ASSESSING THE PERFORMANCE OF AGRICULTURAL MARKETING COOPERATIVE SOCIETIES IN MBINGA DISTRICT, TANZANIA
ASSESSING THE PERFORMANCE OF AGRICULTURAL MARKETING COOPERATIVE SOCIETIES IN MBINGA DISTRICT, TANZANIA

By,
Hussein Issa

A Dissertation Submitted in Partial Fulfillment of the Requirement for the Award of Master of Science Degree in Applied Economics and Business (MAEB) of Mzumbe University

December, 2020
CERTIFICATION

We, the undersigned, certify that have read and hereby recommend for the acceptance by Mzumbe University, a dissertation entitled “Assessing the Performance of Agricultural Marketing Cooperatives Societies in Mbinga District, Tanzania” in partial fulfillment of the award of the Master of Science Degree in Applied Economics and Business (MAEB) of Mzumbe University.

________________________
Major Supervisor

________________________
Internal Examiner

________________________
External Examiner

Accepted for the Board of MUDCC

________________________________________________
PRINCIPAL, DAR ES SALAAM CAMPUS COLLEGE
DECLARATION
AND
COPYRIGHT

I, Hussein Issa, declare that this dissertation is my own original work and that it has not been presented and will not be presented to any other University on a similar or any other degree award.

Signature ………………………………

Date……………………………………

© 2020
This dissertation is a copyright material protected under the Berne Convention, the Copyright Act 1999 and other international and national enactments, in that behalf, on intellectual property. It may not be reproduced by any means in full or in part, except for short extracts in fair dealings, for research or private study, critical scholarly review or discourse with an acknowledgement, without the written permission of Mzumbe University, on behalf of the author.
ACKNOWLEDGEMENT

My sincere appreciation goes to God Almighty, the creator of all things and a big thanks to the all members of my family, especially my wife and children for their understanding, advice and encouragement.

Special thanks go to my supervisor Dr. Mursali Milanzi, I would like to appreciate his diligent efforts, positive criticism, time and necessary corrections to ensure compliance and orderliness in my work. He provided me with valuable comments and suggestions leading to the improved quality of this report. I also acknowledge all lecturers who guided me during my course work, altogether had a great impact on the success of this research.

Finally, to all my relatives, friends and colleagues I acknowledge their encouragement, moral support, efforts and assistance especially in proof reading my drafts and making necessary corrections for the entire research document.
DEDICATION

This research is dedicated to Almighty God and my lovely family for their love, kindness and prayers, during my academic pursuit.
ABSTRACT

Agricultural Marketing Cooperative Societies (AMCOS) are expected to play an important role in the coffee production and marketing in Tanzania. By considering the role played by cooperatives in helping its members. However, are different challenges affecting service delivery to members of cooperative societies, underperforming, fragile and poorly developed AMCOS structures are some of the challenges to mention but few. The main objective of this study was to assess the factors affecting performance of AMCOS in Tanzania. The study used a sample of 100 respondents representing cooperative societies from three cooperatives namely, Burma, Ngaka and Pilikano of Mbinga District in Ruvuma region. The study used stratified and random sampling in selecting the respondents. The study used both primary and secondary data. Instruments used for collecting data were questionnaires, interview and documentary review. The study used Microsoft Excel in analyzing data. The studies found that, majority of staff from cooperative societies were not safeguarding members’ economic interest. The study found that poor governance and structure within management led to poor performance of the cooperatives. Moreover, Members’ income was low compared to non-members. The study further found that the more the income of farmers the better the better the ability to take care of coffee farms. The study also revealed that farmers who diversified income sources were able to take care of their coffee farms better than those who had only one means of income. The study further noted that majority of cooperative staff were not educated, incompetent and unqualified for their position, this resulted to poor performance in terms of accessing markets, training and guiding cooperative members. The study concluded that for cooperatives better performance the need was good governance and competent employees. Cooperative workers needed qualifications, training and skills for improved performance of cooperative societies. Cooperative management should be oriented towards achieving members’ expectations and goals. Cooperative members should be involved in election of their leaders since the results indicate that successful cooperatives have higher degree of
**ACRONYMS AND ABBREVIATIONS**

<table>
<thead>
<tr>
<th>Acronym</th>
<th>Full Form</th>
</tr>
</thead>
<tbody>
<tr>
<td>AFDB</td>
<td>African Development Bank</td>
</tr>
<tr>
<td>AMCOS</td>
<td>Agricultural Marketing Cooperative Societies</td>
</tr>
<tr>
<td>CHF</td>
<td>Community Health Fund</td>
</tr>
<tr>
<td>EPS</td>
<td>Earnings per Share</td>
</tr>
<tr>
<td>GDP</td>
<td>Gross Domestic Product</td>
</tr>
<tr>
<td>ICA</td>
<td>International Co-operative Alliance</td>
</tr>
<tr>
<td>IFAD</td>
<td>International Funds for Agricultural Development</td>
</tr>
<tr>
<td>KNCU</td>
<td>Kilimanjaro Native Co-operative Union</td>
</tr>
<tr>
<td>KRIs</td>
<td>Key Result Indicators</td>
</tr>
<tr>
<td>MBIFACU</td>
<td>Mbinga Farmers’ Cooperative Union</td>
</tr>
<tr>
<td>ROA</td>
<td>Return on Assets</td>
</tr>
<tr>
<td>ROI</td>
<td>Return on Investment</td>
</tr>
<tr>
<td>SACCOS</td>
<td>Saving and Credit Co-operative Society</td>
</tr>
<tr>
<td>WRS</td>
<td>Warehouse Receipt System</td>
</tr>
</tbody>
</table>
# TABLE OF CONTENTS

CERTIFICATION........................................................................................................... i  
DECLARATION AND COPYRIGHT ............................................................................. ii  
ACKNOWLEDGEMENT................................................................................................. iii  
DEDICATION................................................................................................................ iv  
ABSTRACT..................................................................................................................... v  
ACRONYMS AND ABBREVIATIONS........................................................................... vi  
TABLE OF CONTENTS............................................................................................... vii  
LIST OF FIGURES....................................................................................................... xi  
LIST OF TABLES.......................................................................................................... xii  

CHAPTER ONE........................................................................................................... 1  
INTRODUCTION........................................................................................................... 1  
1.1 Background to the Study ...................................................................................... 1  
1.2 Statement of the Problem .................................................................................... 3  
1.3 Objectives of the Study ....................................................................................... 4  
1.3.1 General objective ............................................................................................ 4  
1.3.2 Specific Objective ........................................................................................... 4  
1.4 Research Questions ............................................................................................. 5  
1.5 Significance of the Study .................................................................................... 5  
1.6 Limitations of the Study ..................................................................................... 6  

CHAPTER TWO.......................................................................................................... 7  
LITERATURE REVIEW............................................................................................... 7  
2.1 Introduction ........................................................................................................... 7  
2.2 Definition of Key Terms ..................................................................................... 7  
2.3 Theoretical Literature Review ............................................................................ 9
2.3.1 Communicative Action theory ................................................................. 10
2.3.2 Agency Theory .................................................................................. 10
2.4 Role of Agricultural Cooperatives in Market ........................................... 11
  2.4.1 Co-operative Societies in Tanzania .................................................... 12
  2.4.2 Tanzania coffee co-operative societies .............................................. 13
  2.4.3 Influence of Organization Governance Structure on Performance ........ 14
  2.4.4 Factors influencing members to join of AMCOS .................................. 15
  2.4.5 Challenges facing Agricultural Marketing Cooperatives Societies ......... 17
2.5 Empirical Literature Review .................................................................. 18
2.6 Conceptual Framework ......................................................................... 21
  2.6.1 Measurement of Variables ................................................................. 23

CHAPTER THREE .......................................................................................... 24
RESEARCH METHODOLOGY ........................................................................ 24
  3.1 Introduction ........................................................................................... 24
  3.2 Research Design .................................................................................... 24
  3.3 Population of the Study ......................................................................... 25
  3.4 Area of the Study .................................................................................. 25
  3.5 Sample Size .......................................................................................... 26
  3.6 Sampling Technique ............................................................................. 26
  3.7 Methods of Data Collection ................................................................... 27
  3.7.1 Primary Data ...................................................................................... 28
  3.7.1.1 Questionnaire .............................................................................. 28
  3.7.2 Secondary Data .................................................................................. 29
  3.8 Data Processing and Analysis ................................................................ 29
  3.9 Ethical Considerations .......................................................................... 29
CHAPTER FOUR ............................................................................................ 31
PRESENTATION OF FINDINGS ..................................................................... 31
4.1 Introduction .................................................................................................................. 31
4.2 Respondents’ Profile ................................................................................................. 31
4.2.1 Gender of respondents ......................................................................................... 31
4.2.2 Respondents age .................................................................................................. 32
4.2.3 Marital status ....................................................................................................... 33
4.2.4 Education level of respondents .......................................................................... 33
4.2.5 Respondents economic activities ....................................................................... 34
4.2.6 Farm size .............................................................................................................. 35
4.2.7 Access to Extension service ............................................................................... 36
4.2.8 Credit access ....................................................................................................... 37
4.2.9 Farmers income ................................................................................................ 38
4.3 Governance and Performance of AMCOS ............................................................. 39
4.4 Perception of Farmers towards Services provided by AMCOS ................................ 43
4.4.1 Provision of health care ...................................................................................... 43
4.4.2 Provision of education services .......................................................................... 43
4.4.3 Marketing of members products ........................................................................ 44
4.4.4 Storage and transportation of members produce .............................................. 44
4.5 Farmers Income and AMCOS performance ............................................................ 45
4.6 Management skills of cooperatives’ staff and Performance of AMCOS ............... 48

CHAPTER FIVE .................................................................................................................. 52
DISCUSSION OF THE FINDINGS .................................................................................. 52
5.1 Introduction .............................................................................................................. 52
5.2 Governance and Performance of AMCOS .............................................................. 52
5.2.1 Governance structure, leaders and performance of AMCOS ............................... 52
5.2.2 Clear command chain and transparency in decisions ......................................... 53
5.2.3 Supply of farm inputs to the producers .............................................................. 53
5.3 Perception of Farmers towards Services provided by AMCOS ............................. 54
CHAPTER SIX................................................................. 60
SUMMARY, CONCLUSION AND POLICY IMPLICATIONS .......... 60
6.1 Introduction ................................................................. 60
6.2 Summary of Findings ...................................................... 60
6.2.1 Influence of organization governance on performance of AMCOS ........ 60
6.2.2 Perception of Farmers towards Services provided by AMCOS .......... 61
6.2.3 Farmers Income and AMCOS performance ................................. 62
6.2.4 Management skills of cooperatives’ staff and Performance of AMCOS .... 62
6.3 Conclusion ....................................................................... 63
6.4 Policy Implications ............................................................ 64
6.5 Area for further Studies ...................................................... 65

REFERENCES ..................................................................... 66
APPENDICES ..................................................................... 69
Appendix I: Questionnaires .................................................... 69
Appendix II: Interview Guide .................................................. 74
LIST OF FIGURES

Figure 2. 1: Conceptual Framework ................................................................. 22
LIST OF TABLES

Table 4.1: Gender of respondents ................................................................. 32
Table 4.2: Age group of respondents ............................................................ 32
Table 4.3: Marital status .............................................................................. 33
Table 4.4: Respondents education level ....................................................... 34
Table 4.5: Respondents economic activities ................................................. 35
Table 4.6: Farm size ..................................................................................... 36
Table 4.7: Access to Extension of service ..................................................... 37
Table 4.8: Credit access .............................................................................. 37
Table 4.9: Farmers income ......................................................................... 38
Table 4.10: Governance structure and AMCOS performance ...................... 39
Table 4.11: Cooperative has effective and organized governance ............... 40
Table 4.12: Cooperative has qualified and experienced staff ....................... 41
Table 4.13: Cooperative has clear command chain ..................................... 42
Table 4.14: Cooperatives provide farmers agricultural inputs ..................... 42
Table 4.15: Marketing of members (farmers) products ............................... 44
Table 4.16: Cooperatives store and transport members’ produce ............... 44
Table 4.17: Income Level of members influence contribution ability .......... 45
Table 4.18: Sources of income influences performance of cooperatives ........ 46
Table 4.19: Income level influences the ability to pay members contributions... 46
Table 4.20: Reliability of members’ income influences participation .......... 47
Table 4.21: Reliability of members’ income influences consistency contribution... 48
Table 4.22: Communication to farmers ....................................................... 49
Table 4.23: Education, experience of leaders .............................................. 50
Table 4.24: Members decision making involvement .................................... 51
CHAPTER ONE

INTRODUCTION

1.1 Background to the Study

There has been increasing understanding over years on the importance of cooperatives as vital instruments for socio-economic development around the world (Khan, 2008). It was evidenced that in order for these cooperatives societies to grow and become stable and operate effectively, they need to work closely with other stakeholders, performing and developing all important internal capacity and also ensuring effectively participation of members in cooperative related matters (Anania and Rweikaza, 2016). Presence of Co-operation societies among human beings is a practice which mostly dates back many centuries since human beings started to live in groups and later on communities. These cooperatives protected members’ interests especially on economic undertakings.. These cooperatives also were important in mobilizing local resources in order to sustain and protect people’s interest in economic affairs.

Since 1884, different types of cooperatives have been formed worldwide in order to meet members common economic, social and cultural needs, which include consumer cooperatives, agricultural cooperatives, worker cooperatives, credit unions, credit cooperatives, and mutual-aid societies have been designed globally. According to the ICA (2011), almost one billion people are involved in cooperatives in different ways; it can be either as members or customers, as employees or participants. It is believed that cooperatives employ at least 100 million people worldwide. Furthermore, it has been estimated that the livelihoods of nearly half the world population are secured by cooperatives enterprises. The world’s 3500 largest cooperative enterprises have collective revenues of USD 1.9 trillion, which is comparable to the GDP of the world’s ninth largest economy.

Historically, modernized cooperative societies were originated in Europe and spread to other countries practicing industrialization in 19th century as a help method in
order to eliminate poverty conditions (Khan, 2008). In Africa, the first SACCOS were introduced by Father John Ncnulty in the year 1959 in Ghana. The major intention of the SACCOS was to help farmers to improve their economic situations. It was believed that English speaking nations were the first one to adopt the introduction of cooperative societies. There after the first entrants into SACCOS’s community in African countries were Ghana, Uganda, Nigeria, Tanzania and Kenya. Most of the Non-English speaking nations in Africa started recognizing SACCOS in the 1960s, with the major influx into SACCOS’ community in 1970s. In this case, farmers promoted and registered cooperatives related to cash crops Agricultural Marketing Cooperative Societies (AMCOS) like pyrethrum and coffee (Wanyama, 2011).

In their study Anania and Rweikaza, (2016) revealed that the most popular AMCOS in Tanzania have mostly been marketing products of agriculture after members have individually completed their farm production. These AMCOS in Tanzania mostly concentrate in marketing cash crops such as; coffee, cotton, tobacco and cashew nuts. It is believed that the Tanzania country’s economy depends mostly on agricultural activities whereby agricultural sector contributes about 37 per cent of the national GDP. The agriculture sector mostly practiced by smallholder farmers contributes about 72 per cent of total production. Therefore, in order to integrate small scale farmers, agricultural cooperatives are promoted in order to support and solve different factors that hinder small scale farmers to access markets (Maghimbi, 2010). Izekor (2012) further indicated that, despite having large numbers of agricultural cooperatives, their main functions largely remain confined to the distribution of credit, fertilizers and procurement of farm produce for national food stocks. Marketing, agro-processing, ware-housing activities are still unstable, but they assist members to boost production and incomes by pooling their resources to support collective provisions of services and also economic empowerment.

It was revealed that at the end of 1990s, there had been a growth in the establishment of other cooperatives in the country following the development of the Cooperative Act of 1991. In the year 2001 there had been some prominent SACCOS in different
parts of the country as a result of Government collaboration with development partners such as International Funds for Agricultural Development (IFAD) which aimed at expanding the reach of financial services especially in rural areas. This was conducted through the rural financing program where many villagers and farmers participated. The participation of small holder farmers has been increasing since then and currently there are over 11,500 cooperative societies with 7,970 being SACCOS and 3,530 AMCOS within the country (Mruma, 2014).

By realizing the immense contributions of these cooperatives in development efforts, the Tanzanian government also introduced the Marketing infrastructure, Value addition and Rural Finance Programme (MIVARF) in 2011 alongside African Development Bank (AfDB) and IFAD, which were planned and suited in order to strengthen grassroots financial institutions to expend and provide effective financial services especially in rural places where income is low. It was related to the needs of poor rural smallfarm households who had experienced a significant reduction in their access to financial services after the collapse of the cooperative system and the state-managed financial sector back in 1980s. Participation has been recognized as essential in ensuring inclusive development, but as a result of complexities and weak institutional frameworks, it has been a major challenge (Mruma, 2014). URT (2005) reported that, in Tanzania AMCOS have helped little in protecting interest of members leaving majority of members in poor living conditions especially the farmers. The deteriorating conditions of cooperatives have been recognized as a major contributing factor to increased poverty rate in most parts of rural Tanzania.

1.2 Statement of the Problem

Considering the importance of AMCOS and challenges they encounter in delivering services to cooperative members, the government of Tanzania introduced various interventions in order to eliminate these challenges. These include change of institutional framework by the endorsement of the Cooperative Development Policy of 2002, and the enactment of the new Cooperative Societies Act of 2003. Later in 2005, the Cooperative Reform and Modernization Program were introduced, to combat these challenges (URT, 2005). Despite all these changes and interventions in
helping AMCOS members especially farmers, there have been no significant changes achieved.

Farmers continue to face multitude and often complex challenges such as high costs of transactions which prohibits access of markets which pay better, lack of enough information, lack of training and lack of services, lack of markets to sell their products, and also lack of enough credit. Poor performance of these AMCOS taking an example of Mbinga Farmers’ Cooperative Union (MBIFACU) has resulted to members withdraw from this cooperative society. It was identified that MBIFACU failed to save and repay loans to its members. This indicates poor performance of MBUFACU in Ruvuma Region. Poor performance of this cooperative society could be caused by leadership and organizational challenges, poor working environment, political interference, corruption tendencies among AMCOS leaders or inability to adapt to changing socio-economic environment such as markets of products and services being offered. All these challenges result to poor performance and sometimes collapse of AMCOS if not addressed correctly. Therefore, this study investigated factors which affect the growth and performance of agricultural marketing cooperatives societies in Tanzania, focusing Mbinga District in Ruvuma Region as a case study.

1.3 Objectives of the Study

1.3.1 General objective
Generally, the study intended to assess the factors affecting performance of agricultural marketing cooperative societies (AMCOS) in Tanzania.

1.3.2 Specific Objective
Specifically, the study intended;

i. To determine the influence of organization structure/governance on performance in AMCOS in Mbinga District.

ii. To determine the perception of farmers towards services provided by AMCOS in Mbinga District.
iii. To determine how income level of farmers influence performance of AMCOS in Mbinga District.

iv. To establish how management skills of cooperatives’ staff influence the performance of AMCOS in Mbinga District.

1.4 Research Questions

The study was guided by the following research questions;

i. To what extent organization structure/governance influence performance of AMCOS in Mbinga District?

ii. How do farmers perceive the services provided by AMCOS in Mbinga District?

iii. How does the level of income of farmers influence performance of AMCOS in Mbinga District?

iv. How do management skills of cooperatives’ staff influence the performance of AMCOS in Mbinga District?

1.5 Significance of the Study

Findings of this study might be useful in helping the government through its responsible Ministry to identify and develop suitable approaches which may help in creating and enforcing suitable conditions which are favorable in improving AMCOS performance. Also, the study findings may help in stimulating sound practices in other stages of agriculture like; production processes, storage processes and also price fixing as well as access to market processes. Furthermore, through this study the government through its agencies which are dealing with social welfare to design various projects which will manage resources and also re-investing products into other communities depending on the resources endowment.

Moreover, the study will help in improving AMCOS performance of which findings will help in influencing other policymakers and stakeholders to design policies which will help developing rural areas within the country.
1.6 Limitations of the Study

The researcher encountered with the following limitation;

During data collection, few respondents did not return questionnaire on time this made difficult to collect information at the right time. Moreover, during interview process other respondents felt shy to speak during interview sessions. Furthermore, the researcher was encountered by limitation especially in terms of funds and time. In some ways this affected the quality and quantity of data collected during the study. Also, financial constraints hampered the researcher in his effort to conduct the study effectively.

In overcoming the limitations stated above, importance of the study was explained to all people who participated in the study. This was important because it helped in increasing number of participants in this study. Furthermore, the study concentrated on case study because of budget constrain. Therefore, the study was conducted at Mbinga District specifically to three cooperative societies namely; Burma, Pilikano and Ngaka. There are different factors which influence cooperative performance and they may be either positively or negatively. Therefore, this study considered most and investigated only four factors namely; income level of members, governance and structure of cooperatives, perception on service provision and management skills of cooperative workers.
CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction
Literature review aims among other things to refine the research ideas, reveal awareness of the current state of knowledge concerning the subject, its limitations and how the research fits in the wide context (Saunders and Thornhill, 2009). This chapter presents reviews of the literature and different studies related to the research topic. This section covered review of different theories related with the study, empirical literature review related to the research objectives and the conceptual framework that helped the researcher to relate both independent and dependent variables.

2.2 Definition of Key Terms
Agricultural Marketing Co-operative Societies (AMCOS)
These are associations established by members from different sectors for instance farmers, government, cooperative staff and other stakeholders with the intention of generating profit which is good by improving the power of bargaining in order to attain better price in the market and maintain access markets which are competent in which members (farmers) will be benefiting from achieving various inputs and services at costs which are lower compared to what they could get in other places outside the associations (Sumelius and Kumburu, 2013).

Also, it refers to the association which is autonomous of individuals who are united in voluntary terms in order to meet their common needs in terms of economic, social, cultural, and environmental needs by using jointly owned and also democratic enterprises which can be easily managed or controlled (ICA, 2005). Mostly, these cooperatives societies depend much on self helping values between members, self responsibilities, democratic appearance characterized with equality, solidarity and also equity among cooperative members. Cooperative members includes farmers or individuals who involve much in collective actions especially in marketing their
products and further involving in various tasks which include; attending seminars, trainings and also selling their agricultural products.

**Cooperatives Performance**

It is the accomplishment or the achievement of stated goals under some prescribed standards and indicators in a particular activity or undertaking. In his study Belete (2010) identified that profitability and efficiency in management are the major indicators which are mostly used. The common examples of profitability indicators are net profit, return on assets (ROA), return on investment (ROI) and earnings per share (EPS). Also, the examples of managements which are effective include; better capital usage, operations which are efficiency and also stability of the management. Furthermore, Izekor, et al. (2012) identified four indicators which are used in measuring performance; they include Key result indicators (KRIs) which explain how the organization has attained its success which is critical for the growth and performance; also Result indicators (RIs) which helps in telling what have been done and lastly; Performance indicators (PIs) which helps in telling what to do so that to improve performance.

The major problem is whether those indicators are suitable in measuring performance of cooperatives. This is so because cooperatives vary themselves from profit organizations. This means that cooperatives do not vary from other businesses conducted by other organizations. Cooperatives are conducting businesses but their main objectives contain some features which are different compared to other organizations. These cooperatives are mostly responsible for provisions of goods and services to members and this help them to get good saving and income, and high purchasing power. Also, cooperatives attain better investments, equal distribution of net surplus, productivity by increasing utilization of economies of scale, sharing costs and risks. Thus, due to these backgrounds, they are not profit maximization objective (Mahazril, 2012). Furthermore Mahazril (2012) identified that there are almost two major indicators which measures the performance of cooperatives and they include; performance of business cooperatives and also performance of cooperative principles. This means that cooperatives performing their business with
the intention of not maximizing profit therefore their business performances need to be measured in order to get an idea concerning performance. Also, according to Zarafshani (2010), the expectations of performance are relying on strategic goals of the organization, the standards which are met or exceeding the leading marketers. Any firm will establish its performance criteria in consistence with its mission and objectives. Furthermore, Zarafshani (2010) revealed that value of cooperative performance can be measured through various actions and different programs which are being practiced by taking in consideration values of cooperatives practices in their operations.

Belete (2010) identified that the process of assessing the performance of markets involves a condition which is challenging. Compared to purely internal measures of performance like defects per million, performance of marketing are mostly relying on external and large actors which are not controlled like; clients, competitors. Moreover, Izekor, and Alufohai (2012) in his study indicated that there are different market performance indicators such as financial output indicators which are important in measuring the results of actions of marketing to the costs which are accompanied in implementing those actions (for instance; sales, profit, cash-flow) and also indicators which are non financial output which includes; customer satisfaction, market share. Moreover, there exist input indicators which are reflecting market performance in terms of efforts such as marketing budgets and assets; hybrid indicator which evaluates macro dimensions which are related to increasing efficiency, effectiveness and interdependence of the multiple dimensions of system of marketing performance. Performances of these agricultural cooperative societies are important in giving strong emphasis on determining sales growth, reduction marketing costs, bargaining power and also stabilizing markets.

2.3 Theoretical Literature Review

Two theories were discussed by the researcher this was important in providing better guidelines in identifying various components which make up a strategic framework in changing practices of the management by linking with the statement of the problem.
2.3.1 Communicative Action theory
In the year 1981, Herbamas developed a theory of communicative action through which he revealed that; communication action is the outcome of mutual understanding between human beings leading to agreement and consensus. This is due to the fact that human beings are linguistic and communicating beings. This Herbama’s Communicative Action theory serves to transmit and renew cultural knowledge in a process of achieving mutual understanding. It also coordinates action towards social integration and solidarity and finally helps people to find their identities.

Khan (2008) identified that communication is an important element in any organization. This is because it helps in creating an atmosphere of participation among the parties concerned. Communication also helps in bringing about trust as well as mutual understanding among the parties because of the interactive nature that it has. It is believed that cooperative movement is mostly characterized by localized, small-scaled efforts to understand and control market forces towards social end, cooperativism viewed the market as an instrument equally amenable to social and communicatarian control as it was to control by capital. It has stayed away from a program of political control because it has very little interest of state power and its focus is social and practical (Esnard, 2016).

According to Khan (2008) communication in the cooperatives is important in any organization for it to meet successful goals.. Thus, information channels need to be clear for concerned individuals to access without problems. This would help them deal with problems with ease as well as taking advantage of any opportunity without delays.

2.3.2 Agency Theory
According to this theory, there exist relationships which are contractual entered between two different people whereby one is the agent and the other is the principal performing certain service. This relationship involves delegating some decision making authority to the agent by the principal (Jensen and Meckling, 1976).
Moreover, an agent is a person employed for the purpose of bringing his principal into a contractual relationship with a third party and does not make a contract on his own behalf. This theory was directed at the person presenting the agency relationship. This is where one party delegated work to another party who performed the duty on behalf of the principal (Izekor, 2012). This person was authorized to perform legal acts within his competence and not on his own behalf but for the principal.

This theory is relevant to this study since it informs the organization structure/governance variable. Managers or leaders of AM COS are the agents on behalf of the government and farmers while the governments are the principle. The management of AM COS is expected to work on the interest of the shareholders rather than their own interests.

### 2.4 Role of Agricultural Cooperatives in Market

According to Khan (2008) it is evidenced that, agricultural cooperative movement started in Germany whereby Friederich Wilhelm Raiffeisen (1818-88) and Wilhelm Haas (1839-1913) built up within a few years a fairly complete system of rural cooperation which included credit, supply and soon after marketing cooperatives to strengthen the movements of cooperative. This turn out to be the starting points for the establishment and expansions of agricultural cooperatives in the world.

Moreover, ICA (2005) indicated that these agricultural cooperatives helps farmers to pool their limited resources in order to enhance their earning capacity, meeting need of farmers for agricultural inputs and credits, improving marketing access and bargaining power of farmers in marketing agricultural products. The study estimated that 55% of global agricultural outputs are marketed through agricultural cooperative. In Africa, agricultural cooperative are playing a vital role in developing market to farmers especially in the rural areas, reducing transaction costs and in promoting participation of small farmers in to broader market. Despite that, this positive role of agricultural cooperative and the pace of small farmer participation in to the broader market are prohibited by different factors not to play their positive role
on ground to the rural people. It was revealed that the factors which constrained cooperative role are as result of distrust arise due to parasitism and state interference in the affairs of cooperatives in past even currently in most African countries (UN, 2010). Furthermore, Tanguy (2012) revealed that; a well functioning agriculture cooperative can play a major role in farm input supply and in marketing of farmers output. Tanguy further identified that, agricultural cooperatives stands on behalf of small farmers and help in transacting out the business in a cost effective manner and create ability to supply the required agricultural inputs to farmers. So that production can take place at the right time that can have positive impact on productivity of producers (farmers).

In countries where agricultural sector plays a crucial role in the economy growth of the country, the role cooperative societies in general and that of agricultural cooperative in particularly is unhidden truth. For instance, Tanzania’s agricultural market is mostly characterized by inefficiency and lack of competitiveness among actors in the chain. This has neither benefited the producer nor the end users or consumers from agricultural outputs (Sumelius et al, 2013). Without effective and efficient involvement of cooperative in the development process, where millions of farmers are engaged in subsistence agriculture on fragmented farm plots, it would be impossible to have sustained and efficient agricultural marketing system to come out in Tanzania. Though modern agricultural cooperative in Tanzania started back in 1980’s and considered as an appropriate tool of rural development, they restrained by different factors not to play their positive role on ground to the rural people (Maghimbi, 2010).

2.4.1 Co-operative Societies in Tanzania

Back in 1980’s the liberalization of trade resulted to various impacts to the cooperative sectors (Khan, 2008). It was revealed that these cooperative societies firstly are not strong condition during its establishment with trade reforms processes and had no proper space of breathing to adjust in order to cope with the change and these situation makes traders who are private to benefit more from their businesses. Also, very little emphasis on membership cooperation and many of these cooperative
societies did not have access to management which are professional in which these challenges led to some few cooperatives to act as agents for private traders and not as marketers as indicated prior establishment (Mruma, 2014).

In Tanzania currently, there exist different forms of cooperatives societies which includes financial, mining, irrigation, agricultural marketing, fisheries and also industrial cooperatives. Cooperative societies dealing with financial issues such as SACCOS seems to be dominant in the country and they accounts to approximately 59% of members in total of all cooperatives movement in Tanzania. Then after follows AMCOS cooperatives consisting to 40% followed by other cooperatives societies consisting less than 1% (Sumelius et al., 2013).

Tanzania cooperative sector is mostly organized in almost four tier structures whereby primary societies occurs at lowest level; also primary societies may result in forming secondary societies which are termed as Unions and also these secondary societies may result in forming tertiary societies. In general all these cooperatives societies may result in to fourth level called Co-operative Federation (Mruma, 2014).

2.4.2 Tanzania coffee co-operative societies

According to Anania and Rweikaza (2016) the cooperative societies which are aiming at improving primary cooperatives are encountered by different obstacles. Some of the cooperative farmers who are members do not sell their agricultural produce to the cooperatives unions. This is because majority of unions do not satisfy interest of members because of persistently conducting roles which are more traditional, tendency of bureaucracy and corruption tendencies which all these results into dissatisfaction and also stress among majority of cooperative members. Due to these factors farmers have not been selling their agricultural products of coffee to these cooperatives unions such as; KNCU in Kilimanjaro region.

These difficulties facing KNCU resulted to emerge of a joint venture called G32. The KNCU started its operations in 2002/2003 whereby this unions was formed by 32 primary societies who before where members of KNCU. Despite that, some primary cooperatives are still members of KNCU because they still have shares at the KNCU
(Sumelius et al., 2013). The formation of G32 is considered as a good example of a modern union structure, which does not deal directly with products.

The G32 societies act as a good facilitator which helps in protecting, training, and providing skills and knowledge to members of the society. Through the tasks performed by this joint venture, primary societies are in a situation of entering into markets which are competitive at costs which are lower. The primary societies which are concerned involve shareholders from the cooperative bank and they trade by the use of Warehouse Receipt System (WRS). By the use of WRS members are in a position to access loans of their crops and pay on time their members. The G32 are not in a position to handle any form of cash and does not handle any physical commodities. In this scenario, these primary societies provide crops directly to buyers. The major role of G32 is to control, manage, supervise and provide advice on trading processes and also providing pertaining during business negotiations.

Generally, majority of cooperative societies which fall under KNCU in Kilimanjaro resulted in performing poor in marketing of coffee compared to those which operates under system of G32. Furthermore, those primary cooperatives societies which have selling their coffee through cooperative unions have performed weak and individuals which include members and the public do not have faith in them because of poor performance which is caused by poor governance and management (Sumelius et al., 2013).

### 2.4.3 Influence of Organization Governance Structure on Performance

Mahazril (2012) identified that performance as a way from which an organization creates arrangements of organizational from which it can continue its strategies in ways which are effectively. Despite that, only designing strategies which are suitable is not seen as the only way enough. Therefore, in order for strategies practices to be implemented clearly, it needs to be supported by various decisions concerning the suitable structure of the organization, system of reward, organization culture and resources together with good governance. It is believed that good governance might affect management changes. Good governance is seen as the most important drivers
for strategy implementation. Even-though, lack of good governance results to barriers for strategies to be implemented effectively (Nkhoma, 2011).

Nkhoma (2011) further defined governance as the ability control, rule or manage an organization and also to empower other people in creating changes in strategic when needed. It is concept which is multifunctional involving controlling others and also assisting an organization to cope with various changes which seems to be rising rapidly due to current globalized environment of business. Governance problems might become vital when there is excessive and also improper manipulation of the credit granting procedures by the board. Actions which are identified perceive governance as style which helps in contributing effective strategies implementation and helps in determining the direction of these strategies, designing balanced control of the organization, resource of organization to be managed effectively, attain a sustainable culture of the organization and also insisting on ethical practices. Mahazril (2012) in his research identified that organization governance might affect its performance at large. Thus, organizations need to be designed in a way that it can handle pressure to change the organization environment and achieve chances which are available.

Chaddad (2013) revealed that organization performance mostly depends largely on how an organization is managed. The study found that governance of an organization and its strategies need to similar and also supportive with each other in order to achieve the targeted goals being set. The structure of the organization is important in identifying its activities and how it will coordinate them in achieving the strategic goals of the firm. It will help in providing organization managers with a force of exploiting in fully the skills and also employees capabilities with costs which are low and also enhancing capacity of the firms in order to attain quality and superior efficiency, great innovations together with response from customers.

2.4.4 Factors influencing members to join of AMCOS

According to ICA report (2005), it was identified that in order to develop the production of agriculture products in terms of quantity or quality, farmers who are members need to encouraged and supported by the government to join in
cooperatives in order for them to increase their power of bargaining and attaining prices which are high on their agricultural products. These cooperatives are established mainly for different reasons. For instance; they are mostly involved in the provision of growers’ services, accessing and also controlling inputs and their uses. Also, they are involved in products which are featured with high quality through processes of washing stations. The major aim is to increase participation and involvement of farmers to changes which are positive in the members’ livelihoods. Members of the cooperative believe that through the development of quality and also quantity of their agricultural products they are in a position of earning higher prices for their products (ICA, 2005).

Members especially farmers join cooperatives societies in order to promote economies of scale in cooperatives activities. The economies of scale are reached when the operational and handling costs decrease as the output increase in production of a given product. Costs relating with transportation, processing, marketing and auction may be reduced where there is possibility to generate economies of scale in processing and marketing commodities such as; through organizing large number of producers and process collectively and sell to common buyer (Chaddad, 2013).

The sustainability access to farm inputs is important in order to ensure sustainability of farm productivity by co-operative members. It is revealed that these co-operative are giving credit to members in order for them to purchase inputs such as; fertilizers, farm equipments and agrochemicals and products storage and drying facilities. The farm inputs are important since they help co-operative members to increase and sustain their output level that may meet the demand of the buyers and bring revenue to members and their co-operative in whole (Chaddad, 2013). Furthermore, members are interested in joining cooperatives societies because of the efficiency of the Union in delivery of services. Presence of good leadership and governance of these cooperatives results to good delivery of goods and services to members (Ghosh, 2013).
2.4.5 Challenges facing Agricultural Marketing Cooperatives Societies

According to UN (2010), marketing cooperative societies plays a big role in the socio-economic development of a country. These cooperatives are faced with different challenges which need attention if maximum benefit is to be derived from their operations for sustainable economic development and benefit to its members. Cooperatives in African countries are threatened by mounting challenges capable of hampering their effective performance and being one of the strategies for economic development and transformation.

Proper management practices and capacity are vital in bringing achievement in co-operative societies. Poor management results to failure of various cooperative plans, loosing direction due to lack of clear vision and even problems in management of funds and other resources and poor planning lack of strategic planning. Management problems have been identified in many cooperatives societies in Africa. These problems occur due to poor planning of the co-operative, failure to diversify into other income generating activities, poor recording keeping, failure to influence changes among members and lack of enough training on managerial skills. All these delay the delivery of expected benefits to members (Tanguy, 2012).

Financial deficit challenge is the other challenge facing cooperatives societies. The budget deficit is making it difficult for co-operative societies to diversify their income-generating activity to add more income-benefits to its members. Lack of enough funds has been mostly occur due to overdependence on revenue such as tariffs from sales of agricultural products, existence of many members who have not yet met the minimum number (amount) of shares as well as existence of non-trustful members selling products to private buyers hence reduce revenue amount to their co-operatives (Wollni, 2007).

Moreover, other challenges facing cooperatives societies according to Nkhoma (2011) include; presence of cooperative leaders who are not serving interests of co-operative members, lack of entrepreneurial skills among co-operative members, resistance to change, inadequate understanding of co-operative laws and policies.
among members, members do not understand well their rights and responsibilities and low educational levels of leaders especially to committees and Board members and the staffs as well as limited capacity of the co-operatives to employ professional staffs. In his study Ghosh (2013) identified different challenges which range from poor governance to limited managerial skills, inadequate funding, limited access to investment credits, ineffective implementation of government policies, resistance to change, inadequate education in cooperative operations and limited marketing activities.

2.5 Empirical Literature Review

Despite the fact that the in Tanzania, cooperatives societies started in 1980s there existed different kinds of reforms of these cooperatives because they were featured with different challenges in their operations. Despite that, some of these reforms have been supported by the government in order to protect members especially farmers. It can be seen that, majority of these reforms initiated by the government focused much on in changing cooperatives governance structures, their policies and also legislations. For instance; the Cooperative Societies Act of 1991 provided a vital benchmark of changes in these cooperatives societies in Tanzania. the Act helped in providing a benchmark for registration and also promotion of autonomous controlled members of these cooperatives which were seen and identified internationally under principles of cooperatives. Because of these factor, during initial years of practicing the reforms in the Act, the concept of cooperative reforms started to be more familiar in the society (Mruma, 2014).

These reform policies helped in providing the base in developing conducive environment for these cooperatives in order for them to consider members benefits. Thus, in supporting this scenario the Tanzanian government established and also practiced various plans to support cooperatives such as the cooperative reform formed in 1991 known as Co-operative Structural Act (CSA). The commitment of the government in supporting cooperatives developed to a point of bailing out and providing economic life leases to some of cooperative unions which were
underperforming. For example; in 1994/95 the Tanzanian government intervened by
taking almost 88 percent of debts of some cooperative unions which were not stable
whereby these cooperatives continued to be dormant in their operations (URT, 2005).

In the country, these cooperatives societies have mainly focused in operating in rural
areas from their foundation in 1960s as it was identified in their first five year plan.
The continuation of these reforms in agricultural marketing has affected much the
performance together with the working conditions of AMCOS in the country. By
considering the policies in these reforms, these cooperatives societies generally have
seen an increase tendency characterized with limited and lack of protection from the
government or other institutions. These cooperatives have current opened up to stiff
competition in which it has resulted for them to lose their monopoly in marketing
agricultural products. The reforms have helped these AMCOS to operate on their
own and learn to implement in autonomy way. The eradication of status in monopoly
and higher member’s freedom has resulted to setting into motion of big scale
reorganization among cooperatives and support institutions. The first aim of AMCOS
was to enable its members to raise their income and also enlarge their capacity in
developing members benefits from the service rendered by and also through AMCOS
(Mruma, 2014).

Despite all the Government efforts, the major continuation and disturbing element
has been the fact that the performance of many cooperatives has remained to perform
poor compared to expectations. Also, level of income poverty further has continued
to be a major problem to many members (farmers). These cooperatives societies in
the country have continued to perform poor to its members. For instance; unions
such that of KNCU failed to provide farmers advance payments for their produces on
time resulting for them to fall in totally income poverty. Also, the unions failed to
provide loans and other agricultural resources such as seeds, pesticides (Sumelius,
2013).

According to Sumelius (2013), the most seen evidence experienced by members was
that, members of the unions did not get their income on time upon selling their
produce to the union. This was due to the fact that some of the union members
decided to embark some strategies of marketing which would help in ensuring raise of income from their produce. Therefore, in order to seek for good package of revenue outside the union, some of the members within the unions through their primary societies decided to remove themselves from the union where they used to market their produce. They formed a joint venture between them and this paid them well in term of innovations and income generation to these farmers.

Other cooperatives like GOMATA which involved the union of three villages namely; Gonjaza, Malindi and Tae within Same district in Klimanjaro region started their marketing reforms more easily compared to other cooperative unions such as Nshara and Mamsera. It was identified that the GOMATA cooperative rural dealing with selling coffee was listed among the first primary cooperative societies to remove themselves from trading their produce from their origin union known as VUASU Co-operative Union (VCU) in 1999 to 2000. These decisions by members were much caused by poor performance of VCU and also poor provision of services to members. Since the liberalization emerged, cooperatives members had many challenges which included things such as; payments delaying, poor system of input delivery and also the tendency of monopolistic behavior of VCU union behavior towards primary societies (Mruma, 2014).

The study identified that not only Tanzania cooperative societies members wanted reforms in cooperative societies. Other reforms in different countries also occurred. Countries such as India, Uganda and Kenya also experienced reforms in their cooperative societies. Mahazril et al. (2012) identified that the major reason for reforms in cooperative societies for instance in India was due to government interference, poor management of resources and also manipulations of peasant farmers, lack of awareness and clearness on the objectives of the cooperatives together with weakness in cooperative functions such as lack of training. Also, in Uganda as identified by Wanyama (2011), it was revealed that in 1970 the cooperative Statue Act indicated that cooperatives are a mere extension of the government machinery. They have continued to be going different kinds of reforms due to poor performance and lack of benefits to members.
Conversely, the above empirical literature review focused much on cooperative innovations in Tanzania mostly in Kilimanjaro region due to mainly streamlining the mechanism of financing of key value chain activities. In this scenario, two financing arrangements were mostly considered for innovation as identified by (Mruma, 2014). The first one involves financial institutions and the coffee processor by the use of Warehouse Receipt System (WRS) and the second one was the use of KILICAFE3’s financial linkage. The system of WRS was designed by a group of 32 primary cooperative societies which have removed themselves from KNCU and forming an intermediate registered known as Kilimanjaro New Co-operative Initiative – Joint Venture Enterprises Limited (KNCI-JVE Ltd.), which is famously known as G32. Therefore, among the many other factors for undertaking this study was what influences their members not to channels their products by marketing through AMCOS.

2.6 Conceptual Framework
Saunders (2009) defined conceptual framework as the collection and the model of concepts which are interrelated and provide a language which is fruitful and orientation, in which to frame substantive research problems. Conceptual frameworks therefore explain a subject area and might give context to the available evidence. Therefore, conceptual model is a careful description of the concepts and also the relationships among them.
Figure 2. 1: Conceptual Framework

Independent Variable

Organization governance

Perception of services

Income level of farmers

Management skills of cooperative staff

Dependent Variable

Performance of AMCOS

Intermediate variable

-Government policies
- Organization structure

2.6.1 Measurement of Variables

**Independent variables**

The conceptual framework below showed that the performance of agricultural cooperatives societies can be determined by profitability and efficiency in management to its members. The study assumes that organization structure and governance through leadership style, organization centralization help in attaining good performance of cooperative societies. It is also assumed that perception of farmers differ on the service cooperative offers. The study assumed that members perceive that cooperatives provide access of training, health care, food security, access to credit and market. Furthermore, level of income from farmers due to their economic activities helps in determining the performance of income of cooperatives. For example, when farmers’ income is low, they may not be able to meet coffee growing related requirements hence reducing their output. These requirements could be buying of fertilizers, pesticides and labor charges. Also, a well skilled cooperative management will be able to manage their cooperatives using the skills taught other than working under influence of their peers.

**Dependent variable**

The conceptual framework further assumed that the performance of AMCOS depends on indicators such as management capacity, high resource base and participation level and number of meetings.

**Intermediate variables**

Also, intermediate variables include factors such as organization structure and government policies which helps in influencing decisions made at the cooperative societies. For instance, political involvement can develop cooperative activities and it can also interfere the performance hence causing cooperatives to collapse; as presented in Figure 2.1 above.
CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

Research methodology refers to the organized and systematic approach on how a problem is solved. The aim of this chapter is to give the work plan of the research. The chapter provides vital information on variety of sections such as study area, design of the research, population of the study and sample and sampling methods used. This chapter provides further information on techniques which was used in collecting data and the plan on how data will be analysed.

3.2 Research Design

According to Kothari (2004) research design refers to the master plan which identifies the techniques of collecting and analyzing the required data which are used to carry out the study. Research design further explains the steps which are to be followed in completing the study. In conducted this study, descriptive research design was used by the researcher. This design was established in order to provide a picture of the situation as it happens naturally. The researcher used this design to justify the current practice and in making some judgments. This study used descriptive approach in order to determine the characteristics which were explained in the research questions (Kothari, 2004). In order for this study to be successful performed, a descriptive approach was adopted in an attempt of assessing the factors affecting the performance of agricultural marketing cooperatives societies (AMCOS) in Tanzania.

A descriptive survey was selected because it provides an accurate portrayal or account of the characteristics, for example behavior, opinions, abilities, beliefs, and knowledge of a particular individual, situation or group. This design was chosen to meet the objectives of this study. The design was used to measure characteristics described in research questions. In conducting this study, the researcher used case study research design.
Case study design is the research design which entails the detailed and intensive analysis of a single case. It is the type of research design which organizes social data for the aim of viewing social reality and it also examines the social unit as a whole. Saunders and Thornhill (2009) argued that case studies are valuable in informing people the conditions that are rare or unusual and therefore not easily studied in any other way. This type of design was chosen since it is flexible in terms of data collection, data analysis and also in term of breadth and depth of variables studied. Furthermore, case study was used because it allowed the use of various data collection methods in order to reach the validity and reliability coverage of the study. The design is also cheaper and consumes less time due to limited resources, therefore it enabled the researcher to focus much on the study.

3.3 Population of the Study
According to Kothari (2004) population refers to as the huge group of cases from which the researcher draws a sample to conduct the study. The target population for this study was individual members of the Mbinga Farmers’ Cooperative Union (MBIFACU) in Mbinga District which includes 21 unions such as Ngaka, Ilela, Burma, Mkwaya, Lituru, Pilikano; as well as the staff members of the coffee cooperatives. The study therefore used the coffee cooperative members as well as coffee cooperatives staff as a sampling frame within which the sample based. According to the coffee cooperatives census in Mbinga District, there are 4,504 farmers who were cooperatives members and 40 members of cooperatives staff in Ngaka, Burma and Pilikano cooperative societies. Therefore, the target population was 4,544 individuals for Ngaka, Burma and Pilikano cooperative societies only.

3.4 Area of the Study
The study was conducted in Mbinga District, with the aim of assessing the factors affecting performance of agricultural marketing cooperatives societies in Tanzania. Mbinga is one of the five districts of the Ruvuma Region of Tanzania. It is bordered to the north by the Njombe Region, to the east by Songea Rural District and Songea Urban District, to the south by Mozambique and to the west by Lake Nyasa. Among these five districts, Mbinga is leading in coffee production. The area is chosen for the
study because its easily accessibility and its potential in coffee production. Mbinga produces an average of 52,780 tones of clean coffee for the past five years (2011/12 – 2015/16) compared to other regions such as Kilimanjaro, Kagera and Arusha. Also, the area was chosen because it has large number of AMCOS (21 unions) compared to other regions.

3.5 Sample Size
A simple random sampling technique was used to select a sample size of 100 cooperative farmers and cooperative staff. The sample was obtained from three cooperative societies which will include 4504 farmers and 40 cooperative staff operating in Mbinga District. According to Saunders (2009), for statistical efficiency, validity and reliability the minimum sample size should be 30% cases. According to Borg and Gall (1998) a representative sample should be 20-30% of the population. However, the study employed a formula by Mugenda (2008), to identify the sample size from the population as shown below;

\[ n = \frac{N}{(1+N[e]^2)} \]

whereby;
\[ n = \text{sample size}, \quad N = \text{population size}, \quad e = \text{acceptable margin of error at 5\% (0.05 STD value)} \]

By using the above formula with error 5\% and with confidence coefficient of 95\% the research involved 100 members as sample size.

3.6 Sampling Technique
Sampling technique refers to the situation of choosing sample elements so that to make it representative of the whole population. The selected respondents in general resulted to what is referred to as a sample and overall process of selecting is known as sampling technique.

The researcher used stratified random sampling to select the respondents. Saunders (2009) identified that, stratified random sampling is the type of probability sampling
which involve dividing the population into homogeneous subgroups (strata) and finally taking random sample member from each group. Since there were few (three) cooperative societies Ngaka, Burma and Pilikano; all were considered in this study. The researcher obtained the lists of cooperative members of each cooperative society. For this study, each cooperative society was regarded as a stratum. Simple random sampling was used to select the respondents from each stratum. This technique was applied to identify subsequent respondents from the lists based on the respective sample sizes from each cooperative.

The researcher used this method because it accurately reflects the population being studied since the researcher is stratifying the entire population before applying random sampling methods. In short, it ensures each subgroup within the population receives proper representation within the sample. Thus, stratified random sampling provided better coverage of the population since the researcher had control over the sub-groups to ensure all of them are representing in the sampling process.

3.7 Methods of Data Collection

In carrying out this study, the researcher used different data collection methods which include standardized questionnaires with both open and closed type of questions which the researcher used in order to supplement the interview guide from the respondents (Adam and Kamuzora, 2008).

The presence of data is evidence that the researcher collected information so as to shed light upon the particular kind of questions asked. According to Saunders (2009), methods of data collection refers to the systems which are used to collect data. Both types of data primary and secondary were used in collecting information from questionnaires and interview guide questions presented to cooperative staff and members of the cooperative societies. Furthermore, other information was collected from cooperative society journals, reports concerning the trends in Mbinga District.
3.7.1 Primary Data

Kothari (2004) defined primary data as the type of data which the researcher collects for the first time and a fresh thus they happen to be original in term of character. These type of data were collected by the use questionnaires whereby they were obtained from coffee growers who are members of the cooperatives and the data ranged from the past five years. Primary data were collected through the use of questionnaire and interview methods.

3.7.1.1 Questionnaire

According to Kothari (2004) questionnaire consist different type of questions which can either be printed or typed in a logical order or series especially on form or set of forms. This study involved both semi structured and unstructured questionnaires. Semi-Structured questionnaire were used for data collection from the cooperative members and leaders. The questionnaires contained both closed and open ended question items. They were structured in sections to collect relevant information as limited to the objectives of the study. These sections were based on demographic factors, marital status, education level attained, income level, years engaged in services. The unstructured interview schedule was used to collect information from village leaders.

3.7.1.2 Interview

Saunders (2009) defined interview method as the process of communication or interaction in which the person being interviewed is needed to present various information in form of verbal and basically in face to face situation. In descriptive study, interview aims at obtaining continuous description in which the subjects describe as precisely as possible what they experience and feel, and how they act. This method was preferred for this study due to its nature of being flexible, where the interviewer re-adjusted questions to probe for in-depth response from the interviewee. Face-to-face interviews were conducted with cooperative officers of Ngaka, Burma and Pilikano and cooperative leaders. The interview method of data collection was preferred due to its high response rate. That is, it gives the two people concerned an opportunity to interact and get details on the questions and answers.
Through interviews, clarification of issues is easily achievable leading to accuracy of data from the respondents.

3.7.2 Secondary Data

Secondary data were obtained from documentations available at MBIFACU Library. Different statistics on coffee production were obtained from Mbinga cooperative offices, the researcher also made review to other authors concerning the issues which relate to the objectives of the study. The researcher collected secondary data and make a review of various documents. Documents are said to be crucial in any research since they act as a bridge by channelling obtained data collected through the use of various methods of research such as interview and questionnaire. In this study, the researcher collected secondary data from different reports in Mbinga District Council, MBIFACU office, Coffee Companies and other relevant materials in relation to the study problem.

3.8 Data Processing and Analysis

The data collected were thoroughly examined for error and were tabulated. The researcher carried out descriptive analysis in every objective and descriptive statistics were used to examine and explore one variable at a time which helped the researcher to understand and interpret the study. Descriptive statistics was used when a sample consists of more than one variable, especially in describing the relationship or even showing comparison among variables (Kothari, et al 2009). Processing of data was supported by the use of Microsoft Excel which helped in drawing diagram that help in analysis and discussions of findings. Frequency tables and graphs were worked out basing on the data entered into Microsoft Excel. The tables and graphs were used for presentation of findings.

3.9 Ethical Considerations

The researcher relied on ethical issues as identified by Kamuzora and Adam (2008), while undertaking this study. The research followed the three principles of ethics which include respect, beneficence and justice. The participants were informed of the
purpose of the study before information was provided from them thus conforming to the principle of voluntary and informed consent.
CHAPTER FOUR

PRESENTATION OF FINDINGS

4.1 Introduction
This chapter provides presentation of findings and analysis. The first section of the chapter provides characteristics of the respondents. The second section determines the perception of farmers towards services provided by agricultural co-operatives. The third section of the chapter determines the influence of organization structure/governance on performance in agricultural marketing cooperatives societies while the fourth section determines how income level of farmers influences performance of agricultural cooperatives. The last section of the chapter establishes how management skills of cooperatives’ staff influence the performance in agricultural marketing cooperatives.

4.2 Respondents’ Profile
The sub-section of this chapter presents background characteristics of respondents’ profile. This part aims at exploring the composition of respondents by considering gender, level of education, marital status, years engaged in services, economic activities of respondents, sources of income of respondents and land size in acres respondents own.

4.2.1 Gender of respondents
The study was interested in determine gender of respondents in order to determine the capability of the respondents. The respondents were asked to indicate their gender. Study finding indicated that majority of respondents were males who represented 83% of the sample while only 17 were female, as demonstrated in Table 4.1.
Table 4.1: Gender of respondents

<table>
<thead>
<tr>
<th>Gender</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Male</td>
<td>83</td>
<td>83.0</td>
</tr>
<tr>
<td>Female</td>
<td>17</td>
<td>17.0</td>
</tr>
</tbody>
</table>

**Total** | **100** | **100.0** |


The results therefore indicated that there are more male members than female members in these three cooperative societies as revealed by the above figures. The reason why more males participate in cooperative may be due to more involvement of men in agriculture in the study area than the female. And also the other reason was that women tend to be busy with other household duties resulting to not having enough time to participate in cooperatives duties.

4.2.2 Respondents age

The study was interested in determining respondents’ age groups in order to determine the capability of the respondents. Thus, the study identified that respondents in this study have different age groups; as demonstrated in Table 4.2

Table 4.2: Age group of respondents

<table>
<thead>
<tr>
<th>Age group</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than 18 years</td>
<td>9</td>
<td>9.0</td>
</tr>
<tr>
<td>18 – 35 years</td>
<td>12</td>
<td>12.0</td>
</tr>
<tr>
<td>36 – 40 years</td>
<td>41</td>
<td>41.0</td>
</tr>
<tr>
<td>41 – 45 years</td>
<td>32</td>
<td>32.0</td>
</tr>
<tr>
<td>Above 46 years</td>
<td>6</td>
<td>6.0</td>
</tr>
</tbody>
</table>

**Total** | **100** | **100.0** |

In this study, 9% of respondents are below 18 years, 12% of respondents were aged between 18 to 35 years, 41% were aged between 36 to 40 years, 32% were aged between 41 to 45 years while only 6% were above 46 years. This findings indicated that majority of the respondents are in their middle age and therefore suitable in undertaking productive work which need effective decision making.

4.2.3 Marital status

Respondents were required to identify their marital status as presented in table 4.3 below;

<table>
<thead>
<tr>
<th>Marital status</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Married</td>
<td>53</td>
<td>53.0</td>
</tr>
<tr>
<td>Divorced</td>
<td>11</td>
<td>11.0</td>
</tr>
<tr>
<td>Single</td>
<td>27</td>
<td>27.0</td>
</tr>
<tr>
<td>Widowed</td>
<td>9</td>
<td>9.0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>100</strong></td>
<td><strong>100.0</strong></td>
</tr>
</tbody>
</table>

**Source:** Field Data, (2019).

As shown in the table 4.3 above from the total respondent 53% were married member and 27% were single whereas, divorced and widowed members account for 11% and 9%) respectively. This implies that majority of respondents were married meaning that their dependency ratio rate was high because most co-operative members had families.

4.2.4 Education level of respondents

Level of education of the respondents represented the level of formal schooling which was completed by respondents during the completion of this study. In this study respondents were asked to indicate their highest level of education attained; Table 4.4 below shows the results obtained from field survey;
### Table 4.4: Respondents education level

<table>
<thead>
<tr>
<th>Education level</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Primary and secondary</td>
<td>47</td>
<td>47.0</td>
</tr>
<tr>
<td>Certificate and Diploma</td>
<td>31</td>
<td>31.0</td>
</tr>
<tr>
<td>First Degree</td>
<td>18</td>
<td>18.0</td>
</tr>
<tr>
<td>Masters degree</td>
<td>4</td>
<td>4.0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>100</strong></td>
<td><strong>100.0</strong></td>
</tr>
</tbody>
</table>

**Source:** Field Data, (2019).

The findings show that all the participants in the cooperatives were relatively educated, however the study showed that majority of members reached primary and secondary level 47%, 31% attained certificate and diploma education level, 18% attained first degree while only 4% of respondents have completed masters degree. This indicates that majority of the respondents are literate and therefore suitable in undertaking farm and business productive activities which require technical knowledge. In Sumelius (2013) study, it was revealed that education is considered to be the basic human need which is essential for attaining all the basic needs and it helps in accelerating development by means of training workers and enabling farmers to make progress by using available resources.

#### 4.2.5 Respondents economic activities

In table 4.5 all participants from three cooperative unions were required to indicate their economic activities. During response, majority of respondents 51% were practicing farming activities.
Table 4.5: Respondents economic activities

<table>
<thead>
<tr>
<th>Economic activities</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employed as civil servant</td>
<td>7</td>
<td>7.0</td>
</tr>
<tr>
<td>Livestock keeping</td>
<td>13</td>
<td>13.0</td>
</tr>
<tr>
<td>Farming</td>
<td>51</td>
<td>51.0</td>
</tr>
<tr>
<td>Business</td>
<td>29</td>
<td>29.0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>100</strong></td>
<td><strong>100.0</strong></td>
</tr>
</tbody>
</table>

Source: Field Data, (2019).

Furthermore, 29% of respondents were doing business activities, 13% were practicing livestock keeping while only 7% were employed as civil servant. This implies that over 50% of participants in this study practice farming activities as their major source of income in the three cooperative societies. However, in this study it was found that few were businessmen and other employed in civil servant in Mbinga district are still members of these cooperatives.

4.2.6 Farm size

According to Ponera (2015), land is an important component factor used in production of all different types of crops/plants in the world. Thus, from this study, land was used for farming activities and also for other crops. The study was also interested to identify the size of farm for farmers they had in producing coffee and the yield they harvest. Size farm was measured in terms of acres was identified; as illustrated in Table 4.6
Table 4. 6: Farm size

<table>
<thead>
<tr>
<th>Farm size</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than 5 acres</td>
<td>52</td>
<td>52.0</td>
</tr>
<tr>
<td>6 – 10 acres</td>
<td>31</td>
<td>31.0</td>
</tr>
<tr>
<td>10 – 15 acres</td>
<td>11</td>
<td>11.0</td>
</tr>
<tr>
<td>More than 15 acres</td>
<td>6</td>
<td>6.0</td>
</tr>
</tbody>
</table>

Total 100 100.0

Source: Field Data, (2019).

Table 4.6 above shows that, during the study it was found that from all the three cooperatives societies Ngaka, Burma and Pilikano 52% of respondents have 5 acres or less, 31% had between 6 to 10 acres, 11% had between 10 to 15 acres while only 6% had more than 15 acres. This finding implies that most of farmers in Mbinga District own land between 1 to 5 acres with minority of them owning above 15 acres. The study also noted that quite number of farmers own less than one acres of land. This indicates that there are land shortages within the district compared to people population of the district, therefore there is a need for more land for farmers to engage much in coffee production. Despite the fact that majority of farmers said to acquire more land for farming, during interview majority of them admitted that they are engaged in other types of farming apart from coffee farming. This is due to the deterioration of coffee prices in the cooperative unions, brokers and international markets and also due to the fact that coffee is a product which is seasonal which could leave the farmers with food insecurity.

4.2.7 Access to Extension service

Table 4.7 below indicates that 66% of the respondents do not have contact with the extension agents while 34% of participants do have access to the extension services.
Table 4.7: Access to Extension of service

<table>
<thead>
<tr>
<th>Extension of service</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>34</td>
<td>34.0</td>
</tr>
<tr>
<td>No</td>
<td>66</td>
<td>66.0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>100</strong></td>
<td><strong>100.0</strong></td>
</tr>
</tbody>
</table>

**Source:** Field Data, (2019).

The study revealed that farmers who do not have access to extension of services are in a risk of lowering level of production due to lack of information. Farmers who have high percentage of accessing extension services are more exposed in adopting new technology and innovations which will finally help in improving production level within cooperatives. This finding is similar to Nkhoma (2011) study which revealed that extension of services in agricultural sector is the most crucial source of accessing information to farmers especially in Sub Sahara countries and it plays a key role in affecting farmers adoption of innovations.

4.2.8 Credit access

The study further found that only 41% of the respondents have access to credit while majority of them 59% had no access to credit. Table 4.8 presented the findings;

Table 4.8: credit access

<table>
<thead>
<tr>
<th>Credit access</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>41</td>
<td>41.0</td>
</tr>
<tr>
<td>No</td>
<td>59</td>
<td>59.0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>100</strong></td>
<td><strong>100.0</strong></td>
</tr>
</tbody>
</table>

**Source:** Field Data, (2019).
This finding implies that majority of members in Mbinga district do not access credit from their cooperative societies due to shortage of enough funds within their cooperatives. One interviewee from Burma cooperative society said that;

“Most of the times our cooperative society does not provide us with fund, leaders claimed that the organization does not have sufficient fund to provide to every member...therefore we cannot purchase agriculture inputs such as seeds, fertilizers on time…”

Accessing credit helps in increasing the likelihood of members joining cooperatives societies because they can facilitate cheap, easy and reliable credit compared to that obtained from other lending institutions such as commercial banks which is characterized with high interest rate and collateral requirements. This finding is similar to Okwoche et al. (2014) study which argued that farmers need to be sufficiently motivated with availability of credit, because it will help in enhancing agricultural production. Furthermore, presence of agricultural credits plays a major role in the socio-economic transformation of the rural economies.

4.2.9 Farmers income

The study was interested in identifying farmers’ income from cooperative members. Members of the cooperative societies’ (farmers) monthly income were assessed and the following was found as presented in Table 4.9

Table 4.9: Farmers income

<table>
<thead>
<tr>
<th>Farm income (Tzs)</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than 250,000</td>
<td>39</td>
<td>39.0</td>
</tr>
<tr>
<td>251,000 – 500,000</td>
<td>41</td>
<td>41.0</td>
</tr>
<tr>
<td>501,000 – 1,000,000</td>
<td>11</td>
<td>11.0</td>
</tr>
<tr>
<td>Above 1million</td>
<td>9</td>
<td>9.0</td>
</tr>
<tr>
<td>Total</td>
<td>100</td>
<td>100.0</td>
</tr>
</tbody>
</table>

Source: Field Data, (2019).
From the table above, the study found that farmers who earn above 1 million Tzs constitute to 9%, those who earn between 501,000 to 1 million Tzs constitute to 11%. It was also found that most of them 41% earn between 251,000 to 500,000 Tzs while 39% earn less than 250,000 Tzs. This finding implies that majority of farmers earn income ranging from 250,000 to 500,000 Tzs. The study further identified that the income farmers access was not only from coffee farming but it was also obtained from other sources such as business, livestock keeping and employment opportunities. Also, it was noted that very few farmers earn over 1 million Tzs per month this could have been contributed due to their large land size they possess.

4.3 Governance and Performance of AMCOS

The first objective of the study was to determine the influence of organization structure/governance on performance in agricultural marketing cooperatives societies in Tanzania. Respondents (farmers) were asked to identify how they perceive the governance structure in performing their duties, leadership style, experience and education level of cooperative staff, their command chain and the provision of agricultural inputs to farmers. The results of the findings are presented below;

<table>
<thead>
<tr>
<th>Good governance</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strongly agree</td>
<td>15</td>
<td>15.0</td>
</tr>
<tr>
<td>Agree</td>
<td>11</td>
<td>11.0</td>
</tr>
<tr>
<td>Neutral</td>
<td>8</td>
<td>8.0</td>
</tr>
<tr>
<td>Disagree</td>
<td>40</td>
<td>40.0</td>
</tr>
<tr>
<td>Strongly disagree</td>
<td>26</td>
<td>26.0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>100</strong></td>
<td><strong>100.0</strong></td>
</tr>
</tbody>
</table>

**Source:** Field Data, (2019).

Table 4.10 above shows that majority of respondents 66% (40% + 26%) disagree that the organization has strong and organized governance structure. It was also found
that 26% (15%+11%) of respondents agree with the statement, while only 8% were neutral. This finding implies that majority of cooperative members disagree that the organization has strong and organized governance structure. The study noted that good corporate governance practices for co-operatives were still lacking and insufficient in terms of their development and implementation.

The study also asked respondents to identify whether the organization has effective and strong governance as presented in Table 4.11.

Table 4.11: Cooperative has effective and organized governance

<table>
<thead>
<tr>
<th>Effective leadership</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strongly agree</td>
<td>11</td>
<td>11.0</td>
</tr>
<tr>
<td>Agree</td>
<td>30</td>
<td>30.0</td>
</tr>
<tr>
<td>Neutral</td>
<td>9</td>
<td>9.0</td>
</tr>
<tr>
<td>Disagree</td>
<td>33</td>
<td>33.0</td>
</tr>
<tr>
<td>Strongly disagree</td>
<td>17</td>
<td>17.0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>100</strong></td>
<td><strong>100.0</strong></td>
</tr>
</tbody>
</table>

Source: Field Data, (2019).

In their reply, it was found that 41% (11%+30%) of respondents said that their cooperatives societies has strong governance with strong leadership style, 9% were neutral while 50% (33%17%) disagree with the statement.

Moreover, the study also asked respondents to identify whether the organization has qualified and experienced staff as presented in Table 4.12.
In their reply, it was found that 19% (3%+16%) of respondents agreed that their cooperatives societies has qualified and experienced staff, 18% were neutral while 63% (42%+21%) disagree with the statement. This finding implies that among the three cooperatives societies top management lack qualified and experience staff. It was expected that among the three cooperative societies each one would employ a well qualified and experienced manager. Among the three AMCOS visited by the researcher, two of them had employed general managers who have secondary level with no experience in cooperative activities and the other one was led by a general manager who has diploma qualification with very little experience.

Furthermore, the study also asked respondents to identify whether the organization has a clear command chain and transparency in decisions. Chain of command describes any supervisory or organizational structure which incorporates levels of management and supervision. Table 4.13 presents the study findings.

Table 4.12: Cooperative has qualified and experienced staff

<table>
<thead>
<tr>
<th>Qualified and experienced staff</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strongly agree</td>
<td>3</td>
<td>3.0</td>
</tr>
<tr>
<td>Agree</td>
<td>16</td>
<td>16.0</td>
</tr>
<tr>
<td>Neutral</td>
<td>18</td>
<td>18.0</td>
</tr>
<tr>
<td>Disagree</td>
<td>42</td>
<td>42.0</td>
</tr>
<tr>
<td>Strongly disagree</td>
<td>21</td>
<td>21.0</td>
</tr>
<tr>
<td>Total</td>
<td>100</td>
<td>100.0</td>
</tr>
</tbody>
</table>

Source: Field Data, (2019).
Table 4.13: Cooperative has clear command chain

<table>
<thead>
<tr>
<th>Clear command chain</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strongly agree</td>
<td>10</td>
<td>10.0</td>
</tr>
<tr>
<td>Agree</td>
<td>28</td>
<td>28.0</td>
</tr>
<tr>
<td>Neutral</td>
<td>10</td>
<td>10.0</td>
</tr>
<tr>
<td>Disagree</td>
<td>33</td>
<td>33.0</td>
</tr>
<tr>
<td>Strongly disagree</td>
<td>19</td>
<td>19.0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>100</strong></td>
<td><strong>100.0</strong></td>
</tr>
</tbody>
</table>

Source: Field Data, (2019).

In their reply, it was found that 38% (10% +28%) of respondents agreed that their cooperatives have clear command chain and transparency, 10% were neutral while 52% (33% +19%) disagreed with the statement that their cooperative societies have clear command chain and transparency in making decisions.

In order to keep production progressive, there must be continuous supply of farm inputs to the producers. The study also asked respondents to identify whether the organization arranges the supply of inputs required by the farmers, such as improved seeds, fertilizers, insecticides and pesticides. Table 4.14 presents the study findings;

Table 4.14: Cooperatives provide farmers agricultural inputs

<table>
<thead>
<tr>
<th>Agriculture inputs</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strongly agree</td>
<td>0</td>
<td>0.0</td>
</tr>
<tr>
<td>Agree</td>
<td>16</td>
<td>16.0</td>
</tr>
<tr>
<td>Neutral</td>
<td>13</td>
<td>13.0</td>
</tr>
<tr>
<td>Disagree</td>
<td>51</td>
<td>51.0</td>
</tr>
<tr>
<td>Strongly disagree</td>
<td>20</td>
<td>20.0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>100</strong></td>
<td><strong>100.0</strong></td>
</tr>
</tbody>
</table>

Source: Field Data, (2019).
From table 4.14 above it was found that only 16% of respondents agreed that their cooperatives societies provide them with agricultural inputs required by the farmers, such as improved seeds, fertilizers, insecticides and pesticides; 13 were neutral while 71% of respondents disagreed with the statement.

4.4 Perception of Farmers towards Services provided by AMCOS

The second objective of the study was to identify how members perceive the services offered by their cooperatives societies. There was a divergent opinion expressed by sampled respondents. Respondents were required by the researcher to identify how they perceive the services offered by their cooperatives societies on services such as health care, training, credit availability and also security of market of their crops. Different responses were presented by respondents.

4.4.1 Provision of health care

The researcher asked AMCOS staff to provide information and data on how much they spend on health care services to their cooperative members. The study found that majority of staff working on these two cooperatives identified that, their cooperatives support their members on health care services at minimal level compared to other. While those staff working on Pilikano AMCOS said that their cooperative supports their members on health services at high level.

4.4.2 Provision of education services

Respondents were asked whether these cooperatives societies provide education services such as training, seminars to its members. The researcher asked cooperatives staff whether they provide education services and training to cooperative members. The study found that, all the three cooperatives societies provide education to its members. Education to members is provided through seminars and also during the annual general meetings conducted per year.
4.4.3 Marketing of members products

Table 4.15: Marketing of members (farmers) products

<table>
<thead>
<tr>
<th>Markets members produce</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strongly agree</td>
<td>0</td>
<td>0.0</td>
</tr>
<tr>
<td>Agree</td>
<td>11</td>
<td>11.0</td>
</tr>
<tr>
<td>Neutral</td>
<td>19</td>
<td>16.0</td>
</tr>
<tr>
<td>Disagree</td>
<td>38</td>
<td>38.0</td>
</tr>
<tr>
<td>Strongly disagree</td>
<td>32</td>
<td>32.0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>100</strong></td>
<td><strong>100.0</strong></td>
</tr>
</tbody>
</table>

Source: Field Data, (2019).

The study found that 70% of respondents disagreed with the statement that their cooperatives societies facilitate them with access to marketing services.

4.4.4 Storage and transportation of members produce

The study was also interested in determining whether these agricultural marketing societies provide transport and storage services to its members from the produce. Different answer were identified by respondents as presented below in Table 4.16

Table 4.16: Cooperatives store and transport members’ produce

<table>
<thead>
<tr>
<th>Storage and transport</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strongly agree</td>
<td>29</td>
<td>29.0</td>
</tr>
<tr>
<td>Agree</td>
<td>41</td>
<td>41.0</td>
</tr>
<tr>
<td>Neutral</td>
<td>13</td>
<td>13.0</td>
</tr>
<tr>
<td>Disagree</td>
<td>10</td>
<td>10.0</td>
</tr>
<tr>
<td>Strongly disagree</td>
<td>7</td>
<td>7.0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>100</strong></td>
<td><strong>100.0</strong></td>
</tr>
</tbody>
</table>

Source: Field Data, (2019).
The findings indicated that 70% (29%+41%) agreed that their cooperative societies are collecting and also storing members’ coffee and transport to the respective market.

4.5 Farmers Income and AMCOS performance

The third objective of the study was to determine how income level of farmers influences performance of agricultural cooperatives. It is believed that, income is a crucial element in any cooperative movement. When there is reliable income level of members’ results to improved support for the activities of cooperatives. Funds from cooperative members are important and they are associated with members-control and also members usage. Thus, cooperative societies will be active when income level of members’ is reliable and sustainable.

Respondents were asked to determine whether income level of members influences ability of contribution. Table 4.17 below presents the findings;

<table>
<thead>
<tr>
<th>Income level</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strongly agree</td>
<td>25</td>
<td>25.0</td>
</tr>
<tr>
<td>Agree</td>
<td>51</td>
<td>51.0</td>
</tr>
<tr>
<td>Neutral</td>
<td>15</td>
<td>15.0</td>
</tr>
<tr>
<td>Disagree</td>
<td>9</td>
<td>9.0</td>
</tr>
<tr>
<td>Strongly disagree</td>
<td>0</td>
<td>0.0</td>
</tr>
<tr>
<td></td>
<td><strong>100</strong></td>
<td><strong>100.0</strong></td>
</tr>
</tbody>
</table>

Source: Field Data, (2019).

The results showed that 76% (25%+51%) of respondents agreed that high income level influences contribution ability, 15% of respondents were neutral with the statement while only 9% disagreed with the statement that higher income level influences contribution ability.
Table 4.18: Sources of income influences performance of cooperatives

<table>
<thead>
<tr>
<th>Income level</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strongly agree</td>
<td>29</td>
<td>29.0</td>
</tr>
<tr>
<td>Agree</td>
<td>42</td>
<td>42.0</td>
</tr>
<tr>
<td>Neutral</td>
<td>11</td>
<td>11.0</td>
</tr>
<tr>
<td>Disagree</td>
<td>18</td>
<td>18.0</td>
</tr>
<tr>
<td>Strongly disagree</td>
<td>0</td>
<td>0.0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>100</strong></td>
<td><strong>100.0</strong></td>
</tr>
</tbody>
</table>

**Source:** Field Data, (2019).

Table 4.18 above presented the findings which interprets that 71% (29%+42%) of respondents agreed that sources of income influences performance of cooperatives, 11% were neutral while 18% disagreed with the statement.

Also, respondents were asked to determine whether level of income influences the ability to pay members contributions. Table 4.19 below presents the findings;

Table 4.19: Income level influences the ability to pay members contributions

<table>
<thead>
<tr>
<th>Income level</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strongly agree</td>
<td>31</td>
<td>31.0</td>
</tr>
<tr>
<td>Agree</td>
<td>39</td>
<td>39.0</td>
</tr>
<tr>
<td>Neutral</td>
<td>18</td>
<td>18.0</td>
</tr>
<tr>
<td>Disagree</td>
<td>10</td>
<td>10.0</td>
</tr>
<tr>
<td>Strongly disagree</td>
<td>2</td>
<td>2.0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>100</strong></td>
<td><strong>100.0</strong></td>
</tr>
</tbody>
</table>

**Source:** Field Data, (2019).
Table 4.19 above presented the findings which interprets that 70% (31%+39%) of respondents agreed that income level influences the ability to pay members contributions, 18 were neutral while 12% disagreed with the statement. Respondents said that the average joining fee of members was 85,000 Tzs with the maximum amount of 300,000 Tzs per member which is paid when a member joins cooperative. Fees contribution from members is important because it helps in financing different operations of the cooperative and also keeping accounts of the cooperation operating and active.

Furthermore, respondents were asked to determine whether reliability of income members’ influences participation. Table 4.20 below presents the findings;

**Table 4.20: Reliability of members’ income influences participation**

<table>
<thead>
<tr>
<th>Income level</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strongly agree</td>
<td>46</td>
<td>46.0</td>
</tr>
<tr>
<td>Agree</td>
<td>32</td>
<td>32.0</td>
</tr>
<tr>
<td>Neutral</td>
<td>22</td>
<td>22.0</td>
</tr>
<tr>
<td>Disagree</td>
<td>0</td>
<td>0.0</td>
</tr>
<tr>
<td>Strongly disagree</td>
<td>0</td>
<td>0.0</td>
</tr>
</tbody>
</table>

**Total** 100 100.0

**Source:** Field Data, (2019).

The findings revealed that 78% (46%+32%) of respondents agreed that reliability of income members’ influences participation while only 22% were neutral with the statement.

In addition, respondents were asked to determine whether reliability of income influences consistency of contribution. Table 4.21 below presents the findings;
Table 4. 21: Reliability of members’ income influences consistency contribution

<table>
<thead>
<tr>
<th>Income level</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strongly agree</td>
<td>50</td>
<td>50.0</td>
</tr>
<tr>
<td>Agree</td>
<td>31</td>
<td>31.0</td>
</tr>
<tr>
<td>Neutral</td>
<td>19</td>
<td>19.0</td>
</tr>
<tr>
<td>Disagree</td>
<td>0</td>
<td>0.0</td>
</tr>
<tr>
<td>Strongly disagree</td>
<td>0</td>
<td>0.0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>100</strong></td>
<td><strong>100.0</strong></td>
</tr>
</tbody>
</table>

**Source:** Field Data, (2019).

From the table above it was found that 81% of respondents agreed that reliability of income influences consistency of contribution while minority of respondent was neutral with the statement. The overall findings implies that among the three cooperatives societies namely; Ngaka, Pilikano and Burma access to income and financial stability was found to be important for succession and performance of members and their organization. All the three cooperatives were found to be in a position to finance themselves through different sources such as levies collected from sales of members’ coffee.

### 4.6 Management skills of cooperatives’ staff and Performance of AMCOS

The fourth objective of the study was to establish how management skills of cooperatives’ staff influence the performance in agricultural marketing cooperatives in Mbinga district. According to Nkhoma (2011), management skills are acquired and learnt. The ability to exchange information and communicate is vital to every member within an organization. Since management skills can be learnt, respondents were asked to identify whether management skills of cooperatives’ staff influence the performance in agricultural marketing cooperatives through serving their clients (members) properly.

The study sought to determine how communication affected members of the cooperatives (farmers) in their line of production. Respondents were asked to
determine how leaders and managers of their cooperatives listen, formally and informally to cooperative members in order to recognize their concerns. The study found that poor communications skills among members, board of directors, management and community are the major reason for many cooperatives failure.

Table 4.22 below indicated the results;

**Table 4. 22: Communication to farmers**

<table>
<thead>
<tr>
<th>Communication with farmers</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strongly agree</td>
<td>19</td>
<td>19.0</td>
</tr>
<tr>
<td>Agree</td>
<td>51</td>
<td>51.0</td>
</tr>
<tr>
<td>Neutral</td>
<td>0</td>
<td>0.0</td>
</tr>
<tr>
<td>Disagree</td>
<td>19</td>
<td>19.0</td>
</tr>
<tr>
<td>Strongly disagree</td>
<td>11</td>
<td>11.0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>100</strong></td>
<td><strong>100.0</strong></td>
</tr>
</tbody>
</table>

*Source: Field Data, (2019).*

Table 4.22 above indicated that majority of respondents 70% (19%+51%) agreed that members communicate with their leaders more frequently, while 30% disagreed with the statement.

Furthermore, the study wanted to know how competent, education and experience level of cooperative leaders’ influences the performance of AMCOS. Respondents were asked to identify how good interpersonal skills of managers, good understanding the concept of cooperative, good educational level, and experience of management in cooperative have significant role in the success of the cooperative. Table 4.23 presented the findings;
Table 4.23: Education, experience of leaders

<table>
<thead>
<tr>
<th>Education/experience of leaders</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strongly agree</td>
<td>33</td>
<td>33.0</td>
</tr>
<tr>
<td>Agree</td>
<td>47</td>
<td>47.0</td>
</tr>
<tr>
<td>Neutral</td>
<td>15</td>
<td>15.0</td>
</tr>
<tr>
<td>Disagree</td>
<td>5</td>
<td>5.0</td>
</tr>
<tr>
<td>Strongly disagree</td>
<td>0</td>
<td>0.0</td>
</tr>
<tr>
<td>Total</td>
<td>100</td>
<td>100.0</td>
</tr>
</tbody>
</table>

Source: Field Data, (2019).

From table 4.23 above, the study found that 80% (33%+47%) of respondents agreed that good interpersonal skills of managers, good understanding the concept of cooperative, good educational level, and experience of management in cooperative have significant role in the success of the cooperative, 15% were neutral while only 5% disagreed with the statement.

Also, in order to gain understanding of their perceptions regarding the degree of participation and decision-making within the cooperatives, the researcher asked respondents to identify their perception concerning their involvement in decision making and participation. Table 4.24 below presents the results;
### Table 4.24: Members decision making involvement

<table>
<thead>
<tr>
<th>Members decision making involvement</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strongly agree</td>
<td>25</td>
<td>25.0</td>
</tr>
<tr>
<td>Agree</td>
<td>38</td>
<td>38.0</td>
</tr>
<tr>
<td>Neutral</td>
<td>19</td>
<td>19.0</td>
</tr>
<tr>
<td>Disagree</td>
<td>16</td>
<td>16.0</td>
</tr>
<tr>
<td>Strongly disagree</td>
<td>2</td>
<td>2.0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>100</strong></td>
<td><strong>100.0</strong></td>
</tr>
</tbody>
</table>

**Source:** Field Data, (2018).

It was found that members participates fully in decision-making as agreed by majority of respondents 63%, 19% were neutral while 18% disagreed with the statement. It was found that when the general assembly is meets, every member has a say within the meeting.
CHAPTER FIVE

DISCUSSION OF THE FINDINGS

5.1 Introduction
This chapter presents the discussion of the findings which are relating with the research objectives

5.2 Governance and Performance of AMCOS
The first objective of the study was to determine the influence of organization structure/governance on performance in agricultural marketing cooperatives societies in Tanzania. Respondents (farmers) were asked to identify how they perceive the governance structure in performing their duties, leadership style, experience and education level of cooperative staff, their command chain and the provision of agricultural inputs to farmers.

5.2.1 Governance structure, leaders and performance of AMCOS
Governance structure within an organization affects at large its performance. Good governance structure is always shaped with clear goals, strategic mandates and also is an important driver for effective strategy implementation. Nevertheless, poor governance within an organization has been identified as one of the major barriers to effective strategy implementation. This finding implies that majority of members (farmers) said that their cooperative societies governance and leaders are not strong and effective. Governance and competent of leaders are among the basic components in corporate governance in that it helps in contributing the management of cooperative societies in a competitive way. The profile of good governance helps in establishing values and ethics as the foundation of leadership and is connected to management accountability and also responsibilities. For effective good governance, good and effective behavior for all levels in the management remains vital (Mahazril et al., 2012).
According to Ponera and Njau (2015), good governance is an important component in any developing company or organization since it is believed to provide a structure in which organization goals and objectives are being set and also the way of attaining those goals and evaluating performance are determined. In other words, it refers to putting these structures in action by ensuring transparency, accountability and also proper management practices for the benefit of organization members. Poor governance within an organization result to downfall of the organization.

5.2.2 Clear command chain and transparency in decisions

The study finding found that all three cooperative societies experienced a problem of lack clear command chain within them resulting difficult in solving various challenges such as fair price, conflicts among leaders. It was found that many cooperative societies within the district still practice the traditional hierarchy in favor of structures that use a team approach. In his study Wanyama, (2011) revealed that lack of clear command chain within an organization led to many problems. He further said that when an organization lacks it instead of making decisions on big picture issues, monitoring, planning and providing leadership, managers may be may be caught up in the day-to-day duties, making decisions about things that are best left in the hands of those closer to the situation.

5.2.3 Supply of farm inputs to the producers

The study found that majority of 71% of respondents disagreed that their cooperative societies supply them with farm inputs. During interview one member from Pilikano Cooperative Society said that;

“Our organization does not provide us with agricultural inputs at all…the major reasons leaders argues that the cooperative does not have fund…”

One member from Burma cooperative society also said that;

“Very few among us are provided with these agricultural inputs such as pesticides, fertilizers. In order to get these inputs, one needs to
give corruption to organization leaders. Therefore instead of wasting time farming coffee, many of us have shifted to other crops such as maize, vegetables and paddy…”

Among the three cooperatives societies Ngaka cooperative society was found to provide up to a maximum of Tshs 350,000/= without interest and members repay the credit after selling their coffee. Respondents from Ngaka revealed that, they receive coffee seedling, fertilizers and pesticides. This finding resembles with Esnard (2016) study which revealed that agricultural cooperative societies are importance in promoting agricultural production since they help members in accessing credit at affordable rate which helps farmers in buying different farm inputs such as fertilizers, seeds and agrochemical.

The overall finding is similar to Mahazril et al., (2012) study which indicated that poor governance, lack of transparency and management problems are widely known to affect many cooperatives societies in African countries as opposed to the relatively solid nature of regulated institutions. The finding further agrees with the study of Chaddad and Iliopoulos (2013) conducted a research on determining the impact of organizational governance, style of leadership and presence of communication on efficiency and productivity in public health care organization. The study findings concluded that structure of an organization are important because they help in facilitating processes and also helps in performing of activities in efficient ways.

5.3 Perception of Farmers towards Services provided by AMCOS

The second objective of the study was to identify how members perceive the services offered by their cooperatives societies.

5.3.1 Provision of health care

Cooperatives societies staff from Ngaka and Burma identified that their trend in support health care services to its members keeps on decreasing from year to year due to lack of enough funds to finance health sector to all members. For instance; in 2016 the two cooperatives societies paid Tshs 40 million and Tshs 48 million to its members; 2017 Ngaka paid Tshs 37.5 million while Burma paid Tshs 42.4 million;
in 2018 Ngaka paid Tshs 30.1 million while Burma paid Tshs 39.8 million. This implies that majority of cooperatives members have no access to health care services. Only few respondents especially from Pilikano cooperative society identified that, their cooperative has connected its members with Community Health Fund (CHF) whereby members are contributing to the fund and given medical services in return. Despite this, members especially farmers claimed that the provision health care are not good enough due to poor services provided by the health centers providers. The study from ICA (2005) reported that cooperatives are important economic organizations that provide social services such as education, health care to their members when finance is available.

5.3.2 Provision of education services
The study found that, all three cooperative societies provide education services to its members. Respondents identified that, some leaders conduct field visit and train their members on issues such as productivity, quality control, marketing and also management. For example; in 2015/2016 almost Tshs 5,500,000 were used by Pilikano cooperative society for educating members for 3 days whereby 120 members, 4 staff and 6 top leaders were trained. The seminars were concerned on better methods of farming.

Other respondents further claimed that, sometimes these meeting are taking place far away from residence of members. For instance; in 2016/2017 the meeting members claimed that there was a meeting which took place in Dodoma Region. Due to the location of the meeting, majority of members who are small scaled farmers did not afford to attend the meeting from Mbinga to Dodoma due to lack of income. Therefore, some cooperatives officers who attended the meeting identified that few members/leaders who attended the meeting said their suggestions and opinions on behalf of other members but they suggestions and opinions were not even considered for implementation.

5.3.3 Marketing of members products
The study found that 70% of respondents said that, their cooperative societies do not support them in marketing their products. Respondents indicated that their
cooperatives are not helping them in marketing of their agricultural produce (coffee) from farmers to the markets. They further identified that the co-operative do not help members in obtaining good prices and stable markets. This finding is contrary with Belete (2010) study, which revealed that agricultural cooperative are vital in marketing agricultural produce and they are mostly identified in helping generating a pro-competitive impact in imperfectly marketing competition. Despite this, there might exist crop buyers who may overpower members in price or marketing bargaining processes. This is due to the fact that the large buyers have greater power of bargaining and receive better information compared to small buyers. Therefore, it is possible for them to provide unfavorable trade terms or special demand consideration from cooperatives.

5.3.4 Storage and transportation of members produce

The findings indicated that 70% (29%+41%) agreed that their cooperative societies are collecting and also storing members’ coffee and transport to the respective market. It was further found that at the end of the harvest period, the cooperatives are transporting the bulk coffee from their storage rooms and transport them to the curing factory for the process of grinding. After finishing all the processes then coffee is sent to the Tanzania Coffee Curing Ltd for processing and grading. It is believed that by collecting and transporting bulk coffee through cooperatives, it has helped members in reducing operating costs therefore obtaining economies of scale. The work of Izekor and Alufohai, (2012) identified that co-operatives need to provide services such as; storage, marketing, price setting and transport to their members.

5.4 Farmers Income and AMCOS performance

The third objective of the study was to determine how income level of farmers influences performance of agricultural cooperatives.

5.4.1 Income level influences the ability to pay members contributions

From Table 4.19 above presented the findings it was found that 70% of respondents agreed that income level influences the ability to pay members contributions.
Respondents said that the average joining fee of members was 85,000 Tzs with the maximum amount of 300,000 Tzs per member which is paid when a member joins cooperative. Fees contribution from members is important because it helps in financing different operations of the cooperative and also keeping accounts of the cooperation operating and active.

5.4.2 Income reliability influences consistency of contributions

From the table above it was found that 81% of respondents agreed that reliability of income influences consistency of contribution. The overall findings implies that among the three cooperatives societies namely; Ngaka, Pilikano and Burma access to income and financial stability was found to be important for succession and performance of members and their organization. All the three cooperatives were found to be in a position to finance themselves through different sources such as levies collected from sales of members’ coffee.

5.5 Management skills of cooperatives’ staff and Performance of AMCOS

The fourth objective of the study was to establish how management skills of cooperatives’ staff influence the performance in agricultural marketing cooperatives in Mbinga district.

5.5.1 Communication to farmers

Table 4.22 indicated that majority of respondents 70% agreed that members communicate with their leaders more frequently. During interview, one respondent from Burma cooperative said that leaders of the cooperative meet with members twice per year while another member from Ngaka cooperative stated that meeting with members occurs six times per year. Thus, the difference of answers from respondents gives reasons to think communication among members by frequency of meeting is irregularly. Moreover one of the interviewee pointed out that;

“Since most of agricultural cooperatives members are illiterate face-to-face communications will have a great impact on their success which is related to good communication medium.”
This indicates that there is no set pattern for the frequency of meetings among cooperatives societies in Mbinga District. Thus, members need more training on how to share information in their cooperative societies. According to Tanguy (2012) in order to develop and maintain a successful cooperative business, incorporating effective member-owner communications is one among the key success factors in helping to develop the capacity of the management and members to listen well and respond correctly to the genuine concerns of the workers and the community.

5.5.2 Education, experience of leaders

From table 4.23 above, the study found that 80% of respondents agreed that good interpersonal skills of managers, good understanding the concept of cooperative, good educational level, and experience of management in cooperative have significant role in the success of the cooperative. Respondents argued that, inexperienced manager is a challenge for the success of cooperatives. This finding implies that there is very slight indifference on the influence education in relation experience of management to work with cooperatives. One respondent during interview said that;

“If we see Ilela and Mkwaya unions, their former leaders attained only secondary school education level’ with only one year of experience in cooperative business, however during that time these unions were almost approaching to fail…”

Different studies support this finding. For instance; Belete (2010) argued that interpersonal skills of organization leaders have the greatest impact on the success of cooperatives. Also, Ghosh (2013) revealed that a cooperative manager needs a lot of expertise and understanding of the collective work. Experienced of cooperative leaders and managers are vital components in succession of cooperatives societies. The lack of proper education for cooperative officials led to AMCOS conducting unprofitable businesses.
5.5.3 Members involvement in decision making

It was found that members’ participates fully in decision-making as agreed by majority of respondents 63%. From this finding it was found that, members (farmers) contribute their ideas in sector meetings whereby their ideas are further forwarded to their cooperative leaders who make final decisions. One member during interview said that;

“I am a sector counselor for the cooperative therefore I conduct regular meetings with my team, the ideas collected are forwarded to the sector leaders who in turn passes them to the top level of the cooperative management.”

The overall findings implies that all the three cooperatives societies in Mbinga district namely; Burma, Ngaka and Pilikano lack competent and qualified top leaders to run their organization. This is evidenced with poor performance to almost all cooperative societies operating in within the district. It is assumed that, the more the knowledge, the better service delivery and effectiveness of an employee. Lacking special skills or lack of an expert in this line would in most cases affect cooperatives performance.

Presence of managers or leaders with skills implies that an organization will be more strategically especially in business planning, making decision, risk management, being innovative and also competitive in business which finally led to effectiveness of the resources available. This finding is consistent with Chaddad and Iliopoulos (2013) study which revealed that cooperatives which are successful had management with relative higher education leaders compared to unsuccessful cooperatives. Tanguy et al. (2012) have further put more emphasize on this by referring of the failure of the California Rice Growers Association due to lack of managerial skills among leaders/managers.
CHAPTER SIX

SUMMARY, CONCLUSIONS AND POLICY IMPLICATIONS

6.1 Introduction
This chapter summarizes the study findings, conclusion and also recommendations of the study. For the purpose of clarification, the study conclusions are based on the objectives of the study. Also, recommendations of the study are based on the study findings basing on cooperative members (farmers), government agencies, cooperative staff and other stakeholders. The chapter also includes suggested areas for further research.

6.2 Summary of Findings
This sub-section provides a summary of the findings from the study analysis. This is done in line with the objectives of the study.

6.2.1 Influence of organization governance on performance of AMCOS
The first objective of study was to determine the influence of organization structure/governance on performance in agricultural marketing cooperatives societies. The findings indicated that majority of respondents 66% disagree that the organization has strong, structure and proper governance. This collaborates with Mahazril et al., (2012) study which indicated that poor governance, lack of transparency and management problems are widely known to affect many cooperatives societies in African countries as opposed to the relatively solid nature of regulated institution. The study also indicated that 50% of respondents disagreed with the statement their cooperatives societies has good leadership style. Lack of good leadership and mostly by the top management within an organization has been identified as one of the major barriers to effective strategy implementation.

The study further indicated that 63% of respondents disagreed with the statement that their cooperatives societies has qualified and experienced staff. This finding implies that among the three cooperatives societies surveyed, top management lack qualified
and experience staff. Also, the study found that 52% of respondents said that their cooperative societies lack clear command chain and transparency in making decisions. Wanyama (2011) in his study revealed that lack of clear command chain within an organization led to many problems. The study also found that only 16% of respondents agreed that their cooperatives societies provide them with agricultural inputs required by the farmers, such as improved seeds, fertilizers, insecticides and pesticides.

6.2.2 Perception of Farmers towards Services provided by AMCOS

The second objective of the study was to identify how members perceive the services offered by their cooperative societies. In the provision of health care, the study found that most of the agricultural cooperatives do not provide health care services to its members as identified by 60% of respondents. The study further found that majority of respondents 63% agreed that their cooperatives societies provide education services to its members (farmers), while only 14% disagreed with the statement. Education to members is provided through seminars and also during the annual general meetings conducted per year. Some leaders conduct field visit and train their members on issues such as productivity, quality control, marketing and also management. These findings are similar to ICA (2005) study which reported that cooperatives are important economic organizations that provide social services such as education, health care to their members when finance is available.

The study also found that 70% of respondents disagreed with the statement that their cooperatives societies facilitate them with access to marketing services. Respondents indicated that their cooperatives are not helping them in marketing their agricultural produce (coffee) from farmers to the markets. The findings further indicated that almost 70% of respondents agreed that their cooperative societies are collecting and also storing members’ coffee and transport to the respective market. It was further found that at the end of the harvest period, the cooperatives are transporting the bulk coffee from their storage rooms and transport them to the curing factory for the process of grinding. Findings on this objective are similar to the work of Izekor and
Alufohai, (2012) which identified that co-operatives need to provide services such as; storage, marketing, price setting and transport to their members.

6.2.3 Farmers Income and AMCOS performance

The third objective of the study was to determine how income level of farmers influences performance of agricultural cooperatives. The study found that majority of farmers in Mbinga District are farmers characterized with small and medium land size (acres) but the amount of money they earn from coffee farming is not much with majority of the coffee farmers’ income range between Tshs (100,000/= to 500,000/=) per month. It was revealed that few are employed and others are doing other businesses such as livestock keeping. Due to the fact that some of the farmers are businessmen and others are employed in public and private sector, they do not only depend on coffee farming only. This happens due to the income depression experienced by farmers when growing coffee.

The results showed that 76% of respondents agreed that high income level influences contribution ability. Also, it was found that 71% of respondents agreed that sources of income influences performance of cooperatives. Furthermore, 81% of respondents agreed that availability of income influences consistency of contribution. The overall findings implies that among the three cooperatives societies namely; Ngaka, Plikano and Burma income availability and financial stability were found to be important for the performance their cooperatives societies. All the three cooperatives were found to be in a position to finance themselves through different sources such as levies collected from sales of members’ coffee.

6.2.4 Management skills of cooperatives’ staff and Performance of AMCOS

The fourth objective of the study was to establish how management skills of cooperatives’ staff influence the performance in agricultural marketing cooperatives in Tanzania. From the study it was evidenced that staff management skills was inadequate as majority of members (farmers) claimed that the services offered by their cooperatives societies were unsatisfactory. The study found that education level of majority of cooperative staff was secondary school and few having diploma
education level. This indicates that majority of workers in cooperative societies lack proper skills, knowledge and training on the duties they perform within their cooperatives. Thus, management skills influence the performance of coffee cooperatives.

The study found that majority of respondents 70% agreed that members communicate with their leaders more frequently. Anania and Rweikaza (2016) study revealed, that ability to communicate or to exchange information is important and it influences performance. Furthermore, the study found that 80% of respondents agreed that good interpersonal skills of managers, good understanding the concept of cooperative, good educational level, and experience of management in cooperative have significant role in the success of the cooperative. Respondents argued that, inexperienced manager is a challenge for the success of cooperatives in Mbinga District. Finally, it was found that members participates fully in decision-making as agreed by majority of respondents 63%, 19% were neutral while 18% disagreed with the statement. Management skills will also help the cooperatives staff be able to handle all risks to sustain the production of coffee by farmers.

6.3 Conclusion

The study concluded that organization structure and governance has an active and direct impact on the performance of any organization. It plays a major role on success of an organization since it helps in defining how information flows and how this information is aggregated within an organization, allowing them to attain its goals which would be otherwise not attained by any of its members. The study indicated that poor governance, lack of transparency and management problems are widely known to affect many cooperatives societies in African countries as opposed to the relatively solid nature of regulated institutions.

The results of the study revealed that services which are provided by cooperatives societies such as transportation and storage of agricultural produce, training services, extension services, financial services, and infrastructures services plays a major role in influencing farmers to participate in agricultural cooperative unions. The
participation of farmers in these agricultural cooperatives is mostly influenced by also the availability of loans, profit improvement, rural areas development and also the adoption of innovations from the extension agents. These factors influence farmers to participate in agricultural cooperatives societies.

The study further concluded that income level of members influences the performance of cooperative sincere liability of income influences ability to contribute, participation of members, contribution consistency and also cooperative continuity. Higher income level influences contribution ability of members resulting to higher resource base and also financing and cooperative membership.

In addition, the researcher concluded that management skills of workers influence the performance of an organization and provision of services to a great extent. The study identified that communication and level of innovativeness is an important factor in increasing performance of any organization. The study also concluded that competent, experienced and educated staff influences the performance of cooperatives. It was meant that experienced of cooperative leaders and managers are vital components in succession of cooperatives societies. The lack of proper education for cooperative officials led to AMCOS conducting unprofitable businesses.

6.4 Policy Implications
The following policy implications were made from the findings of this study;

The study recommends that cooperative societies in Tanzania need to be equipped well in order to implement proper governance structure practices in its daily duties to the levels which may be acceptable globally. Also, cooperative societies need to improve accessibility to firm financing through enhancing transparency and accountability in the information disclosed.

Members should improve their income level through involving themselves in income generating activities and also diversifications since it is believed that, income
reliability influences the ability of contribution, participation of members, members consistency, and also cooperative continuity.

The study recommended that, competent and educated leaders with working experience are needed in order to perform cooperatives duties effectively. Thus, cooperatives with the intervention of government should sponsor their workers to attend training, university in order to advance their education and knowledge. This will result to cooperative staff to be specialist in cooperative duties hence results to good performance. Through education attained staff will be able to overcome any challenge existing and also, they will be in a position to adapt to any change in technological environment. Good management skills will help in promoting transparency, build trust, and also enable decision making among members. This can be accomplished through provision of good channels of communication.

Furthermore, the study recommended that, in order for AMCOS to be managed properly, there should be merger of smaller MACOS in order to have few cooperatives which will have big volume of production therefore they will in a position to attract and employ personnel who are qualified to be general managers, thus projects which are viable of AMCOS may be achieved.

Lastly, the government needs to encourage participation of members within cooperative societies through the use of cooperatives as a medium to reach members especially farmers by providing them with incentives. Therefore, in order to increase members participation level within cooperatives, it is evidenced that cooperative need to create awareness among members by using techniques which are suitable such as informal, formal or group training.

6.5 Area for further Studies

It is believed that policies designed by the government and the intervention on these policies may act as supportive or hindering towards the growth and performance of cooperatives societies. Therefore, future studies need to specific investigate the role played by government on the performance of cooperative societies.
REFERENCES


Mukwenda, E. B. J. (2014). *Potential for using the warehouse receipt system in financing maize marketing in Tanzania under market liberalization*: Case study of Mbozi and Babati Districts. Dissertation for Award of MSc Degree of Sokoine University of Agriculture, Morogoro, Tanzania.


APPENDICES

Appendix I: Questionnaires

This is an academic research on “Factors affecting Performance of Agricultural Marketing Cooperatives Societies (AMCOS) in Tanzania; A Case of Mbinga District.” Your responses will be treated with utmost confidentiality and findings will be used for academic purposes only. Kindly fill in your responses by ticking the appropriate answer or writing your answers on the spaces provided.

Thank you.

Part I: Respondents Profile

1. Sex
   a) Male
   b) Female

2. Age engaged in services? .............................................

3. Marital status
   a) Single
   b) Married
   c) Divorced
   d) Widowed

4. Educational level
   a) Primary and secondary school
   b) Post secondary/Certificate/Diploma
   c) First Degree
   d) Masters Degree
   e) Others, please specify ............................................

5. What is your main economic activity?
   .................................................................

6. Years engaged in coffee farming service.................

7. What is your main source of income?......................
8. Kindly indicate the land size (in acres) that you own…………………………

9. Did you receive extension services for coffee production for the past 12 months?
   a) Yes  b) No

10. Did you have access in credit for the past 12 months?
    a) Yes  b) No

11. If yes in question 10 above, how much (in Tshs) did you receive as credit?…..

12. What is the distance from your home to cooperative offices?......................

13. What is the distance from your home to the market center? …………………

14. Through which media do you often receive market information?
    a) Neighbors
    b) Newspapers/radio/TV
    c) Cooperatives
    d) Government agents
    e) Others, (specify)……………………………..

Part II: Governance and performance of AMCOS

15. In scale of 1 up to 5, identify how organization structure/governance influence the performance of agricultural marketing cooperatives societies in your cooperative society (1= Strongly agree; 2= Agree; 3= Neutral; 4=Disagree; 5=Strongly Disagree)

<table>
<thead>
<tr>
<th>Questions</th>
<th>Strongly Agree</th>
<th>Agree</th>
<th>Neutral</th>
<th>Disagree</th>
<th>Strongly Disagree</th>
</tr>
</thead>
<tbody>
<tr>
<td>The organization have a strong, structural and proper governance structure</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The organization has an effective and strong leaders and expertise</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The organization has qualified and experienced staff</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
The organization has a clear command chain and transparency in decisions

The organization arranges the supply of inputs required by the farmers, such as improved seeds, fertilizers, insecticides and pesticides.

<table>
<thead>
<tr>
<th>Perception</th>
<th>Strongly Agree</th>
<th>Agree</th>
<th>Neutral</th>
<th>Disagree</th>
<th>Strongly Disagree</th>
</tr>
</thead>
<tbody>
<tr>
<td>The organization have a strong relationship with its members especially farmers</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Farmers have access to training and health care facilitated by AMCOS</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The organization offers access of transport and security to farmers</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The organization provide regular feedback to farmers to allow them to share in collective successes</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cooperative officers offers services on time to members</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Attaining high profit and food security from product sales is goal of our cooperative society</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Part III: Perception of farmers towards services provided by AMCOS

16. In scale of 1 up to 5, identify the perception of farmers towards services provided by agricultural co-operatives (1= Strongly agree; 2= Agree; 3= Neutral; 4=Disagree; 5=Strongly Disagree)
Part IV: Farmers Income and AMCOS performance

17. In scale of 1 up to 5, determine how level of income of farmers influence performance of agricultural cooperatives (1= Strongly agree; 2= Agree; 3= Neutral; 4=Disagree; 5=Strongly Disagree)

<table>
<thead>
<tr>
<th>Statement</th>
<th>Strongly Agree</th>
<th>Agree</th>
<th>Neutral</th>
<th>Disagree</th>
<th>Strongly Disagree</th>
</tr>
</thead>
<tbody>
<tr>
<td>High level of income of members results into higher resource base</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Access of income make credit facilities available to the members against</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>the security of the produce brought for sale</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Level of income influences the ability to pay members contributions</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Reliability of income members’ influences participation</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Reliability of income influences consistency of contribution</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Reliability and consistency of contribution influence performance</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Part V: Management skills of cooperatives’ staff influence the performance

18. In scale of 1 up to 5, identify how management skills of cooperatives’ staff influence the performance in agricultural marketing cooperatives societies (1= Strongly agree; 2= Agree; 3= Neutral; 4=Disagree; 5=Strongly Disagree)

<table>
<thead>
<tr>
<th>Statement</th>
<th>Strongly Agree</th>
<th>Agree</th>
<th>Neutral</th>
<th>Disagree</th>
<th>Strongly Disagree</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Agree</td>
<td>Disagree</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>-----------------------------------------------------------------</td>
<td>-------</td>
<td>----------</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Organization has qualified and skillful leaders</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Organization provide training/seminars to its members on time</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Leaders and managers of our cooperative listen, formally and informally to cooperative members</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Within the organization decision making is achieved through the right procedure</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

19. Please indicate your specific suggestions to improve the participation of members and performance of AMCOS in cooperative societies in Tanzania.

…………………………………………………………………………………………
…………………………………………………………………………………………
…………………………………………………………………………………………
…………………………………………………………………………………………

73
Appendix II: Interview Guide

1. What are agricultural marketing cooperatives societies?
2. What roles or importance does cooperatives plays on socio-economic development in Tanzania?
3. How do farmers perceive the services provided by agricultural co-operatives?
4. To what extent organization structure/governance influence performance of agricultural marketing cooperatives societies in Tanzania?
5. How does the level of income of farmers influence performance of agricultural cooperatives in Tanzania?
6. How do management skills of cooperatives’ staff influence the performance in agricultural marketing cooperatives in Tanzania?