

SOCIO-ECONOMIC FACTORS CONSTRAINING THE PERFORMANCE OF AGRICULTURAL MARKETING CO-OPERATIVE SOCIETIES: THE CASE OF URU-EAST, KILIMANJARO, TANZANIA

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ABSTRACT

This study assesses socio-economic factors constraining performance of agricultural marketing co-operatives societies in Tanzania focusing on Mruwia AMCOS. Specifically the study wants to examine the social and economic factors that hinder effective performance of Mruwia AMCOS. 81 respondents from Mruwia village who are coffee growers were selected randomly to carry out the study. The research adopted cross sectional research design. Data were collected using interviews, questionnaires, document review and Focus Group Discussion, the analysis was done using both thematic analysis and descriptive analysis. The study found that in Mruwia AMCOS there is cultural behaviours that limits its AMCOS, issues such as land tenure and insecurity where women are not allowed to own land while are the major farm work force thus impact productivity. The findings also showed that liberalised economy, price fluctuation, amount of coffee production and lack of diversification are major factors that trouble co-operative farmers hence the tardiness in its growth. The study concluded that Mruwia AMCOS is deteriorating due to collection growth, poor sales growth and lack of diversification. Therefore the study recommends that, the government and other co-operative stakeholders should help coffee farmers to obtain better price and to reduce the pain brought by liberalised economy. To Mruwia AMCOS, the study recommends that it should diversify its products by cultivating other different crops available in their surroundings.

Key Words: Socio-economic factors, AMCOS, Mruwia, Constraints, Performance

1. INTRODUCTION

Co-operatives have played important role in various economic systems over time. They have become important entities in our economic systems, especially in agriculture relevant to smallholder producers. Depending on the country, co-operatives may be considered as a form of economic system, a community development organisation, or a form of business (Coley, 2000). Co-operatives are found in all countries of the world, covering almost all the major sectors including agriculture, forestry, fishery, finance, construction, mining, housing, transport manufacturing and electricity supply etc. They have unique advantages based on the special relationship with their members. They have the power to bulk up demand and purchase supply at cheaper prices that gives them a competitive advantage over their competitors (Ainebyona and Tiruhungwa, 2011).

Agricultural co-operatives date back to 19th Century mainly in Europe. In 1844, a group of English textile workers, the Rockdale Society of Equitable Pioneers, set up the first of what was to happen to the true type of the co-operative we know at present, taking up features from other societies, the Rockdale Society ran a store based on what came to be known as the Rockdale Principles. However, Seimu (2015) explained that, the co-operative movement in the British colonies is well recognized by some historians as Rita Rhodes and co-operators as Margaret Dibgy and Strickland, all these, have a lot in common regarding the co-operative movement worldwide. Rhodes and Strickland have presented the co-operative movement in Britain and how Robert Owen, William King and the Rhodes influenced its growth and development which had an impact to the colonies such as India, where its legislation was borrowed in many other countries which were under British colonial rule such as Malaysia, Sri Lanka, Cyprus and some African countries such as Kenya and Tanzania.

In Tanzania, the history of co-operatives dates as far back as 1925 when the Kilimanjaro Native Planters Association was formed. Farmers in Kilimanjaro started informal co-operatives in 1925 so that they could capture part of the trade profit from their crops. Later on, the first Co-operative legislation was passed in 1932 when the Co-operatives Ordinance (Cap. 211) was enacted. After independence, the government policy was to make the co-operative movement an engine for economic development. Through a number of legislations, co-

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operatives were systematically promoted to be an important tool for transforming rural community production into a socialist planned economy (Mruma, 2011). One of the ways in which the co-operatives enable indigenous peasants to capture profit is through marketing crops on behalf of the individual co-operative members. As a result, during this period many cooperatives were formed especially in the areas which practised cash crops. But years later, these cooperatives faced a number of complaints of mismanagement and corruption.

However, the primary societies that had served as distribution and procurement points for the farmers were legally abolished and replaced by multipurpose co-operative societies under the 1975 'Villages Act' (Sizya and Tiruhungwa, 2006). Co-operative unions were re-introduced in 1984 following the enactment of the 1982 Co-operative Societies Act. The implementation of reforms was meant to help and transform cooperatives into a viable tool for helping poor people especially smallholder farmers. Consequently, the reform didn't benefit the small-scale farmers, rather, left many cooperatives with a number of problems such as lack of market, price fluctuation, corruption, lack of storage facilities as well as the introduction of trade liberalisation in 1990's, led many AMCOS and other co-operatives not able to compete in a free market economy. Ragin (1994) argued that when women are forced to struggle to maintain control of their land, productivity and income, women neglect to work in coffee farms because they have limited control over proceeds from the yield, resulting in increased household tensions and lower productivity. Evidence from studies across the developing world shows that increases in land tenure security correlate with improved food security, particularly for women, securing and recognizing women's land rights can increase agricultural productivity and shared household decision making, and thereby increase the total amount of resources available to the family for nutrition and food security (Allendorf, 2007). While there is a substantial amount of literature about the co-operative movement in Africa before the 1990s, the research on the subject since the economic liberalisation is limited. The liberalisation of the economy had the instant impact on the cooperative movement; there was the fall down of many cooperatives. This was partly due to the failure to manage the new-found independence from the state. With the end of strict state supervision, cooperatives were left without a regulatory mechanism to play the role that the government had formerly played (Wanyama, 2009). The newly acquired autonomy was dangerously mistreated by elected leaders to the detriment of numerous cooperative societies.

This failure is attributed to over-ambitious goals, an unclear focus and state and donor interference. On the other hand, (Wanyama and Pollet, 2009) show findings from 11 African countries which indicate that the movement has adapted to the new liberalised economic environment and co-operatives that respond to their members interest are replacing old structures that fail to deliver. The data display a positive development of the movement where the number of co-operatives and members are rising in Africa. However, while many co-operatives manage to attract members and buyers in the liberalised economy some co-operatives fail and collapse under the pressure of the free market, consequently, even though co-operatives are promoted as mechanisms for development and poverty alleviation, little is known about their current performance. Wanyama and Pollet, (2010); Chirwa, *et al.*, (2005), stated that while some co-operatives have managed to improve the income of their members, many have failed to do so.

In addition, another problem facing most of Tanzanian primary cooperatives societies is to practice traditional model whereby in this model one primary co-operative society practice one commodity. This habit tends to limit diversification of products and also it reduces entrepreneurship among members, Anania & Bee, (2018). Such problems were more demoralizing than building the solidarity of the members to operate their enterprises. Furthermore, the lack of economic resources to grant services to their members meant that some members would naturally seek related services from other providers that had now been permitted to trade. Consequently, many cooperatives, especially in those countries where the state did not take urgent corrective measures, closed down. Therefore, Co-operatives generally face various challenges ranging from accounts receivable, agricultural economy, competition, consolidation, technology, government regulations, government programmes, increasing costs, low commodity prices, operational hurdles, adverse and unpredictable weather changes, low margins to poorly developed market research and market information (Ozedmir, 2005). All these factors are very important in studying the social economic constraints that impede effective performance of farmers' co-operatives in Tanzania specifically in Mruwia AMCOS.

Mruwia AMCOS is one of the surviving farmers' co-operatives in Kilimanjaro region operated under KNCU between 1995-2000. This AMCOS decided to withdraw from the union due to the fact that the union failed to fulfil some of obligations such as not paying farmers on time; pay levy on time and because of sales of immovable assets (Brief information on G32- KNCI-JVE LTD, 2012; Sumelius, *et al.*, 2013). The AMCO is now operating under G32 which is the group of 32 AMCOS in the Kilimanjaro area. Mruwia export their produce direct through G32. However, various efforts have been made in establishing and supporting farmers' co-operatives such as establishing co-operatives Development Policy of 1999 and Co-operative reform and Modernization Programme of 2005, performance of these farmers' co-operatives has been open to the discussion due to the declining trend of registered co-operatives.

Previous research has also widely investigated the same problem; however, the findings are inconclusive or even contradictory and the same problem continues to exist. Consequently, many researchers have concluded that more research is needed in this area (Seyed, 2012; Mruma, 2014). As a result this study aims at assessing socio-economic factors that have impact on the performance of agricultural marketing co-operatives with focus on Mruwia AMCOS in Uru- East, Kilimanjaro region. Generally, this study wants to assess socio- economic factors constraining the performance of agricultural marketing co-operatives.

The study specifically intends to: examine socio-cultural constraints that impede effective performance of Mruwia AMCOS and to analyse economic constraints that hamper the growth of Mruwia AMCOS. The findings will be used as a benchmark to the formulation of sound AMCOS operationalisation policies that will achieve the betterment of their performance. The study also is in-line with national Sustainable Development Vision 2025 that address improvement of people's livelihood as one among its targets. The study also contributes to the area of co-operative performance and management from which social and economic variables were part of the discussion.

2. RESEARCH METHODOLOGY

The study employed across section design. This research design enables the collection of data from different groups of respondents at one point at a time. The study employed a mixed approach of data analysis from which quantitative analysis of information (descriptive analysis) was employed and qualitative analysis (thematic analysis) was employed to enrich the quantitative information.

The study was carried out in Uru East ward, in Moshi Rural district in Kilimanjaro region, specifically in Mruwia village. The Moshi Rural district is administratively divided into 31 wards, in which Uru East ward is where the study was carried out. The reason for the choice of this area is based on its long experience that is three decades of its operation, therefore assessing socio-cultural and economic constraints using Mruwia would yield a good result. Moreover, the selection is also associated with a sharp decline in coffee production for about 20% as well as price decline to about 50% in Tanzania (TCB, 2012).

The population of the study was all members of the Mruwia AMCOS. The population is defined by small holder farmers who grow coffee as their main farm activities in AMCOS. The sample size used was 81 respondents; the selection was justified from the grounding reason of Kothari, (2009) who argues that the sample should not be quantitatively repeatable, but optimal in size and reliable, representative by characters. In that case, the researcher considered the experience of membership, age and sex and education level so as to yield reliable information. Simple random sampling was adopted in selecting 73 respondents blindly from 79 cases with the reason to avoid researcher biases (Kothari, 2009). The intention was to select 73 members. Purposive sampling technique was used to select 3 managers and 5 staff with position as the key informants. The method was used as it enables to get rich information from experienced respondents (Kothari, 2009).

The study drew a sample of 81 out of 1017 members respondents randomly selected with a marginal error of 10%. The sample size is obtained from the sample size generation formula $n = \frac{N}{1+Ne^2}$ where n the sample size is, N is population and e is marginal error. In this study therefore, among other methods a simple random sampling was adopted in selecting the respondents for the study. Therefore 73 respondents were selected randomly. In addition to simple random sampling, the study applied a purposive sampling technique to select

key informants from Mruwia Agricultural Marketing Co-operatives Societies. Five staff and three board members were selected purposively. This is because the technique allows variation and enables particular choices to be made relative to a particular research situation. It further represents the whole population and it is free from biasness.

The economic constraints were measured using the price of coffee, liberalised economy, coffee production. Social and cultural constraints were measured using the following measurement indicators: land tenure, relationship between boards, management and members, members' loyalty and participation and members' contribution. Mruwia AMCOS performances were measured using member coffee productivity, sales growth and structural assessment test.

During the interviews, the emphasis was based upon grasping the participant's perspectives and comprehending the experiences. In a few cases, it was necessary to interview participants' more than once especially when new perspectives raised by subsequent participants. Duration of interview ranged from thirty to sixty minutes, audio recorders were used in recording interviews and this supplemented with interview guide questions. Another kind of tool used during data collection was questionnaire, whereby the answered questionnaire provided the needed information. A total of 73 Mruwia AMCOS members were used for data collection. The nature of the data collected related to both socio-cultural constraints and economic constraints that may affect the performance of Mruwia AMCOS.

Documentary review was also used whereby official and non-official documents were reviewed so as to gather secondary data for the study. The documents reviewed were AMCOS by-laws especially on conditions for membership; members register book, general meeting minute's documents, coffee price for the period six past years and other AMCOS documents in general. Furthermore the researcher reviewed various reports from the internet, books and journals which facilitated the acquisition of relevant data. Recording notebook was used as a tool for data collection. The study also used focus group discussion in group of five board members and 20 members in order to obtain information from farmers' co-operatives. The method is relevant especially in filling gaps of information which were not covered by other methods and to verify data collected by other methods. Interview guide questions were used as tools during focus group discussions. The data were recorded using audio-tape recorder for future retrieval.

Both qualitative and quantitative data were analysed. The study adopted thematic analysis approach of qualitative analysis to analyse data from personal interview and focus group discussion. The method involves six systematic stages which was employed by the researcher as explained by Tylor & Renner (2003) and Braun & Clarke (2006); the stages involved the following: firstly, the researcher needed to be familiar with the data by reading and re-reading and finally summarise the main ideas (ibid); secondly, the researcher organises the raw data by considering the research topics and questions (Tylor- & Renner, ibid); thirdly, the researcher coded the data by categorising the observable themes namely socio-cultural constraints and economic constraints on AMCOS performance; fourthly, theme searching by using table to categorise similar themes, so as to help during report writing (Braun & Clarke, 2006); fifthly, reviewing and refining the themes so as to achieve coherent patterns. This included the validation of themes in relation to question, dropping and forming the new ones, six, involve the redefining, naming the themes which helped in report writing and interpretation; the final stage involved the establishment of the key findings from which concise and clear title were reflected during report writing and interpretation. Furthermore, the descriptive analysis of data collection was also done. The method generated the percentages, averages and frequencies of background variables namely: age, sex, marital status, land size and length of membership. Either the method also used to establish descriptive information relating to social and economic variables as shown in section four below. The Statistical Package for Social Sciences (SPSS) version 24 has been used as a means of data analysis.

3. FINDINGS AND DISCUSSIONS

3.1 The Respondents' Characteristics

Gender was observed during the collection of data which made the study to be highly valuable, the author considered the significant contribution that gender have to the economy of any country. The findings show that among 81 respondents, male were 53.9% and female 46.1 %. This depicts that most of the members in this AMCOS are men. This suggests that women are involved in co-operatives and land tenure where the latter is an important determinant of membership, because land belongs to men unless such a woman is a widow. This study supports another study done by Njau, S, L & Mauki, R, C. (2018) who found out that women and youth especially in Africa are behind in cooperative activities, this is due to the fact that women found themselves engaging in family responsibilities that is why they don't get enough time to engage in other development activities like joining in cooperative.

Not only that but also, this study support the study done by, Berham and Chitemi, (2009) who found out that improving women's access to and control over economic resources has a positive effect on a range of development goals, including poverty reduction and economic growth. Rural women in particular are at the strategic centre of reducing hunger, malnutrition, and poverty as they play a central role in household food security, dietary diversity, and children's health. These findings are pushed by the fact that many women in developing countries especially in Sub-Saharan countries are lagging behind in involving themselves in developing activities like joining co-operatives because of outdated culture of a particular society. In Africa especially Tanzania, power of holding the economy from family level is still dominated by men. There is a need of making awareness to the community on the importance of women in economic building up the economy of any country. Besides it was observed in Mruwia AMCOS that production of coffee was high where the land is owned by a widow. However, co-operatives are contributing towards gender equality by expanding women's opportunities to participate in local economies and societies in many parts of the world.

Age is very important variable in economic activities. In this study 19.9% of respondents were below 30 years while those from 41- 50 years comprised 33.3% of the respondents. Those of 51 years and above comprised of 21% of the respondents. The age group of 41-50 seems to be more aware of importance of being innovative as well as risk takers. Also this gives them a belief on investing in co-operatives hence makes their life flourish. Also it shows that youth have awareness on co-operatives activities. moreover, it was found that out of 81 respondents, 52 were married, counting for 64.2% of the respondents, showing the participation of married exceeding that of single participants. This is amongst the groups which need to stand firm in providing the needs of the family. They believe that joining co-operatives can make their life sustainable. This is because co-operative is a place where they can achieve economies of scale through pooling together economic resources they have. It is a justification that co-operatives can help people to solve their own problems. Amongst the group which have a lot of responsibility is married people, and this group appears to have interest in joining co-operatives. The more they join the stronger the co-operative hence signifies its performances.

In case of land size, many farmers don't have enough land for farming. The size of land available does not suit the need of all those people around the community. The findings showed that 56.8 % have land below five acres. This amounts to low production of coffee as members own small land; only two members have land above 11 acres. These data reflected the fact that majority of AMCOS members are small scale farmers whose production is also low. The low level of production attracted the need of being united in a co-operative society so as to achieve the economies of scale. To feel the full benefit of an organisation partly depend on the duration of being a member. In Mruwia AMCOS, those who have been members, from one to four years, comprise 35.8% .Those from 5 to 10 years, make up of 42. %, and the remaining 22.2 % have been in the society for more than ten years. To be a member of an association for a long period means that there are benefit drawn from the long stay.

3.2 Socio-Cultural Constraints Affecting Performance of Mruwia AMCOS

Social constraints were measured by the following measurement indicators: land tenure, structural assessment of Mruwia AMCOS management and members' commitments. However, commitments were measured in three levels which are their (i) desire to join in co-operative, (ii) involvement in co-operative business and lastly (iii) participation in democratic process by attending meetings, voting at members meetings, and to represent the co-operative when elected to be a leader.

Table 1: Members attendance in Annual General Meeting in 2015

AGM Attendance Status	Frequency (n=81)	Percent (%)
Attended	76	93.8
Didn't attend	5	6.2
Total	81	100.0

The issue of members commitment as one among the social factors for AMCOS performance is also supported by Msimango and Oladele (2013), they stated out that farmers' co-operation is considered to be an efficient mechanism for increasing market access especially when leaders and members have high commitment towards their co-operatives. About 93.8% of members attended the general meeting. Despite the fact that members do attend meeting and participate in various activities, Mruwia AMCO is deteriorating.

The structural assessment of Mruwia AMCOS was also measured by using such indicators like knowledge and skills to undertake responsibilities, existence of by laws for guidance and leadership, access to information on leadership, team work, participatory decision making among leaders. In this case the respondents were asked to supply their responses from the multi-nominal response scales namely: 1= need to be maintained, 2= need to be improved, 3= need to be reintroduced. A total of 81 coffee farmers who were members were involved in the assessments (Table 2).

Table 2: Structural Assessment of Management Capacity in Mruwia AMCOS

Leadership and Business performance of AMCOS	Need to be Maintained	Need to be Improved	Need to be Re-introduced
The Co-operative members has knowledge and skills to undertake leadership responsibility	28.88%(23)	57.77%(47)	13.33%(11)
Co-operative has bylaws and guidance that help in leadership performance	26.66%(22)	55.55%(45)	17.8%(14)
The member, Board, and other personnel have right to receive information on operation and leadership performance	31.11%(25)	53.33%(43)	15.55%(13)
Decisions are made on participatory bases and team work among leaders	33.33%(26)	51.11%(41)	15.55%(14)
The Co-operative have competent personnel and clear employment procedures	28.88%(23)	57.77%(50)	13.33%(8)
Employment have clear job description and employment contract	17.8%(14)	62.22%(50)	20%(17)
The Co-operative leaders learn from their predecessors undertakings.	22.22%(17)	64.44%(52)	13.33%(12)

The structural assessment at Mruwia AMCOS needs some improvements. The findings indicated that the knowledge and skills to undertake co-operative activities need to be improved by 57.77%, whereby bylaws and guidelines were not seen, information on leadership to members, board and management need improvement by 53.3% and decision making process also needs some improvement by 51.11%. Nevertheless, competent personnel, employment procedures, need improvement by 57.77% and employment contract and job description need improvement by 62.22%, lastly the issue of education and training need improvement by 64.44%. These are the areas that need to be improved, in order to enhance the performance of co-operatives particularly in Mruwia AMCOS. The findings are supported by Singh & Ballabh (1994) who argue that leadership skill in co-operative has been a factor that hinders the performance of co-operative societies.

Another aspect measured was culture. This aspect was measured in terms of land tenure. The findings revealed that, land tenure affect performance of AMCOS at Mruwia. The Mruwia community has a culture that coffee belongs to men while banana belongs to women. Also there is a culture that women are not allowed to own

farms unless that woman is a widow or she has been inherited by her husband. Therefore, farmers were asked to provide their views regarding those phenomena; however, land usually belongs to men, and then women are not eligible to join many co-operatives or receive credit and are not targeted in technical trainings. About 74.1% of respondents supported the fact while 25.9% did not support. It has been historical the fact that women are not allowed to own land. This is supported by Christy, (1987) women should be incorporated in co-operatives as they tend to participate in visible roles such as weeding of crops etc. As it happens in Mruwia, women are not allowed owning land except when one becomes a widow. This reduces the chances for members to join co-operative.

Nevertheless, women tend to be marginally represented in traditional cash/ export crop-related co-operatives e.g. coffee, cocoa, cotton, tobacco, as it happens in Mruwia in which crop ownership is mostly male. Women are more numerous and rising in numbers in subsectors such as fruits, spices, cereals and dairy, where land ownership is less critical and capital requirements is low. In larger financial co-operatives women tend to be in minority, while in smaller savings and credit co-operatives with microfinance schemes, women are more likely to be in majority.

It has been observed that there is relationship between women land tenure insecurity and agricultural productivity. For instance 72.8 % of respondents agreed the fact that land tenure insecurity lowers agricultural productivity while 25.9% did not support the statement. One of Mruwia AMCOS staff during conversation reported that:

Women are steadily increasing in number and those farms which are inherited by widows tend to have higher production comparing to others. Women spend most of their time in farms while men waste a lot of time consuming alcoholic drinks thus reducing workforce.

3.3 Economic Constraints that Hamper the Growth of Mruwia AMCOS

The second objective was to explain the economic constraints that hamper the growth of Mruwia AMCOS. The economic constraints were measured using the following indicators: coffee price, liberalised economy and coffee production.

Table 3: Coffee price given to farmers

Year	Coffee price
2010	2500Tshs /Kg
2011	4000Tshs/Kg
2012	5000Tshs/Kg
2013	3500Tshs/Kg
2014	3000 Tshs /Kg
2015	3000 Tshs /Kg
2016	3000 Tshs /Kg

Coffee price given to farmers is one of the economic constraints complained by many farmers. This is however, accompanied by cost of production being higher, competitive market and liberalised economy, the prices per Kg of coffee given to them makes the return becomes minimal or even no return at all (Table 3). Farmers added that; due to low price given to coffee, some of farmers decided to grow vegetables instead, because from vegetables they could get better price and it does not take long to grow.

It has been observed that many coffee farmers' incomes in Mruwia AMCOS' have seen steady decline due to low price given to them. Likert scale was used to rate this question and the following findings were obtained: 77.8% strongly agree, 6.2% Agree, 16.0 % Disagree. The findings from descriptive analysis showed that 85.2% reported that price fluctuation has been a critical problem to coffee production. Various scholars have done similar study. Among them are Sambuo, & Mbwagah, (2017). They reported that coffee price given to farmers is always minimal leaving the smallholders farmers with no return at all. This made the coffee growers to plant short term crops because they have better price, they further stated that when the price fall, automatically the production also will fall and the AMCOS is affected as well hence it become unsustainable.

Liberalised economy is one of the critical factors that affect primary co-operatives today. About 74.1% of farmers explained that liberalised economy have been affecting their market system because they see themselves as weak enough for them not to compete with other market players. Besides farmers were asked to state if that situation has any impact on co-operatives performance; most of them explained that liberalised economy results in increase of coffee theft and fraud. Decrease in quality of coffee, leads to unstable and low coffee price hence members decide to sell their coffee arbitrarily without following the co-operatives' regulations.

The effects of liberalised economy to many farmers have been observed also at Mruwia AMCOS. Farmers at Mruwia used to sell their products directly to KNCU, their union. In 2000 Mruwia AMCOS decided to detach itself from the union, joining the group of private buyers. Despite the problems which the union had, many primary co-operatives which were under KNCU moved to another private buyers to find markets and better price. This is one of the effects of liberalised economy; farmers find themselves that they cannot compete in the current market. This study also supports another study, for instance Banturaki (2012). He reported that one of the challenges that agricultural marketing co-operatives face is the competition in the free market and trade liberalisation. This has made agricultural marketing co-operatives to lose their monopoly of crop marketing as well as the guarantees which they used to receive from the government because of the competition, whereby price is determined in the market and the policy itself does not help the situation.

The high production of coffee is among the factor that would make primary co-operative being sustainable. From the study conducted, farmers were asked if they harvest the sufficient amount of coffee. About 77.8% of respondents agreed that there is low production and they added that, low production is accompanied by draught while low price given to them resulted to minimal outcomes (Table 4).

Table 4: Amount of Coffee Production at Mruwia AMCOS

Year	Amount of coffee production at Mruwia AMCOS in Kg
2011	37,000
2012	44,000
2013	57,000
2014	70,000
2015	7,643

Similar study was done by URT, (2008). The findings revealed that most of the coffee growers in Tanzania are more likely to face low coffee productions. However, this low production is due to various reasons such as high production cost, low prices given to farmers, pests and diseases and low quality of coffee.

4. CONCLUSIONS AND RECOMMENDATIONS

Basically, AMCOS are intended to save smallholder farmers by reducing various socio-economic constraints that may reduce its performance through economies of scale. Therefore, it is concluded that; Mruwia AMCOS performance is deteriorating due to the following reasons: first, despite the fact that the amount of coffee production being low and price being not reasonable, and the competition in the liberalised economy yet, Mruwia AMCOS has failed to diversify its products to other crops which are available from its surrounding. Secondly, failure to carry out improvements in the areas of planning process, employment process and contract, by-laws, lack of competent personnel, participatory decision making as well as information giving. Lastly, land tenure insecurity was also found to affect Mruwia AMCOS performance. Thus, this areas need to be addressed by AMCOS so as to benefit its members and sustain their cooperative society.

It is recommended that Mruwia AMCOS should diversify its products. This can be done either by engaging in other different crops available in their area which encourages more members especially who do not own coffee farm, for example beans and banana. Diversification can also be done by investing assets like real estate's or other businesses as the foundation for co-operatives resilience during tough times.

The government through co-operative officers and other co-operative stakeholders should provide education and training on leadership and governance of co-operatives, which will improve its performances hence attract more

customers. Government need to recognize that co-operatives are one of the most viable and sustainable anti-poverty strategy, therefore it should establish favourable environment for them to perform well. The government should introduce the new system of record keeping. The use of technology such as computer to store data can help them to reduce the problem of data losing. This is accompanied by employing educated personnel on information technology as well as management.

Due to outdated culture that prevails in Mruwia community such as that of land tenure, AMCOS leaders should educate their members on land tenure so that a total ownership may be practiced by a family (husband and wife) hence the increase in production. Members should elect strong and ethical leaders who have clear mission for the future of their co-operatives.

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