

SOCIO-ECONOMIC EFFECTS OF COVID-19 PANDEMIC ON THE PERFORMANCE OF CO-OPERATIVE SOCIETIES IN TANZANIA

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ABSTRACT

An unhealthy society shaded with fear can suffocate production, consumption, recreation, travel and overall well-being. This study examined the emerged socio-economic effects of the COVID-19 pandemic on the performance of co-operative societies in Tanzania. The study was guided by the Epidemiologic Transition Theory and the Resource Dependence Theory. Qualitative approaches were used in describing the emerged socio-economic effects of COVID-19 pandemic on the performance of the co-operative societies. Primary data were collected using telephone interviews as guided by pre-tested interview guide. Secondary data were obtained from published scholarly articles, non-scholarly articles and grey literature where a Systematic Literature Synthesis (SLS) was conducted to draw data from published articles. The findings indicated that the social interaction pattern was affected, the social distancing jeopardised the practice of democracy through Annual General Meetings (AGM), sluggish transportation of agricultural produces, limited loan recovery and increasing non-performing loans, decrease in members' savings and membership withdrawals. The study concludes that COVID-19 had tremendous short- and long-term socio-economic effects in the performance of cooperative societies. It is recommended that there is a need for the establishment of a Co-operative COVID-19 Response Committee (CCRC), the need to implement and promote an Integrated Co-operative Model (ICM) and enhancing the use of Information and Communication technology (ICT).

Keywords: Corona Virus, COVID-19 Pandemic, Co-operatives societies and Socio-economic effects

1. INTRODUCTION

Good health and general human well-being are essential factors for any thriving and productive society. An unhealthy society shaded with fear can suffocate production, consumption, recreation, travel and overall well-being (Smith, *et al.* 2019). According to Miller *et al.*, (2020) Corona virus (COVID-19) pandemic has tremendously affected the world intensely. The pandemic was first reported in Wuhan City, Hubei Province, in the People's Republic of China in November, 2019 and it has quickly spread over all Continents affecting most countries in the world (Miller, *et al.* 2020). The World Health Organisation (WHO) announced that the official name of the 2019 novel corona virus is COVID-19. It is a mild to severe respiratory illness that is caused by a corona virus (*Severe Acute Respiratory Syndrome Corona virus 2* of the genus *Beta corona virus*). The virus is said to be transmitted chiefly by contact with infectious materials such as respiratory droplets and is characterized especially by fever, itching in the throat, cough, and shortness of breath and may progress to pneumonia and respiratory failure.

COVID-19 Weekly Epidemiological Update issued 18th October, 2020 by WHO shows that over 40 million cases have been confirmed and 1.1 million deaths have been reported globally since the start of the outbreak. In Africa there were more than 1.2 million confirmed cases and 28 469 deaths (WHO, 2020). However, the

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insufficient testing capacity in many countries particularly sub-Saharan nations and other parts of the world suggests that these figures are most likely understated and could be far from the truth on number of infections.

Smith, *et al.* (2019) argued that the direct and indirect economic impacts of the disease are affected by one preparedness and prevention measures in place (practices that mitigate risk), the event itself (e.g., business continuity, supply chain disruption, trade and travel bans, public contagion avoidance behaviour), and the event aftermath (e.g., long-term employment loss, permanently closed markets or farms, long-term stigmas associated with specific animal and processed food products, impacts of childhood lost education or being orphaned, etc.). The corona virus pandemic has far-reaching consequences and effects beyond the spread of the disease and efforts to quarantine it rather the pandemic has spread around the globe; concerns have shifted from supply-side manufacturing issues to decreased business in the services sector and emphasis on survival (www.ft.com, 2020). The infectious diseases and economic effects by considering multi-sectoral impacts assessment shows that greater appreciation of the economy-wide impacts of pandemics such as macro-economic trends towards a general equilibrium model is warranted (Smith, *et al.*, 2019). During the 1998 Nipah virus in Malaysia, pork consumption dropped by 80% during the outbreak remaining only 30% post-outbreak meaning that the economic component is the most vulnerable component in the outbreaks (Smith, *et al.*, 2019).

According to the UNDP (2020), in a policy brief articulating the pathways of the socio-economic impact of the COVID-19 pandemic on the Kenyan economy revealed that due to the contagious nature of the virus which calls for social distancing resulting from fear of catching the led to fear of association with others amounting to reduced labour force participation, disruption of transportation and restriction of entry of citizens from highly infected countries. This has paralysed the commerce being agricultural marketing or savings and credit activities. Similarly, World Bank (2020) on assessing the economic impact of COVID-19 and policy responses in sub-Saharan Africa revealed that the pandemic has significant impact on the financial sector particularly the microfinance sector as most of the beneficiaries depend on daily activities to earn their living. In addition, the World Trade Organization report (2019) on the future of services trade reveals that patterns of trade in various sectors of the economy will depend on, among other things; future demographic changes and predicted patterns of growth and climatic changes and natural disasters such as diseases/outbreaks are some of the major global trends that will affect the trade segment in the economy.

In many years co-operative societies have been at heart of the most Tanzania rural communities through their motivation to make available collective marketing mechanism of agricultural produce through Agricultural Marketing Co-operative Societies (AMCOS) and making available financial resources based on the member-owned financial enterprises know as Savings and Credit Co-operative Societies (SACCOS) to the development of individual members and improves the well-being of the community in general (Mgema, 2019). Co-operative societies as autonomous association of persons who voluntarily join together to meet their social and economic aspirations through a jointly owned and democratically controlled enterprises; are not immune to the pandemic effects as other local and international businesses and activities which as a result of the COVID-19 outbreak has suspended their business activities and this suspension has detrimentally affected various socio-economic activities including that of cooperative societies.

In Tanzania the current status of spread of the pandemic is unknown. According to press release by the Minister for Health, Community Development, Gender, Elderly and Children announced that there were 509 confirmed cases and 21 deaths from Covid-19 as of May, 2020 (URT, 2020). However, more cases are expected to rise from time to time due to contagious nature of the disease and lack of seriousness on the part of the citizens in adhering to the hygienic and other precautionary measures as advised by health experts. Nevertheless, the containment of COVID-19 pandemic will be impossible without understanding and paying attention to how people and their activities are affected in the various spheres of their daily life. This is specifically in the view that the pandemic has heated the world and hence led to various actions against it from various nations and actors. In the socio-economic sphere such as co-operative societies which are considered in the context of externality effects from disease events and risks as well as those which have been affected and those unaffected to date to take preventive measure.

Through co-operatives, Tanzania has trading partners in and outside the country which have been named to be affected by the COVID-19 pandemic; these include China, Germany, Kenya, Japan, India, the European Union, United Kingdom, Russia, Poland and South African (ESRF, 2020). According to Observatory Economic Complexity, (2017) these are regarded to be among the top export destination to Tanzania which include China (\$329M), South African(\$709M), India (\$1.11B), Vietnam (\$314M), and Switzerland (\$275M). Moreover, the major commercial trading cities like Zanzibar, Dar es Salaam and Arusha in Tanzania have been the most affected cities than any other cities in the country. Thus, many export destination countries were in the lockdown, restricted landing and factories closed down. These therefore predicts direct and indirect the expected effects of export and import of goods and services among the countries which will later on impair the co-operative enterprise as well as their members' socio-economic status(Smith, *at al.*, 2019).

Co-operative Societies are among the local and international business stakeholders which we cannot overlook the immense direct or indirect effects resulting from the pandemic. These include crops and crops related products exportation as well as importation of the crop inputs. Moreover, the financial sectors where the SACCOS fall, despite of on-going efforts to contain the spread of the virus, have begun to experience such effects like on the members' daily savings and borrowing habit which have been tremendously changing negatively with respect to COVID-19 business effects. For example, lockdown as a result of the COVID-19 spread has led to the re-assessment of countries' credit rating and risk positions in light of the unprecedented geo-economic challenges posed by the crisis (Weltman, 2020).

The socio-economic effects of the spread of COVID-19 on the performance of AMCOS and SACCOS in Tanzania are yet to be studied and thus the diversity of the effects on the population and co-operative societies is also unclear and are likely to be of diverse. Several people have raised the issue of how the disaster can be controlled especially to how it affects human health and suddenly leading to loss of lives to the infected population. In the meantime, among others; we need to consider how COVID-19 could affect the co-operative sector currently and in the near future. This is challenging because up to this point governments are concentrating to the health and social needs of their people.

There is no doubt that COVID-19 outbreak unequally has affected people living in poverty, low income economies as well as those in better living conditions. This is because there is no way speaking of COVID-19 can be side-lining underlying disease's effects on poverty and livelihoods of the democratically controlled and member-based organisations in the surrounding communities. Yet we know little on how this is affecting and has affected the co-operative enterprise which was the focal point of this study, as the study intended to examine the socio-economic effects of the COVID-19 pandemic outbreak to the performance of co-operative societies. In so doing the study specifically focused to the following questions: What are the emerged socio-economic effects to the co-operative sector? How do co-operative stakeholders organise themselves to address existing socio-economic threats of the pandemic and what are possible responses by the co-operative actors?

2. THEORETICAL UNDERPINNINGS

In providing description on emerged socio-economic effects of COVID-19 pandemic on performance of co-operative societies, the theory of Epidemiologic Transition (ET) by Thomson (1929) and the Resource Dependence Theory (RDT) will form the framework of this study. The theories jointly provide guidance towards understanding how members of the socio-economic sphere work together based on the available resources in order to achieve desired objectives while taking into consideration all effects arising from their undertakings.

The ET theory describes that there are characteristics shift in the diseases pattern of a population. In these patterns there are stages where acute infectious diseases is reduced while chronic degenerative diseases increase in prominence causing a gradual shift in the age pattern of mortality from younger to older ages. The theory consequently focuses on the complex change in patterns of health and disease and on the interactions between these patterns and their demographic, economic and sociological determinants and consequences to the populations resulting from a given phenomenon (Mayer, 1962). This study focuses on the economic and sociological consequences resulting from the COVID-19 pandemic. Thomson (1929) explains four stages of

epidemiological transition. The first; is a stage of pestilence and famine, second; the stage of receding pandemic, third; the stage of chronic diseases and the fourth stage is that of emerged infectious diseases. This study is in line with the third and the fourth stages. The third stage describes that there is elimination of infectious diseases which makes the way for chronic diseases among the elderly and the weak. The major causes of death are so called chronic degenerative and manmade diseases such as cardiovascular diseases, cancer and diabetes. This stage occurs at different rates in different nations: where in both developed and developing countries, mortality rates are driven by socially determined factors, while in the developed nations they are also driven by medical technology (Thomson, 1929).

Additionally, ET fourth stage is the stage of emerged infectious diseases where there is emergence of new infectious diseases or the re-emergence of “old” ones which will have a significant impact on the health of the population. It is further described that, a number of factors will influence this developmental effect: travel and trade, microbiological resistance, human behaviour, breakdown in health systems and increased pressure on the environment just a few to mention. The theory further entails that as a result ill health will lead to lower levels of economic activity, and poor countries will be caught in a downward spiral of depressed incomes and bad health. Moreover, the control of infectious diseases will be hampered by political and financial obstacles, and by an inability to use existing technologies. It is therefore, important for this study to integrate the relevant theoretical assumptions on the consequences of emerged infectious diseases like COVID-19 pandemic more specifically to the co-operative societies.

Resource Dependence Theory (RDT) provides inter-firm governance as a strategic response to conditions of uncertainty and dependence between exchange partners (Pfeffer and Salancik 1978). The theory further entails that organisational actions are primarily driven by resource considerations, and that resource complementarities among firms can, to a large extent, explain the relationships and interactions among them. The theory assumes that variations in uncertainties arising in the organisation and business environment are responsible for both internal power distribution between organisational entities and external power distribution between market participants (Hillman *et al.*, 2009).

In co-operative performance under uncertainty condition of COVID-19 pandemic, resources mismatch creates dependencies among cooperatives and other participants in the cooperative sector. Thus, the theory provides an indication of the extent to which a firm in business environment needs to maintain information and material resources exchange with other fellow partners in business environment as the future is uncertain (Gulati and Sych, 2007). As the COVID 19 outbreak continues to spread worldwide and crippling both internal and external business environment, thus the interdependence among participants is increasingly becoming vital for survival through sharing resources among cooperatives and other stakeholders where possible as per 6th principle which emphasis on Cooperation among co-operatives.

3. METHODOLOGICAL APPROACH

Qualitative approaches were used in describing the emerged socio-economic effects of COVID-19 pandemic on the performance of the co-operative societies specifically, Agricultural Marketing Co-operatives (AMCOS) and Savings and Credits Co-operatives (SACCOS) focusing on Singida and Kilimanjaro regions where a total of 62 key informants (Co-operative managers and Board chairpersons) were reached. Primary data were collected using telephone interviews and discussions through Google Meet and Zoom Applications with key informants guided by pre-tested interview guide since it was not possible to conduct a face to face interview amidst the outbreak where most of the people were in lockdown.

Documentary review approach was used to source secondary data from published scholarly articles, non-scholarly articles and grey literature. According to Paez, (2017); Pappas and Williams, (2011) Grey literature normally provides data not found within commercially published literature which helped to reduce publication bias and fostered a balanced picture of available evidence. A Systematic Literature Synthesis (SLS) was conducted to draw data from articles published from 2000 to 2020 in order to get reflections from similar contagious pandemics such as SARS (2002) which affected national, regional and global businesses. Other secondary data were obtained from websites of the Tanzania Co-operative Development Commission (TCDC)

which is a mandated body for regulating cooperative societies in Tanzania, Tanzania Coffee Board (TCB), Cashew nut Board of Tanzania (CBT), Tanzania Economic Survey, and World Health Organisation (WHO) which provided daily situation report on the spread and measures taken to contain the spread of the COVID-19 viruses and the Tanzania Bureau of Statistics (NBS) as a mandated body for providing accredited nation statistics on various developmental issues.

Data sourcing primarily was guided by the topical keywords which included corona virus, COVID 19 pandemic, Co-operatives societies and socio-economic effects, to mention few. Therefore, based on the above mentioned keywords a total of 42 published articles were reviewed after a rigorous screening in line with the pre-established objectives and theoretical underpinnings. Basic coding was done (open, axial and selective coding) and thereafter constant comparison analysis was performed for data analysis as put forward by Onwuegbuzie *et al.* (2012).

4. FINDINGS AND DISCUSSIONS

4.1 Co-operative Doctrine in COVID-19 Precautions Effects

The discussion of the emerged and expected socio-economic effects of COVID-19 pandemic on the performance of co-operative societies is nurtured in the co-operative doctrine which is built in the socialisation perspectives. Co-operatives are based on the values of self-help, self-responsibility, democracy, equality, equity and solidarity where solidarity and democracy are the pillars of these values. The social interaction is a core function in democratic control of the societies. Glass, *et al.* (2006) argued that, although the implementation of social distancing strategies is challenging, the imposition of such strategies helps to contain the spread of the virus from one person to another which directly affect the socially embodied organisations such as co-operative societies. As a means to contain the virus, the Tanzania government imposed the social distancing strategy like other nations as a response to the pandemic. The findings of this study have revealed that the social interaction pattern among co-operative societies is much affected by the Corona virus outbreak through the imposition of social distancing which jeopardises the practice of democracy through Annual General Meeting (AGM) as co-operatives have failed to attain the core values.

Furthermore, findings shows that cooperative societies have failed to conduct members' General Meetings amidst the pandemic as required by the law and therefore have made it difficult to make important decisions as one of their core functions such as receiving and discussing the audited financial reports, various committee reports and discussing other issues related to their cooperative development in response to the social distancing strategy to contain the spread of the virus. Contrary to the requirement of the law however, it was revealed that most of the members' decisions are currently undertaken by the board which is against the second cooperative principle which emphasis on democratic member control of their society.

Additionally, results show that although the Tanzania Co-operative Development Commission (TCDC) ordered all co-operative societies intending to conduct their general elections in the year 2020 to do so by June 2020. However, due to the pandemic outbreak it was revealed that the order has not been successfully implemented because of the social distancing measures imposed as a response to contain the spread of the COVID-19 in the country. This therefore jeopardizes the practice of democracy and endangers performance of cooperative societies.

4.2 Socio-economic Effects of COVID-19 to the Co-operative Societies

Socio-economic effects are expected to be seen in various aspects within the co-operative sector resulting from COVID-19 pandemic. AMCOS, SACCOS and other forms of co-operative societies are not immune such that they cannot suffer from the pandemic rather the pandemic has detrimental effects to them. The Cooperative sector provide livelihood to more than 66% of Tanzanians (ESRF, 2020) and the sector contributes 22.42% of GDP for Tanzania mainland and 21.7% for Zanzibar URT (2019). The following subsection describes emerged socio-economic effects of the COVID-19 pandemic which affects the performance of AMCOS and SACCOS in the study area.

4.3 Agricultural Marketing Co-operative Societies (AMCOS)

4.3.1 Marketing and sale of agricultural produce

The COVID-19 has caused and is expected to cause detrimental effect on marketing various cash crops such as Coffee, Cashew nut, Sunflower and others within the co-operative sector. For example, the coffee sector is currently experiencing challenges at both local and international markets. Internal markets are places where farmers sale at farm price to private buyers, farmer groups and co-operatives. At this stage, for example coffee is sold in form of cherry or parchment at the local markets in Tanzania. However, it was reported that social distancing has brought in more challenges for farmers and buyers to meet in the local market. Imposition of social distancing strategies has such advantages of containing the spread of the virus from one person to another (Delivorias, A. and Scholz, N. 2020). However the same strategy can directly affect the socially embodied organisation practices such as convening constitutional meetings.

Findings revealed that agricultural marketing businesses have been affected by the outbreak due to cancellation of transportation and shipping schedules planned to be carried out prior to the pandemic. Coffee, Cotton, Cashew nuts and other cash crops exportations have been tremendously affected and therefore call for inter-firm strategic response to this uncertainty and dependence between exchange raw material producers and processors (industries) partners as opined in the Resource Dependency Theory (RDT). Coffee is among the significant facet of the Tanzania economy it was revealed that the pandemic caused failure of transporting coffee samples to Italy where more than two months the parcel was not delivered to the client due to total lock down. The adverse effect are expected to emerge on export earnings due to weak coffee demand in external markets such as Japan, which is the leading consumer of approximately 27% of Tanzania coffee, Italy and USA which consume more than 19% and 12% respectively of the total exported coffee ESRF (2020). The drop out is a result of reduced consumer spending and closure of main marketplaces in Japan, Italy and USA where the pandemic has heated most. This is supported by Lee and Ki (2015) who opined that during the outbreak of MERS in South Korea the government closed down many public places including coffee auction places and other stifled daily activities.

Marketing and sales of Cashew nut in Agricultural Marketing Co-operatives Societies (Warehouse Receipt System) is in jeopardy due to the COVID-19 pandemic. Tanzania is one of the largest producers of cashew in Africa, ranking fourth; Tanzania's Cashew nut exports provide 10-15% of the total country's foreign currency. The largest producer regions in Tanzania are Mtwara (70%), Lindi (20%), Ruvuma 5%, Tanga and Pwani 1% (CBT, 2020). Amidst the outbreak, Cashew nut producers are experiencing hardships in the whole process of collection, marketing and selling of their produce due to social distancing aiming at containing the spread of the virus. Multi-sectoral impacts of pandemics affect the general equilibrium model which may actually be warranted Smith, *et al* (2019).

4.3.2 Drop in collections and auctions sales

In Kilimanjaro region Coffee is sold in form of cherry or parchment where coffee auctions are conducted every week on Thursdays during the season (usually 9 months) at the Tanzania Coffee Board Headquarters in Moshi where Licenced exporters come to the auction and buy coffee from suppliers who are individual farmers, groups, and cooperatives or from private buyers (www.tcb.org.tz, 2020). The study revealed that there is a fear of being exposed to the COVID-19 pandemic among farmers while bringing their products to the warehouses waiting for auctions. This results into poor collections of produces in most of warehouses in the region like that of Tanganyika Coffee Curing Company Limited (TCCC Co Ltd), Doman Coffee and Teler Winch in Moshi.

4.3.3 Crops and agricultural produce transportation

AMCOS depend on collection of agricultural produce from individual farmers who are scattered in various areas. The collection processes involve transporting the produces from farm gate as per internal markets requirements where farmers sale at farm gate price to private coffee buyers, farmer groups and cooperatives. It was revealed that emphasis on social distancing has caused fear to most of the members of being exposed to the COVID-19 pandemic virus and therefore compromised the transportation processes internally and to the external markets. This happened because the COVID-19 outbreak among others has instilled fear of been infected among members in transportation facilities. This also has caused truck owners to stop transportation in the infected areas where the precautionary measures to contain the spread of the virus is not much enhanced.

This is in line with the ET theory which entails that as a result ill health will lead to lower levels of economic activity, and poor countries will be caught in a downward spiral of depressed incomes and bad health (Thompson, 1929). This consequently results into poor collection of agricultural products actually endanger food security in some of the areas in the country.

4.4 Savings and Credit Co-operative Societies (SACCOS)

Economic growth in Sub-Saharan Africa is expected to decline from 2.4% in year 2019 to -2.1 to -5.1% in year 2020 (World Bank, 2020). The decline is expected to cause a first recession in the region in the period of 25 years. Since the confirmation of the first case in Tanzania which was followed by introduction of several orders by the government for the containment of the spread of the virus, many businesses and various services have been paralysed including the community based Savings and Credit Co-operative Societies (SACCOS). As actors in the economy they are also expected to face this hit in various angles as indicated below:

4.4.1 Limited loan recovery and Increase in NPLs

Shrinkage in demand for credit facilities and poor loan recovery resulting from increased Non-Performing Loans (NPLs) is expected to be seen in financial sector (ESRF, 2020). This study revealed that drop in loan recovery by borrowers' members has been experienced in various SACCOS in Tanzania mainland since the reported first case of COVID-19 pandemic in March, 2020. It should be remembered that among the factors that determine the loan repayment in a financial institution is household income. Factors that cause poor loan recovery in SACCOS are borrowers' cash flow patterns (Absanto and Aikarua, 2013).

Apart from the ineffectiveness of most of SACCO'S credit committee in collecting of overdue loans it is expected that most SACCOS may face a high increase in Non-Performing Loans (NPL) in their loan portfolio during the COVID-19 outbreak and therefore affect the performance of SACCOS. Organisation of co-operative credits offered to individuals depends on how loans are used and the regularity with which they are repaid (ICA, 2005). The findings revealed that in response to this unprecedented situation most of the SACCOS members with default or delinquent loans due to closure of business and therefore want to take their voluntary savings to cover their NPL and use the remaining balance to meet their immediate needs amidst the fight to contain the virus.

This implies that the members' household income and borrowers' cash flow patterns are affected by the outbreak and therefore results into failure to repay their loans. There is a danger of people living in poverty who are severely vulnerable to shock may face insurmountable economic insecurity (BIGD, 2020). This suggests that the pandemic therefore needs to be tackled in a holistic lens, where health calamity should be interlinked to economic and social catastrophe as suggested in the stage four of the Epidemiologic Transition Theory.

4.4.2 Decrease in members' savings and deposits

The decrease in members' savings and institutional working capital has been observed in visited SACCOS in Singida such as Hekima SACCOS, CITICOWS and Afya SACCOS and others in Moshi district which include ELCT-ND SACCOS, Kikkalora SACCOS and Nuru ya Maendeleo SACCOS. Many members' income generating activities have been paralysed or rather ceased due to fear and measures deployed by the government to contain the spread of the virus which have consequently resulted into decrease in savings and deposits made to the SACCOS by members and thus lowering the institutional working capital. The same situation has been observed in other sectors of the economy for example the Nairobi Stock Exchange markets (NSE) where the share value dropped by 5% due to corona virus fear (SPAU, 2020). COVID-19 has increased spending needs on health mainly on procurement of medicine and preventive equipment more rapidly at individual, institutional and national level which results into reduced savings and deposit capabilities (ESRF, 2020)

4.4.3 Liquidity risk

The liquidity position of most of SACCOS is expected to shrink due to drop in savings and deposits made by members as observed in other sectors of the economy. Experience in the financial sector showed that Dar es Salaam Stock Exchange (DSE) share value dropped by 5% due to corona virus fear immediately after the announcement of the first case in Tanzania in March, 2020. The findings from the visited SACCOS indicated

that during the months of April, May and June, 2020 deposits by SACCO'S members dropped by 6 percent compared to deposits made in the same period year 2019 and hence threatening the liquidity position of SACCOS. It is also argued that the fiscal pressure is expected to worsen due to unprecedented members' COVID-19 health problems transforming into socio-economic problems of reduced production, mass unemployment, and disruption of value chains and vast loss of incomes which actually results into reduced savings and deposits capacity. This therefore leads to SACCO'S liquidity problems and insolvency which results into failure to meet member short term requirements and expectations. SACCOS depends on member savings and deposits as reliable internal source of funds to accumulate funds for lending as loans to their members which is contrary to that suffer from liquidity position and even insolvency (Mgema, 2019).

4.4 Crosscutting Effects COVID-19 Pandemic

4.4.1 Drop in revenue collections

COVID-19 pandemic have caused drop in revenue collections in the cooperative societies. The current increased pressure on acquisition of health facilities among individuals has detrimentally affected cash flows in cooperative revenues which are consequently declining (ESRF, 2020). Findings revealed that multiple effects of COVID-19 on the performance of cooperative societies are currently observed in on-going compression in business margins, closure of income generating avenues, slowdown in business activities, retrenchment and salary losses, to mention a few have jeopardized cash flows to most of cooperative societies. Business and financial sectors revenues are dropping and expected to drop by more than 5% in the last quarter of FY 2019/20 (World Bank, 2020). Revenues from various sources flowing to cooperative societies are likely to face a sharp decline which will lead to a significant revenue gaps.

4.4.2 Technology inequality among cooperative societies

During this COVID-19 pandemic various organisations and societies have put emphasis on the use of technology in their daily undertakings as a mechanism to handle the spread of the COVID-19 and implementation of social distancing strategy. Findings show that technological status of most of the cooperative societies in Tanzania is worse and hence non-supportive to connectivity among members in terms of services delivery. Most of the cooperatives visited still use manual system in providing services to their members. The current practice encourage members to visit their cooperative offices to get services, which in return enhances the spread of the COVID-19 as it is said to be an airborne disease and also transmitted through touching surfaces which have been touched by the infected person or coming into contact with droplets of an infected person. Unequal technological status pose a challenge to the vulnerable groups (Ngwacho, 2020). Many cooperative societies are not technologically advanced and hence the social distance might be a challenge and therefore may be vulnerable to the virus.

4.4.3 Impracticability of democratic member control

Since the emergency of COVID-19 pandemic, the social distancing and fears has compromised most of conducts in the running of cooperative societies. The 2nd Cooperative principle of Democratic member control which requires that all decisions to be made by members through annual general meeting was impractical. Collective decision by members through AGM enhances social interaction and collective responsibilities on matters pertaining to their cooperative society (Mgema (2019).

Findings revealed that most of the important and final decisions are currently made by board members in response to the restriction put by the government to forbid gatherings as a measure to control the spread of the virus which is against the cooperative principles. This practice gives opportunity to unethical leaders to misappropriate funds and misuse their office oaths, manipulation or failure to observe and follow internal procedures at the expense of members. These weaknesses in governance may create inefficiency and lack of effectiveness in providing services to members (Rwekaza and Anania, 2020). In some cooperatives even the board members meetings and other committee meetings have been affected due to the fear of getting exposed to the virus.

4.4.3 Membership withdrawal

Social interaction is a pillar and core function in democratic controlled societies such as cooperatives. The process of maintaining a socially embodied and originated organisations without collectivism is critical. Findings revealed that the savings and credit cooperative societies have started experiencing a significant number of members withdrawing their membership amidst the COVID-19 outbreak arguing that they are uncertain of the future due to high spread rate of the virus and continuously increasing reported death toll. The membership dropout rate is expected to increase with respect to increase in number of new reported cases in Tanzania. This implies that membership dropout will increase especially in the community based SACCOS which normally recruit their members from the small and medium entrepreneurs. Risk of closure of business particularly micro and small and even medium sized business are hardly facing tremendous difficulties in different spheres of their operations ESRF (2020).

4.4.4 Difficulties in loans acquisition from financial institutions

The COVID-19 pandemic effects on the performance of cooperatives have threatened the possibility of cooperatives to obtain loan from financial institutions as their repayment capacity have decreased. This study reveals that some cooperative societies have even withdrawn their loan applications from commercial banks due to reduced repayment capacity and cessation/stoppage of internal loan applications launched by members. This has affected mostly the member-based SACCOS such as Nuru ya Maendeleo and Kikkalora SACCOS in Moshi District whose members' loan repayment depends on member's income generating activity rather than a well-structured flow of income in a given period of time such as employee-based SACCOS like Wazalendo SACCOS and CITCOWS in Moshi and Singida respectively. These are direct effects in the economic spheres that impair the co-operative enterprise as well as their members' socio-economic status (Smith, *et al.*, 2019).

4.4.5 Staff retrenchment and joblessness in co-operative societies

The Corona pandemic has affected co-operative societies' performance particularly the employment segment where cooperatives are paying for labour which is not generating return due to 'stay at home' strategy in the effort to contain the virus. Findings discovered that co-operative societies have reduced number of workers as they are no longer able to afford to pay salaries. This is due to decreased organisational incomes followed by delinquent and default loans resulting from business closure among members. Part time workers have already lost their livelihoods in most of the cooperative societies and other sectors in the economy (ESRF, 2020). Increased unemployment among youth has adverse impact on the country's security. Unemployed youth may be easily recruited by violence extremist and engagement into youth radicalization (Delivorias and Scholz, 2020). In this study some visited SACCOS have directed their workers to work from home as a measure to implement the social distancing strategy to contain the spread of the virus with expense of reduced 20% of the salary. Implementation of social distancing is challenging despite of its effectiveness in containing the spread of the virus (Glass, *et al.* (2020).

5. CONCLUSIONS AND RECOMMENDATIONS

It is obvious that the performance of cooperative societies has been and will be economically and socially affected by the COVID-19 pandemic. Cooperative societies have lost or are at risk of losing the incomes and if the pandemic is prolonged and becomes more severe it will be disastrous in the sector particularly in the leading cooperative societies (AMCOS and SACCOS). Cooperative societies serving most of vulnerable groups in the society are expected to face a huge burden socially and economically resulting from the COVID-19 pandemic.

There is a need for establishment of Co-operative COVID-19 Response Committee (CCRC) to collect information and maintain statistics of the COVID-19 effects in the cooperative sector which will ensure monitoring, evaluation and sectoral measure are undertaken to disseminate information to the co-operators on the status of social, economic, technological and cultural consequences of the outbreak on cooperative sector.

COVID-19 has opened opportunities for cooperative to promote co-operative innovation, strengthening value addition and marketing of cooperative products. Producer Co-operatives should use this opportunity to produce masks and sanitizers or buy from other suppliers at an affordable price and distribute to their members and the community at large.

The implementation of Integrated Co-operative Model (ICM) is of great importance at this moment. All stakeholders such as TCDC, MoCU, TFC, SCCULT and COASCO should strive to improve connectivity to revive the cooperative sector during and post-pandemic. Through co-operative platforms, education and awareness should be provided on the COVID-19 preventive measures through introduction of bulk messages on access to market and friendly repayment methods.

Introduction of online supervision and emphasis on self-regulation is of greater importance during this period. Cooperative Audit and Supervision Corporation (COASCO) should opt to use off-site audit under hygienic environment to contain the spread of the virus.

There is a need for government and cooperative stakeholders' economic intervention to sustain co-operative societies businesses and empowering co-operative members through a proper economic recovery programme. For example advocating the imposition of Tax relief to co-operative societies by reviewing the existing tax regulations; this will at least stabilise the co-operative businesses during and after the outbreak.

The government through crop boards and other agricultural development partners are required to find a mechanism to support agricultural marketing co-operative societies and farmers in order to keep them productive to enhance continuation of food production, availability and security. Co-operative members who are living in poverty cannot afford to stockpile food during this time of the outbreak, therefore hunger and food insecurity are expected to expose them to the pandemic and henceforth to the continuation of the vicious cycle of poverty shaded with diseases, destitution and death. In this regard, government should act proactively to ensure protective equipment such as masks and gloves are supplied to the farmers through co-operatives (primary and unions) for safer contact between them and other contact persons in the farm gate.

Intellectually and research based practical definition of physical and social distancing is required to make sure that there are no impacting results of the distancing practices like discrimination of the already infected which may result into stigmatisation and therefore resulting into another serious social problem. Co-operative stakeholders and fore frontiers should integrate their response approaches into the co-operative societies.

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