

EFFECTS OF COUNTERFEIT PRODUCTS IN TANZANIA

EFFECTS OF COUNTERFEIT PRODUCTS IN TANZANIA

By

Feisal Mohammed Swaleh

**A Dissertation Submitted to Mzumbe University Dar Ess Salaam College
Campus in Partial Fulfillment of the Requirements for the Award of the
Masters in Business Administration in Corporate Management (MBA-CM) of
Mzumbe University**

2014

CERTIFICATION

We, the undersigned, certify that we have read and hereby recommend for acceptance by the Mzumbe University, a proposal entitled **Effects of Counterfeit Products in Tanzania**, in partial/fulfillment for award of the degree of Master Business Administration in Corporate Management (MBA-CM) of Mzumbe University.

Major Supervisor

Internal Examiner

Accepted for the Board of

DEAN/ DIRECTOR, FACULTY/DIRECTORATE/SCHOOL/BOARD

**DECLARATION
AND
COPYRIGHT**

I, Feisal Mohammed Swaleh, declare that this dissertation is my original work and that it has not been presented and will not be presented any other university for a similar or any other degree award.

Signature_____

Date_____

© 2014

This dissertation is a copyright material protected under the Berne Convention, the Copyright Act 1999 and other international and 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.

DEDICATION

This work is dedicated to the Almighty God, My Parents and my wife for their utmost support throughout this research.

ACKNOWLEDGEMENT

I wish to first and foremost Thank the Almighty Allah for enabling me push through this research.

My heartfelt appreciation goes to my supervisor Dr K. P. F Mtey for all his guidance and close supervision on this work.

I appreciate all the tolerance my wife Nabihah Seif has shown in the period of my research and the moral support.

My heartfelt gratitude goes to my parents for all their support and prayers throughout my study period and all the support they have extended to me.

LIST OF ACRONYMS

FCC	-	Fair Competition Commission
FCC	-	Fair competition commission
TBS	-	Tanzania Bureau of Standards
TFDA	-	Tanzania Food and drug authority
TRA	-	Tanzania Revenue Authority
UN	-	United Nations
VAT	-	Value added tax

ABSTRACT

The general objective of this study was to examine the extent to which counterfeit products affect Tanzania.

The study analyzed the effectiveness of specific Government entities in addressing this matter in terms of inspection, examination procedures for detection of counterfeit imported consumer goods and the inadequacy in dealing with influx of counterfeit consumer goods.

The study was limited to Dar es Salaam Region . The target population was officers from regulatory institutions, individual businessperson and individual consumers. Purposive and random sampling techniques were employed to get respondents.

Multiple methods of data collection were used. Survey using self-administered questionnaires composed of closed and open-ended questions and interviews were used to collect data. Descriptive statistics involving application of univariate and bivariate techniques and associated tests were used to analyzed data.

Major factors which influence the influx of counterfeits were identified as ineffective inspection and examination procedures for imported goods to detect counterfeits; lack of capacity by regulatory institutions to deal with the problem; inadequacy of anti-counterfeiting laws; corruption; and lack of awareness on the potential and real dangers of counterfeit good.

Conclusion revealed that there is still allot to be done in order to combat this ever growing menace, significant relationship between the level of counterfeits and competencies of intervention regulatory institutions needed to be reviewed.

Recommendations made include; establishing appropriate anti-counterfeiting policy; pitting restriction and appropriate penalties on importation of fake products; building capacity for regulatory institution, and enacting a comprehensive anti- counterfeiting law.

TABLE OF CONTENTS

	Pages
CERTIFICATION	i
DECLARATION AND COPYRIGHT	ii
DEDICATION.....	iii
ACKNOWLEDGEMENT	iv
LIST OF ACRONYMS	v
ABSTRACT	vi
TABLE OF CONTENTS.....	vii
LIST OF TABLES	ix
LIST OF FIGURES	x
 CHAPTER ONE	 1
1.0 Introduction	1
1.1 Background to the Problem	2
1.2 Problem Statement	3
1.3 Objectives	4
1.3.1 Main Objective	4
1.3.2 Specific Objectives	5
1.4 Research Questions	5
1.5 Significance of the Study	5
1.6 Limitations of the Study	5
1.7 Scope of the Study	6
 CHAPTER TWO	 7
LITERATURE REVIEW.....	7
2.1 Introduction	7
2.2 Conceptual Definitions and Overviews	7
2.3 Theoretical Overview	12
2.3.1 Tanzania Policy on Counterfeit Goods	12
2.5 Conceptual Framework	19
2.6 Chapter Summary	23
 CHAPTER THREE	 25
RESEARCH METHODOLOGY	25
3.1 Introduction	25
3.2 Research Design	25
3.3 Population of the Study	25
3.4 Sampling Procedures and Sample Size	27
3.5 Sample	27
3.5.1 Sampling Procedures/ Techniques	28
3.6 Sources of Data	28
3.7 Data Collection Methods	29
3.7.1 Interviewing	29
3.7.2 Documentary Review	29
3.7.3 Survey	29
3.8 Data Analysis Methods	30

3.9	Validity and Reliability	30
3.9.1	Data Reliability.....	30
3.9.2	Data Validity	32
CHAPTER FOUR.....		35
PRESENTATION OF DATA ANALYSIS AND DISCUSSION OF FINDINGS		35
4.1	Introduction	35
4.2	Distribution of Questionnaires	35
4.2	Effectiveness of Regulatory Institutions	35
4.3	Tanzania Bureau of Standards.....	35
4.3.1	Functions of TBS.....	36
4.3.2	Control Measures Undertaken by TBS	38
4.3.3	SGS Inspection Company	40
4.3.4	Challenges Faced by TBS	41
4.4	The Fair Competition Commission	42
4.4.1	The Functions of the NCAC are.....	45
4.4.2	Problems Faced by FCC.....	46
4.5	Tanzania Revenue Authority.....	47
4.5.1	Problems Faced by TRA	48
4.6	Tanzania Ports Authority.....	49
4.7	Tanzania Food and Drugs Authority	51
4.7.1	Verification Procedure	52
4.7.2	Challenges Facing TFDA.....	52
4.8	Ministry of Industry and Trade	53
4.9	Consumers	56
4.11	Challenges to Overcome	58
CHAPTER FIVE.....		64
CONCLUSION AND RECOMMENDATIONS		64
5.1	Introduction	64
5.2	Summary of Major Findings	64
5.3	Conclusion.....	66
5.4	Recommendation.....	66
REFERENCES.....		69
APPENDICES		75
Appendix 1:	Proposed Budget for Research.....	75
Appendix 2:	Questionnaire for Regulatory Authorities.....	76
Appendix 3:	Questionnaire for Public	79
Appendix 4:	Interview Guide I.....	81

LIST OF TABLES

	Pages
Table 3.1: Study Population	26
Table 3.2: Sampling Frame	26
Table 3.3: Composition of Respondents and Sampling Techniques.....	27
Table 4.1: Opinion of TBS on success of Fighting Counterfeit Goods	42
Table 4.2: Opinion of FCC on Success of Fighting Counterfeit Goods	46
Table 4.3: Opinion of TRA on Success of Fighting Counterfeit Goods	49
Table 4.4: Opinion of TPA on success of Fighting Counterfeit Goods	51
Table 4.6: Opinion of Ministry of Trade on Success of Fighting Counterfeit Goods	56
Table 4.7: Opinion of Consumers on success of fighting counterfeit goods	57
Table 4.8: Opinion of Business People on Success of Fighting Counterfeit Goods	58

LIST OF FIGURES

	Pages
Figure 2.1: Conceptual Frame work on the Import Process Flow	22

CHAPTER ONE

1.0 Introduction

The textile industry in Tanzania has undergone dramatic changes over the past few years. More and more Tanzanians are becoming fashion conscious and are going an extra mile in being up to date with fashion's trends. This has presented a major opportunity for investors' large, medium and small scale to fill in the gap and highly invest in the textile business.

International countries basically actively involved in this trade include Thailand, Turkey, China, Vietnam but to mention a few.

Just like any other business world wide the textile industry in Tanzania is facing a lot of competition and distortion by counterfeiting. Counterfeit consumer goods (knock-offs in colloquial language) are by definition goods infringing the rights of a trade mark holder by displaying a trade mark which is either identical to a protected trade mark or by using an identification mark which cannot be distinguished in its essential aspects from such trade mark.

Tanzania consumer advocacy society (2008)

The production and sale of counterfeit goods is a global, multi-billion dollar problem and one that has serious economic ramifications for Governments, businesses and consumers. Counterfeiting is everywhere - it can affect what we eat, what we watch, what medicines we take and what we wear - and all too often the link between fake goods and transnational organized crime is overlooked in the search for knock-offs at bargain-basement prices.

Counterfeiting is a hugely lucrative business, with criminals relying on the continued high demand for cheap goods coupled with low production and distribution costs. The illegal activities related to counterfeiting take advantage of unwitting consumers and bargain-hunters, exploiting people's appetites for cut-price brands or simply their financial position. Often the temptation for consumers can be too strong to resist,

with many not understanding the risks and ramifications attached to this illicit industry. Buying a counterfeit handbag or pair of jeans, for example, might not be regarded as an illegal transaction - simply a cheaper way to wear the latest fashion goods.

The criminal networks behind counterfeiting operate across national borders in activities that include the manufacture, export, import and distribution of illicit goods. The scale and ingenuity of the trade in counterfeits poses a formidable challenge to law enforcement authorities, as counterfeiters adopt extremely flexible methods in order to mimic products and prevent their detection.

1.1 Background to the Problem

Customer is a party that receives or consumes products (goods or services) and has the ability to choose between different products and supplies, while level of approval when comparing products perceived performance with his or her expectations.

The textile industry in Tanzania has faced a lot of problem with fake branded products being produced at very low cost in countries like China and Vietnam and dumped into the Tanzania market illegally through several outlets in different areas. These lucrative Businesses survive because they have customers that are willing to buy their products due to the price consciousness of the consumers who simply want a cheaper way to wear the latest fashion goods.

The ramifications of counterfeiting affect everyone, with Government authorities like FCC, TBS as well as TRA, businesses and society being robbed of tax revenue as well as failure to control the standards of product quality in the market.

The flood of counterfeit and pirated products creates an enormous drain on the global economy by creating an underground trade that deprives Governments of revenue for vital public taxes including VAT and other relevant Duty paid on imported goods and imposes greater burdens on taxpayers.

It also leads to more public resources being spent on fraud-detection methods by public sector authorities and larger intelligence and policing budgets being needed to counter sophisticated schemes and networks.

Counterfeit goods also undermine employment, as products are copied and produced illegally, thereby displacing sales of original merchandise and reducing the turnover of legitimate companies.

The counterfeit business is a global operation spread across numerous countries and organized by cross-border criminal networks. In a bid to tackle these crimes there is an ever-growing need for action at both the local and the international level. The UN Convention against Transnational Organized Crime is the world's most inclusive platform for cooperation in tackling the counterfeit issue. 170 countries are currently party to the Convention and have committed themselves to fighting organized crime locally and internationally by such means as collaboration and ensuring that domestic laws are suitably structured. UNODC: The Globalization of Crime: A Transnational Organized Crime Threat Assessment (2010), p. 178

There are a lot of parties involved in tackling this ever growing disease, Law enforcement agencies should take a tougher stand against counterfeiters, and that stance ultimately has to be backed up by relevant and comprehensive local laws. Coordinated and cross-sector action at the international level is vital for identifying, investigating and prosecuting these criminals.

Consumers also have a responsibility to exert their influence with their purchasing choices. While consumers often cannot identify counterfeit goods, such as medicines containing dangerous products, the more evident purchases of counterfeit products should be shunned. Counterfeiting networks can - and will - continue to operate as long as customers support this form of illegal trading.

1.2 Problem Statement

Kariakoo is one of the major trading streets in Dar es Salaam and is famous for having one of the biggest markets in Tanzania.

There are a lot of businesses that are conducted in this area of which one of the major businesses is textile business in some areas of Kariakoo take up a whole street. The market is a gate way for counterfeit products as it is where most of these goods are sold to consumers at very low prices.

The production and sale of counterfeit goods is a global, multi-billion dollar problem. Counterfeiting is a hugely lucrative business, with criminals relying on the continued high demand for cheap goods coupled with low production and distribution costs. The illegal activities related to counterfeiting take advantage of unwitting consumers and bargain-hunters, exploiting people's appetites for cut-price brands or simply their financial position.

Tanzania is no different case as most of these counterfeit products end up in local Markets to unknowing consumers who are oblivious of the danger imposed on the different sectors of the economy as well as to them selves.

There is lack of proper laws and policies laid down by the authorities in Tanzania which include TRA, TBS, FCC, Police force and other government and non government authorities to address this problem which has become a menace to society.

The current situation in Tanzania in regards to counterfeit products is a great risk to its neighboring countries within the East Africa region where Tanzania is a member, to Africa as well as internationally .

1.3 Objectives

1.3.1 Main Objective

To explore on the extent to which counterfeit products are affecting the market in Tanzania.

1.3.2 Specific Objectives

- (i) To explore on the current situation of counterfeit distribution and sale in Dar es salaam
- (ii) Determine the means used by the authorities to eradicate counterfeit products in the market
- (iii) To determine policy weaknesses in addressing importation and restrictions on counterfeit products.

1.4 Research Questions

- (i) What is the current situation of counterfeit distribution and sale in Dares-salaam?
- (ii) What are the methods that the authorities are using to control the quality of goods sold to the customers?
- (iii) What are the policy weaknesses that affect importation and restriction on counterfeit products?

1.5 Significance of the Study

The study provided knowledge of factors that restricts government and non government authorities in tackling the problem of counterfeit goods in the market. The effects will be uncovered in terms of loss to all involved stake holders regarding the distribution and sale of counterfeit goods in the market. As well as look for remedies in regards to the everlasting problem of counterfeiting in the Tanzanian market as well as other East African countries.

1.6 Limitations of the Study

There were challenges in which the researcher came across during data collections and writing the report. These are as follows;

Delays in receiving feedbacks from respondents. Most of the respondents due to fear of either losing their businesses or getting into trouble with the major players in their business feared to give feedback straight away and requested to be visited later in a more private setting.

Time constraints is considered to a major setback as there wasn't enough time to deal with the traders as they were busy with their businesses accordingly. Budget constraints was another holding factor the fact that it is not an initiative of any company or organization and being a private research there was limited funds to use for the same. Limited response from respondents was a big setback as many of the respondents were not willing to provide all the information we were asking for fear of being held responsible by authorities.

1.7 Scope of the Study

Our research was carried out in Kariakoo a commercial market in Dar es Salaam Tanzania. A survey on the amount of counterfeit products that exchange hands was put into consideration.

There were several methods used whereby the major one was observation as well as face to face interviews that were carried out accordingly.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter gives the critical reviews of relevant literature concerning the study basically on theoretical and empirical reviews done by previous researchers and authors.

The literature review to this research covered previously researched material and through researchers' attempts, various theories have been propagated. These theories have produced solutions to tackling the problem of counterfeiting. However, currently counterfeiting is still being practiced without any fear or prejudice and is costing a lot of sectors and affecting negatively the economy of Tanzania.

2.2 Conceptual Definitions and Overviews

Counterfeiting is defined as the manufacture, production, packaging, re-packaging, labeling or making, whether in Tanzania or elsewhere, of any goods whereby those protected goods are imitated in such a manner and to such a degree that those other goods are identical or substantially similar copies of the protected goods (GOK, 2010). It is an infringement upon protected intellectual property rights or imitation thereof so that the other goods are calculated to be confused with the original one (Otieno-Odek, 2010).

Counterfeits of almost anything can be found in Tanzania, from apparels to pharmaceuticals, electrical goods, etc. Counterfeiting can apply to both branded and generic products. Counterfeit products may include products with the correct ingredients or with the wrong ingredients, without active ingredients, with insufficient active ingredients or with fake packaging. According to the World Health Organization (WHO) definition, what makes a medicine counterfeit is the deliberate or intentional nature of the mislabeling of a product.

Consumers buy counterfeit products as status symbols to classifying themselves into a prestigious social group where they want to belong (Grossman & Shapiro, 1988; Wilcox et al. 2009). By wearing counterfeit products of luxury brands, the consumers can identify with the people wearing the original luxury products and claim to belong to the same social class as where the original luxury brand users belong, as long as no one can tell that the consumer wears fake products (Gistri et. al., 2009). The price for a counterfeit product of a luxury brand is just a fraction of the price of a genuine product and people tend to buy counterfeit products to reduce the risk of buying the original for a lot of money (Tom et. al., 1998; Wiedmann et. al., 2012). Counterfeit products deliver good value for money, even though they can be of low quality, since they offer other utilities which are associated with consumers of luxury brand products such as personal status (Wilcox et. al., 2009; Wiedmann et. al., 2012). Gistri et. al., (2009) adds a reason for buying counterfeit products, since they are fun, in the sense that they can be bought as a gift for friends and family during vacations since it is a cheap imitation of a highly valued product in the home country, which the person who gives it away never could afford to give as a gift in ordinary cases. Previous research (Nia & Zaichowsky, 2000)

The consumers of counterfeit products pharmaceutical products, fashion products, and certain brands of cooking oils, mobile phones, electronic equipment etc want to take advantage of the belonging to a special social class that owning the original luxury brand leads to (Wilcox et. al., 2009; Wiedman et. al., 2012) which in turn would likely decrease the value of owning original luxury brands.

In Tanzania, the most common products counterfeited are dry primary cells, Bic Ball Point Pens, cosmetics.

Counterfeit purchases deprive the government of more than 1trillion each year in tax revenue (Hathcote, Crosby, & Rees, 2005; Kelleher, 2006; Nellis, 2003). That money could be used, instead, for programming in such places as schools, hospitals, and communities. Less revenue equals less money, which in turn means fewer resources for Tanzanians. Selling counterfeit products is cash, tax-free business. Ordinary citizens are required to pay taxes but dealers fill their pockets with the tax money

instead of paying the government. According to Ha and Lennon (2006), counterfeiters contribute to the “economic black market” because governments lose money with no tax revenue.

Serious threats and terrorist acts have been linked to the counterfeit industry. For example, handbags can be lined with illegal drugs and used for smuggling. Groups such as Al-Shabbab profit from selling counterfeit goods. There is evidence to show links between terrorism and counterfeit goods (Ha & Lennon, 2006). Evidence from the Federal Bureau of Investigation (FBI), other federal officials, and anti-counterfeit investigators shows the bombing of the World Trade Center in 1993 was funded by the sale of counterfeit fashion goods (Ha & Lennon, 2006; Henry, 2003; Kelleher, 2006; Nanda, 2007; Nellis, 2003). Counterfeiting businesses are threatening society; every time someone purchases a counterfeit product, he/she supports illegal activities of some kind, somewhere in the world (Kelleher, 2006).

The vision of every producer and a manufacturer in the world is to make profits for any goods produced. In order to reach a production target, a manufacturer must produce goods which cater for the needs of consumers. A great profit margin of a product is attained when a particular product is able to fair in business competition with other products in the market. But in order to obtain good products sold at the market, close supervision of such products is the essential factors which enable their verification to see if they really conform to the required standards.

The verification of products is prompted by good policies and laws for the purpose of ensuring quality standards set that overlooks the basic concepts of competition to suit the urge of consumers' demands.

Statistics by National Commission for Trade Competition (NCTC) gives an estimation that between 30 and 40 percent of the imported products into the country are counterfeit, and great efforts by the authorities concerned to curb with the vice has developed considerably higher. Despite of their efforts of apprehending and

destroying such goods, still the habit has been growing into an alarming rate in the country. FCC (2009)

Statistics reveals that most imported counterfeit products are those ones used for construction, electricity, chemicals, dry batteries and many others. Kishombo, D. (2010)

Suppose these products could be grouped in categories of food and chemicals, surely their sale in Tanzania could result in numerous deaths to innocent people. In order to curb with this problem, Tanzania Bureau of Standards (TBS) has been in the forefront to make sure that in Tanzanian market there are goods which are of high quality standards with a view to protect its consumers against counterfeit products.

Various strategic measures have been so far taken by this organization with the aim of protecting consumers. In a bid to reinforce its activities, a special team of TBS technical experts has been visiting sellers of various goods at their shops so as to investigate closely their consumable products with a view to discover any cheating that might be done by manufacturers or suppliers of such products. TBS has been making a surprise visit to many selling shops of such products and a tremendous achievement has been attained so far especially by building capacity to the community at large. Despite of these efforts shown by TBS, still great number of counterfeit products are being supplied and sold at the most cheap prices in various shops in the country.

Due to their cheap selling prices, most Tanzanians refuse to effectively cooperate together in order to boycott them. In view of this situation, TBS has changed a style and has currently formed a strategic means through which it could enable such counterfeit products to disappear in the local market. Tenga, R.W. (2007) A counterfeiter causes the owner of the brand name to effectively lose a customer by misleading the customer into purchasing a counterfeit item (which is substandard in most cases) in the belief that he is purchasing the genuine article.

The flooding of counterfeit products in the country continues to be a major threat to industries according to Confederation of Tanzanian Industries (2008) Local products find it difficult to compete in the market because of fake, cheap imports. In some cases this has resulted in some local industries shutting down they also asserted that the impact of counterfeit products was highly on the rise resulting in loss of revenue collection and worsening business environment.

It is estimated that Tanzania could be losing between 15 to 25 per cent of the total domestic revenue due to counterfeit products. This means if estimated total government domestic revenue was Sh6.7 trillion in 2011/2012 subsequent loss in government revenue due to counterfeit products stood well over Sh1 trillion. Mwita, S. (2008)

The government can lose revenue through different ways. For example, the tendency of consumers losing confidence on products they once bought and found fake has led to the decline in aggregate demand of the genuine products thus affecting government earnings

Counterfeits deny domestic industries the opportunity to expand production and scaring off investors who want to establish industries in Tanzania. Counterfeit products must be fought because they badly impact on genuine businesses and investments. Genuine businesses are not able to compete effectively with counterfeit products.

Not only has the counterfeit business reduced the amount of tax revenue and posed serious threats to security, but also the business has eliminated numerous jobs for people around the world. The Counterfeiting Intelligence Bureau studied the number of jobs lost in recent years due to counterfeiting and discovered between 1988 and 1997 over 200,000 jobs have been lost worldwide; over 100,000 jobs were lost in African countries alone and 30,000 fashion and apparel related jobs have been lost worldwide (Fighting Counterfeit, 2007; Ha & Lennon, 2006; Sforza, 2006).

Some research has been done to track the number of purchases of authentic products versus counterfeit products from particular designers. Ledbury (2006) conducted a study on brands that consumers purchase most in the UK. The study compared the percent of genuine product purchases to the percent of counterfeit product purchases and found that Louis Vuitton, Gucci, Prada, and Tiffany have nearly the same amount of consumers purchasing the genuine product as consumers purchasing the counterfeit version.

2.3 Theoretical Overview

2.3.1 Tanzania Policy on Counterfeit Goods

In Tanzania, the issue of rampant counterfeits and substandard goods is a recent phenomenon. People have started to question whether Tanzania has been turned into a dumping ground for sub-standard goods or counterfeits and want to know what is being done to arrest the situation.

The main entry points for fake goods on the Mainland are Dar es Salaam, Arusha, Mbeya, Kilimanjaro, Tanga and Mwanza. In Zanzibar, counterfeit and substandard goods filter in through Pemba and Zanzibar ports and the largely porous seashore approach. Counterfeit products originate mainly from Asian countries including China, India, United Arab Emirates (Dubai), Indonesia, Taiwan, Singapore, Pakistan, Hong Kong, South Korea, Bahrain, Malaysia, Burma and Thailand. Chile, a South American country, also harbors notorious counterfeiters. United Nations office on drugs and crime (2010)

There are some African countries also in the list which include Kenya, South Africa, Mozambique, Malawi, Zambia and surprisingly Some products manufactured in Tanzania are imitated overseas. Tanzanian high quality khangas, for example, have cheap copies coming in from India. Tanzania has a highly porous border that has little surveillance.

Apart from Tanga harbour, Horohoro, Sirari, Mtukula and Tunduma border that have on-site regulatory officials, the Tanga coastal line (about 60 kilometers long) has 17

landing sites that handle mostly unofficially declared small cargo. Some of the cargo may be counterfeits and substandard. Lyimo, K. (2013)

Porous borders with Kenya, Uganda, Rwanda, Burundi, DRC, Zambia, Malawi and Mozambique are entries for smugglers of fake goods. The ability of state institutions to police or regulate the conduct of persons living in such areas or using such routes is limited. Further, any goods actually impounded can still enter the market due to corruption which is on a wider scale in Tanzania.

The most widely distributed counterfeit or substandard goods in Tanzania include hand-hoes condoms, toothpaste and used tyres (from China); mosquito coils (from Indonesia, Singapore and the UAE); razor blades, salt, corn oil, engine oil, Aerosol, brake fluids and toothbrushes (from UAE). (Green & Smith, 2002).

Tanzania has several laws and policies relating to fake goods, but they do not address the problem fully, the country's related laws don't even define counterfeit, hence causing difficulties for responsible authorities to address the problem.

The current law, Merchandise Marks Act has not defined sub-standards and counterfeits, Tanzania lacks specific and comprehensive law to address counterfeits some of the challenges hindering the fight against fake products in the country as corruption, lack of public awareness, human resources, lack of coordination and capacity building for stakeholders like the police and customs officers.

Authorities involved include TBS which is responsible for controlling the quality and standard of manufactured and imported products, while FCC goes beyond standards, checking trade mark ownership and protection of intellectual property.

FCC is an independent body established under the Fair Competition Act of 2003 to among other things develop and promote policies for enhancing competition and consumer welfare as well as to control and manage efficiently the functions of the Commission under the Act.

This restrictive body enforces compliance with the Act, promotes public knowledge and awareness in understanding their obligations, rights and remedies under the Act and to understand the duties, functions and activities of the Commission Which includes creating awareness campaigns for consumers, members of the public, members of Parliament, permanent secretaries, deputy permanent secretaries, and members of the business community.

The FCC is working with other authorities in the fight against counterfeits. Such authorities include the Police Force, the Tanzania Revenue Authority (TRA), the Tanzania Bureau of Standards (TBS) and Tanzania food and drug authority TFDA. The Government's objective is to create a business environment which is conducive for both the business community and consumers by making sure that consumers get products worth their money and the brand owners get returns worth their investments.

The Merchandise Marks Act of 1963 is designed to deal with counterfeits. The policy is clear on substandard and counterfeit goods: such products are prohibited, as their presence in the market creates an uneven playing field for traders and causes untold damage to consumers.

2.4 Empirical Literature Review

A review of previous research uncovers results that indicate the need for further investigation. First, the prevalence of quantitative designs of such studies does not allow for further insights into determinants that were previously unknown to the researcher, nor into possible underlying mechanisms that might explain the intention to purchase counterfeits beyond the mere relationship between variables. Due to the apparent lack of a profound theory, previous studies have failed so far to integrate their results consistently into a more general framework.

Second, most results stem from studies based on consumers in American or Asian countries. As culture has been seen in existing studies to be an important factor influencing software, music, and movie piracy rates, we expect the same in the case of counterfeit purchases. Third, since results differ for various products and

presumably also brands, it would be interesting to investigate other counterfeit products as well as the specific brands in those product categories.

Before providing a research overview, a clear definition of the research topic is required. Many terms are used to describe the fact that products are pirated: counterfeiting, brand piracy, near brands or logos, intellectual property, as well as other forms of product theft like bootlegging, reverse engineering, trade mark extortion, look-alikes, or unconvincing imitations (Jacobs, Coskun, and Jedlik 2001; McDonald and Roberts 1994). The main distinction in the literature refers to the concepts of piracy and counterfeiting. While according to Paradise (1999) copyrights and patents can only be pirated whereas trademarks can only be counterfeited, the term counterfeiting is also used in a broader sense referring to both (Bosworth 2006). Although a differentiation between counterfeiting and piracy may be useful for some research purposes, in the context of this study it is not necessary as the study deals with a wide range of products which could be either referred to as counterfeited or pirated (e.g., counterfeited luxury goods and pirated CDs and software). For clarity and convenience, the term counterfeiting is used throughout this study.

There are several aspects to be highlighted in this overview:

In a theoretical sense, the determinants investigated are either based on conceptual foundations and previous research in general (e.g., country-of-origin (Chakraborty, Allred, and Bristol 1996)), or on assumptions or observations of real-world conditions (e.g., cultural differences in black markets (Harvey and Walls 2003)) and applied to a rather explanatory data-driven approach (e.g., Bloch, Bush, and Campbell 1993; Wee, Tan, and Cheok 1995). Besides the study of Penz and Stöttinger (2005) which explicitly refers to the theory of planned behavior, none of the studies has relied on an established theoretical framework in order to derive and test hypotheses. Compared to this, studies dealing with a related phenomenon, namely the illegal copying of software, have applied established theories far more often in order to guide empirical research such as the theory of reasoned action (Chang 1998; Christensen and Eining 1991; Woolley and Eining 2006), the theory of planned behavior (Chang 1998; d'Astous, Colbert, and Montpetit 2005; Parthasarathy

and Mittelstaedt 1995), expected utility theory or deterrence theory (Peace, Galletta, and Thong 2003), equity theory (Glass and Wood 1996), Bandura's social cognitive theory (Kuo and Hsu 2001), or theories of ethical decision making (Thong and Yap 1998; Wagner and Sanders 2001).

Determinants investigated are mostly directly observable (manifest) variables and can be grouped into the following categories: product variables (e.g., product quality) and price, vendor characteristics, social and cultural context variables, demographics, and psychographic variables (e.g., attitude towards piracy).

The variety of counterfeit products investigated so far is large: CDs, VCDs, software, shirts, designer shoes, wallets, purses, handbags, watches, jewelry, perfume, sun glasses, accessories, apparel, books, pain relievers, auto parts, cameras, and TVs. They mostly represent what Shultz and Saporito (1996) call low-cost products that are easy to manufacture status symbols and sell quickly. Largely neglected are products that are not primarily purchased because of status but because of their functionality such as laptop computers, walkmans, or MP3-players.

Results are mainly dependent on the product category investigated and hence the effects of even rather eminent variables vary over the studies (e.g., the influence of price or particular demographic variables). Only two studies have focused on particular brands within a product category (Leisen and Nill 2001; Yoo and Lee 2005) though it is argued in the literature that the decision to buy a counterfeit product mainly represents a brand decision (Gentry et al. 2001).

Studies are mostly conducted with Asian or American consumers.

Methodologically, most studies are based on quantitative designs. So far, only a few studies apply a qualitative approach (Gentry et al. 2001; Hoe et al. 2003).

The results indicate the need for further investigation. Particularly due to the apparent lack of a profound theory, previous studies have failed so far to integrate their results consistently in a more general framework. As also reminded by Hoe et

al. (2003), the prevalence of quantitative designs of previous studies does not allow for further insights into determinants that were previously unknown to the researcher, as well as into underlying mechanisms that can explain the intention to purchase counterfeits beyond the mere relationship between variables. Furthermore, most results stem from studies based on consumers in North American or South Asian countries. As culture has been shown to be an important influence factor on software, music, and movie piracy rates in previous studies (e.g., Husted 2000; Marron

More important for the analysis is the conscious act on the part of the customer to seek and purchase a fake product. Deceptive counterfeiting occurs when the consumer believes that she/he is buying a particular brand of a product, produced by a particular manufacturer, which in fact turns out to be a product of some other marketer. In the case of non-deceptive counterfeiting, the buyer recognizes that the product is not authentic according to specific information cues such as price, purchase location, or materials used (Chakraborty et al. 1997; Gentry et al. 2006). Furthermore, non-deceptive counterfeits pose little or no health or safety risk to the public and the buyer, and have apparently little demonstrable impact on genuine brands (Nia and Zaichkowsky 2000).

They may even help to build brand awareness (Shultz and Saporito 1996) and to increase the snob value for both originals and counterfeits (Barnett 2005). Under some circumstances, they can even lead to benefits for society, e.g. when necessary expensive products such as particular drugs become affordable to poor people (Ben-Shahar and Assaf 2004; Green and Smith 2002; Wilke and Zaichkowsky 1999).

While previous research has used the terms deceptive and non-deceptive counterfeiting as two quite distinct concepts (Grossman and Shapiro 1988a, 1988b), Bosworth (2006) has recently suggested considering a spectrum of deception that runs from “super-deceptive” (branded and counterfeit goods appear identical and impossible to tell apart) to completely non-deceptive (all buyers are able to distinguish the counterfeit from the genuine article). Indeed, the quality of counterfeits has improved over the years and it is becoming more difficult for

consumers to identify them (Gentry et al. 2006). The degree of deceptiveness apparently depends on the consumer's awareness, knowledge, and experience. Only in cases where consumers have awareness of possible deceptiveness, can determinants of purchase intentions for counterfeit products differ substantially from determinants of purchase intentions for original brands. Hence, for the purpose of this paper, counterfeiting means that an original product with a remarkable brand value worth copying already exists on the market. Its characteristics are copied into another product as to be indistinguishable from the original and sold at a lower price as if it were the original, whereas consumers are well aware of the difference between the two products. This perceived difference can vary according to the quality and utility of the counterfeit in comparison to the genuine product (Gentry et al. 2001). Furthermore, the definition of counterfeiting includes a form of acquisition behavior, excluding the alternative of any form of mere (illicit) adoption behavior, observed when downloading or making copies of digital products. In those cases, price is not an issue and hence the behavior and its determinants can be basically conceived to differ from the counterfeit purchase decisions that are the focus of this study.

Some studies have dealt with the consumers' intentions to purchase counterfeit products and related variables such as attitudes, purchase, and product use. To identify relevant studies that have investigated possible determinants for those variables, a computerized bibliographic search was conducted.

Trade in counterfeit goods is perceived as a substantial threat to various industries. No longer is the emergence of imitation products confined to branded luxury goods and final markets. Counterfeit articles are increasingly finding their way into other sectors, including the fast moving consumer goods, pharmaceutical, and automotive industries – with, in part, severe negative consequences for consumers, licit manufacturers, and brand owners alike. This paper seeks to shed light on the economic principles of counterfeit trade and the underlying illicit supply chains.

An extensive literature review was conducted that comprised contributions from different strands of management research.

Though governments as well as management have clearly identified the problem, very little is known – both in practice and theory – about the mechanisms and structure of the illicit market, the tactics of counterfeit producers, consumer behavior with respect to imitation products and the financial impact on individual companies. The diversity of the counterfeit phenomenon underlines the need for further research in this area and the development of company-specific measures for fighting product piracy.

The nature of the counterfeit market limits direct accessibility to the phenomenon. Consequently, the existing body of literature does not necessarily cover all aspects of counterfeit activities. The review helps to highlight existing research gaps but may not be able to identify additional aspects of the phenomenon that, thus far, have not been deemed relevant.

The paper critically reviews the current state of research across different management related disciplines. From an academic perspective it may serve as a starting point for a future research agenda that addresses the current knowledge gaps. From a practitioner's perspective it is helpful for understanding the relevant influence factors and for developing appropriate, state of the art counterstrategies Thorsten Staake, et al, (2009)

2.5 Conceptual Framework

In order to simplify the research and fulfill the purpose of this thesis a research model needed to be developed. The research model should contain the relevant concepts examined in the literature review which can be connected to the purpose of this thesis which is to create knowledge of how counterfeit products affect Tanzania. The majority of studies related to counterfeiting were conducted in Asia including Shanghai (Phau & Teah 2009), Korea (Yoo & Lee 2009), Singapour (Phau et al., 2009), and Thailand (Commuri 2009). Some research has also focused on the European consumer in locations such as Glasgow (Bian & Moutinho 2009), London (Swami et al., 2009),

and Italy (Gistri et al., 2009).

The main phenomena under investigation of this thesis are counterfeit products. As examined in the literature review, there are different items that could be classified as perceptions of counterfeit products (Nia & Zaichkowsky, 2000) and therefore has these items been grouped together in order to investigate the opinion about counterfeit products which creates the variable perception of counterfeit products. In research there are 2 main ways of approaching the study of the conceptual framework this is descriptive and prescriptive.

Descriptive dwells around the current trends and practices while the prescriptive is more opinion oriented answer to research question.

In our study we chose more to look at the current trends and practices relating to importation of products in Tanzania thus a more descriptive approach was selected and employed for the same.

We chose to conduct an empirical study in Tanzania because of the availability of luxury products (Cartier, Dior, Louis Vuitton, Lancel, Lacoste, Dolce & Gabbana, Gucci...) and the Presence of counterfeit products in many shops in Dar es Salaam.

The current process of import of goods is set in such a way that the importer is required to appoint a Licensed Clearing and Forwarding Agent (CFA) to clear goods from a list of authorized Clearing and Forwarding Agents

Documentation process is done online and can be completed before arrival of the goods Customs agents/importers are urged to complete a Pre- Arrival Declaration (PAD) on TRA PAD online system (Link) and submit the same to TRA along with other relevant import/ supporting documents at least 7 days prior to the arrival of the goods.

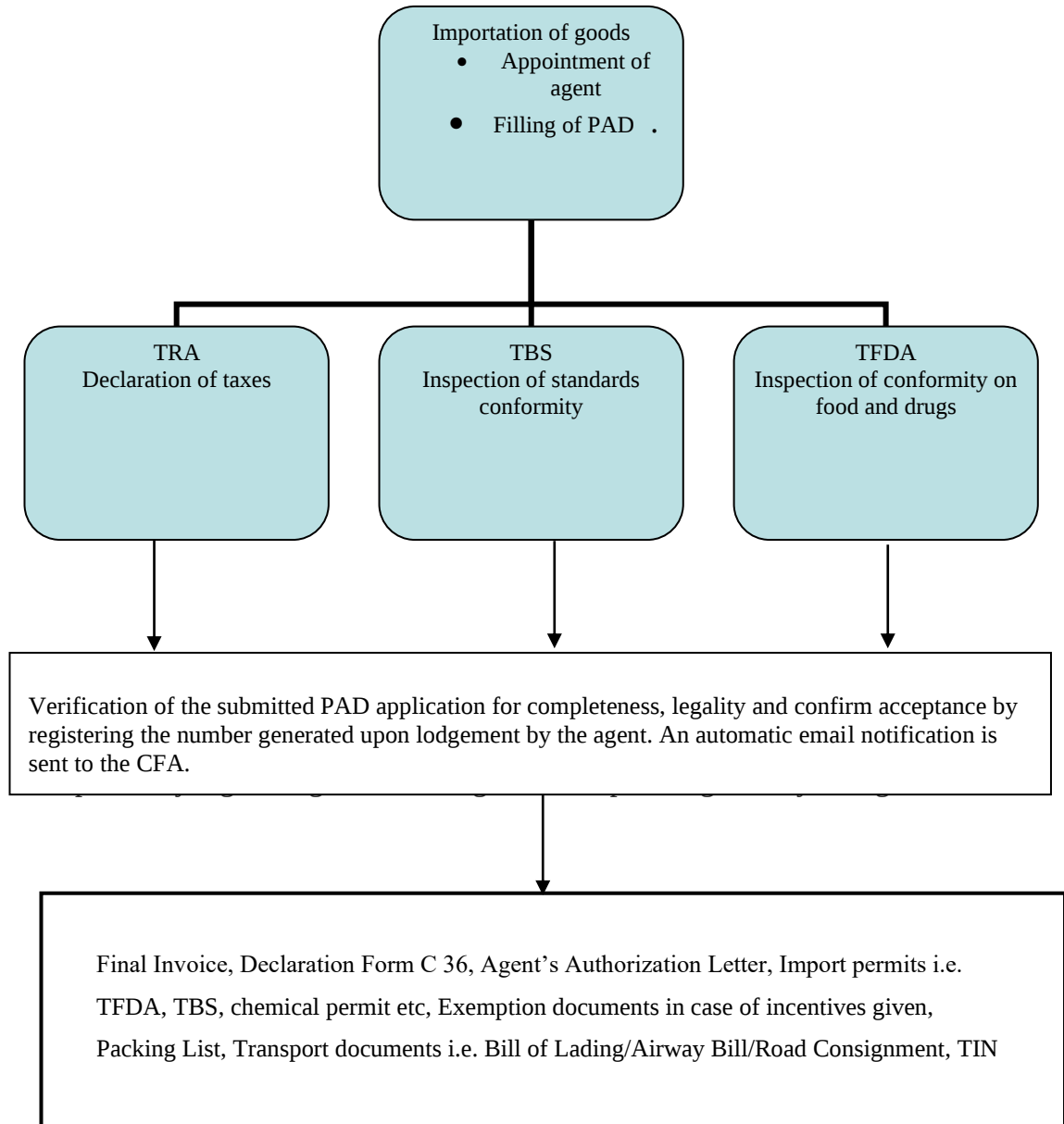
Customs agents/importers are urged to complete a Declaration and self assessment through Tanzania Customs Integrated System (TANCIS) and attach along with other relevant import/ supporting documents at least 7 days prior to the arrival of the goods

Complete set of import documents include : Final Invoice, Declaration Form C 36, Agent's Authorization Letter, Import permits like TFDA, TBS, chemical permit etc Exemption documents in case of incentives given, Packing List, Transport documents including a Bill of Lading/Airway Bill/Road Consignment, TIN Certificate (importer)

Legible copies of Pro-forma invoices are acceptable for verification and registration purposes only but not for issuance of any clearance report (P-PAD, A-PAD etc.)

TRA rejects illegible and incomplete Pre-Arrival Declarations – PAD) (Link) with insufficient descriptions through Integrated Query System (IQS). CFAs and Importers can follow the progress of their PAD through the Global Status Report (GSR) and communicate messages with the TRA through the “Communicate with TRA” accessible through the “Manage your files” link.

Figure 2.1: Conceptual Frame work on the Import Process Flow



As per the fig 2.1 above the researcher has displayed the major process involved in the process of importation of goods whereby on importing goods one is supposed to appoint an authorised agent to handle clearing this agent deals with specific regulatory authorities in processing of the import depending on the nature of goods specific regulatory authorities perform specific functions. Apart from the regulatory authorities specific steps and documents have been mentioned above in the diagram.

Verify the submitted PAD application for completeness, legality and confirm acceptance by registering the number generated upon lodgment by the agent. An automatic email notification is sent to the CFA.

Pre – Arrival Declaration (PAD) is the system used by Customs and Excise department to process importation documents during clearance of goods. However the initial process starts with the importer through his/her appointed Clearing and Forwarding Agent. (CFA)

The importer hands over the importation documents either manually or electronically to the CFA who uploads them in the PAD system and lodges the same to TRA; whereby a reference number is automatically generated; these include:

- (i) Final Invoice
- (ii) Declaration Form C 36
- (iii) Agent's Authorization Letter
- (iv) Import permits i.e. TFDA, TBS, chemical permit etc
- (v) Exemption documents
- (vi) Packing List
- (vii) Transport documents i.e Bill of Lading/Airway Bill/Road Consignment
- (viii) TIN Certificate (importer)

TRA will then verify the submitted PAD application for completeness, legality and confirm acceptance by registering the number generated upon lodgment by the agent. An automatic email notification is sent to the CFA.

2.6 Chapter Summary

In this chapter we looked at several cases related to our study as well as looked at policies that have been put in place by authorities in Tanzania in tackling the menace of counterfeit goods.

Since the purpose of this thesis was to investigate how counterfeit products affect Tanzania economy counterfeit products needed to be examined in the literature

review. The literature review confirmed that counterfeit goods menace has not been properly tackled in our economy and is a growing problem in other developed countries as well. The items were if the counterfeit products was perceived as status symbols, common, exclusive, fun, worth paying for, durable and prestigious (Nia & Zaichkowsky, 2000). These items could therefore be seen as indicators of how counterfeit products are dangerous to the economy of Tanzania.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter discusses the approach and various methods of inquiry to be used in the study. It explains the research design: population of the study: sampling procedures and sample size; data collection methods and data analysis methods. The study area will be Dar es Salaam regions.

3.2 Research Design

Research design is intended to be a general plan of how research questions will be answered in the study (Saunders et al., 2009). This study is both descriptive and exploratory. According to Kothari (2011) descriptive research studies are concerned with accurate description of a situation or of an association between variables. On the other hand because not much has been written in this area a combination of exploratory research is necessary. This allows for flexibility required to accommodate consideration of many different aspects of a phenomenon.

The major aspects of the research design in this study are to generate basic knowledge, avail appropriate responses to the specific research questions, clarify relevant issues, uncover variables associated with the problem, uncover information needs and define alternative to addressing the research objective. It is also designed to provide further insight into the research problem by describing the variable of interest.

3.3 Population of the Study

Study population is a large group of persons, objects, institution, situation or behavior, from which information is collected in study. In this study every person and counterfeit regulatory institution official in Dar es Salaam region is within the population of the study. However because it is not possible to reach every respondent in Dar es Salaam the researcher has selected a target population. The selected study

population in this study includes all officers in regulation institutions dealing with examining, impounding, seizing and destroying counterfeit goods; Business persons dealing with consumer goods and individual consumers.

Table 3.1: Study Population

Category	Population
Officials from Regulatory Institutions - FCC, TFDA, TBS, TRA, and TPA	30
Official from the Ministry of Industry and Trade	10
Individual Business Persons	10
Individual Consumers	20
Total	70

Regulatory institutions officials under study are TRA; the Fair Competition Commission (FCC); the Tanzania Food and Drugs Authority (TFDA); Tanzania Bureau of Standards (TBS); Tanzania Ports Authority (TPA); the Ministry of Trade and Industry; and the business and non-business community in Dar es Salaam region Table 3.1 gives an insight into the population of specific sectors selected for sampling as highlighted above.

Table 3.2: Sampling Frame

Category	Sampling Size	Percentage
Officials from Regulatory Institutions-FCC, TFDA, TBS, TRA, and TPA	9	50%
Official from the Ministry of Industry and Trade	2	100%
Individual Businesspersons	14	70%
Individual Consumers	35	59%
Total	60	60%

In order to address the specific research questions in accordance to Table 3.2 the researcher targeted officers from selected regulatory institutions and the ministry of industry and trade, individual businesspersons dealing with selling consumer products individual consumers of such products from the general public in Dar es Salaam Region.

Table 3.2 is the sampling frame. The number of respondents to be reached in the study populations is 60. At least 2 officers from all earmarked institutions will be picked.

The rest of the population will be randomly picked. Table 3.3 below shows summary of the composition of sample respondents and the sampling techniques used to select them.

3.4 Sampling Procedures and Sample Size

Table 3.3 Composition of Respondents and Sampling Techniques

Respondents	Sample Number	Sampling Techniques	Reasons for Sampling
TRA Officers	6	Purposive	Knowledge and ability to detect genuine and fakes
FCC Officers	6	Purposive	Accessibility to current information on counterfeits
TBS Officers	6	Purposive	Practical experience in determination procedures
TFDA Officers	6	Purposive	Accessibility to current information of counterfeits.
Officer from the Ministry of industry and Trade	6	Purposive	For official policy trade and combating counterfeits
TPA	3	Purposive	Major entry point
Individual Businesspersons	12	Stratified Sampling	Better understanding about the effects of counterfeits.
Individual Consumers	15	Simple random sampling	Understanding awareness and effects of counterfeits on consumers
Total	60		

3.5 Sample

In Business it is not possible to deal with all targeted population it is

imperative to identify a proportion on the population as sample (Saunders et.al, 2009) in this study 60 respondents will be research in the following categories: 6 officers from various institutions; 12 individual persons from the business community; and 15 individuals from the general consumer community in Dar ess Salaam region.

3.5.1 Sampling Procedures/ Techniques

The sampling techniques employed in this study are purposive and simple random sampling techniques. Purposive sampling method or judgment sampling will be applied to enable the researcher to select people who meet certain important requirements for the research (Kothari, 2011) These are from the institutions responsible for tracking counterfeit products. The researcher used simple random sampling for the end user population because of its advantages in terms of accuracy, time and financial constraints (Saunders et al, 2009) Same approach was used for the business community. The sample size is considered optimum and there will not be so much variation in results expected by increasing the sample size.

The desired level of the sample size for consideration of validity and reliability for the study population will be considered to be 50 respondents and the maximum of 60 respondents.

Taking this challenge and availability of resources the researcher will distribute questionnaires in anticipation that the number of responses would not be less than 50. By applying simple random sampling the targeted respondents were chosen in such a way that each potential respondent had an equal chance of being selected. This approach removed the element of sampling bias.

3.6 Sources of Data

The sources of data in this study was primary and secondary data. The researcher used multiple methods of data collection commonly known as triangulation. This approach had the advantage of information from a single source.

This was applied to both primary and secondary data collection. secondary data was from records of the FCC, TFDA, TBS, TRA and the Ministry of Industry and Trade. Data from these institutions was very important in throwing light on the extent of the problem and trend analysis.

In addition to this, Various websites were visited for electronically stored information. extensive library research was conducted to try to find out relevant information in connection with the study. Information collected was various pieces of Legislations, government reports and policy documents, journals and other documented information.

In order to get wide collection of primary Data the following methods were used

3.7 Data Collection Methods

3.7.1 Interviewing

The researcher conducted interviews with senior members of the institutions concerned with control of proliferation of counterfeit products. The main target was to solicit respondent's opinion to determine the extent of the problem. Not only to discover the procedures used and discover whether the measures being taken are adequate or not. Structured and unstructured interview guide questions were applied to allow flexibility.

3.7.2 Documentary Review

In order to obtain secondary data, the researcher reviewed various reports produced by regulatory institutions and the Ministry of Industry and Trade. These included their operations manuals and operations procedures in test checking the procedures applied and what actually happens in practices.

3.7.3 Survey

The main instrument used under this method of data collection was distribution of questionnaires. in order to enlist congruent responses from all respondents, the researcher provided structure and unstructured questions to TRA, FCC,

TFDA,TPA and TBS officers, members of the Business community and General members of Dar es Salaam region community.

3.8 Data Analysis Methods

For the purposes of this study, both qualitative and quantitative analytical methods was used to analyse data. Qualitative analytical approach was used for written documents (Saunders et al, 2009).

Appropriate powerful computer software packages was used to process data depending on the nature and bulkiness of data encountered. latest Microsoft Excel was used depending on the situation for instance.

The initial process was questionnaire checking editing, coding, tabulation, and data cleaning. Data collected will be statistically adjusted and appropriate data analysis strategy will be picked. In this case descriptive statistics approach.

3.9 Validity and Reliability

3.9.1 Data Reliability

Reliability is the degree to which an assessment tool produces stable and consistent results.

Types of Reliability

- (i) Test-retest reliability is a measure of reliability obtained by administering the same test twice over a period of time to a group of individuals. The scores from Time 1 and Time 2 can then be correlated in order to evaluate the test for stability over time.

Example: A test designed to assess student learning in psychology could be given to a group of students twice, with the second administration perhaps coming a week after the first. The obtained correlation coefficient would indicate the stability of the scores.

- (ii) Parallel forms reliability is a measure of reliability obtained by administering different versions of an assessment tool (both versions must contain items that probe the same construct, skill, knowledge base, etc.) to the same group

of individuals. The scores from the two versions can then be correlated in order to evaluate the consistency of results across alternate versions.

Example: If you wanted to evaluate the reliability of a critical thinking assessment, you might create a large set of items that all pertain to critical thinking and then randomly split the questions up into two sets, which would represent the parallel forms.

- (iii) Inter-rater reliability is a measure of reliability used to assess the degree to which different judges or raters agree in their assessment decisions. Inter-rater reliability is useful because human observers will not necessarily interpret answers the same way; raters may disagree as to how well certain responses or material demonstrate knowledge of the construct or skill being assessed.

Example: Inter-rater reliability might be employed when different judges are evaluating the degree to which art portfolios meet certain standards. Inter-rater reliability is especially useful when judgments can be considered relatively subjective. Thus, the use of this type of reliability would probably be more likely when evaluating artwork as opposed to math problems.

- (iv) Internal consistency reliability is a measure of reliability used to evaluate the degree to which different test items that probe the same construct produce similar results.
 - a. Average inter-item correlation is a subtype of internal consistency reliability. It is obtained by taking all of the items on a test that probe the same construct (e.g., reading comprehension), determining the correlation coefficient for each pair of items, and finally taking the average of all of these correlation coefficients. This final step yields the average inter-item correlation.
 - b. Split-half reliability is another subtype of internal consistency reliability. The process of obtaining split-half reliability is begun by “splitting in half” all items of a test that are intended to probe the same area of knowledge (e.g., World War II) in order to form two

“sets” of items. The entire test is administered to a group of individuals, the total score for each “set” is computed, and finally the split-half reliability is obtained by determining the correlation between the two totals “set” scores. Moskal, B.M., & Leydens, J.A. (2000).

In line with consistency where same measures produce the same results across different samples at different times goes far to show how reliable our data can be to. To ensure reliability several methods were employed mainly observation, interviews and questionnaires used to give a more one to one experience with the correspondents.

3.9.2 Data Validity

Validity refers to how well a test measures what it is purported to measure.

Cronbach, L. J. (1971).

While reliability is necessary, it alone is not sufficient. For a test to be reliable, it also needs to be valid. For example, if your scale is off by 5 lbs, it reads your weight every day with an excess of 5lbs. The scale is reliable because it consistently reports the same weight every day, but it is not valid because it adds 5lbs to your true weight. It is not a valid measure of your weight.

Types of Validity includes

- (i) Face Validity ascertains that the measure appears to be assessing the intended construct under study. The stakeholders can easily assess face validity. Although this is not a very “scientific” type of validity, it may be an essential component in enlisting motivation of stakeholders. If the stakeholders do not believe the measure is an accurate assessment of the ability, they may become disengaged with the task.

Example: If a measure of art appreciation is created all of the items should be related to the different components and types of art. If the questions are regarding historical time periods, with no reference to any artistic movement, stakeholders may not be motivated to give their best effort or invest in this

measure because they do not believe it is a true assessment of art appreciation.

- (ii) Construct Validity is used to ensure that the measure is actually measure what it is intended to measure (i.e. the construct), and not other variables. Using a panel of “experts” familiar with the construct is a way in which this type of validity can be assessed. The experts can examine the items and decide what that specific item is intended to measure. Students can be involved in this process to obtain their feedback.

Example: A women’s studies program may design a cumulative assessment of learning throughout the major. The questions are written with complicated wording and phrasing. This can cause the test inadvertently becoming a test of reading comprehension, rather than a test of women’s studies. It is important that the measure is actually assessing the intended construct, rather than an extraneous factor.

- (iii) Criterion-Related Validity is used to predict future or current performance - it correlates test results with another criterion of interest.

Example: If a physics program designed a measure to assess cumulative student learning throughout the major. The new measure could be correlated with a standardized measure of ability in this discipline, such as an ETS field test or the GRE subject test. The higher the correlation between the established measure and new measure, the more faith stakeholders can have in the new assessment tool.

- (iv) Formative Validity when applied to outcomes assessment it is used to assess how well a measure is able to provide information to help improve the program under study.

Example: When designing a rubric for history one could assess student's knowledge across the discipline. If the measure can provide information that students are lacking knowledge in a certain area, for instance the Civil Rights Movement, then that assessment tool is providing meaningful information that can be used to improve the course or program requirements.

- (v) Sampling Validity (similar to content validity) ensures that the measure covers the broad range of areas within the concept under study. Not everything can be covered, so items need to be sampled from all of the domains. This may need to be completed using a panel of "experts" to ensure that the content area is adequately sampled. Additionally, a panel can help limit "expert" bias (i.e. a test reflecting what an individual personally feels are the most important or relevant areas).

Example: When designing an assessment of learning in the theatre department, it would not be sufficient to only cover issues related to acting. Other areas of theatre such as lighting, sound, functions of stage managers should all be included. The assessment should reflect the content area in its entirety.

Ways to improve validity

- (i) Make sure goals and objectives are clearly defined and operationalized. Expectations of students should be written down.
- (ii) Match assessment measure to your goals and objectives. Additionally, have the test reviewed by faculty at other schools to obtain feedback from an outside party who is less invested in the instrument.
- (iii) Get students involved; have the students look over the assessment for troublesome wording, or other difficulties.
- (iv) If possible, compare your measure with other measures, or data that may be available.

To ensure data validity all information gathered and analyzed accordingly with consideration of all above steps were followed.

CHAPTER FOUR

PRESENTATION OF DATA ANALYSIS AND DISCUSSION OF FINDINGS

4.1 Introduction

This chapter presents and analyses data collected throughout the process of our research. Information collected from the various regulatory authorities provided guidance covering the whole research process, which involved how they share information amongst themselves. Businesspersons supplying consumer goods expressed their position and individual consumers reached aired their concerns.

4.2 Distribution of Questionnaires

Questionnaires were distributed to the intended samples in accordance to the technique employed for this research where by all were later collected and analyzed so as to present the findings as below.

One to one interviews were conducted at different intervals basing on the availability of the respondents together with observation that was used to extract data from the intended samples.

4.2 Effectiveness of Regulatory Institutions

Regulatory institutions covered by this research included the Tanzania Bureau of Standards Fair Competition Commission; the Tanzania Food and Drugs Authority; Tanzania Revenue Authority; Tanzania Ports Authority ; and the Ministry of Industry and Trade. The specific roles of each institution differ but are areas where their obligations converge. This is where for example the quality or standard of a consumer product is doubted. If the doubt is raised by the TRA Customs Department, then the matter will be referred to the regulatory institution with mandate to carry further investigation like TFDA or TBS.

4.3 Tanzania Bureau of Standards

TBS is a parastatal organization under the Ministry of Industry and Trade. Tanzania Bureau of Standards (TBS) was established under the Ministry of Industry

and Trade by an Act of Parliament, the Standards Act No.3 of 1975 as the National Standards Institute and became operational in April 1976.

It was subsequently renamed Tanzania Bureau of Standards through an amendment to the Act by Act No.1 of 1977. The Standards Act No. 3 was later repealed and replaced by the Standards Act No. 2 of 2009, which gave the Bureau more powers in carrying out its **mandate**.

The Bureau was established as part of the efforts by the government to strengthen the supporting institutional infrastructure for the industry and commerce sectors of the economy. Specifically, TBS was mandated to undertake measures for quality control of products of all descriptions and to promote standardization in industry and commerce.

4.3.1 Functions of TBS

- (i) To undertake measures for quality control of commodities, services and environment of all descriptions and to promote standardization in industry and trade;
- (ii) To make arrangements or provide facilities for the testing and calibration of precision instruments, gauges and scientific apparatus, for the determination of their degree of accuracy and traceability by comparison with standards approved by the Minister of Industry and Trade on the recommendation of the Board of Directors, and for issue of certificates in regard to them;
- (iii) To make arrangements or provide facilities for the examination and testing of commodities and any material or substance from or with which, and the manner in which, they may be manufactured, produced, processed or treated;
- (iv) To approve, register and control the use of standard marks in accordance with the provisions of the Standards Act;
- (v) To grant, renew, suspend, vary or cancel any license issued for the use of any standards mark;
- (vi) To assist industries in setting up and enforcing quality assurance and environmental management systems procedures;

- (vii) To prepare, frame, modify or amend National Standards;
- (viii) To encourage or undertake educational work in connection with standardization, quality assurance, metrology, testing and environment;
- (ix) To assist the Government or any other person in the preparation and framing of standards;
- (x) To co-operate with other Government agencies, representatives of any industry or any other statutory corporation or person with a view to securing the adoption and practical application of standards;
- (xi) To provide for the inspection, sampling and testing of locally manufactured and imported commodities with a view to determining whether the commodities comply with the provisions of the Standards Act or any other law dealing with standards relevant to those commodities;
- (xii) To act as the custodian of the National Measurement Standards of weights and measures and from time to time adjust, replace or cancel any standards where the adjustment, replacement or cancellation is necessary for the maintenance of conformity to the international standards;
- (xiii) To be the signatory of the mutual recognition arrangement with other national metrology institutes;
- (xiv) To collect, publish and disseminate literature and other materials on standardization and other related subjects and to provide facilities for the members of the public to have access to the materials;
- (xv) To carry-out, promote or assist in research on standardization and related subjects;
- (xvi) To participate in, or to make arrangements for conferences, workshops, seminars and discussions on matters connected with the activities of the Bureau;
- (xvii) To co-operate with regional and international organizations in all matters related to standardization and quality assurance and represent the country in such matters;
- (xviii) To publish from time to time an updated version of a National Standard for the quantities and units of measurement to be used, which shall be in conformity with the latest version of the International System of Units;

- (xix) To undertake pre-shipment verification conformity (PVoC) to standards; and
- (xx) To do all other acts and things, and enter into any transactions, which are, in the opinion of the Board of Directors, expedient or necessary for the proper and efficient discharge of the functions of the Bureau.

In the performance of its functions the Bureau keeps an eye on the health, safety, environment and general welfare of the people of the United Republic; and maintains, as far as may be practicable, a system of consultation and co-operation with any body established by or under any written law and having functions similar or relating to industrial or commercial standards generally.

4.3.2 Control Measures Undertaken by TBS

Before introduction of the Pro-Export Verification of Conformity to Standards . the procedure for inspection and verification depended very much on Tanzania Revenue Authority (TRA) procedures. TRA had established three levels of control according to Tax Compliance Record of particular importers. These were the Green, Yellow and Red belt. The Green belt. Comprised of big importers who paid their taxes promptly and therefore not subject to rigorous inspection or TBS involvement. This was about 40% of all imports. The yellow belt was made up of another 40% but with doubtful tax compliance. Their goods had to pass through the scanner without much involvement of TBS. It was only the 20% importers listed in the Red belt who were subjected to TBS procedures. This shows how it was very easy for substandard and counterfeit products to access the domestic market .

Tanzania Bureau of Standards offers the following products in order to control the quality of products and services that are in the country

- (i) Standards
- (ii) Standards mark licences
- (iii) Tested product certificates
- (iv) Laboratory test reports
- (v) Quality control training certificates

The Test House has facilities for testing of products If they are suitable for their intended use. Major specialized sections include the Chemical Laboratory; Materials Testing Laboratory; Building and Construction; Mechanical Engineering; Electrical; Engineering Food laboratory; Textile and Leather Laboratory; Meteorology Laboratory; Packing Technology Center; and The Cotton Center, Theoretically all goods manufactured domestically or imported must pass through multiple level verification processes before accessing the market. These include physical inspection, laboratory testing, factory audit and documentary verification.

Certification Process

Certification process starts with an application to the Director General from the producer. Before logging the application, the producer must make sure that the premise through which operations are carried out is to the standards and has been passed by relevant regulatory and/or health/safety authorities. Above the premise is the product itself which includes packaging and labeling. In most cases, or as is often the case, the producer is asked to obtain standards from TBS before embarking on the whole process. It must be clear that certification is done against a particular standard, so acquiring a standard is obligatory.

Accreditation is the conformity assessment of bodies that perform conformity assessment services. It is a process in which certification of competency, authority, or credibility is presented. Various TBS laboratories are accredited against ISO/IEC 17025:2005, General requirements for the competence of testing and calibration laboratories and others are in different stages of accreditation by the South African Accreditation System (SANAS).

TBS conducts day to day inspections and sample collection. This includes batch inspections at the ports and other entry points like the airports, Holili, Horohoro, Namanga, Tanga Port, Sirari and at importers' premises. TBS also conducts routine surveillance inspections to clients licensed to use the 'tbs' mark and those certified under tested product certification schemes. Pre-licence/certificate inspections to new applicants under "tbs" and tested product certification are also conducted. For

certified companies, TBS conducts about 4 inspections annually. The first is conducted at the factory upon receipt of certification request from a client. Upon certification, TBS conducts at least three inspections either at the premise or through point of purchase without the knowledge of the producer. This is done to ensure that the products adhere to standards all the time.

The certificate period is one year only, each year end the client has to seek for renewal to ensure that each certified client has a chance at mandatory level to be inspected once every year in case by chance the client missed to be inspected in between.

The standard mark is for goods manufactured within the country. For imported goods, TBS issues certificates for those goods that have passed TBS tests. Any consumer doubting whether such goods are in good order or not can enquire through TBS offices. The consumer is also encouraged to look for marks of quality of the country from which particular goods come from.

Small and Medium Entrepreneurs (SMEs), especially those nurtured by the Small Industries Development Organization (SIDO) or recognized by the government get TBS certification services freely. Such SMEs are not supposed to pay any certification fee. TBS also trains SMEs in various regions on safety and quality production.

Apart from TBS administering the control other relevant authorities have been employed to cater mostly for imports these include the likes of SGS a leading international inspection company

4.3.3 SGS Inspection Company

SGS is the world's leading inspection, verification, testing and certification company. Recognized as the global benchmark for quality and integrity. With more than 80,000 employees, **SGS** operates a network of more than 1,650 offices and laboratories around the world.

Core services include:

- (i) Inspection: comprehensive range of world-leading inspection and verification services, such as checking the condition and weight of traded goods at transshipment, help to control quantity and quality, and meet all relevant regulatory requirements across different regions and markets
- (ii) Testing: global network of testing facilities, staffed by knowledgeable and experienced personnel, enable to reduce risks, shorten time to market and test the quality, safety and performance of products against relevant health, safety and regulatory standards
- (iii) Certification: enable to demonstrate that products, processes, systems or services are compliant with either national or international standards and regulations or customer defined standards, through certification
- (iv) Verification: ensure that products and services comply with global standards and local regulations. Combining global coverage with local knowledge, unrivalled experience and expertise in virtually every industry, SGS covers the entire supply chain from raw materials to final consumption.

4.3.4 Challenges Faced by TBS

The biggest challenge that faces this and many other authorities as noted in our research is the aspect of corruption which is a major setback to control of counterfeit products in Tanzania. Many counterfeit goods make their way into the market through corrupt ways and officials.

One of the challenges facing TBS is the existence of unofficial routes used to smuggle, store and transport goods whose quality is doubtful while the country's capacity to guarantee security to all border points remains very limited. Border regions including Kilimanjaro, Arusha, Mara and Mbeya and Kagera are notorious for 'panya routes' which are used to move inferior goods.

Currently partnership between TBS and LGAs in combating inferior products in the market is not well strategized. There is a serious gap between TBS and many LGAs and this should not be entertained in the fight against fake products countrywide.

Since the enactment of the new TBS Act in 2009, the participation of LGAs in its implementation has been very minimal and stakeholders have been warning that the situation was unhealthy as it was difficult to deal with inferior goods by focusing on cities and urban areas alone.

Table 4.1: Opinion of TBS on success of Fighting Counterfeit Goods

	Frequency	%
Strongly Disagree	4	92
Disagree	1	4
Neutral	1	4
Agree	0	0
Strongly Agree	0	0
Total	6	100

Source: Field Data, June 2014

The findings on Table 4.1 show that 92% of the respondents felt that much needed to be done to curb this problem of counterfeit most of them complained of corrupt officials and inadequate tools and mechanisms to fight the counterfeit issue. One respondent actually put the blame on other regulatory authorities including the police and TRA for their failure to control this lucrative trade.

4.4 The Fair Competition Commission

For many years Tanzania's economy was centrally planned, until mid 1980s, during which, the country embarked on a programme of trade liberalization, which was followed by the policy of privatizing state owned enterprises from 1992. Privatization policy supported private ownership and freer markets. In the late 1990s the Government began concerted efforts to create a viable regulatory framework in the country. These efforts culminated into the enactment of the Fair Competition Act of 2003.

The Fair Competition Commission (FCC) is an independent government body established under the Fair Competition Act, 2003 (No. 8 of 2003), to promote and

protect effective competition in trade and commerce and to protect consumers from unfair and misleading market conduct. The ultimate goal of the Act is to increase efficiency in the production, distribution and supply of goods and services. Establishment of FCC is a significant step in Tanzania's effort to establish a market economy.

Functions of FCC

The FCC makes necessary interventions to ensure that competition is allowed to regulate the competitive market. It also intervenes to prevent significant market dominance, price fixing and extortion of monopoly rent to the detriment of the consumer, market instability.

Through the powers conferred upon it by the FCA, the FCC deals with all issues of anti-competitive conduct, abuse of dominance and has provision for curtailing mergers and acquisitions if outcome is likely to create dominance in the market or lead to uncompetitive behavior. It also carries the consumer protection regime administered by a department at arms length with the Commission. The adjudications of consumer related cases is done in the normal courts.

The FCC is given powers to gather information, to conduct investigations and to impose sanctions for violations of the law.

In addition to implementing the FCA, FCC is also charged with the responsibility of enforcing the Merchandise Marks Act of 1963, which is the legal instrument for fighting counterfeits.

The competition law co-exists with the sector specific regulatory framework. The regulatory framework is governed by the following Acts;

- (i) The Energy and Water Utilities Regulatory Authority Act, 2001 (EWURA Act);
- (ii) The Surface and Marine Transport Regulatory Act, 2001 (SUMATRA Act);

- (iii) Tanzania Civil Aviation Regulatory Authority Act, 2003 (TCAA Act);
- (iv) The Tanzania Communications Regulatory Authority Act, 2003 (TCRA Act).

Other major functions of the FCC include;

- (i) According to the Fair Competition Act, the FCC will carry out the following functions in line with efforts to fulfill its objectives:
- (ii) Administer the Fair Competition Act and develop and promote policies for enhancing competition and consumer welfare;
- (iii) Control, manage and efficiently perform the functions of the Commission under the Act;
- (iv) Promote and enforce compliance with the Act;
- (v) Promote public knowledge, awareness and understanding of the obligations, rights and remedies under the Act and the duties, functions and activities of the Commission;
- (vi) Make available to consumers information and guidelines relating to the obligations of persons under the Act and the rights and remedies available to consumers under the Act;
- (vii) Carry out inquiries studies and research into matters relating to competition and the Protection of the interests of consumers;
- (viii) Study government policies, procedures and programs, legislations and proposals for legislation so as to assess their effects on competition and consumer welfare and publicise the results of such studies;
- (ix) Investigate impediments to competition, including entry into and exit from markets, in the economy as a whole or in particular sectors and publicise the results of such investigations;
- (x) Participate in deliberations and proceedings of the government, government commissions, regulatory authorities and other bodies in relation to competition and consumer welfare
- (xi) Make representations to government, government commissions, regulatory authorities and other bodies on matters related to competition and consumer welfare;

- (xii) Consult with consumer bodies, regulatory authorities, business organizations and other interested persons;
- (xiii) Consult with the competition authorities of other countries;
- (xiv) Represent Tanzania at international forum concerned with matters relating to competition or the interests of consumers.

The FCC also provides a secretariat for the National Consumer Advocacy Council (NCAC), which was established under section 92 of the Fair Competition Act (No. 8 of 2003).

4.4.1 The Functions of the NCAC are

- (i) To represent the interests of consumers by making submissions to, providing views and information to and consulting with the Commission, regulatory authorities and government ministries;
- (ii) To receive and disseminate information and views on matters of interest to consumers
- (iii) To establish regional and sector consumer committees and consult with them;

To consult with industry, government and other consumer groups on matters of interest to consumers.

In order to achieve the above objectives the FCC has established an Anti – Counterfeit Department which specifically deals with coordinating efforts to fight counterfeit product. The main guiding statute in this respect is the Merchandise Marks Act, 1963. Within the department there are sub-departments which focus on counterfeit Surveillance Department physically conducts inspections, searches and sizes counterfeit goods in all entry point. The mandate extends to all port, airports, border points, inland container depots and warehouse, and wholesale and retail shops. The Anti-Counterfeit Enforcement Department is tasked with taking appropriate legal actions against persons and companies transacting in counterfeit goods.

Since its establishment, the FCC has been working hard to address the problem of counterfeit products in the market, Actions taken include destroying such products and imposing penalties stipulated in the Act to the offenders but the problem is still on the rise. These goods are imported by Tanzanians using normal ports of entry like Dar es salaam Port.

4.4.2 Problems Faced by FCC

Corruption in this case is also a contributing factor to problems faced by FCC in their implementation.

The biggest challenge seems to be weak procedures and ability to identify counterfeit goods. This is compounded by the fact that they have to be inspected physical with the help of brand owners. FCC does not have sufficient staff to address this problem in the whole country.

It has budget constraints and there are too many illegal points of entry along Tanzania Borders. Because of these constraints it cannot be ruled out that a significant percentage of these counterfeits find their way into the market through normal ports of entry like TPA and Airports. Dishonesty of employees at entry points and corruption are major factors attributed to uncontrolled influx of these goods.

Table 4.2: Opinion of FCC on Success of Fighting Counterfeit Goods

	Frequency	%
Strongly Disagree	3	88
Disagree	1	4
Neutral	1	4
Agree	1	4
Strongly Agree	0	0
Total	6	100

Source: Field Data, June 2014

As per Table 4.2 we found that 88% felt the need to strengthen the regulatory authorities to fight counterfeit. Most of the respondents at FCC though complained of minimal involvement in regulating imports thus felt that they were not fully responsible for the influx of counterfeit and its effect in Tanzania, the other respondents who mainly comprised of 4% were divided into neutral, agree and some disagreed.

4.5 Tanzania Revenue Authority

TRA is one of key institutions which can assist to a very large extent in controlling the inflow of counterfeit and substandard products. The reason behind is that all shipments are subject to inspection and or verification by the Customs and Excise Department. If proper measures are put in place, it is possible to detect counterfeits in the course of revenue collection. Abnormal and suspect consignments could be subject to scrutiny and redirected to the responsible intervention. Institutions for further verification

The Tanzania Revenue Authority (TRA) is a government agency of Tanzania, charged with the responsibility of managing the assessment, collection and accounting of all central government revenue. It is a semi-autonomous body that operates in conjunction with the Ministry of Finance and Economic Affairs.

The Tanzania Revenue Authority (TRA) was established by Act of Parliament No. 11 of 1995, and started its operations on 1st July 1996. In carrying out its statutory functions, TRA is regulated by law, and is responsible for administering impartially various taxes of the Central Government, assessing; collecting and accounting for all central government revenue; advice the government on all matters related to fiscal policy; and to counteract fraud and other forms of tax evasion.

Customs clearance involves processing of import, export and transit declarations. It involves assessment of origin, value and classification of goods. Included in core functions is collection of duties and fees; physical inspection and examination of import goods; release of such cargo and conduct of post-clearance audits.

In line with the above responsibilities TRA introduced a new system for ease of control on imports. With a view of reducing cost of doing business in the country, Tanzania Revenue Authority (TRA) in March 2014, introduced the new customs system Tanzania **Customs Integrated Systems (TANCIS)**.

It is one of the vital tools to make the country attractive for internal and external investment. TRA in general has continuously been trying to improve its operational efficiency through leveraging on technology as one of the tools to create convenience in doing business and also reduce costs," he noted.

TRA spent over \$ 11.6 million to have TANCIS in place.

The new system aims at eliminating the weaknesses of the current system which is called Asycuda ++ which is not user friendly as it is much complicated. The development of TANCIS started since 2009 involving numerous players in the cargo clearance chain.

Some of the players involved in the system development are Tanzania Shipping Agents Association (TASAA), **Tanzania Bureau of Standards (TBS)**, Tanzania Freight Forwarders Association (TAFFA), **Tanzania Food and Drug Authority (TFDA)**, Bank of Tanzania (BOT) and Tanzania Ports Authority (TPA).

The involvement of stakeholders is due to the fact that TRA cannot clear the cargo itself, there are other players that need to get involved such as banks, regulatory bodies, importers and exporters.

4.5.1 Problems Faced by TRA

Just like the 2 previous authorities discussed TRA also faces a very big problem with Corruption one of the most corrupt institutions in Tanzania is the TRA which gives a lee way to many importers of counterfeit products to easily import goods that do not conform to standards set as well as avoid being paid for taxes.

Table 4.3: Opinion of TRA on Success of Fighting Counterfeit Goods

	Frequency	%
Strongly Disagree	0	0
Disagree	1	4
Neutral	0	0
Agree	5	96
Strongly Agree	0	0
Total	6	100

Source: Field Data, June 2014

As per the Table above the TRA respondents that were interviewed Most of the officers interviewed at TRA were of the opinion that counterfeit has been controlled by their entity accordingly and there was no need of major changes to combat the same.

96% agreed that the fight against counterfeit is a success and only 4% which comprised of 1 respondent disagreed as per this findings the assumption of the researcher and considering what other respondents from other regulatory authorities were complaining the reason behind TRA respondents agreeing on the success is mainly attributed to corruption some of these personnel tend to gain allot from this lucrative trade through corruption.

4.6 Tanzania Ports Authority

Dar es Salaam harbor is one of the major ports along the coast of East Africa.

It is a fairly busy port handling domestic imports and exports as well as transit goods to and from landlocked East and Central African countries. These include Rwanda, Malawi; Zambia; Democratic Republic of Congo (DRC); Burundi and Uganda.

Accounting to TPA statistics Dar es salaam port handles an estimated 900 twenty-foot equivalent units (TEUs) of containerized consignments daily. At this volume it is difficult for regulatory and law enforcement officers to detect counterfeit and substandard products passing through the port as well as coming into the country.

Charged by TPA are not taxes but part of costs and freight of goods imported. However they have put up facilities where responsible regulatory institutions can operate from. It is some kind of one stop center where all imported goods must pass through. Regulatory Institutions like TFDA, FCC and TBS can operate from that point together with Tanzania Ports Authority (TPA) is investing 10 million US dollars (over 16bn/-) to install the Electronic Single Window System that envisages integrating the operations of all port stakeholders. the system seeks to facilitate international trade through simplifying flow of information between traders and government institutions.

All port stakeholders — shipping and forwarding agencies as well as government institutions overseeing international trade, will benefit from the system namely; Tanzania Revenue Authority, Tanzania Bureau of Standards, Tanzania Foods and Drugs Authority and the Ministry of Industries and Trade as among the key stakeholders.

The effective working electronic system will increase operational efficiency and lead to time saving through speedy imports and exports' information sharing among stakeholders. Under the system, processing and handling information will be automated. The clearing agents, for instance, will no longer need to physically move with documents from one office to another for processing but simply feed the necessary information in one computer connected to the system.

Meanwhile, the authority is contemplating installation of the Integrated Security System (ISS) at Dar es Salaam port to strengthen security and customers' property. With the security system, access and movement within the port premises would be highly restricted and controlled thus all goods coming in shall be closely monitored curbing down on counterfeit goods. TPA believes that after the installation of the system, theft incidents will become history, access to and movements within the port will be highly restricted. Both, people and cars will have to be certified to get into the port premises.

Table 4.4: Opinion of TPA on success of Fighting Counterfeit Goods

	Frequency	%
Strongly Disagree	0	0
Disagree	1	33
Neutral	0	0
Agree	2	67
Strongly Agree	0	0
Total	3	100

Source: Field Data, June 2014

The findings show that 67% of TPA staff were of the opinion that there was success I fighting counterfeit on cross examination the researcher realized that it was due to the fact that they were not fully involved in the checking and counter checking of the goods coming in their main task is to perform terminal handling of the containers.

4.7 Tanzania Food and Drugs Authority

The Tanzania Food and Drugs Authority (TFDA) is a government regulatory body under the Ministry of Health and Social welfare. It is established under section 4 of the Tanzania Food, Drugs and Cosmetics Act, No. 1 of 2003 (hereinafter TFDCA) which came into force on 1 July 2003. The main functions of TFDA are provided under section 5 of the TFDCA. Basically section 5 empowers the TFDA to regulate all matters relating to quality and safety of food, drugs, cosmetics and medical devices.

Key regulatory functions can be summarized as Drugs Registration; DRUGS Inspection and Surveillance; Licensing of Pharmaceutical manufactures; Importers and Distributors; Control of Importation of Pharmaceuticals; Quality Control Laboratory; and Adverse Drug Reactions. Specific procedures which manufactures and importers of products regulated by the TFDA have to follow have been established under section 5 the TFDA.

To make sure that is compliance with licensing requirements, Inspections are carried out regularly. TFDA have required who are stationed at the headquarters and Regional office. The TFDCA requires all manufactures and distributors of pharmaceutical products to hold valid licences and permits.

All products regulated by TFDA that is food, drugs, cosmetics and medical devices must be certified as safe for use before accessing the market. Only registered products that carry appropriate label and packaging materials are allowed in the domestic market. Any trader intending to import regulated products must be registered by the TFDA. Importation procedures involve filing an application form which is submitted to the Director General of TFDA together with a pro-forma invoice that contains specific information of the product.

Required information in the pro-forma invoice include: name of the product- brand and generic names, manufactures name, registration number, expiry date, dosage form and strength of ingredients, country of origin, quantity and value of the product and transportation means and Port of entry (POE). The pro-forma invoice is verified for correctness. If it is approved, a permit may be issued to the applicant.

4.7.1 Verification Procedure

Imported products regulated by TFDA are subject to inspection at the port of entry. The permit to import and the details in the Pro-forma invoice are compared with import documents if the details agree. Where are there doubts regarding quality and safety standard a sample of the product is taken for further testing to TFDA testing facilities or any other approved testing facility. Screened Products which fail to meet established standards of quality or are safe health wise are quarantined at the POEs, returned to the country of origin or disposed of at the expense of the importer.

4.7.2 Challenges Facing TFDA

Information collected in the field disclosed that TFDA is faced with a number of challenges. These range shortage of staff particularly Inspectors who are appointed

by the minister responsible from recommendations made by the Director General. There is no also a problem of laboratory testing facilities which are basically located in Dar es Salaam.

Given the size of the country and magnitude of the problem it is very difficult to address it effectively.

TFDA officials also said that they experience problem with prosecuting those engaged in counterfeiting and peddling fake products. When they apprehend these culprits they have to refer the matter to other organs of the state for prosecution.

The prosecution machinery has its own ways of handling matters which may involve the police to conduct additional investigations and further evidence. This simply waters down all that TFDA had established beyond reasonable doubt. At the end the offender is set free or given a penalty that does not match the kind and nature of offence committed.

Table 4.5: Opinion of TFDA on Success of Fighting Counterfeit Goods

	Frequency	%
Strongly Disagree	4	67
Disagree	2	33
Neutral	0	0
Agree	0	0
Strongly Agree	0	0
Total	6	100

Source: Field Data, June 2014

Findings show that 67% were of the opinion that counterfeit has not been successfully fought this they attributed to poor allocation of roles amongst regulatory authorities who feel that distribution of responsibility has not been properly addressed. 33 % disagreed.

4.8 Ministry of Industry and Trade

The Ministry of Industry and Trade is a government ministry of Tanzania. Its offices are located in Dar es Salaam. The Minister of Industry and Trade is Hon Abdallah Kigoda.

The ministry's mission is to facilitate the development of sustainable industry and trade sectors through creation of enabling environment and provision of improved services.

It functions on the formulation, administration and review of policies and strategies for industrial and commercial development, creation of enabling environment for industrial and trade development, co-ordination and supervision of parastatal sector restructuring through privatization and commercialisation, entrepreneurship Promotion and development, monitoring of industrial sector performance, promotion of international trade through bilateral, multilateral and regional co-operation and export and import management etc.

However the Ministry provides specific services to individual companies or organizations. These include:

- (i) Export and Import: Arbitration
- (ii) Export and Import: Assistance in establishing contacts with traders/STOs
- (iii) Export and Import: Assistance to overseas companies for joint ventures
- (iv) Export and Import: Circulation of trade offers/trade opportunities
- (v) Export and Import: Information on market prospects
- (vi) Export and Import: Information on marketing techniques and business practices
- (vii) Export and Import: Information on national/regional foreign trade regulations
- (viii) Export and Import: Information on prices of specific products
- (ix) Export and Import: Information on shipping and other transport facilities
- (x) Export and Import: Information on trade events/participation in trade fairs
- (xi) Export and Import: Lists of manufacturers, exporters, importers, etc.
- (xii) Export and Import: National production and foreign trade statistics
- (xiii) Export and Import: Publications on country/territory/region (guide to traders)
- (xiv) Import: Information on regulations and/or procedures for public tenders

Most of the major stake holders involved in the fight against counterfeit include:

Tanzania Bureau of Standards (TBS). Tanzania Bureau of Standards (TBS) is Tanzania's sole body for the preparation and publication of Tanzania Standards. TBS was established by an Act of Parliament the Standards Act No. 3 of 1975 that was amended by Act No. 1 of 1977. This Act is the basis for TBS authority and activities. The main responsibility of the Bureau includes formulation of standards, metrology quality control, testing and calibration and training

Ministry officials contacted during field study pointed out that the major function of the ministry in this regard is policy formulation. Thus specific tasks of the ministry in combating fake products is to formulate policies, strategies and programmes that provide guidance to the institutions dealing with combating counterfeit and fake products. The above function extends to monitoring and evaluating the implementation of the laws and regulations that are meant to deal with eliminating counterfeit goods. Thus the ministry through the FCC is implementing a strategic plan for dealing with this problem.

The ministry admits that the problem of proliferation of counterfeit and substandard products exists. The approximate circulation of counterfeit and substandard goods is put at 30% of all goods in the domestic market. According to official interviewed these goods access the domestic market mainly through false customs declaration documents by unscrupulous trades. Apart from this trick there are other routes of entry. Mainly illegal landing points along the vast stretching unmanned coastline and Tanzania borders.

Table 4.6: Opinion of Ministry of Trade on Success of Fighting Counterfeit Goods

	Frequency	%
Strongly Disagree	6	100
Disagree	0	0
Neutral	0	0
Agree	0	0
Strongly Agree	0	0
Total	6	100

Source: Field Data, June 2014

Findings indicated that all 100% respondents from the ministry strongly felt that there was much to be done to regulated import of counterfeit goods all of them complained mostly of poor management as well as corruption being a major hindrance to the fight against counterfeit they suggested a restructure of all regulatory authorities and suggested empowerment of their respective office to fight the menace.

4.9 Consumers

Consumers are the key players in the counterfeit business as it is due to them that these goods find their way into the market. Their willingness to purchase these products make it a booming business

Consumers responded differently on the presence of counterfeit products in the market. Most said that these products are good and act as substitutes for expensive genuine products. They are therefore useful to the poor people who simply want to consume expensive products at cheaper prices.

Basing on the findings the researcher formed an opinion that the market for counterfeit and sub-standard products is very much available. That is why these products continue to find their way into the market. This a big challenge for intervention measure being undertaken. The war against counterfeit and sub-standard products need a holistic approach which touches on many aspects of social and economic life.

Table 4.7: Opinion of Consumers on success of fighting counterfeit goods

	Frequency	%
Strongly Disagree	3	11
Disagree	2	4
Neutral	2	4
Agree	8	81
Strongly Agree	0	0
Total	15	100

Source: Field Data, June 2014.

In regards to consumers the table reveals that a larger percentage of consumers were very much convinced that the fight against counterfeit is successful most of the respondents were okay with counterfeit as they said it was affordable to everyone and it made everyone smart at a cheaper price.

4.10 Business Community

The business community was quite okay with the counterfeit products as they say it is an easy way to make quick money. This goes to show how far the counterfeit The researcher collected information from businesspersons dealing with consumer goods.

The business community is concerned that this problem exists. Presence of counterfeit and fake products distorts the market negatively. A fake consignment could be passed for quality products but results into loss when discovered that they are not. Illegal ports of entry or systematically introduced into the licit system.

This takes us to another observation on whether there are effective deterrent measure. Most businesspersons respondent that there are no penalties that could spell disaster to dealers in counterfeit and fake products. This observation is confirmed by the responses recorded on the question of whether the penalties imposed on culprits are reasonable.

Because penalties do not provide the deterrent effect, importer of fake products keep on trying their luck. In most cases this is done with collusion of dishonest officials at points of declarations and inspection. With the examination procedures outlined it is inconceivable that there should be unprecedented levels of counterfeits in the market.

Table 4.8: Opinion of Business People on Success of Fighting Counterfeit Goods

	Frequency	%
Strongly Disagree	10	83
Disagree	0	0
Neutral	0	0
Agree	0	0
Strongly Agree	2	17
Total	12	100

Source: Field Data, June 2014

The business community revealed that most felt that counterfeit products were a very big menace to society and their business Table 4.8 gives a clear picture of 83 % who were of the opinion much is to be done to fight this problem the other 17% felt confident that things should not change the researcher later realized that it was mainly due to the fact that they were making allot of money out of this lucrative business

4.11 Challenges to Overcome

Tanzania has several laws and policies relating to fake goods, but they do not address the problem fully.

We have agencies, laws, policies and the Fair Competition Commission (FCC), which are yet to succeed. We need to have a specific law to address the problem,” he noted.

The problem of counterfeits touches everybody and so concerted efforts are needed to combat it, there is no need to blame the Tanzania Revenue Authority (TRA) and other authorities, but rather chart ways to curb the menace.

The country's related laws don't define counterfeit, hence causing difficulties for responsible authorities to address the problem.

The current law, Merchandise Marks Act has not defined sub-standards and counterfeits, meaning Tanzania lacks specific and comprehensive law to address counterfeits.

Some of the challenges hindering the fight against fake products in the country as corruption, lack of public awareness, human resources, lack of coordination and capacity building for stakeholders like the police and customs officers.

Corruption and abuse of power were cited as serious malady eroding the good fabric of society. This was noted by major of respondents including officials from regulatory authorities. Corruption in this context covers bribery, abuse of office, extortion, favoritism and other such acts which tend to compromise rule of law. Although it is difficult to quantify with evidence the extent of the problem. There is clear manifestation of its existence though persistent entry and circulation of counterfeit and sub-standard products in the domestic market. If applicable laws and procedure were to be adhered to, then a decline would be registered.

Respondents from FCC put current circulation of substandard and counterfeit products at 40% of all goods in the market. This a substantial figure. Almost all respondents indicated that they have a counterfeit or substandard product. Corruption and abuse of power was considered one of the key factors in proliferations of substandard and counterfeit products. Corruption exist in all key sectors responsible with control of counterfeits like ports entry, the police force and the judiciary.

Tanzania is ranked at 102 out of in the index for corrupt countries by Transparency International for the year 2012, In Africa it is ranked second most corrupt after. Uganda .

The most corrupt departments are the police and the judiciary. This perception in Tanzania indicates why it is very difficult to control the influx of counterfeit products, If the police are reluctant to act when confronted by counterfeit cases and the judiciary is compromised on some high profile cases then the war is far from

being won. The government plans to give more legal powers to the FCC so that it can execute investigation and arraign suspects. currently the problem is addressed by FCC and the Tanzania Bureau of Statistics (TBS) only which is not enough to combat this menace .

TBS is responsible for controlling the quality and standard of manufactured and imported products, while FCC goes beyond standards, checking trade mark ownership and protection of intellectual property. Lack of more legal powers to FCC to execute investigations and file cases against suspects is a major hinderance to this fight and will continue to pull them back unless reviewed.

During research it was found that there is no sufficient cooperation among institutions which are supposed to deal with control of counterfeit and substandard goods. TRA for example does not think that unearthing counterfeit and substandard goods is also part of its core functions. The main line of argument is that their core function is to collect taxes in accordance

Regulatory Institutions do not have sufficient resources to monitor imported goods. This involves both human and financial resources. For example TBS have contracted third party agents to implement the PVoC programme. Success of such programme is doubtful if expertise for local staff is lacking. The most important control which is used in most countries is empowerment of the customs department to allow only the categories of products permitted. The movement of goods into the country is controlled by customs administration. Adherence to import regulations and import clearance formalities is very important in checking unwanted goods.

In Tanzania import clearance involves participation of several institutions. These include the TRA Customs and Excise Department. Clearing and Forwarding agents, Customs Inspection Company (TISCAN) and Shipping agencies. Customs administration has a duty to enforce others government regulatory laws in specified areas. These include inspection, verification and testing quality and standard of imported goods. Before clearance permits from regulatory institution like the TFDA, FCC, TBS Tanzania Radiation Commission, Ministry of Agriculture for

Phytosanitary Services and Tanzania Pesticides Research Institute (TPRI) are required depending on the imported item

There has been dilemma on adoption of the best choice of Customs Verification approach. Before 2004 Pre- Shipment Inspection (PSI) was widely used. Starting July 2004 a shift to Destiny Inspection programme was adopted. PSI procedures required the exporting country to provide verification of quality, quantity, price, exchange rates, financial terms and customs classification of goods at the request of the importing country. The purpose was to control over-invoicing which may result into capital flight and under-invoicing which may result into loss of customs revenue. The difficult aspect was how to balance interests of exporters and protection of consumers.

The war against counterfeit goods cannot be won in absence of proper legal regime specifically addressing the mischief. It is deplorable to note that it was not until the year 2005 that Tanzania realised such need after the problem of proliferation of counterfeit goods became unmanageable. Instead of giving the problem the due weight it deserves, the government looked for short cuts. This was found in a forgotten law back in 1963. This no other than the Merchandise Marks Act No. 20 of 1963. This lay dormant because of delay in publication of the commencement date in the official gazette until 15 April 2005. This was pronounced through Government Notice (GN) No. 95 of 2005 published on 8 April 2005)

This Fair Competition Act, No.8 of 2003 also became operational on 12 May 2005. The implementing institutions are the Fair Competition Commission which is the institution of instance and Fair competition Tribunal which is the Appellate body. From the functions of the FCC under section 5, we notice that it is located with so many duties that dealing with counterfeit is blurred by other duties and obligations. The provisions of the FCA do not give the war against counterfeits the weight it deserves.

Prosecution is another area where officials from regulatory institutions expressed much reservation. In many cases they have come up with good cases with sufficient evidence to convict the culprits but they are set free on more technicalities. Many said that regulatory institutions should be empowered to prosecute cases falling under their respective mandates. This will give them the teeth required and give the deterrence effect envisaged in the respective legislations.

Lack of equipment is also a serious challenge in combating counterfeit and substandard products'. Officers conducting inspections at entry points rely on checking in-coming consignments manually by comparing whether import documents tally with pro-forma invoices raised to support goods or products import application forms. Given current advancement in technology mere eye inspection is not enough. Computer generated documents can easily be forged or altered. Their authenticity and integrity cannot be easily verified especially when inspectors have to deal with multiple products.

Regulatory authorities therefore need to be provided with modern mobile testing equipment for use at Ports of Entry. Current procedures allow only raising reasonable suspicion which attracts taking sample for further testing in select laboratories. This procedure is cumbersome to use and prone to human errors. It is therefore highly unreliable in detecting counterfeit and substandard goods.

The extent of participation of regulatory institutions officials in inspection of imported goods depends on Customs Administration. In most cases it is limited to what the customs considers as 'High Risk' category group which is only about 10 percent of all imports. The possibility of infiltration of counterfeit and substandard products is very high.

Consumers find it difficult to initiate complaints or instituting suits because they do not have credible evidence of transactions. Very rarely transaction receipts are issued when buying counterfeit products. In fact it is common for traders to ask customers if they want grade A or Grade B products implying genuine and counterfeit or substandard products. Also they ask whether the customer would need a receipt or ,If

one choose to have a receipt the price goes up. Many customers opt not to take receipts. If the goods prove to be defective then the customer have very little evidence to pin down the offending trader.

CHAPTER FIVE

CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter presents conclusion of the findings from the study. It also provides recommendations based on the observations made by the researcher.

First is a representation of a the summary of major findings of the study followed by conclusion.

The chapter then ends with a number of research issues recommended for implementation and future research. Exploratory research approach was employed to collect primary data from various sources due to lack of documented research relating to our topic in Tanzania.

The main objective of the study was to explore how much counterfeit products affect Tanzania whereby many stake holders including Government entities, business community and the consumers at large were looked at accordingly.

There specific questions were derived in order to accomplish the general objective.

The research design was formulated to establish appropriate responses to the specific research questions. The presentations of the findings are also based on these questions.

The questions sought to look into the factors responsible for the proliferation of counterfeit goods in Tanzania, inspection and examination of imported consumer goods at points of entry, effectiveness of current intervention measures and why counterfeit goods should be eliminated from the market.

5.2 Summary of Major Findings

The results of this study indicate that major factors that counterfeit and sub-standard products effect Tanzania which can be attributed to failure by the major players to put up and safeguards in its open door trade policy in form of trade liberalization.

The influx of counterfeit products continues because the current intervention measure are not effective, The current laws are inadequate to deal with the problem. There also reluctance in serious prosecution even where there is ample evidence, This observation was made from regulatory institutions officials and the general public. One of the reasons is that business is highly profitable and offenders can easily buy their way out through corrupt practices.

The nature of offences also continue to take new forms with advancement in electronic technology. Apart from legal and regulatory issues it was found that effective intervention measures cannot be implemented because of lack of institutional capacity. Many regulatory institutions are not adequately staffed and lack modern inspection equipment. This makes it difficult to discover some of the shoddy consignments. It was also established that these institutions have serious financial constraints which affect implementation of their programmes.

Multiple valuation methods on taxation of imports also allows for corrupt officials to abuse their powers and charge different duties for similar goods. This creates difficulties in pricing of imported goods. Unfavourable tax regime affects pricing of imported consumer goods, It also encourages tax evasion and tax avoidance.

It has been noted that some of these regulatory institutions like TBS are not union matters. Therefore its mandate does not extend to Zanzibar. Many unscrupulous traders and counterfeiters prefer the Zanzibar route because it is not subject to in-depth inspection. Goods lading in Zanzibar are systematically re-routed to Tanzania Main land using Boats and Dhows through illegal entry points which are numerous along the coast on the Indian Ocean.

The preference of substandard products is actuated by low purchasing power of households. The majority of consumers are in the low income category. They do not have substantial income to dispose powered by lack of public awareness on the dangers of using counterfeit and fake products. Although some respondents

mentioned that some counterfeits are as genuine products, in most cases they are not. Otherwise counterfeiters would register their own trademarks because they have capacity of producing genuine products.

Corruption was also mentioned as another stumbling block in the war against counterfeit and substandard products. Corruption in this context covers bribery, abuse of office, extortion, favouritism and other such acts.

5.3 Conclusion

This study set out to explore the factors which influence the influx of counterfeit products in Tanzania. On the basis of the findings it has been revealed that there are serious challenges which need to be overcome in terms of control of counterfeit products

It has also been noticed that the regulatory authorities do not have sufficient backing to deal with the problem given the size of the country and magnitude of the problem.

There is no proper control on some ports of entries which act as a major hub to the influx of these counterfeit goods

There are many illegal cargo landing sites along Tanzania's coastline making it difficult to control the influx of these products.

With the research having given us the above results the following recommendations were put forward:

5.4 Recommendation

It is therefore recommended that the government should facilitate availability of quality products at affordable price. This can be achieved by putting restrictions on importation of poor quality products and imposing heavy penalties for non-observance.

Ministry of Industry and Trade should come up with a proper policy on imported consumer goods with regard to fake products. The policy document should specify the consequences of dealing in counterfeit or fake products. This recommendation arises from the fact that Tanzania embraced Trade liberalization policy without adequate controls. This has made it very difficult to monitor the influx of goods in the market. No proper controls were put in place to protect consumers.

The other recommendation is enacting a comprehensive law on counterfeiting. This recommendation is prompted by the current position whereby dealing with counterfeit products was an afterthought rather than a problem or mischief which was to be cured through properly enacted law. The current laws do not explicitly give effect to the dangers, property, commerce and the economy in general posed by counterfeit and sub-standard products. Enacting a comprehensive law on counterfeiting will address the issue from a focused encompassing perspective.

Capacity building for regulatory institutions. These institutions are overwhelmed by the problem. Many regulatory institutions are not adequately staffed. They lack modern inspection equipment. They are fragmented and inadequately funded. They need to be empowered or linked up to form a single autonomous powerful authority with mandate to deal with forms counterfeits and fake products.. This will give it power to avoid domination by the executive arm of the state like the law courts and police which are extremely corrupt.

There should be more investment in appropriate education and social health so that people can become knowledgeable and health. This will improve their awareness and contribution to the national product. It will also bring awareness on the dangers of embracing fake and substandard products. When the population becomes more skilled, productivity will also improve. People should be protected against rogue investors who seek just to exploit them

Because the problem also exists in neighboring countries a unified or harmonized legislation across these jurisdictions will help to combat counterfeit and sub-standard products more effectively. This can start with setting standards for the East African Community (EAC). Harmonization and of the law and procedures. Tanzania can learn from Kenya and South Africa which already have specific laws dealing with counterfeit products. Simply amending the current laws will not help in getting appropriate lasting solutions.

5.5 Suggestions for further research

Very little research has been conducted in this area which is why there is little knowledge of counterfeit products and its effects in Tanzania.

The following are suggestions for further studies;

- (i) Through Government funding studies should be carried out on specific of counterfeit products in Tanzania generally. How consumers are affected and the economy as a whole. This will disclose the magnitude of loss of revenue to the government, health and , distortion of market forces; impact on innovation and industry, impact on labour and employment and many other effects.
- (ii) This study was conducted in Dar es salaam only yet most of the problems are coming from outside the city thus more research needs to be done in order to gain knowledge of how to deal with them at the entry level
- (iii) More research needs to be done in regards to best practices done by neighboring countries in order to adopt them for success in combating the problem of counterfeit in Tanzania.

REFERENCES

- Albers-Miller, Nancy D. (1999). "Consumer Misbehavior: Why People Buy Illicit Goods." *Journal of Consumer Marketing* 16 (3): 273-87.
- Ang, Swee Hoon, Peng Sim Cheng, Elison A. C. Lim, and Siok Kuan Tambyah. (2001). "Spot the Difference: Consumer Responses Towards Counterfeits." *Journal of Consumer Marketing* 18 (3): 219-35.
- Balfour, Frederik. (2005). "Fakes!" *Business Week* (February 7): 44-51.
- Barnett, Jonathan M. (2005). "Shopping for Gucci on Canal Street: Reflections on Status Consumption, Intellectual Property, and the Incentive Thesis." *Virginia Law Review* 91: 1381-423.
- Batra, Rajeev and Douglas M. Stayman. (1990). "The Role of Mood in Advertising Effectiveness." *Journal of Consumer Research* 17 (September): 203-14.
- Belk, Russell W. (1975). "Situational Variables and Consumer Behavior." *Journal of Consumer Research* 2 (December): 157-64.
- Ben-Shahar, Danny and Jacob Assaf. (2004). "Selective Enforcement of Copyright as an Optimal Monopolistic Behavior." *Contributions to Economic Analysis & Policy* 3 (1): 1-29.
- Bian, X. & Moutinho, L., (2009). An investigation of determinants of counterfeit purchase consideration. *Journal of Business Research*, 62(3), 368-378.
- Bloch, P., Bush, R., Campbell, L. (1993), "Consumer "Accomplishes" in Product Counterfeiting", *Journal of Consumer Marketing*, Vol. 10, Issue 4, pp. 27-36

- Bloch, Peter H., Ronald F. Bush, and Leland Campbell. (1993). "Consumer 'Accomplices' in Product Counterfeiting." *Journal of Consumer Marketing* 10 (4): 27-36.
- Bosworth, Derek. (2006). "Counterfeiting and Piracy: The State of the Art," Working Paper, Oxford.
- Brock, Timothy C. and Lee Alan Becker. (1965). "Ineffectiveness of "Overheard" Counterpropaganda." *Journal of Personality and Social Psychology* 2 (5): 654-60.
- Chevalier, M. & Mazzalovo, G. (2008), *Luxury Brand Management - A World of Privilege*, John Wiley & Sons, Singapore
- Cian, L. (2011), "How to measure brand image: a reasoned review", *The Marketing Review*, Vol. 11, Issue 2, pp. 165-187
- Cobb-Walgren, C., Ruble, C., Donthu, N., (1995), "Brand Equity, Brand preference, and brand purchase intent", *Journal of Advertising*, Vol. 25, Issue 3, pp. 25-40
- Commuri, S., (2009), "The impact of counterfeiting on genuine-item consumers' brand relationships", *Journal of Marketing*, Vol. 73, Issue 5, pp. 86-98
- Cordell, V., Wongtada, N., Kieschnick, R. (1996), "Counterfeit purchase intentions: Role of lawfulness attitudes and product traits as determinants", *Journal of Business Research*, Vol. 35, Issue 1, pp. 41-53

- Faircloth, J., Capella, L., Alford, B. (2001), "The Effect of Brand Attitude and Brand Image on Brand Equity" *Journal of Marketing Theory and Practice*, Vol. 9, Issue, 3, pp. 61-75
- Fournier S., (1998), "Consumers and their brands: Developing relationship theory in consumer research", *Journal of Consumer Research*, Vol. 24, Issue 3, pp. 343-373
- Ghauri, P. & Grönhaug, K. (2005), *Research Methods in Business Studies*, third edition, Prentice Hall, New York
- Gistri, G. et al., (2009). Consumption practices of counterfeit luxury goods in the Italian context. *Journal of Brand Management*, 16(5/6), 364-374.
- Gistri, G., Romani, S., Pace, S., Gabrielli, V., Grappi, S., (2009), "Consumption practices of counterfeit luxury goods in the Italian context", *Journal of Brand Management*, Vol. 16, Issue 5, pp. 364-374
- Green, R.T. & Smith, T., (2002). Executive Insights: Countering Brand Counterfeiters. *Journal of International Marketing*, 10(4), 89-106
- Grossman, G. & Sapiro, C. (1988), "Foregin Counterfeiting of Status Goods" *The Quarterly Journal of Economics*, Vol. 103, Issue 1, pp. 79-100
- Hieke, S. (2010), "Effects of Counterfeits on the Image of Luxury Brands: An Empirical Study from the Customer Perspective" *Journal of Brand Management*, Vol. 18, Issue 2, pp. 159-173

- Hoe, Lee, Gillian Hogg, and Susan Hart. 2003. "Fakin' It: Counterfeiting and Consumer Contradictions." In *European Advances in Consumer Research* 6, Eds. Darach Turley and Stephen Brown. Provo, UT: Association for Consumer Research, 60-67.
http://ec.europa.eu/taxation_customs/resources/documents/customs/customs_controls/counterfeit_piracy/statistics2007.pdf [2014-02-20]
- Husic, M., Cicic, M. (2009), "Luxury consumption factors", *Journal of Fashion Marketing and Management*, Vol. 13, Issue 2, pp. 231-245
- Husted, Bryan W. 2000. "The Impact of National Culture on Software Piracy." *Journal of Business Ethics* 26: 197-211.
- ICC Commercial Crime Services (2012-01-31) "Counterfeiting Intelligence Bureau".
<http://www.icc-ccs.org/home/cib> [2014-02-20]
- Keller, K. L. (1993), "Conceptualizing, Measuring, and Managing Customer-Based Brand Equity", *Journal of Marketing*, Vol. 57, Issue 1, pp. 1-22
- Keller, K. L. (2003), "Brand Synthesis: The Multidimensionality of Brand Knowledge", *Journal of Consumer Research*, Vol. 29, Issue 3, pp. 595-600
- Kishombo, D.(2010). Importation of counterfeit products: What should be done?
 The economic and social research foundation. TAKTEN policy series No. 014-2010. Retrieved June 15 2014
- Kothari, C.R. (2011). *Research Methodology: Methods and Techniques*. New Delhi: New age International Publishers
- Lau, Eric Kin-wai. 2006. "Factors Motivating People Toward Pirated Software." *Qualitative Market Research: An International Journal* 9 (4): 404-19.

Leisen, Birgit and Alexander Nill. 2001. "Combating Product Counterfeiting: An Investigation Into the Likely Effectiveness of a Demand-Oriented Approach." In American Marketing Association Conference Proceedings 12, Ed. Charles R. Taylor. Chicago, Ill: AMA 2001 Winter Educators' Conference: Marketing Theory and Applications, 271-77.

Lyimo, K. 'Why minister Kigoda is off the mark on substandard products'.
The citizen 3rd January 2013

Lynn, Michael. 1991. "Scarcity Effects on Value: A Quantitative Review of the Commodity Theory Literature." *Psychology & Marketing* 8 (1): 43-57.

Marron, Donald B. and David G. Steel. 2000. "Which Countries Protect Intellectual Property? The Case of Software Piracy." *Economic Inquiry* 38 (2): 159-74.

Mbwambo, A.H., Barongo, F. M., & Makuru, N. M. (2011). *Research Methodology A simplified Guide for students in social sciences*. Morogoro: Mzumbe Book Project

Measurement (2nd ed.). Washington, D. C.: American Council on Education.

Moore, Trevor and Gupreet Dhillon. 2000. "Software Piracy: A View from Hong Kong." *Communications of the ACM* 43 (12): 88-93.

Moore, Trevor and Jasbir Dhaliwal. 2004. "A Reversed Context Analysis of Software Piracy Issues in Singapore." *Information & Management* 41: 1037-42.

Moore, Trevor T. and Jerry Cha-Jan Chang. 2006. "Ethical Decision Making in Software Piracy: Initial Development and Test of a Four-Component Model." *MIS Quarterly* 30 (1): 167-80.

- Moskal, B.M., & Leydens, J.A. (2000). Scoring rubric development: Validity and reliability. *Practical Assessment, Research & Evaluation*, 7(10). [Available online: <http://pareonline.net/getvn.asp?v=7&n=10>].
- Mwita, S. (2008). 'Fake goods cause 4trn/- loss to Tanzania' Jamii Forum Retrieved June 2014 from jamiiforum.com
- Phau, I. & Teah, M., 2009. Devil wears (counterfeit) Prada: a study of antecedents and outcomes of attitudes towards counterfeits of luxury brands. *Journal of Consumer Marketing*, 26(1), 15-27.
- Phau, I., Teah, M. & Lee, A., 2009. Targeting buyers of counterfeits of luxury brands: A study on attitudes of Singaporean consumers. *Journal of Targeting, Measurement & Analysis for Marketing*, 17(1), 3-15.
- Saunders, M., P., Thornhill, A. (2009). *Research Methods for Business Students*. Essex: Pearson education Limited.
- Swami, V., Chamorro-Premuzic, T. & Furnham, A., 2009. *Faking it: Personality and*
- Tanzania Consumer advocacysociet. (2008) Retrieved June 13 2014from <http://tanzaniaconsumers.blogspot.com>
- Tenga, R.(2007). Consumer protection in Tanzania: Challenges and prospects for NCAC retrieved 15 June, 2014 from <http://www.scribd.com>
- The confederation of Tanzania industries. (2008). Position Paper on effects of counterfeit and substandard goods on the Tanzanian economy: The case of manufacturing sector. Retrieved on 15 June, 2014 from <http://best-ac.org>
- Yoo, B. & Lee, S., 2009. Buy Genuine Luxury Fashion Products or Counterfeits? *Advances in Consumer Research - North American Conference Proceedings*, 36, 280-286.

STATUTES

The Fair Competition Act, No.8 of 2003

The TFDA Act No. 1 of 2003

APPENDICES

Appendix 1: Proposed Budget for Research

Item Name	Quantity	Unit Price	Total Price
Ream of paper	2	15,000	30,000
Laptop Hire	1(30Times)	20,000	600,000
Transport Cost	6(30 Times)	6,000	180,000
Consultancy Fee	15(Times)	20,000	300,000
Printing	80(Times)	2,000	160,000
Breakfast/Lunch	6(60 Times)	12,000	300,000
Air time	-	-	50,000
Miscellaneous	-	-	100,000
Total			1,720,000

Appendix 2: Questionnaire for Regulatory Authorities

Dear Respondent,

Kindly take your time to assist in giving us feedback in regards to the effects of counterfeit products in Tanzania this is for the purpose of study conducted by a student from Mzumbe University in fulfillment of desertation for achievement of a Masters in Business Administration.

Please tick the appropriate box.

1. Sex
 - (i) Male ()
 - (ii) Female ()

2. Position
 - (i) Administrative ()
 - (ii) Operations ()
 - (iii) Support ()

3. Experience
 - Less than 1 year ()
 - (i) More than 1 year ()

Any other please specify

.....
.....

Please specify the extent according to your opinion counterfeit products have effected Tanzania economy and how far we have gone in eradicating these counterfeit goods.

- (i) A larger extent ()
- (ii) Moderately ()
- (iii) Completely controlled ()

2. Please specify the name of your organization

.....
.....
.....

3. Do we have counterfeit products coming into Tanzania

- (i) yes ()
(ii) No ()

4. If yes where do these counterfeit goods come from?

.....
.....
.....

5. What procedures are used in checking how genuine products coming into the country are being monitored

.....
.....
.....

6. What measures do you take when you detect counterfeit goods brought into the country?

.....
.....
.....

7. Do you have any limitations when performing your duties?

.....
.....
.....

8. What do you feel is your weakness as a governing authority?

.....

.....

.....

9. What do you feel should be done to strengthen your units and make you more effective in performing your tasks?

.....

.....

.....

Appendix 3: Questionnaire for Public

Dear Respondent,

Kindly take your time to assist in giving us feedback in regards to the effects of counterfeit products in Tanzania this is for the purpose of study conducted by a student from Mzumbe University in fulfillment of desertation for achievement of a Masters in Business Administration.

Please tick the appropriate box.

1. Sex
(i) Male ()
(ii) Female ()
2. Profession
3. What business do you do?
4. Do you think we have allot of fake products in Tanzania?
.....
.....
.....
5. Do you prefer to buy an original product or fake
(i) Yes ()
(ii) No ()
(iii) I don't know ()
(iv) I don't mind any ()

6. If Yes why do you prefer to buy fake when there is original?
.....
.....
.....
7. How many fake goods do you know of in the market
.....
.....
.....
8. Please name a few
.....
.....
.....
9. How do you think these fake goods come into the country?
.....
.....
.....
10. What do you think should be done to stop the inflow of fake products
.....
.....
.....

Appendix 4: Interview Guide I

1. What institution do you work for?
2. What are the core functions of your institution?
3. Do you think we have a problem of counterfeit products in Tanzania?
4. Where do you think these goods are coming from?
5. What weaknesses do you think gives way for influx of these goods?
6. What is the major hindrance in performing your functions?
7. Do you think counterfeit goods can be eradicated in Tanzania?
8. Do you get any training in handling counterfeit goods?
9. What do feel should be done to eradicate counterfeit goods?

Interview Guide II

1. What business do you do?
2. Where is your place of business?
3. Do you know about fake products in the market?
4. Why in your opinion do people prefer to buy fake products rather than originals?
5. Do you feel like these fake goods are affecting our economy?
6. Do you know the danger of using such goods?
7. What do you think should be done to eradicate these goods?