary condition for alleviating, or even eradicating, hunger and famine in Tanzania. Agricultural marketing co-operatives, and all other types of co-operatives, still occupied an important position in the Tanzanian economy. They provide the most important single outlet for peasants' agricultural produce. They had been assembling food crops, transporting, storing and

selling members' produce. They had been providing back-up services to their members. However, the existing co-operatives set up rendered them vulnerable to changes in prices, volumes of crops handled and the attendant market disturbances. Nonetheless, with renewed support from the Government and greater patronage cohesiveness among stakeholders, growth of agricultural marketing co-operatives was certain.

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**CHALLENGES OF CO-OPERATIVE MANAGEMENT IN A TRANSITION ECONOMY:  
THE CASE OF TANZANIA**

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(1993)

**Abstract**

A series of policies which aimed at liberalising economic and political activities, that started in the latter half of the 1980s, had heralded a lot of transformations in Tanzania. Tenets of basic human rights, such as freedom of expression and association were being put into reality. By virtue of the *Political Parties Act 1992*, for instance, Tanzania was now legally a multi-party democracy. Regarding the co-operative sector, the *Co-operative Societies Act 1991* provided for the creation of 'truly' member-based co-operatives as opposed to erstwhile state-controlled co-operative organisation.

The country was, indeed, in a transition from an almost hundred percent state-controlled economy to a competitive, open economy. As it were, all those sectors that traditionally had been significantly contributing to the Tanzanian economy would have to follow suit in this transition. They would have to adjust themselves accordingly so as to be able to survive and thrive in this emerging competitive arena.

This study was about one of such sectors - the 'Co-operative Sector'. With the economy slowly opening up to the global market forces, challenges of competitiveness were becoming more real and exacting than anytime before. The Co-operative Sector, like all other sectors, would have to face these challenges. Co-operatives in a competitive business environment would have no options but to compete. In this case, it was appropriate to attempt a prediction of how the co-operative would fair in this kind of arena.

Given these realities, then, the study sought to assess whether or not the co-operatives in Tanzania stood any chance of surviving. The study aimed at determining prospects that the transition economy could offer to the co-operative sector, and the challenges that the management of co-operatives would have to overcome in order to realize any of the prospects. In particular, the study attempted to examine how the co-operatives would have to compete

with non-cooperative organisations in order to survive. In the same vein, the study examined the extent to which the competitive strategies for ordinary business organisations, as advocated by mainstream scholarship, could be appropriate to co-operative organisations. This was deemed congruous because such an examination would undoubtedly help those involved in the sector to define and redefine their strategies accordingly.

This study was considered to be even more relevant given the background of epochs of poor co-operative performance in some areas. It was mainly due to this background coupled with the foregoing realities that several possible propositions and assumptions were put forth to guide this study. These include the hypotheses that:

- (i) Co-operatives were likely to remain the main vehicle towards the socio-economic development of the rural population - and hence, to the majority of Tanzanians. For a foreseeable future, co-operative undertakings would continue to be a better option for the majority of people whether in an 'open' or 'closed' economy.
- (ii) The gradual state withdrawal from co-operatives in terms of control was likely to strengthen, rather than weaken, the co-operative sector.
- (iii) Whenever the public sector would be compelled to divest itself of or pull out from certain economic ventures, it was the co-operative sector, rather than the private sector, that would eventually take over the relinquished tasks. And as a corollary, it was very unlikely that the private sector would subdue the co-operative sector during this transitional phase of the Tanzanian economy.

After presenting the conceptual framework within which the competitiveness of co-operatives could be fairly examined, the study assessed the socio-economic setting of the Tanzanian economy prior and during the economic liberalisation processes. According to this study, the pre-liberalisation epoch witnessed high Government involvement in almost all sectors of the economy. Co-operatives were considered as political instruments for rural development. This state of affairs, coupled with the fact that during this period Tanzania was predominantly a one-party state, any initiative for co-operative undertakings required first the blessing of the party. Indeed, even the initiative to form a co-operative came outside the co-operative membership.

The assessment of the socio-economic setting was followed by a discussion of the potential competitiveness of the co-operative sector in a transition economy and the attendant challenges. It was argued that Michael Porter's *Focus Strategy* could be readily recommended for the majority of primary co-operative societies in Tanzania. The strategy would enable small co-operative enterprises, still in their infancy, to focus on their specific members and hence, serve them better than possibly any other competitor. The strategy was really customer-oriented.

Indeed, the study did establish that there were significant prospects for the co-operative sector in Tanzania, albeit with attendant challenges. The managements in this sector would have to address these challenges before such prospects could be realisable. If the post-1990 co-operatives were to be essentially different from not only other business enterprises but also from the pre-1990 co-operatives, the study recommended that a special kind of management would be needed. Co-operative management would require the competence and skills expected in other typically profit-seeking concerns, PLUS a good understanding of co-operative establishments and their unique place in the Tanzanian economy. Ideally, this meant that co-operative management would, of necessity, have to be superior to general business management.

Contrary to implied fears that co-operatives would die in face of the move towards economic and political liberalisation, the study had noted that this was, indeed, an opportune environment for co-operative growth. It affirmed that the more free and liberal people-based institutions were, the more were the chances and possibilities for their success. With minimal external (non-member) interference, co-operatives would tend to be more autonomous and progressive. Therefore, where the political system is open, democratic and progressive, co-operative organisations would find many opportunities for self-determination and growth.

## **ECONOMIC ANALYSIS OF THE PYRETHRUM INDUSTRY IN TANZANIA: THE CASE OF NJOMBE DISTRICT**

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(1993)

### **Abstract**

In this study, an attempt was made to identify the factors which had contributed to the decline in smallholder pyrethrum production output in Njombe district, Iringa region. The other aim was to assess the operational problems of the Mafinga plant. Specific objectives of the study were to:

- (i) describe the socio-economic conditions of the farm households which were related to agricultural production activities;
- (ii) determine the husbandry practices and economic factors which affected pyrethrum production in the study area;
- (iii) analyse and compare the gross margins of selected major crop enterprises in the study area and establish their relative profitability;
- (iv) identify the major problems affecting the performance of the Mafinga Pyrethrum Extraction Plant (MPEP); and
- (v) put forward recommendations which might help to revive the pyrethrum industry in the country.

The study made use of questionnaires, interviews, focus group discussions and documentary reviews as the main instruments for data

collection. The main sources of the primary data were the household heads. However, additional data were obtained from extension agents, co-operative societies and union, pyrethrum board members, and the MPEP management.

A sample of 60 smallholder pyrethrum producers was used. The sample was drawn from a population of such producers in 10 villages. Villages within this sample were selected on the criteria of accessibility through public transport and the villages' relatively high pyrethrum output sales. A list of such villages was obtained from the co-operative union at Njombe. Then, a systematic random sampling procedure was used to draw a sample of representative villages for the study.

Farmers for the interview were selected by a systematic random sampling procedure after obtaining a list of pyrethrum farmers from co-operative societies which bought the crop. On the other hand, the Mafinga Pyrethrum Extraction plant was purposely selected for this study as it was the main plant which processed pyrethrum in the study area.

In the main, data analysis made use of descriptive statistics, log linear and lagged multiple regression models, the chi-square statistic and the gross margin data analysis. Field data were coded and stored into a dBase computer programme at Sokoine University of Agriculture. Then, the data were retrieved into an SPSS PC programme where descriptive statistics and gross margin were computed. Multiple regression analysis was done by use of a TSP computer programme.

The study established that the major crop grown by households in the study area was maize which got 51% of the average land owned by each household, while pyrethrum and potatoes got 14% and 8%, respectively. Maize was regarded as the first preferential crop for production (45%) and income generation, while pyrethrum ranked second (28.5%) and potatoes third (13.3%). In this context, therefore, maize received more attention in terms of better husbandry practices, resource allocation and location of the farms as compared to pyrethrum.

Using the 1991/92 producer prices, gross margin analysis had shown that potatoes were the most paying crops to household labour. They generated Tshs. 2133.10 per man-day followed by maize sold in the unofficial market (Tshs.341 per man-day) and then pyrethrum (Tshs.258 per man-day). Maize sold in the official market fetched the least (Tshs.240 per man-day).

Pyrethrum producers, however, concentrated on maize production because of relatively better access to a more reliable unofficial market for the crop than others. The official marketing institutions in the district were financially weak, and performed poorly in pyrethrum marketing. Availability of planning and flower drying materials and labour also limited pyrethrum production in the district. A critical labour shortage usually occurred in March (139.78 man-days) and April (-65.90 man-days).

Regression and chi-square analyses had further revealed that low levels of input use, small acreage under the crop, delayed crop rotation, low weeding frequency and inadequate crop production knowledge had significantly constrained the smallholder pyrethrum production in Njombe district. Further,

low real pyrethrum producer price relative to the real producer price of maize and potatoes, which were the main competing crops, also had a statistically significant negative effect on pyrethrum production in the district.

In general, it was observed during the study that pyrethrum production in Njombe district was determined by a variety of factors. They ranged from socio-economic ones like the number of full-time members of the household which determined the effective size of the household labour-force, through husbandry practices like the weeding frequency, to price factors like the price of competing crops like maize and potatoes. These factors, according to the study, had resulted into low pyrethrum output production, low output per hectare and poor quality of the crop produced.

Further, the study noted that low quality of the incoming flowers, shortcomings in the MPEP layout, old age of the machinery, frequent dryer breakdown, discontinuity in processing, inappropriate storage facilities and high administrative costs were among the main causes of the lower performance of the plant.

The study observed that although Tanzania had big potentials of gaining more from pyrethrum sales in the world market, these potentials were yet to be fully exploited because of, among other things, the inability of the Mafinga plant to refine its crude extract, improve its selling methods and lower its processing and administrative expenses. Consequently, the study made the following recommendations:

- (i) Youths ought to be encouraged to engage in pyrethrum production instead of engaging themselves in non-farm activities away from their village for wage earning. The pyrethrum board could play a leading role in this.
- (ii) Pyrethrum producers ought to be encouraged to add more of their fallow land to pyrethrum production through provision of better farming skills, input supply (especially drying materials) and marketing services.
- (iii) Higher pay in form of producer prices and second payment ought to be considered.
- (iv) Should flower drying involve the use of more fuel wood, forestation campaigns should go hand in hand with other pyrethrum production related campaigns. This would ensure both environmental conservation and a sustainable supply of fuelwood.
- (v) Should co-operatives remain in business, the same ought to run the Mafinga plant. This would enable the co-operatives in future to harmonise producer prices and the average sales price of the plant's products.
- (vi) Should the pyrethrum board (a Government institution owning the plant and controlling with autonomy the pyrethrum industry in the country) remain in business, it should relieve itself of some of its duties by selling some of the plant shares to private business firms and co-operatives.

# THE BEHAVIOUR OF INCOME VELOCITY IN TANZANIA: IMPLICATIONS FOR MONETARY POLICY

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(1993)

## **Abstract**

The main objective of this study was to empirically examine the behaviour and determinants of income velocity of money in Tanzania during the period from 1967 to 1991. The basic question of this study was to try to examine whether the understanding of the behaviour of income velocity would be useful in the formulation of an appropriate monetary policy for Tanzanian economy.

As a background, the study assessed the performance of Tanzania economy by examining major indicators including the growth of Gross Domestic Product (GDP), per capita income, growth of money supply, and the rate of inflation. These were among the variables which had been employed in carrying out the empirical analysis of the income velocity of money.

In this study, both qualitative and quantitative approaches were used as methods of analysis. In qualitative analysis, a review of the main economic variables to the velocity was carried out. In quantitative analysis, both statistical and econometric methods were employed to establish the behaviour of the velocity and its main determinants. In particular, the descriptive statistics and econometric techniques were used. The econometric analysis employed the OLS (simple OLS).

Four hypotheses had been formulated to test the validity of this question. Specifically, the study sought to test whether or not:

- (i) velocity was a decreasing function of real per capita income;
- (ii) velocity was positively related to the real interest rate;
- (iii) velocity was positively related to the rate of inflation; and
- (iv) velocity was positively related to monetization.

The findings indicated that, regardless of any definition of velocity, the econometric analysis revealed a strong and negative relationship between income velocity ( $V$ ) and per capita real income. The descriptive analysis of this study indicated that the income velocity of currency in circulation (i.e.  $v_1$ ) was higher than  $v_2$  and  $v_3$  for the entire period under study. In general, velocity had been falling from 1967-1974 and later rose in 1975-1978 period. The decline trend was more pronounced for  $v_1$  which displayed a U-shaped pattern while the curves for  $v_2$  and  $v_3$  were flatter.

The relationship between real interest rate and velocity was found to be negative and insignificant, while  $C/M$  ratios were positively related to  $V_1$ ,  $V_2$  and  $V_3$  but were statistically significant only to  $V_1$ . The study revealed also that there was a negative relation between the three definitions of velocity and the rate of change of prices (rate of inflation), but the variable was still statistically significant in explaining the behaviour of velocity.



Although some of the variables, employed in the analysis, were statistically significant and others insignificant in determining the behaviour of income velocity, the study revealed that velocity could be used in the formulation of monetary policy only when one could predict its behaviour and the stability. Failure to meet this condition, policy formulation might lead into undesired results.

With regard to implications for monetary policy, the results of the study demonstrated that using income velocity, without enough information on the causes of its changes, in formulating a target rate of money growth could lead to undesired changes in the growth of nominal income. However, changes in money supply had a tendency of producing a very unpredictable response of the change in nominal income to a change in the rate of change in money.

Another policy implication was that a more stable growth of money supply would produce a growth in income velocity. This was a marked contrast to the views of some analysts that in seeking to control movements in nominal income, growth of money would have to be highly volatile in order to offset movements in velocity.

By and large, in order for the velocity concept to be useful in the formulation of monetary policy, velocity had to be stable in the short-run and predictable with certain accuracy in terms of a few explanatory variables. Also, it was imperative that stability of the velocity function be defined and measured with some precision in order to be useful for policy formulation purposes.

All the above notwithstanding, this study had some limitations. One of them resulted from inadequacy, inconsistency and inaccuracy of data. For example, proxy variables were employed because of lack of appropriate variables. Moreover, other variables which might exert significant effect in the velocity were not taken into consideration in the econometric analysis. For instance, a variable like 'credit restraint' which could be used as an opportunity cost variable was not incorporated in the model. Similarly, other non-quantifiable factors such as social and political stability, which could affect velocity significantly, had not been considered.

Consequently, the study observed that the introduction of such factors in the specification could improve the explanatory and predictive power of the model used in this analysis. The study further suggested that more research should be done on the effect of 'black money' on the behaviour of income velocity of money in Tanzania.

## **LEGAL ASPECTS OF PRODUCTION AND MARKETING OF COFFEE AND COTTON IN TANZANIA UP TO 1992**

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(1993)

### **Abstract**

This study was on legal aspects of production and marketing of coffee and cotton in Tanzania up to 1992. The primary aim of this study was to investigate the motives behind and reasons of using law in the regulation of the production and the marketing of cash crops generally, and of coffee and cotton in particular.

The study investigated two hypotheses. The first and the main one, which ran throughout the work was that legal regulation of the production and marketing of coffee and cotton was not for the benefit or interests of the small holder peasant farmers, but rather for the interests of the government. The peasants had only been peripheral beneficiaries. The second hypothesis, a subsidiary one, was that law was an instrument of the government with a primary objective of protecting the government interests.

This study employed both library and field research. The library research was mainly conducted at the University of Dar es Salaam library. The main aim of conducting library research was to generally get an insight of how the problem under investigation had been probed in order to determine gaps - what had not been probed yet.

The field research covered mainly two regions - Kilimanjaro and Shinyanga. In these regions, visits were made to a few primary co-operative societies, co-operative department offices, co-operative unions, and the marketing boards for coffee and cotton. During these visits, interviews were made various peasants, co-operative members and officers, and officials of the marketing boards. Observations were also made at various buying posts (for coffee and cotton). These observations were particularly on how the produce from the peasants was weighed, graded and stored.

In tracing the reasons behind the introduction of cash crops in Tanganyika and the need to use law to regulate production and marketing of these crops, the study found out that the main objective was geared towards satisfying the imperialists' requirements for raw materials, on one hand, and generation of surplus from the export of the cash crops for the government use, on the other. It was observed that both the colonial and independence governments used law extensively to regulate and control virtually all aspects of production and marketing of the crops under study.

The study demonstrated the dominance of legal regulations and controls over the small-holder peasant farmers. The dominant position of the government *vis a vis* the peasants was seen through the powers which had been given to various statutory crop marketing institutions and to various public officials. Through various legal regulations and controls, the peasants were forced to adopt new methods of agriculture. They were instructed on what crops could profitably be grown, how to grow them, and where to sell the produce thereof. As such, there was no popular participation by the peasants in the planning of their cash crop production and marketing.

The business relationship between the peasants as the producers and crop marketing institutions as purchasers had been imposed by the laws. This meant that the rights, duties and liabilities of the parties had not been the result of a consensus between the parties, but had rather been dictated to

them by the government. Under such circumstances, the peasants had to transact solely with the government-controlled marketing agencies. All other potential marketing channels had been eliminated. Producer prices were dictated to the peasants by the Government, and various taxes, levies and other deductions were imposed on the incomes of the peasants unilaterally without involving them.

Generally, the study observed that the government had been interested in controlling the production and marketing of coffee and cotton in order to generate revenue for its own use and for investment in some economic and social development programmes. Incidentally, there was no legal provision limiting this motive. The study concluded that so long as the agricultural surplus continued to constitute the economic basis of the ruling class, the interests of the peasants would continue to be marginalised. The peasants' rights had never been expressly defined in the laws. The crop marketing institutions had been empowered to determine the rights of the growers even without involving them.

From the foregoing observations, It was therefore clear that the operations of the laws proved the hypothesis that the laws had been designed to serve and protect Government interests, and not those of the peasants.

Consequently, the study recommended that there was need for popular participation of the peasants in decisions relating to the production and marketing of the crops under study. For instance, representation of the coffee and cotton growers in national and international forums should be by people appointed by the peasants themselves, and not by Government officials.

It was also suggested that there was need to change the pricing system for the crops under study. Peasants ought to be paid prices then prevailing in the world market at the time when crops were being sold, instead of prices being fixed by marketing boards.

Other recommendations included: that peasants ought to be allowed to grow any other crop which they considered more profitable, the need to establish savings and credit schemes and a co-operative bank, repealing restrictive laws, as well as dissolving the existing crop marketing boards.

**INSTITUTIONAL CREDIT FOR FINANCING SEASONAL AGRICULTURAL INPUTS  
THROUGH CO-OPERATIVES IN TANZANIA: THE CASE OF NJOLUMA CO-  
OPERATIVE UNION (1984) LTD.**

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(1993)

**Abstract**

This study aimed at examining the institutional credit for financing seasonal agricultural inputs through co-operatives. It was a case study. It focused on how imperfections in credit provision could lead to distortions in production

and how institutional credit could enhance production and marketing efficiency.

In particular, the objectives of the study were to analyse the problems which the Njombe Ludewa Makete (NJOLUMA) Co-operative Union faced in terms of meeting its obligations with regards to financing of seasonal agricultural inputs for the rural small farmers within the framework of rural development policies and programmes, to study the extent of the problems and how they affected the levels of agricultural production in rural areas, and to suggest alternative strategies for policy makers to rescue co-operatives.

The study was guided by the assumptions that the obtaining credit policies and programmes of financial institutions then were not in favour of co-operatives; that there was no clear national policies on co-operative credit, and that there was no proper coordination of input distribution. It was also assumed that co-operatives were effective in meeting their financial obligations.

This study was conducted in three districts of Njombe, Ludewa and Makete in Iringa region which were served by the NJOLUMA Co-operative Union. The area was chosen primarily due to two main reasons. Firstly, these districts were located in a region (i.e. Iringa) which was one of the four regions which produced a bigger share of grain in Tanzania. These were popularly known as the 'big four'. In that case, co-operatives were chosen because they were organisations mainly of the farmers. The study focused on the rural primary co-operative societies which were considered suitable organisations for agricultural development in rural areas. Secondly, the area of study had great potentialities in agricultural production but still underdeveloped. During the colonial times, the area served as a labour reservoir.

The potential population of the study was the NJOLUMA Co-operative Union's management personnel, some operational staff, bank officials, employees of selected primary co-operative societies, committee members and co-operative members (farmers) who were the ultimate beneficiaries of credit. From the potential subject, a sample was drawn to solicit data on aspects of credit extension, credit administration and supervision, seasonal inputs distribution, input prices, farmers' accessibility to financial institutions, methods of credit recovery and follow-up.

Since it was not possible to survey all the places under the jurisdiction of NJOLUMA, a representative sample was drawn from the entire population. Basing on the assumption that all primary co-operative societies in the area of study operated almost under the same conditions, a systematic sampling approach was used to get the sample. It was presumed that such an approach would offer equal chance to every primary society to be included in the sample. Having listed the number of societies in the area, every tenth society was picked for the purpose of this study. The same approach was used to get the number of respondents to be interviewed.

Results of the study revealed that the institutional setting for financing rural co-operatives, which prevailed then, did not render itself well to small farmers in the rural areas. Credit for financing seasonal inputs was

unsatisfactory such that inputs in right quantities and at least cost could not be availed to rural farmers.

Since its commencement of operations in the 1985/86 season, NJOLUMA Co-operative Union had been distributing inputs against credit advanced by CRDB Bank. Such inputs included different types of fertilizer, HYVS of different types and PCPC such as pesticides, insecticides, fungicides and herbicides. The experience in the period between 1985/86 and 1992/93 was that the amount of inputs given to farmers decreased drastically as a result of non-availability of credit from CRDB Bank.

In 1989/90, in particular, the union the distribution of inputs was almost at a standstill. Initiatives were made by the union to apply for a trading loan from CRDB of Tshs. 40,900,000. This amount was approved very late such that only a negligible amount of inputs was bought and sold by the union. Even that small amount was of no use to the farmers because of the late availability. All this resulted into an accumulation of unsold inputs. For instance, during the 1990/91 season, inputs worth Tshs. 6,411,476.30 remained unsold.

All in all, the existing financial institutions then were found to be unsuitable for provision of credit in rural areas. Their objectives, organisation structure, lending procedures and even their branch network restricted their ability to serve the rural sector. The relatively high interest rates, cumbersome lending policies and bureaucratic procedures were not in favour of the rural poor. Above all, their sources of funds available for lending were highly specialized and subject to political decisions.

According to the study, under the prevailing competitive environment in the country, co-operatives needed to be market driven and meet members' needs. In that case, therefore, there was need for the co-operative movement to have its own autonomous financing agency. Co-operative unions could start accumulating funds of their own for financing seasonal agricultural inputs. This could be achieved by setting aside a certain amount of money from the members' proceeds.

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- 1994 -

## LIBERALISATION OF MAIZE MARKETING IN THE ARUSHA REGION IN TANZANIA

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(1994)

### **Abstract**

The Government of Tanzania liberalised the grain market in 1988 by allowing private traders to participate in grain trade and seeds distribution. The Government also directed the National Milling Corporation (NMC) and co-operatives to operate on a commercial basis. This marketing arrangement was expected to improve the efficiency of the marketing system through competition. Efficiency of the marketing system was gauged in terms of the

relation between the consumption utilities created by the system and the resources put into the creation of those utilities. Thus, a marketing system would be considered inefficient if the resources put into the creation of consumption utilities by producers, market intermediaries and consumers were excessive in comparison with the alternatives and/or would yield higher returns elsewhere in the same economy.

In this regard, market liberalisation was meant to reduce distortions resulting from Government intervention, while encouraging private traders to compete and, therefore, provide better services to farmers.

This study sought to evaluate the performance of the grain marketing system after these liberalisation measures. The focus of the study was on maize marketing in Arusha region. The evaluation was based on secondary and primary information obtained from the National Milling Corporation (NMC), co-operatives, private traders and maize producers in Arusha region. This information was used to assess the emerging structures and competitiveness of the private marketing system and derive several economic performance dimensions: margins, spatial and temporal price spreads, profit/losses, market integration, methods and timeliness of payments.

The driving broad hypothesis behind this study was that, with the liberalization of the marketing system, the performance of maize marketing was likely to improve. Consequently, five other specific hypotheses were put forward to be tested in order to evaluate the grain marketing system in the study area. The basic assumptions behind these hypotheses were that:

- (i) There would be a decline in marketing costs of various market participants in the marketing system as a result of competition following the legalisation of private trade.
- (ii) Private market channels made prompter payment to producers than official marketing channels.
- (iii) Inputs prices would be lower in the private market channel than in government-instituted marketing system.
- (iv) There would be an efficient price formation after the liberalisation of the grain marketing system.
- (v) Grain market liberalisation would reduce the financial deficits of public sector marketing agencies.

According to this study, there was improvement in the competitive structure of private grain market as revealed by the increase in private market participants after liberalisation. There was a noticeable increase of private trader activity in maize trade and milling. The emerging structure was, however, rudimentary because private traders lacked facilities such as transport, storage and mills. They, therefore, performed limited storage and transport operations.

Generally, according to the study, there was a decline in market margin as a percentage of consumer prices with a corresponding increase in the producer share of the consumer price during normal years. Evidence of reduction in marketing margin during normal years was more pronounced in the

private market channel. This decline in marketing margin led to an increase in producer share of the consumer price despite a decline in consumer prices.

On the other hand, there was marked improvement in market integration, with spatial price spread and seasonal price rise declining post liberalisation. The NMC and co-operatives, however, did not improve their performance as they largely operated as before trade liberalisation. On the part of public marketing agents, liberalisation measures did not reduce their marketing margin. Producer share of the consumer price declined, indicating the increase of costs.

The study also revealed the danger of relying on the market during years of poor harvest. Given the fact that most private traders largely lacked the capacity and willingness to perform operations such as famine relief and price stabilisation, the study recommended that the public sector should play a role in these operations. The operations should be specifically budgeted for, with proper accounting and management of stocks.

According to this study, the average post-liberalisation producer and consumer prices indicated that while producers fared almost equally in both channels, consumers suffered more in official marketing channel due to a higher consumer price.

Further, the study revealed that promptness of payment on cash basis by private traders, on-farm procurement, provision of gunny bags, early start of buying and a higher price at different times of the year made most producers prefer the private market channel. Consequently, this increased their market share particularly in 1990/91 when there was poor harvest in most parts of the country.

With regard to the distribution of seeds, the study noted that this was being at administered prices. Consequently, this practice eroded the incentive to compete and reduce costs - the inherent tenets of trade liberalisation. It was recommended that a further research be done in this area to determine the impact of input market liberalisation on output and rural incomes. Further, the study recommended that there should be reforms in parastatals and government commitment to enable co-operatives and NMC to operate commercially.

Further, there was need to improve access to credit for actors in the production and marketing of grain. The study observed that access to credit could be improved, among other things, if the asset base of producers and traders was improved to provide for collateral. One major asset which could be provided as collateral was land.

There was also need to improve access to market information. Competition in grain marketing could be improved if market information was made available to all actors in the marketing system.

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- 1997 -

# DETERMINANTS OF A WINNING TENDER IN PARASTATAL PRIVATIZATION PROCESS IN TANZANIA

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(1997)

## **Abstract**

At the time of this study, 'privatisation' was relatively a new concept in Tanzania. It generally aimed at deregulating the state control over the economy and increasing the role of private enterprise and ownership.

This study reviewed the procedures used in the parastatal privatisation process as managed by the Presidential Parastatal Sector Reform Commission (PSRC). It also collected views through questionnaires on what could be the determinants of selecting a potential investor in a parastatal organisation being privatized.

Being a less developed economy, Tanzania lacked an enabling environment for placing share sale. It also lacked a developed scrap or secondary market which made it difficult to sell parastatals. The selection of a party to acquire a divested parastatal had to be undertaken through a tendering process which, due to the nature of the activity, was done out of the public eyes. Due to this, the selection of winning tenders, and the determinants thereto, had remained unknown.

The main objective of this study was to examine how the PSRC processed bids until a winning tender a winner emerged. The specific ones included:

- (i) to highlight the process used by the PSRC in evaluating tenders for acquisition of shares, leasing and outright sale of a parastatal;
- (ii) to analyse the importance attached to bidders' experience and reputation in relation to the business of the parastatal being privatised;
- (iii) to assess the effect of the bidders' knowledge in putting up bid documents which met the criteria set by PSRC;
- (iv) to analyse the significance of price in the evaluation of bids; and
- (v) to highlight the factors perceived by bidders, the professionals and the general public as important in the bid evaluation.

Four hypotheses were advanced and tested. They were as follows:

- (i) The tendered price was the single most important factor in winning a bid.
- (ii) The bidder's business plan and experience in the field being tendered affected the ranking of bidders in the evaluation process.
- (iii) A winning tender was greatly influenced by the tendered price, bidder's experience, reputation and business plan.
- (iv) The perceived determinants (price, experience, business plan, etc.) as ranked by the general public were associated with rankings on the same by the professionals.



In examining the determinants of a winning tender in the privatisation process, the study concentrated on the PSRC process of evaluating bids. This involved a study of processes used before setting up of criteria such as the SWOT analysis of a parastatal to be privatised, strategy formulation, valuation and finally setting up of the bids evaluation criteria.

In this study, the following organisations were visited: the National Development Corporation (NDC), Tanzania Breweries Limited (TBL), Pharmaceutical Investments, Planning Commission, Treasury and Tanzania Industrial Studies and Consulting Organisation (TISCO). Questionnaires were distributed in Arusha, Dar es Salaam, Dodoma, Morogoro and Moshi.

The four hypotheses were tested. Among them, one hypothesis on the prime significance of price in the bid selection was rejected. The bidder's business experience, business plans and the bidder's contribution were revealed to be amongst the most important criteria.

Generally, it was observed that the determinants of a winning tender in the privatisation process could not be separated from each other. The study showed that it was a combination of factors which led to a winning bid with a particular emphasis on the potential bidders' contribution to the future performance of a company. It was particularly revealed that a combination of price, the bidder's business experience, contribution to the future of the company and business plans together commanded a higher chance of winning. Price alone was not considered the most important factor. Further, nationality as a factor was insignificant but that it ought to be reviewed with an intention to increase emphasis on the participation of indigenous entrepreneurs.

On the other hand, the findings indicated that the public was unaware of the criteria used in awarding tenders. Whereas the criteria largely depended on the divestiture strategy, it was apparent that lack of public awareness was greater than the PSRC and Government perceived.

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