JOURNAL OF CO-OPERATIVE AND BUSINESS STUDIES

Description

The Journal of Co-operative and Business Studies (JCBS) is one of the bi-annual journals of the Moshi Cooperative University (MoCU) publishing articles in the area of co-operative development and business management. The articles include research works, book reviews, book chapters, article reviews and case studies. Publishable articles focus on the co-operative theory, practical experiences in the co-operative fields, and policy issues related to cooperative development and business management. It is a peer-reviewed journal with a special focus on the associative economy of the economically active low-income producers, distributors, and consumers.

Sponsor

The Journal of Co-operative and Business Studies (JCBS) was launched with the support of the Moshi Co-operative University (MoCU), formerly the Moshi University College of Co-operative and Business Studies (MUCCoBS). MoCU continues to support JCBS through funding, personnel, and other non-human resources thus enabling the Journal to continue providing services to the reading community and the public at large.

Aim

The Journal of Co-operative and Business studies (JCBS) was established to provide a print and electronic forum for academics and practitioners to share knowledge through publication. JCBS publishes papers that range from fields of co-operative development, business management, finance, accounting, microfinance, credit union/savings and credit co-operatives, other financial co-operatives, community banking, business networking, financial literacy, and other scientific thoughts and findings that enrich readers' understanding of co-operatives and business management. Papers should as far as possible be practical or based on original thoughts/ideas that could be shared with the general public.

Scope of the Journal

JCBS is a refereed journal intended to provide a platform for discussions among scholars and co-operative practitioners in the quest to increase understanding of new and emerging paradigms toward modern co-operative theory and practices. In particular, we focus on the co-operative sector (producers, distributors, consumers, housing, workers, agricultural activities, savings and credit undertakings, co-operative and micro-insurance, fishing, mining, and other firms), and other sectors within the "associative economy" including small businesses, mutual funds, microfinance, building societies, community-based activities, and member-based organisations. The journal is bi-annual, and publishes high-quality research-based articles, policy debates, review articles, and book reviews.

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Editorial

It is heart-warming and inspirational for academics and practitioners in the co-operative and associative sectors to continue having a reliable platform for sharing knowledge, experiences, and practices in the midst of the hurtful influences of globalization. The global economy, which is currently dominated by multinational trading companies has left minimal opportunities for the unprotected farmers and low-income earners to raise. To compete and survive in that economy, they are left with one feasible course of action: joining hands through jointly and democratically controlled undertakings. The JCBS presents an opportunity for academics and practitioners to discourse matters rooted in the quandaries and destinies of low-income individuals who are besieged by the adverse effects of globalization.

In this issue, five papers are presented focusing on a variety of subjects ranging from small-holder contract farming in agricultural marketing co-operatives in the sugar-cane industry; livelihood sustainability in the context of graduate self-employment; to dispute settlement in the co-operative sector in Tanzania. Other subjects covered in this issue include the participation of small Christian communities in the management of church projects, and the effect of regulatory reforms on commercial banks, with a specific focus on small banks.

We cordially welcome you to this edition, hoping that you will enjoy the reading.

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SOCIO-ECONOMIC DETERMINANTS OF SMALLHOLDER SUGARCANE FARMERS' PARTICIPATION IN CONTRACT FARMING THROUGH AGRICULTURAL MARKETING CO-OPERATIVE SOCIETIES IN KILOMBERO VALLEY, TANZANIA

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ABSTRACT

Participation in farming as well as membership in a cooperative society is voluntary. However, farmers' decisions to participate are pre-determined by a variety of factors. This paper examines the socio-economic factors which influenced smallholder farmers in Kilombero Valley to participate in sugarcane contract farming, following a shift from the business association model to Agricultural Marketing Cooperative Societies (AMCOS) model in 2017. A cross-sectional research design was used whereby 440 respondents were selected among smallholder sugarcane farmers. The unit of analysis was smallholder sugarcane farmers in the Valley. Data were collected by using a self-administered survey questionnaire, documentary review and key informant interview guide. The data were analysed by using descriptive statistics and binary logistics regression. The findings indicate that farmers' age, marital status, farming experience, land size and land ownership significantly influenced smallholder sugarcane farmers to participate in contract farming (CF) through AMCOS at p < 0.01. Moreover, market information sharing, improved yields and improved farming knowledge and skills were the key benefits which determined the participation of farmers in CF through AMCOS. It is concluded that participation of the majority of the smallholder sugarcane farmers in the study area is influenced by CF through AMCOS. It is recommended that AMCOS should take advantage of the CF strategy to attract more farmer members through improved market gains. Moreover, AMCOS operations through CF should instil business confidence in both AMCOS members and non-members in the study area.

Keywords: Smallholder Farmers, Participation, Contract Farming, Perceived Benefits, AMCOS

1.0 INTRODUCTION

Contract farming (CF) is currently gaining pace among agribusinesses and smallholder farmers around the globe. The CF system has turned out to be a promising strategy between farmers and agribusiness firms with a vested interest in sharing risks associated with the production and marketing of different products (Anh *et al*., 2019; Luh, 2020). Contract Farming (CF) has been used as a pre-harvest arrangement between smallholder farmers and buyers whereby farmers are linked to a high-value supply chain (Meemken *et al.*, 2020). Globally, CF has become attractive to many agricultural producers in countries like the USA, India, Vietnam, Thailand, and Belgium thanks to benefits associated with it, such as market assurance to producers, access to production inputs, higher yields, better technology, profit due to higher revenue, access to credit, and a guaranteed pricing system to smallholder farmers (Mishra *et al.*, 2018; Swain, 2018).

In Sub-Saharan Africa (SSA), CF remains a highly contested institutional arrangement in terms of poverty alleviation and rural development. It is practised particularly in the production and marketing of cash crops including cotton, tobacco, sugarcane, tea, cassava, sisal and poultry (Dubbert, 2019; Poku *et al*., 2018). Similarly, in East African countries especially Kenya and Uganda, CF is common for the horticultural subsector and other sub-sectors such as poultry, sugarcane, tobacco and tea production (Kangwiria, 2017). In Tanzania, CF was introduced in the 1990s for most of the traditional cash crops, namely sugarcane, cotton, sisal, tobacco and tea (Schemes, 2016). The aim was to promote agricultural production, protect the relationship between and among involved parties and provide farming support to smallholder farmers such as inputs, credit, reliable markets, modern technology and other services (Henningsen *et al*., 2015). The study by Martiniello *et al*. (2019) observed that CF has been promoted to improve the productivity and income of smallholder farmers.

On one hand, smallholder farmers may engage themselves in production or marketing contracts (Sulle, 2017) whereby several CF models may be used such as semi-formal production contracts (informal model) and direct contracting with farmers (nucleus model). On the other hand, a multipartite model has been used whereby private or public providers of credit, extension services and provision of inputs are involved. Similarly, a centralized model was also used whereby purchasers buy from a large number of farmers with pre-determined product quality and quantity to be supplied. Also, an intermediary model which involves farmers groups/associations, buying agents and cooperative societies that manage farmers' production and provide services (Anh *et al*., 2019; Viinikainen *et al*., 2018). Ideally, CF helps smallholder farmers exposed to many challenges, including low productivity, low level of technology, low capital investment, natural resource degradation and inadequate basic services (Olounlade *et al*., 2020; Musungu *et al*., 2017).

The government of Tanzania has been working to help smallholder farmers improve their business performance by encouraging them to participate in CF with the assurance of high income, provision of production inputs, good infrastructures, and technical and managerial support (Martiniello, 2021; Mpeta *et al*., 2017). Various efforts have been made by the government to support smallholder sugarcane contract farmers in Kilombero Valley, such as forming farmers' associations in the 1990s which facilitated communication between smallholder sugarcane farmers and Kilombero Sugar Company Limited (KSCL). Moreover, farmers' associations were transformed into Agricultural Marketing Cooperative Societies (AMCOS) in 2017 to eliminate problems experienced by farmers during farmers' associations operations also to ease contractual relations with Kilombero Sugar Company Limited (KSCL) (TCDC, 2020; Isager *et al*., 2018).

The AMCOS that were introduced in Kilombero Valley were considered more essential than farmers' associations in order to enhance win-win situations between smallholder farmers and sugarcane buyers (Ton *et al*., 2017), mitigating production risks through technology transfer, training, extension services, rebalancing power relations and reducing information asymmetry and opportunism (Christina *et al*., 2018; Parwez, 2017). Smallholder sugarcane farmers voluntarily opted for joining AMCOS as per cooperative principles (TCDC, 2020). Studies by Christina *et al.* (2018) and Mirsha *et al.* (2018) showed that smallholder farmers participation in CF through AMCOS created high chances of accessing training, extension services, rebalancing of power relations, mitigating their production risks and reduction of information asymmetry.

Sugarcane CF in Kilombero Valley started when the government of Tanzania advised the farmers in the area to form associations that aimed to ease communication between farmers and Kilombero Sugar Company Limited (KSCL). Therefore, in 1991, Kilombero Cane Growers Association and Ruhembe Cane Growers Association were formed (Isager *et al*., 2018). The KSCL provided services to smallholder farmers who voluntarily opted for engaging themselves in CF through farmers' associations from land preparation to harvesting (Sulle, 2017). In 2013, there was a mushrooming of farmers' associations resulting from operational dissatisfaction from smallholder sugarcane farmers. The associations grew from 2 to 17 (Martiniello *et al*., 2019). However, services offered through farmers' associations were inconsistent, and farmers frequently experienced payment delays (Sulle, 2017). In this respect, Machimu and Kayunze (2019) conducted a study and identified some of the weaknesses of the farmers' associations in the study area such as low sugarcane prices, delays of farm inputs supply, and poor harvesting services. In addition, dissatisfaction with sugarcane sucrose content measurement, high deductions by associations, corruption, favouritism, and poor cane transportation services were other issues which the farmers were dissatisfied with.

Studies by (Rondhi *et al*., 2020; Ruml *et al*., 2021; Wongwai *et al*., 2021) show that production inputs, access to information, access to the market, access to credit, technical assistance, agricultural extension and technological transfer provided to smallholder farmers through the CF model help them to increase their productivity. Moreover, studies e.g..Anh *et al*., 2019; Christina *et al*., 2018) showed that smallholder farmers were more likely to participate in CF through AMCOS to mitigate production risks through training, extension services, acquisition of technology and rebalance of power between buying firms and smallholder farmers.

Nevertheless, Waniset *et al*. (2018) argues that participating in CF through AMCOS smallholder farmers faced obstacles such as inadequate cooperative business management skills, leadership inability and lack of professional ethics and conduct. However, it is perplexing that some farmers have voluntarily participated in CF through AMCOS while others have not. The situation raises questions about why this is happening. In the light of the perplex, the objectives of this study were to (i) determine Socio-economic factors influencing smallholder farmers to participate in CF through AMCOS and (ii) assess perceived benefits that attracted farmers to participate in CF through AMCOS.

2.0 THEORETICAL REVIEW

2.1 Principal-Agency Theory

The Principal Agency Theory (PAT) by Rehber (2007) states that a principal hires an agent under a contract for compensation to achieve the desired outcome. By this theory it is assumed that the principal and the agent have rational behaviour and the agent's actions have external effects on the principal's profit and success. The principal gives away some decision-making authority to the agent although he/she may not be sure that the agent will always act in the principal's best interest. The theory was applied in this study because AMCOS as business enterprise were facilitating sugarcane transactions between smallholder farmers and sugarcane buyer. Smallholder farmers were receiving farming support from sugarcane buyer and other stakeholders through AMCOS. The AMCOS on behalf of their members and the sugarcane buyer (principal) were bound to operate in contractual terms to achieve the desired goal. AMCOS were expected to act based on terms and conditions under the contract to meet buyers' requirements.

It was important to assess if the contract between the buyer and the AMCOS influenced smallholder sugarcane farmers' participation in CF through AMCOS and if it was beneficial to both parties. According to Wendimu *et al*. (2017) the information asymmetry between the principal and the agent is very limited since the agent will be paid according to the weight of sugarcane supplied to the sugarcane buyer. Furthermore, the theory does not guide the conception of what determines smallholder farmers' decision to participate in CF through AMCOS. Therefore, PAT was complemented by the Participation Chain Model (PCM).

2.2 Participation Chain Model (PCM)

The Participation Chain Model (PCM) as proposed by Birlchall *et al*. (2004) establishes the determinants of individual's participation in any undertaking including cooperatives. The model explains that participation depends on a number of issues including personal resources, mobilization and motivations. Essentially the model raises a question on how individuals choose to participate in any enterprise. The PCM is applied in this study as the study examines the socio-economic determinants (age, sex, marital status, education of the household heads, farming experience, land size, and land ownership) of farmers' participation in CF. Members of AMCOS are critical resources for the survival and growth of their businesses, though their rates of participation vary (Ribas *et al*., 2022).

AMCOS are formed by farmers to meet their goals such as to increase negotiation power in the market and to balance power relations and they are guided by principles and values (Williams *et al*., 2021). About 65% of the smallholder sugarcane farmers in Kilombero Valley voluntarily opted to participate in CF through AMCOS. They do participate in different AMCOS activities as per cooperative legislation and bylaws. For example, they attend annual general meetings, regular meetings, participate in training sessions, approving AMCOS strategic plan, annual budget, bylaws and election of their leaders. The success of AMCOS depends on active participation and involvement of its members (Buang *et al*., 2021). On basis of the model, it was hypothesised that:

Ho: Socio-economic factors do not influence smallholder sugarcane farmers to participate in contract farming through AMCOS.

2.0 METHODOLOGY

A cross-sectional design was used because the study collected the information at single point in time to generate conclusion. Additionally, the design allows the use of various analytical techniques including mixed methods for data collection and analysis of relationships between dependent and independent variables (Saunders *et al*., 2019). The study was conducted in Kilombero Valley in Morogoro Region, Tanzania. The valley was purposely selected since it was the largest sugar-producing area in Tanzania. By the time this research was conducted in 2021, the valley was contributing about 45% of the total sugar produced in Tanzania (SBT, 2020; Schemes, 2016). In the study area, sugarcane farming was operated under CF through AMCOS, and there were 19 registered AMCOS with 5887 smallholder sugarcane farmers (SBT, 2020; Schemes, 2016).

Furthermore, 19 AMCOS were purposely selected because all AMCOS were included in the study, and smallholder farmers were sampled from Miwa AMCOS (20), Bonye AMCOS (27), Ruhembe Cane Growers AMCOS (40), Mkula AMCOS (10), Msolwa Station Nyange AMCOS (12), Mang'ula AMCOS (9), Harambee AMCOS (12), Hope AMCOS (20), Kidatu Ikela AMCOS (17), Sanje AMCOS (11), Kitete Msindazi AMCOS (10), Muungano AMCOS (29), Msowero AMCOS (13), Kidodi AMCOS (39), Miwangani Mtendezi Lukonga AMCOS (9), Msindazi AMCOS (39), Msolwa Ujamaa AMCOS (7), Chauamiho AMCOS (13) and Kilombero Cane Growers AMCOS (24).

The study respondents constituted smallholder sugarcane contract farmers, non-contract farmers, AMCOS leaders and representative from KSCL. The unit of analysis were smallholder sugarcane farmer who owned sugarcane farms with a size between 0.9 and 3.0 hectares and allocated their land for sugarcane CF production (Anderson *et al*., 2016; URT, 2020). In addition, respondents were those who were members of farmers' associations before the introduction of AMCOS and active members of AMCOS. The study used purposive sampling technique to select Kilombero Valley and the census technique to select all 19 AMCOS because it was the only sugar producing area in Tanzania which operated under a combined model of CF and AMCOS. Three key informants were selected purposely based on the positions they held in the study area. The lottery method was used to select the smallholder sugarcane contract farmers randomly from each AMCOS based on their homogeneous characteristics.

The study used a 5:1 ratio for comparing unbalanced groups to select non-contract sugarcane farmers due to a small number of unregistered smallholder sugarcane farmers. This approach was supported by studies by Alomar and Visscher (2019) on comparative study. In addition, the study used the snowball sampling technique to complement the pre-stated approach to get non-contract smallholder farmers. A total of 440 smallholder sugarcane farmers were sampled among whom 361 were smallholder sugarcane contract farmers' sampled using a stratified proportionate sampling procedure, 79 of whom were non-contract farmers. The sample size for sugarcane contract farmers was estimated by using Cochran's (1977) formula for finite populations because the formula is suitable for known and unknown populations.

Sample size formula

$$n = \frac{no}{1 + (\frac{no-1}{N})} = \frac{384}{1 + \left(\frac{384-1}{5887}\right)} = 361$$

Whereby:

no = Cochran's recommended sample size
N = population size
n = sample size

Qualitative data were collected using a key informant interview guide whereby two AMCOS chairpersons and one KSCL representative were interviewed with respect to participation of smallholder farmers in CF through AMCOS. Also, documentary review was applied in qualitative data collection by reviewing some relevant documents including the Sugar Industry Act 2001, Cooperative Policy 2002, Cooperative Societies Act 2013, Cooperative bylaws Cane Growers Cooperative Societies Policies, financial statements, contracts offered to smallholder sugarcane contract farmers and cane supply agreements. Similarly, both qualitative and quantitative data were collected using a structured questionnaire with open-ended and closed-ended questions respectively. The combination allowed the triangulation of data and was presupposed to ensure the validity of the findings.

Content analysis and NVivo (12.x64 version) were applied to analyse qualitative data whereby the recorded data were transcribed, categorized, coded and grouped into themes and concepts. The descriptive statistics were also used to analyse the socio-economic characteristics of the respondents and the perceived benefits by farmers who participated in CF through AMCOS. The binary logistic regression model was used to analyse Socio-economic factors influencing smallholder sugarcane farmers to participate in CF since the dependent variable (participation) was dichotomous (1 = participant; 0 = non-participant). The model was used because the responses were to determine whether a smallholder farmer was participating in CF through AMCOS or not. The binary logistic regression assumptions were considered such as the dependent variable being dichotomous and the sample size being large (440 respondents) as advised by Berger (2017). Therefore, the model was suitable to the hypothesis stated prior to data collection whereby the independent variables included sex (*sex*), marital status (*ms*), age (*age*), education level (*edu*), land size (*ls*), household size (*hz*), farming experience (*fxp*) and land ownership (*lw*). The binary logistic regression model was specified as follows:

$$\log\left(\frac{P}{1-P}\right) = \beta_0 + \beta_1, sex + \beta_2, ms + \beta_3, age + \beta_4, edu + \beta_5, ls + \beta 6, hz + \beta 7, fxp + \beta 8, lw + \beta 9 \;. \dots \dots . \varepsilon \mathrm{i}$$

Where, P is the likelihood of participating in CF through AMCOS; $\beta 0 =$ constant (y − intercept); $\beta 1 \dots \beta$n are coefficients of explanatory variables; β Coefficient (-1 or 1) εi = error term 0.05 (CI 95).

Table 1: Variables Matrix

Variable	Description of Variables
Dependent variable (Pi)	"1" if farmer participates in CF; "0" Otherwise
Sex	Gender (0 = Female, 1 = Male)
Marital status	Marital status (0 = Otherwise, 1 = Married)
Age	Age (in years)
Education level	Education level (number of years spent in school)
Land size	Land size (number of hectares)
Household size	Family members (number of members)
Farming Experience	Farming experience (in years)
Land ownership	(0= Inherited, 1= Bought/rent)

4.0 FINDINGS AND DISCUSSION

4.1 Socio-economic characteristics

The respondents selected for this study were smallholder sugarcane farmers, both contract farmers and non-contract farmers. The respondents' responses were analysed by linking them to the socio-economic factors influencing smallholder sugarcane farmers to participate in CF through AMCOS. The socio-economic characteristics such as sex, age, marital status, household size education level, land size, farming experience and land ownership were measured for both contract and non-contract farmers. The descriptive findings are presented in Table 2.

Table 2: Socio-economic Characteristics of the Smallholder Sugarcane Farmers

Variables	Contract farmers		Non-contract farmers	
	n (%)	Median/Mean ± STD	n (%)	Mean ± STD
Sex				
Male	245 (68)		60 (76)	
Female	116 (32)		19 (24)	
Marital status				
Otherwise	50 (14)		18 (23)	
Married	311 (86)		61 (77)	
Education level				
No formal education	8 (2)		1 (1)	
Primary education	246 (69)		59 (75)	
Secondary education	82 (23)		19 (24)	
Tertiary education	18 (5)		0(0)	
Age (Years)		45.84 ± 12.26		39.06 ± 9.86
21-30	39 (11)		17 (22)	
31-40	103 (29)		31 (40)	
41-50	107 (30)		20 (26)	
51+	111 (30)		10 (12)	
Household size		4		3
1-4	118 (33)		33 (42)	
5+	243 (67)		46 (58)	
Farming experience (Years)				
1-10	162 (45)		66 (84)	
11-20	126 (35)		9 (11)	
21-30	73 (20)		4 (5)	
Land size cultivated(hectares)		3.66 ± 1.49		2.63 ± 0.91
<3	83 (23)		38 (48)	
3≤	278 (77)		41 (52)	
Land ownership				
Inherited	149 (41)		51 (65)	
Bought	143 (40)		21 (27)	
Rented	69 (19)		7 (8)	

Notes: STD= Standard Deviation, N= Number of responses, %= Percentage

The study examined sex and marital status for contract and non-contract farmers. The findings show that 68% male and 32% female voluntarily participated in CF through AMCOS and that non-contract farmers were 76% male and 24% female (Table 2). The findings imply that male smallholder farmers had more chances to participate in farming activities than female farmers. Studies (Dubbert, 2019; Meemken *et al*, 2019) assert that the proportion of women participating in CF was significantly low due to their household responsibilities. For example, in most communities in Tanzania, men are in most cases land owners and responsible for household welfare. On the other hand, most of contract farmers were married (86%) and 77% of non-contract farmers were also married. The findings imply that chances of married couples to participate in sugarcane farming activities were high compared to single headed families (14%). This could be due to commitment to the family economy and development.

The maximum and minimum age of respondents were 77 and 21 years respectively for sugarcane contract farmers while for non-contract farmers the maximum and minimum age was 60 and 25 years respectively, with the mean age of 45 years for contract and 39 years for non-contract farmers (Table 2). The respondents above 51 years were 30% among contract farmers through AMCOS and 40% among non-contract farmers. The findings indicate that in the age group above 51 years voluntarily participated in CF through AMCOS due to enough experience in farming activities. The findings are supported by (Johnny *et al*., 2019; Vamuloh *et al*., 2019) who argue that older farmers were participating in CF due to resources needed to participate in CF such as land, and they were more confident due to the farming experience they had.

The findings indicate that 97% of the smallholder sugarcane farmers who were participating in CF through AMCOS had formal education. Sixty nine percent (69%) of them had attended primary education; 23% had attended secondary education; and 5% had attended tertiary education. However, among non-contract farmers, about 99% had attended formal education. The finding imply that the majority of the smallholder sugarcane farmers had formal education, signalling that smallholder farmers in the study area were literate enough to be able to understand CF practices. It is anticipated that formal education has positive implications for increasing chances of participation in CF among smallholder farmers (Rondhi *et al*., 2020; Wongwai *et al*., 2021).

The findings on household size showed that the households with one (1) to four (4) members were 33% and 42% among contract members and non-contract farmers respectively (Table 2). The group of households which had five and more than five family members were 67% and 58% among contract farmers and non-contract farmers respectively. Households with big family members were more likely to participate in CF through AMCOS because they were minimizing labour cost which was ranging from TZS 100,000 to 300,000 per hectare in one sugarcane farming season. The findings imply that smallholder farmers used more family members for farming activities than hired labour. The findings were also supported by (Swain, 2018) who contended that farmers were more engaging family members in farming activities than hired labour.

Farming experience in this study was measured by the number of years smallholder farmers had been participating in farming. The findings showed that 45% and 86% of smallholder farmers had the experience of one (1) to 10 years in growing sugarcane among contract and non-contract farmers. The group with 11 to 20 years farming experience accounted for 35% and 11% among contract farmers and non-contract farmers respectively. The group with 21-30 farming experience accounted for 20% and 5% among contract and non-contract farmers. The findings imply that smallholder farmers with more than 10 years of farming experience were more likely to participate in CF through AMCOS.

A study by (Vamuloh *et al*., 2019) revealed that farming experience attained by smallholder farmers AMCOS was more likely to participate in CF. The findings revealed that the mean farm sizes were 3.7 and 2.6 hectares among contract and non-contract farmers respectively. The group with less than three (3) hectares land accounted for 23% and 48% respectively among contract farmers and non-contract farmers. The group with three and more hectares of land accounted for 77% and 52% of contract and non-contract farmers. The findings imply that farmers with three and more hectares were more likely to participate in CF through AMCOS.

The land ownership for sugarcane farming was also determined among both contract and non-contract smallholder farmers. Smallholder farmers who had inherited land comprised 41% and 65% of contract and non-contract farmers respectively. Smallholder farmers who had bought their land were 40% and 27% among both contract and non-contract farmers respectively. Smallholder farmers who rented land for sugarcane production were 19% and 8% of contract and non-contract farmers respectively. The findings imply that sugarcane cultivation needed land as one of the most important resources regardless of whether one was a contract farmer or not. The smallholder farmers who had inherited the land were more compared to those who had bought land and those who rented land, which means that the majority of the farmers had inherited family land.

4.2 Socio-economic factors influencing smallholder farmers' participation in CF through AMCOS

The study aimed to determine socio-economic factors influencing smallholder sugarcane farmers to participate in CF. Using binary logistic regression, the influence of sex, marital status, education level, age, household size, farming experience, size of land cultivated and land ownership on chances of smallholder sugarcane farmers' participation in CF through AMCOS was determined. The findings present the unadjusted and adjusted binary logistic regression results (Table 3). In unadjusted analysis, the findings showed that married couples were significantly more likely to participate in CF than unmarried participants (OR = 1.84, p = 0.049). Sugarcane CF married couples accounted for 86% while unmarried respondents were 14%. (Machimu, 2017) argue that married couples were more likely to participate in CF than unmarried couples due to family commitment.

Table 3: Socio-economic factors for smallholder farmers' participation in CF through AMCOS

Variable	Estimate (β)	Std Error	OR (95% CI)	Wald Test Value	P-Value
Sex					
Male	Ref		Ref		
Female	0.4022	0.2864	1.49[0.85,2.62]	1.40	0.160
Marital status					
Otherwise	Ref		Ref		
Married	0.6072	0.3084	1.84[1.01,3.36]	1.97	**0.049***
Years spent in school	0.0005	0.0427	1.00[0.92,1.09]	0.01	0.990
Age (Years)	0.0502	0.0125	1.05[1.03,1.08]	4.04	**<0.01****
Household size					
1-4	Ref		Ref		
5≤	0.3819	0.2543	1.47[0.89,2.41]	1.50	0.133
Farming experience (Years)	0.6630	0.1312	1.94[1.50,2.51]	5.05	**<0.01****
Land-size cultivated (hectares)					
<3	Ref		Ref		Ref
3≤	1.1328	0.2576	3.10[1.87,5.14]	4.40	**<0.01****
Land ownership					
Inherited	Ref		Ref		
Bought/Rented	1.0721	0.2584	2.59[1.56,4.30]	3.69	**<0.01****

Omnibus test, P-value=0.00, Cox &Snell= R square =0.5421, Hosmer and Lemeshow test (chi-square=74.38, p value=0.7129, Negelkerke R-square=0.625), STD=Stand Error, OR=Odds Ratio, β = Beta, Ref= Reference Category

It was noted that farmer's age was significantly positively associated with participation in CF through AMCOS (OR = 1.05, p < 0.01). The respondents who were above 51 years comprised 30% of contract farmers through AMCOS and among non-contract farmers those with corresponding age were 40%. The findings indicate that respondents in the age group of 41 years and above participated in CF through AMCOS due to awareness, attitude towards farming and reasonable experience in farming activities. The findings imply that senior farmers were more aware of farming activities, and had more experience and resources to participate in CF than junior farmers. The findings are supported by (Johnny *et al*., 2019; Ruml *et al*., 2021; Vamuloh *et al*., 2019) who reveal that senior farmers were more likely to participate in CF through AMCOS due to resources they own such as land, compared to younger farmers.

Similarly, participation in CF was significantly influenced by farming experience (OR = 1.94, $p < 0.01$). The findings imply that more experienced farmers were more likely to participate in CF through AMCOS because they were more confident and had more experience regarding production costs, opportunities and challenges in sugarcane CF activities. One of the key informants said: *"… Most of the farmers are using their experiences to grow sugarcane and the majority of farmers are senior people because farming activities are more dependent on experience than education acquired at school…*" (KI 1, Kilombero 22nd February 2021). According to (Rondhi *et al.*, 2020; Temesgen, 2019) farming experience of smallholder farmers was significantly influencing smallholder farmers to participate in CF, and farming experience acquired was more important during making decision on participating in CF.

Moreover, farmers with land of three and more hectares were also significantly more likely to participate in CF than farmers who had less than three hectares (OR = 3.1, $p < 0.01$). Slightly more than three-quarters (77%) of smallholder sugarcane contract farmers had three and more hectares, whereas those with less than three hectares made up only 23%. The findings imply that smallholder farmers with three and more hectares were more likely to participate in CF because they could get more yield. The smallholder sugarcane contract farmers were harvesting up to 45 tons per hectare, and the price per ton was up to TZS 120,000.

Farm size also significantly influenced smallholder farmers to participate in CF. study by (Fikiru, 2019) report that smallholder farmers with larger farm sizes were more likely to participate in CF believing that an increase in land size increases the chances for smallholder farmers to participate in CF with an implication of transaction costs reduction. This was supported by one of the key informants who said:

…"*Smallholder sugarcane farmers with at least three hectares land could produce sugarcane on a large scale, strengthen bargaining power and reduce production and transaction costs including costs of fertilizers, pesticides, weeding, labour, cutting, transportation and loading*" …(KI 2, Kidatu 20 February, 2021).

Additionally, land ownership (bought or rented) had significant influence (OR = 2.59, $p = 0.01$) on participation in CF. Those who had inherited the land made up 40% of the smallholder sugarcane contract farmers. The findings imply that smallholder farmers who had bought or rented land (60%) for sugarcane farming were more likely to participate in CF to cover their initial investment costs and generate more income from sugarcane sales.

Table 4: Adjusted Binary Logistic Regression Findings

Variable	Estimate (β)	Std Error	AOR(95% CI)	Wald Test Value	P-Value
Marital status					
Otherwise	Ref		Ref		
Married	0.0719	0.3599	1.07[0.53, 2.18]	0.20	0.842
Years spent in school					
Age (Years)	0.0307	0.0146	1.03[1.02,1.06]	2.10	0.035
Farming experience (Years)	0.4871	0.1369	1.63[1.24,2.13]	3.56	**<0.01***
Land Size cultivated (hectares)					
<3	Ref				
3	1.1799	0.2814	3.25[1.87,5.70]	4.19	**<0.01***
Sources of land					
Inherited	Ref				
Bought/Rented	1.0379	0.2859	2.82[1.87,5.65]	3.63	**<0.01***

STD=Stand Error, OR=Adjusted Odds Ratio, β = Beta, Ref= Reference Category

The findings of multivariate analysis in Table 4 reveal that marital status had insignificant influence (p = 0.842) on CF participation through AMCOS. The value of the Hosmer-Lemeshow goodness-of-fit test was 6.89 with a p-value of 0.5491 which is not statistically significant (p > 0.05), meaning that the model well fitted the data. The adjusted odds of participation in CF was 1.03 times significantly higher for a unit increase in age (AOR =1.03, p = 0.035). Besides, a unit increase in the years of farming experience was significantly associated with adjusted odds of 1.63 of being involved in CF through AMCOS. In addition, farmers with at three hectares of cultivated land had significantly greater adjusted odds of being involved in CF than farmers with less than three hectares (OR = 3.25, p < 0.01). Moreover, farmers who had bought or rented land (AOR = 2.82, p < 0.01) were significantly more likely to be involved in CF through AMCOS than those who had inherited land.

4.3 Perceived benefits of participation in contract farming through AMCOS

Smallholder sugarcane contract farmers were asked to assess the perceived benefits of participation in CF through AMCOS. Since they had chances to provide multiple responses, the findings (Table 5) indicate that yield was perceived to improve by 17% whereby average tons harvested by smallholder sugarcane farmers through AMCOS were 76.06 tons per year unlike previously under farmers' associations (75.13 tons per year). This implies that there were slight changes in production among farmers with an improvement in their income. The average income of the smallholder farmers through AMCOS was TZS 10,907,764 per year while when they were under farmers' associations the average income was TZS 6,104,593 per year (Field, 2021). Studies by (Bellemare, 2018; Ragasa *et al*., 2018) and showed that smallholder farmers' yields increased due to improved farming practices such as application of fertilizers and pesticides.

Table 5: Perceived benefits by farmers from participating in contract farming through AMCOS (n = 361)

Benefits	Count	Percent (%)
Improved yields	188	17
Increase sugarcane income	137	13
Risk sharing	48	4
Adoption of improved farming practices	220	20
Market information sharing	250	23
Improved farming knowledge and skills	249	23

*Multiple responses

Sugarcane income was another perceived benefit; it was said by 13% of the respondents, implying that AMCOS services improved in terms of yield and prices which were negotiated by AMCOS with the buyers. The price under farmers' associations was TZS 60,000 per ton in 2014 (Machimu, 2017), and through AMCOS it was up to TZS 120,000 per ton in 2021. Studies by Kumar *et al.* (2019) established that prices offered by contracting firms were much better and stable compared to prices offered in spot markets due to high negotiation power among AMCOS leaders. Findings by Machimu *et al*. (2019) reveal that during farmers' association, leaders from the associations were not joining efforts as a team to negotiate for sugarcane price. Moreover, 4% of sugarcane farmers said that they were sharing risk with the buyer especially when fire accidents occurred. This implies that in case of risk such as fire accidents, smallholder sugarcane farmers were compensated up to 5% of the total losses by sugarcane buyer. The findings are in line with findings by (Mishra *et al*., 2018b) who reveal that risk is spread among CF partners so as to increase productivity and reduce technical inefficiency. However, the findings contradict findings of a study by (Louhaichi *et al*., 2018) that in some cases smallholder farmers refused to participate in CF if the crop was perceived to introduce new risks.

In the study area however, 20% of sugarcane contract farmers revealed that they were exposed to improved farming practices, implying that the introduction of AMCOS in the study area helped them use new technologies in farming activities from land preparation to harvesting. Findings of a study by Kumah (2018) maintain that cultivators and irrigation facilities were too expensive for most individual farmers to afford; so they were provided through their farmer organizations. Furthermore, 23% of smallholder sugarcane contract farmers reported that they participated in CF through AMCOS in order to get market information from the right sources. This implies that AMCOS were sharing market information with their members such as the agreed sugarcane prices, number of tons to be supplied to the buyer by the AMCOS, quality of sugarcane required and delivery schedules. According to (Ba *et al*., 2019), participation of smallholder farmers grew from 59% to 80% of all farmers due to market information sharing such as prices of inputs and outputs, marketing opportunities and suitable technologies.

On the other hand, 23% of the respondents reported improved farming knowledge and skills after participating in CF through AMCOS. This implied that the extension services provided to smallholder sugarcane farmers helped them to get more skills and knowledge in farming practices. The findings were supported by (Otsuka *et al*., 2016) who report that smallholder farmers were acquiring knowledge and skills in partnering to farming through training programmes. The findings were also supported by observation made by a key informant on perceived benefits achieved by smallholder sugarcane contract farmers through AMCOS, who was quoted saying:

> *Smallholder sugarcane farmers' participation in CF is subjective. It mostly depends on farmers' decision on whether to participate or not, regardless of the associated benefits. Non-contract farmers have been urged to be members of AMCOS because they don't have an alternative market for their sugarcane* (KI 3, Ruaha 18 February, 2021).

This quotation implies that the Kilombero Valley AMCOS provided more benefits to contract sugarcane farmers than non-contract sugarcane farmers because contract sugarcane farmers received farming incentives from their AMCOS.

4.4 Implication of the findings to the guiding Theory and Model

The findings strengthened the arguments from the theory and model that were applied to this study. The Principal Agency Theory (PAT) assumes that an agent is hired by one or more persons called a principal under a contract to act on behalf of the principal and be compensated by the principal to achieve the desired outcomes. This implies that AMCOS were working on behalf of their members to facilitate the sugarcane transactions between smallholder farmers and sugarcane buyer whereby 19 AMCOS were operating in Kilombero Valley with a minimum of 120 members for each AMCOS. Sugarcane farmers could not sell their sugarcane direct to buyers without being members of AMCOS. The findings indicate that farmers' membership to AMCOS was voluntary and bound by by-laws and contract entered by their AMCOS and the buyer to supply a specified amount of sugarcane as per delivery terms and agreed prices. This agreement had influence on smallholder farmers' participation CF through AMCOS.

Furthermore, the findings supported the arguments from the Participation Chain Model, which honours three levels for an individual when deciding to participate: resources, mobilization, and motivations. The model is in line with the study whereby the socio-economic factors (resources) such as age, marital status (being married), farming experience, land ownership and land size which significantly influenced smallholder sugarcane farmers to participate in CF through AMCOS. At the mobilization level, some sugarcane farmers were not participating in CF through AMCOS because they were unaware of AMCOS operations and the benefits they could receive from AMCOS. At the motivational level, non-cooperative members were side-selling their sugarcane to AMCOS members because they had no other market option for their sugarcane. It has been established that, the null hypothesis that socio-economic factors do not influence smallholder sugarcane farmers to participate in CF through AMCOS was rejected and the alternative hypothesis that socio-economic factors influence smallholder sugarcane farmers to participate in CF through AMCOS was accepted.

5.0 CONCLUSIONS AND RECOMMENDATIONS

5.1 Conclusions

Contract and non-contract smallholder sugarcane farmers in Kilombero Valley had limited alternative markets for their sugarcane. However, in order for a farmer to sell their sugarcane, they had to be AMCOS members, and non-contract farmers were selling their sugarcane through AMCOS members. Based on the findings, 65% of smallholder sugarcane contract farmers voluntarily joined AMCOS and had opportunities to participate in various activities such as training and statutory meetings. Socio-economic factors were found to have a significant influence on smallholder sugarcane farmers' participation in CF through AMCOS. The results indicate, married farmers and those with more farming experience were more likely to participate in CF and had a positive perception toward sugarcane CF. Moreover, contract farmers with resources such as land, money, and farming experience outperformed young farmers who inherited land and those with a only few years of sugarcane farming experience.

Furthermore, farmer's sex, household size and education level insignificantly influenced smallholder sugarcane farmers' participation in CF, meaning that in both male-headed and female-headed families, the number of household members varied from one household to another, and farming activities involved both family labour and hired labour. On the other hand, it is concluded that smallholder sugarcane farmers who participated in CF through AMCOS benefited, despite the fact that a number of smallholder sugarcane farmers did not participate in AMCOS activities. The findings indicate that farmers' inactive participation was caused by a lack of understanding on AMCOS operations; not being able to fulfil conditions for joining AMCOS, small land size, and mistrust of AMCOS operations.

5.2 Recommendations

From the findings and conclusions, it is recommended that smallholder sugarcane contract farmers should actively continue participating in CF through AMCOS. Furthermore, attitudes and awareness about farming practices differed between younger and elderly farmers; therefore, youth growers should be encouraged to participate in AMCOS activities. In collaboration with AMCOS leaders and other actors in the study area, the Tanzania Co-operative Development Commission (TCDC) is urged to continue promoting CF to non-contract sugarcane farmers by enhancing their understanding on the value of AMCOS' operations.

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ASSETS OWNED AND LIVELIHOOD SUSTAINABILITY AMONG SELF-EMPLOYED VOCATIONAL AND NON-VOCATIONAL GRADUATES IN ARUSHA AND DAR ES SALAAM CITIES, TANZANIA

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ABSTRACT
Assets owned by self-employed graduates provide a basis for livelihoods sustainability and poverty reduction. However, access to such assets is a major challenge among majority of the graduates. Thus, this paper aimed to determine levels of such assets and compare assets owned and their contribution to livelihoods sustainability attainment between vocational (VET) and non-vocational (Non-VET) graduates. The study adopted a descriptive cross-sectional survey design with a sample of 384 respondents. Quantitative data were analysed using descriptive statistics, a livelihoods asset ownership index and a Mann-Whitney U-test, while qualitative data were analysed through constant comparison content analysis approach. Findings showed that both categories of graduates had low assets ownership level. Mann-Whitney U-test results indicated insignificant difference in assets ownership between the two groups. Provided that there are many graduates with lower levels livelihoods assets, it suggests that these graduates are not able to sustain their livelihoods due to limited assets. It is further concluded that both categories of graduates have narrow chances to make positive and sustainable livelihood outcomes to graduates. It is recommended that self-employed graduates with low assets level should consider diversifying their livelihood activities so as to improve their livelihoods assets levels. This can be done by formation of self-help microfinance institutions such as Savings and Credit Co-operative Societies from which they can access credit for financing acquisition of livelihoods assets. It is further recommended that graduates should leverage their strength on human capital and physical capital to improve other types of capital ownership. This is expected to promote productive self-employment activities for better sustainable livelihoods outcomes. They should also consider accessing available government and other local financing schemes for livelihoods assets acquisition. At the policy level, there is a need for the government authorities to enact youth-friendly policies on employment, finance, and training to emphasise entrepreneurship so as to open wide opportunities from which an increasing number of graduates could make a choice.

Keywords: Assets, Livelihood, Sustainability, Vocational Graduates, Non-Vocational Graduates.

1.0 INTRODUCTION
Livelihood assets provide a basis for livelihoods among self-employed graduates and play an important role in poverty reduction in both rural and urban areas (Cho *et al.,* 2016; Kibiria *et al.,* 2018; Yerrabati, 2022). Livelihood assets offer chances for creation of new jobs as alternative livelihood opportunities for the majority of the labour force in countries where significant and

growing unemployment has become a major economic problem (Wakesa *et al.,* 2016; ILO, 2021). Globally, about 55% of workforce livelihoods depend on self-employment and nearly three-quarters of them are likely to be working for day-to-day survival in their livelihood endeavours (Gindling & Newhouse, 2014; ILO, 2018). A Large proportion of self-employed individuals live in poor or vulnerable households (Cho *et al.,* 2016).

In Sub-Saharan Africa (SSA), for instance, close to 80% of the self-employed live in poor or vulnerable households compared to only about 20% in either Europe and Central Asia or Latin America and the Caribbean (Gindling & Newhouse, 2014; ILO, 2019). East Africa follows a similar trend like the other SSA countries whereby more than 60% of the people's livelihoods depend on self-employment mainly, in the informal sector (AUC and OECD, 2018). In Tanzania, self-employment has a significant contribution to the Gross Domestic Product (GDP) growth, for example from 47.4% in 2014 to 54.3% in 2020/2021 (URT, 2021).

With the increasing number of anticipated workforces in vulnerable employment, livelihood assets ownership is crucial among self-employed VET and Non-VET graduates (Masud *et al.,* 2016; Mumuni and Oladele, 2016). Therefore, livelihood assets ownership is seemingly important among self-employed graduates for attainment of sustainable livelihoods, economic development and poverty reduction as provided in the Sustainable Development Goals [SDGs (ILO, 2017)].

Literature shows that livelihood assets have a significant impact on livelihood options and income in the framework of sustainable livelihoods (Perz, 2005; Su & Shang, 2012; Lindberg, 2012; Ma *et al.,* 2018; Guo *et al.,* 2022). The ability to generate income necessary for achieving sustainable livelihoods among self-employed graduates depends on access to assets or livelihood capital employed in their businesses (Sun *et al*., 2016; Hua *et al.,* 2017; Xu, 2018; Li *et al.,* 2020, Yang *et al.,* 2021). It means that sustainable livelihoods are attained through access to an array of capital items (natural, economic, human, social and physical capital) which are combined in the pursuit of different livelihood strategies (Casaburi *et al.,* 2012; Chen *et al.,* 2013; Masud *et al.,*2016; Li *et al.,* 2020; Guo *et al.,* 2022). For example, Biggs *et al.* (2014) as well as Hidalgo (2019) argue that households with little livelihood assets and are living in poorly established environments are highly vulnerable to adverse effects of shocks and are less likely to achieve better livelihood outcomes. Thus, lack of livelihood assets is claimed to be both a symptom and a cause of poverty among vulnerable self-employed individuals (Dorward *et al.,* 2002, Chen *et al.,* 2013; Soma *et al.,* 2022). As a result, poor households which lack access to such assets fail to take up economic activities with higher returns (Ellis, 2000; Babulo *et al.,* 2008; Samsudin and Kamaruddin, 2013; Soma *et al.,* 2022, Bird *et al.,* 2022).

Despite the growing significance of livelihood assets ownership for income generation, poverty reduction and sustainable livelihoods, studies indicate that livelihood assets ownership and levels among the majority of the self-employed individuals have not improved (VETA, 2010; Scoones, 2015; Gugelev, 2018; VETA, 2019). For example, Ayuma (2009) and VETA (2019) argue that self-employment among majority of individuals is constrained by inadequate entrepreneurship skills, and shortage of financial capital and physical capital needed for self-employment activities. In addition, it has been claimed that almost half of all individuals in developing countries are still in vulnerable forms of self-employment, and almost four out of five individuals in developing countries are in this form of self-employment (Gugelev, 2018). Furthermore, the number of people in vulnerable employment globally, is expected to grow by 11 million per year from 2018 onwards and therefore, making it a challenge to realise high quality livelihood, goal of poverty eradication as spelt out in the (SDGs), particularly SDG 1. The SDG 1 envisages to end poverty in all of its forms by 2030 (URT, 2000; Kamaruddin & Shamsudin, 2014; ILO, 2017).

These conditions pose a challenge as to the specific dynamics that contribute to assets ownership and levels among self-employment graduates. Moreover, addressing the challenges faced by VET and non-VET graduates helps to inform various policies and legal frameworks established by the government with the aim of improving self-employment situations. Such policies include Small and Medium Enterprise Policy (2003); National Employment Policy (2008); the Technical Education and Training Policy (1996); and the Vocational Education Training Authority Act (1994). Also, recently, Micro, Small and Medium Enterprises (MSMEs) have been integrated in the Industrial Development Strategy (IDS) for the years 2016/2017 through 2020/2021 and the Tanzania Vision 2021/2022 through 2025/2026 whereby they have been given a special role for Tanzania Industrialization Agenda (URT, 2016a; URT, 2021). In due regard, understanding how VET and non-VET graduates employ a range of livelihood assets and activities as they seek to sustain and improve their assets ownership levels and wellbeing was necessary.

In this paper, activities in which self-employment graduates were engaged include nine businesses, which, according to VETA (2010), were mostly preferred by graduates for self-employment. They include the following: carpentry, textile and clothing, motor vehicle mechanics, motor vehicle electrical wiring, electrical installation, secretarial services and computer application, construction, food preparation, and welding and fabrication. Based on the activities that graduates were engaged in, this paper aimed at comparing livelihood assets ownership among VET and non-VET graduates in Arusha and Dar es Salaam cities, Tanzania. Specific objectives of the study were i) to determine levels of livelihood assets possession among the two categories of graduates and, ii) to compare them as to determine whether they contribute to livelihood sustainability between the categories in the study areas. Accordingly, it was hypothesised that there was no significant difference in livelihoods assets ownership and thus livelihoods sustainability attainment between VET and non-VET graduates.

2.0 METHODOLOGY

2.1 The study area and location

The paper is based on a study conducted in Dar es Salaam and Arusha cities. Dar es Salaam is the major city where the first VET centre was established wheras Arusha city follows Dar es Salaam, among other cities, in terms of social services and public infrastructure as well as vocational institutions investments (VETA, 2010; Wenban-Smith, 2015 cited in Andreasen *et al.,* 2017). Dar es Salaam on one hand has the highest record of VET centres standing at 75 by 2015. Arusha, on the other hand had 52 VET centres by 2015, more than other major cities in Tanzania (URT, 2016b). The implication or assumption here is that the larger the number of VET institutions the more self-employed graduates in the cities in comparison to other places in Tanzania.

2.2 Research design and sample size

The study adapted a cross-sectional design because it facilitates collection of data more or less simultaneously and examination of variables once at a single point in time. Likewise, it enabled comparison of the levels of livelihood assets ownership among self-employed VET and non-VET graduates (Bryman & Bell, 2011). The study population included VET graduates and non-VET graduates with different skills who were self-employed in Arusha and Dar es Salaam cities. The unit of analysis was an individual owner of a business under self-employment. The VET graduates were vocational education alumni (treated), while non-VET graduates (control) were those without any formal vocational education training.

The choice of the two groups was justified in terms of fairly balanced characteristics such as age, types of business activities, business locations and formal education, which were determined during piloting of the study. The sample size was determined by using the formula by Cochran developed in 1977 as shown below:

$$n = \frac{z^2 p(1-p)}{\ell^2} \quad \text{...(1)}$$

Where:

n = sample size
z = the abscissa of the normal curve
p = probability that the selected respondent in the population was a VET graduate
q = (1-p) probability that the selected respondent in the population was a non-VET graduate
ℓ = the acceptable sampling errors.

Therefore, using p = 0.5 (maximum variability), q = 1-0.5 = 0.5, z = 1.96, at the 95% confidence level and ±5% precision, the resulting sample was as follows:

$$n = \frac{(1.96)^2(0.5)(1-0.5)}{(0.05)^2} = 384 \quad \text{..}(2)$$

Therefore, 384 participants were involved in the study. The respondents were equally distributed into two based on maximum variability whereby p equals to 0.5 of the total respondents were VET graduates and q equals to 0.5 of the total respondents were non-VET graduates (Cochran,1977). Therefore, the one half (192) of the respondents were VET graduates and the other half (192) of the respondents were non-VET graduates. Cochran (1977) argues that the formula is appropriate in arriving at an adequate sample size if the population is infinite and its degree of variability is not known.

2.3 Sampling procedures and data collection methods

Snowball sampling was employed to collect data from individual graduates in Arusha and Dar es Salaam cities for interview. The snowball sampling technique was used in finding and recruiting "hidden populations." Thus, respondents who were not easily accessible to the researcher through other sampling strategies were selected based on sampling procedure (Babbie and Mouton, 2001). However, snowball sampling method suffers from some criticism such as the claim that it may lead one to get nongeneralizable results due to lack of sampling frame (Morgan, 2008 cited by Kirchherr and Charles, 2018), lack of sample diversity and under-representation of respondents in the population (Shaghaghi*et al.,* 2011). However, several studies refute those criticisms. For instance, Creswell (2005) and Noy (2009) argue that the intent of research is not only to generalise results to a population but also to develop an in-depth investigation of a central phenomenon, thereby produce a unique type of social knowledge.

In overcoming some of the weaknesses already identified, the study used three key methodological approaches recommended to reduce the weaknesses (Creswell, 2005; Kirchherr & Charles, 2018). Among the methods, a list of key respondents was obtained from the Directorate of Labour Market Planning and Development (DLMPD), Colleges and Schools which served as the seeds for snowball sampling method. The seeds sample were sufficiently varied in terms of business categories whereby nine different businesses were included in the pool of seeds obtained from the respective institutions to solve the diversity and under representation problem. In addition, a face-to-face interview was conducted because it is claimed by several scholars that it generates trust required to gain referrals and reduce sampling bias (Noy, 2009; Sadler *et al.,* 2010; Shaghaghi *et al.,* 2011).

Quantitative data to capture amounts and values of livelihoods assets on each categories of graduates were collected by using a survey approach with a structured questionnaire for each business. The first respondents from each of the two cities was obtained through referral and recommendations provided by a representative of the DLMPD at VETA, Chang'ombe Dar es Salaam, colleges and schools. Qualitative data were collected using Key Informant Interviews (KIIs) whereby a total of four KIIs were held. The key informants were selected based on their knowledge of vocational education and graduates' employment status. For the VET institutions that were involved, retired VETA Director General, College Principals, Heads of Academic Departments and representatives of the DLMPD at VETA Head Office in Dar es Salaam, were interviewed. Qualitative and quantitative methods of data collection complemented each other. Thus, they increased the overall validity of the study findings through verification of respondents' answers, checking responses uniformity of one method against the other and within methods triangulation as recommended by Casey and Murphy (2009). Qualitative research approach allowed for an in-depth probing and yielded detailed information (Saunders *et al.,* 2009).

2.4 Data processing and analysis

Data analysis was based on both quantitative and qualitative livelihood information on assets ownership indicators customised from DFID (2001) Sustainable Livelihoods Framework (Table 1).

Table 1: List of indicators for livelihood assets

Human assets	Financial assets	Natural assets	Social assets	Physical assets
Access to education	Cash earned from business activities	Ownership of land	Position in the society	Communication equipment's
Working experience	Cash earned from non-business	Ownership livestock	Community activities	Housing characteristics
Skills training attended	Cash (grant) received	Food items	Involvement in political activities	Access to water sources
	Savings amount		Group economic activities	Transport facility
				Household assets

Source: Customised and modified from DFID (2001) and Ibrahim *et al.,* (2018)

Qualitative data were recorded in notebooks then transcribed, coded, categorised and thereafter grouped into themes in relation to the objectives of the study. The data were analysed using a constant comparison technique by comparing occurrences of the asset's ownership livelihood information applicable to each category and restricted data to the theory as proposed by Kolb (2012).

Quantitative data were analysed using descriptive statistics of livelihoods assets indicators to get a better understanding of categories and levels of livelihoods assets owned by self-employed graduates. The indicators were weighted then summated into total scores to determine the maximum and minimum scores. Thereafter, grouping of scores in the index was centred on the computed median of 0.55 and 0.48 from ordinal data for VET and non-VET respectively, as cut-off points.

For ordinal data, median is recommended as the best measure of central tendency compared to other measures (Manikandan, 2011). The indices were categorised into levels (Table 2) to disentangle different assets endowment among self-employed graduates, which gives rise to disparities in livelihoods asset ownership among them and thus, affects their ability to endure livelihoods shocks and sustain their livelihoods divergently (Rapsomanikis, 2015). Similarly, Fratkin (2013) observed that self-employed graduates with different wealth levels may have a different understanding with regard to livelihood vulnerability and risks, which have a consequence on livelihood sustenance.

Table 2: Levels of livelihood assets owned by VET and non-VET graduates

Index value VET	Index value non-VET	Index category	Level of livelihood asset ownership
0.10 – 0.54	0.10-0.47	Low	Low livelihood assets ownership
0.55	0.48	Moderate	Moderate livelihood assets ownership
0.56 – 1.0	0.49-1.0	High	High livelihood assets ownership

Source: Customised from Li *et al.* (2020)

In comparing the five livelihood assets ownership between the two groups, the study employed a Livelihood Assets Ownership Index (LAOI) adapted from Li *et al.* (2020) whereby an individual assets livelihood index was computed using the following formula:

$$f = \sum_{j=1}^{n} \omega_j \chi_j \quad \text{………………………………………………………………………(3)}$$

Where: f represents individual livelihood assets index value ($0 < f < 1$); n represents the n^{th} indicator of criteria on j (j = 1, 2, 3…); ω_j represents the weight of each indicator; and χ_j represents the mean value of each indicator. Subsequently, the composite livelihood assets ownership index was derived as follows:

$$S = \omega_1 x_{pa} + \omega_2 x_{na} + \omega_3 x_{fa} + \omega_4 x_{sa} + \omega_5 x_{ha} \quad \text{……………………………………………(4)}$$

Where: S represents the livelihood assets ownership index; $\omega_{1, 2 \ldots 5}$ represent the weights for the five livelihood assets categories; x_{pa}, x_{na}, x_{fa}, x_{sa} and x_{ha} represent combined indicators values for physical, natural, financial, social and human assets respectively. Moreover, a Mann-Whitney U-test was conducted to test the hypothesis that possession of livelihood assets (natural, physical, financial, human and social) between VET and Non-VET graduates does not differ significantly. The test was appropriate since the measured variables were ordinal and recorded arbitrary without a very precise scale (Nachar, 2008). Use of the Mann-Whitney U-test was justified as the distribution for the two categories were non-normal with fairly balanced characteristics between the two groups such as age, types of activities, business locations and formal education level, among others. However, the two groups were different in terms of one having VET qualification (treated group) while the non-VET (control group), did not possess such qualifications prior to getting into self-employment.

3.0 FINDINGS AND DISCUSSION

3.1 Categories and levels of livelihood assets owned by graduates

Livelihoods among self-employed VET and non-VET graduates are dependent on strength in terms of assets or capital assets holdings, which they endeavour to convert into positive livelihood outcomes. The findings as shown in Table 3 present five categories of assets or capital items upon which livelihoods among both categories of graduates are built, namely human capital, social capital, natural capital, physical capital and financial capital. Table 4 are shows levels of livelihood assets ownership among VET and non-VET graduates.

Table 3: Livelihood assets categories owned by Vet and Non-vet graduates

Livelihood Assets	VET Graduates					Non-VET Graduates				
	Frequency		%		Index value	Frequency		%		Index value
	Yes	No	Yes	No		Yes	No	Yes	No	
Human assets										
Attendance of formal education	192	0	100.0	0.0	1.00	192	0	100.0	0.0	1.00
Working experience	192	0	100.0	0.0	1.00	192	0	100.0	0.0	1.00
Skills training attended	192	0	100.0	0.0	1.00	34	158	17.7	82.3	0.18
Financial assets										
Business income	192	0	100.0	0.0	1.00	192	0	100.0	0.0	1.00
Income from non-business activities	30	162	15.6	84.4	0.16	23	169	12.0	88.0	0.12
Grant beneficiary	11	181	5.7	84.3	0.06	8	184	4.2	95.8	0.04
Savings amount	180	12	93.8	6.3	0.94	175	17	91.1	8.9	0.91
Physical assets										
Housing characteristics	65	127	33.9	66.1	0.34	54	138	28.1	71.9	0.28
Access to tap water sources	149	43	77.6	22.4	0.78	138	54	71.9	28.1	0.72
Household assets	192	0	100.0	0.0	0.52	192	0	100.0	0.0	0.48
Ownership of means of transport	81	111	42.2	57.8	0.13	63	129	32.8	67.2	0.09
Communication equipment’s	192	0	100.0	0.0	0.76	190	2	99.0	1.0	0.64
Natural assets										
Land ownership	84	108	43.8	56.3	0.44	69	123	35.9	64.1	0.36
Livestock ownership	82	110	42.7	57.3	0.43	86	106	44.8	55.2	0.46
Food resources items	60	132	31.3	68.8	0.31	89	103	46.4	53.6	0.45
Social assets										
Position in the society or organisation	30	162	15.6	84.4	0.16	27	165	14.1	85.9	0.14
Involvement in community activities	62	130	32.3	67.7	0.32	56	136	29.2	70.8	0.29
Involvement in political activities	117	75	60.9	39.1	0.61	109	83	56.8	43.2	0.57
Involvement in economic groups	25	167	13.0	87.0	0.13	16	176	8.3	91.7	0.08

3.1.1 Human assets

The findings on human assets revealed that both categories of graduates had at least attended formal education ranging from primary education to college or university level (Table 3). Among the VET graduates, 36.5% had primary education only; 59.9% had secondary education; and only 3.6% had University or College education. The findings for non-VET graduates indicated that 50% had primary education; 44.3% had secondary education; and only 5.7% had either college or university education. The findings for skills training showed that all of VET graduates were better in business related skills training compared with 18% for non-VET graduates who had such skills.

The implication from the findings is that both categories of graduates were literate enough to properly manage their businesses to attain positive livelihood outcomes expected from education levels they had. In addition, it was expected that more educated graduates would be at a higher level of livelihood outcomes than graduates with low formal education level. A study by Casaburi *et al.* (2012) established that education level has positive association with livelihood outcomes.

The findings for business experience for both categories of graduates indicated that each graduate had experience in business for at least one year or more since the establishment of their businesses. The findings for VET graduates with one to five years' experience comprised 55.7% while those with more than five years constituted 44.3% with a mean of 6.27 years in business. The findings for non-VET graduates indicated that respondents who had one to five years' experience comprised 60.9% while those with more than five years' experience constituted 39.1% with a mean of 6.06 years in business. Self-employed graduates' experience in business is an essential factor in determining firms' profitability and the levels of livelihood outcomes because it may lead to better decision-making skills attained over time. On this observation, one male self-employed non-VET graduate from Majengo Arusha said that:

> *"I have been in self-employment for 8 years now (2018). I will continue with this business because it provides the only means that gives me a living and my family … I am a form four leaver but through long-term practice in welding and metal fabrication business, I am able to produce quality products that satisfy my customers' needs"* (Interview, Majengo Arusha, April, 2018).

The observation indicates that despite the fact the non-VET graduates had no formal training skills related to the businesses, it was evident that through long-term experience and practices, they were able to well manage well their businesses and achieve good livelihood outcomes from self-employment activities. However, it was important for self-employed non-VET graduates to further sharpen their knowledge and skills. All can be possible through the Recognition of Prior Learning Assessment (RPLA) organised by VETA in order to knowledge and skills gaps and acquire recognised certification. Such measures would improve business image and qualify their businesses for quality certification from institutions such as Tanzania Bureau of Standards (TBS). Findings on skills training related to business activities indicated that only 18% of non-VET graduates had acquired formal knowledge and skills in the course of operating their businesses, which is relatively on the low side. This was probably one among causes of numerically lower livelihood assets ownership among non-VET graduates in comparison to VET graduates.

3.1.2 Financial assets

Findings on financial assets indicated that the main source of livelihoods among graduates was income from business, which accounted for all respondents among both VET and non-VET graduates, followed by income from non-business activities that accounted for 15.6% and 12% of the income among VET and non-VET graduates, respectively (Table 3). The average gross income from business per annum among VET graduates stood at Tanzania shilling 5 382 916.67 (USD 2 316.15),[1] while the total expenditure averaged at Tshs. 2 374 016.80 (USD 1 021.49) per annum with mean net earnings of Tshs. 3 008 899.87 (USD 1 294.66) per annum. The findings for non-VET graduates indicated gross income from business of Tshs. 4 499 882.81 (USD 1 936.20) per annum and the total expenditure was TZS 2 206 494.79 (USD 949.41) per annum with mean net earnings of Tshs. 2 293 388.02 (USD 986.80) per annum. Also, it was found that the savings level among VET graduates stood at 93.8%, slightly higher than the observed savings level of 91.1% for non-VET graduates (Table 3).

[1]The exchange rate for one United States Dollar was equivalent to Tanzanian Shillings (TZS) 2,324.08 as at 13th August, 2020

Generally, financial assets ownership levels among VET graduates were higher than those among non-VET graduates. As seen in the human assets' ownership, VET graduates possessed more skills and experiences related to business activities being operated than non-VET graduates, which probably is one among factors for their slightly better financial asset ownership level than their counterparts. Previous studies (Sun *et al.,* 2018; Xu, 2016) argue, that among all livelihood assets, financial assets provide the most important of all stimuli in facilitating improvement of other livelihood assets and thus, sustainability of livelihoods among vulnerable groups ensues. However, the high dependence on a single source of income from business for both groups reduced the ability to increase levels of other livelihood assets ownership, and thus leading to inability to withstand livelihood shocks as well as stresses due to limited financial assets. The reason provided by one female VET graduate at Mwenge in Dar es Salaam was as follows:

> *"I do not have other sources of income apart from my food vending business because the current business keeps me busy when I wake up in the morning to purchase the day food items requirements for breakfast, lunch and dinner. Then the cycle continues like that. This poses a challenge to operate other activities and I cannot leave the management of the business to someone else because I may lose the capital invested in the business"* (Interviewee, Mwenge Dar es Salaam, March, 2018).

The above observation from the respondent shows concern of some self-employed graduates that diversification into other business ventures was limited due to the fact that they have to concentrate on a single activity in order to control and manage their businesses to avoid losing their investments. Moreover, inadequate capital among self-employed graduates limits the possibility of diversification into other business ventures. Thus, such situation inhibits assets ownership levels among self-employed graduates in the study areas. This is demonstrated by the composite index scores (Table 5), which are slightly below the median of 0.55 for (VET) and 0.48 for (non-VET) on most of the livelihood assets among VET and non-VET graduates.

3.1.3 Physical assets

Physical assets are facilities needed by VET and non-VET graduates like transportation facilities, good housing, safe drinking water, household assets, communication equipment, medical facilities, schools, and market places, among others, in accomplishment of their day-to-day activities (Samsudin and Kamaruddin, 2013). Findings indicated that both categories of graduates at least owned one or more of the household assets such as beds, cooking facilities and communication facilities such as television set and mobile phones, among others (Table 3). However, VET graduates had slightly higher physical assets ownership in terms of owning houses (33.9%), access to clean and safe water (77.6%), ownership of communication equipment (100%) and means of transport (42.2%). For non-VET graduates, those who owned those assets were similarly distributed as follows: 28.1%, 71.9%, 99%, and 32.8% respectively (Table 3).

Notwithstanding the observed success in ownership of communication facilities, access to safe and clean water among both categories of graduates, the average index for accumulation of physical capital among both self-employed graduates was still below the expected median levels (Table 2 and Table 5). However, the observed differences in physical capital accumulation and ownership between the two groups was relatively small. The findings imply that since the majority of both categories of self-employed graduates were unable to own basic livelihood assets such as house and ownership of means of transport facilities, they were categorised into low physical assets ownership level. Findings from this study contradict what was observed by Kamaruddin and Shamsudin, (2014) in Malaysia who reported that despite the respondents having low incomes with some of them even below the poverty line, the majority were able to meet most of the basic needs. Such needs included houses, household furniture, transport means possession, access to water and electrical energy.

3.1.4 Natural assets

Natural assets, as indicated in Table 3, constitute various natural resources from intangible public goods such as atmosphere and biodiversity to divisible assets used in production of goods such as trees and land, among other assets, which are used to derive livelihoods among individuals (Yang *et al.,* 2018). It was found out that 43.8% of the VET graduates owned plots or land for house construction or agricultural activities compared to 35.9% observed among non-VET graduates. In terms of livestock ownership and consumption of food resources in their surroundings, non-VET graduates had better ownership and use of these resources at 44.8% and 46.4% compared to 42.7% and 31.3% respectively which was observed among VET graduates.

Findings indicated that, on average, the natural capital items for both categories of self-employed graduates were the lowest, ranging from 31.3% to 44.9% as compared to other livelihood assets. However, the results with regard to natural capital ownership among non-VET were slightly better than those among VET graduates. Natural capital ownership was relatively low probably due to the fact that the study was conducted in two cities where natural capital is less abundant due to competitive demand for such resources as a result of high population compared to rural areas where such resources are less competitive while they are abundantly available. A study by Kamaruddin & Shamsudin (2014) in Malaysia noted similar results whereby the average natural assets ownership among household groups was found to be the lowest compared to other livelihood assets. Thus, the study recommended that any entrepreneurial activities that ought to be established by the groups should not to be based on natural assets, rather on activities such as food vending, electronic/digital gadgets, retailing, sewing and crafts, which did not need such resources. However, self-employed graduates with access to natural resources in the two cities may employ such resources to improve the levels of their livelihood outcomes to cope with livelihood shocks and stress.

3.1.5 Social assets

To increase individuals' capability among VET and non-VET graduates, social assets represent social resources which provide prospects to the self-employed graduates through social relations and interactions like personal ties, links and connections that provide equal shared benefits to both parties in social relations. The findings indicate that VET graduates' involvement in political activities (60.9%), participation in community activities (32.3%), holding various positions in society (15.6%) and participation in various group economic activities (13%) were slightly higher than involvement in political activities (56.8%), community activities (29.2%), position holding in the society (14.1%) and participation in group economic activities (8.3%) observed among non-VET graduates (Table 3). The findings showed that both categories of graduates were aware and more participating in political activities than in other social related activities. The findings imply that political activities, among other activities, provide bonds and social cohesion among different supporters of various political parties in the study areas.

3.1.6 Levels of livelihood assets ownership among self-employed graduates

Based on the five types of assets as presented in Table 3, the levels of assets ownership among self-employed VET and non-VET graduates were categorised in terms of low, moderate and high as presented in Table 4.

Table 4: Levels of livelihood assets owned by Vet and Non-vet graduates

Levels of livelihood assets ownership	VET graduates		Non-VET graduates		Combined	
	Frequency	%	Frequency	%	Frequency	%
Low livelihood assets ownership	93	48.4	98	51.0	191	49.7
Moderates' livelihood assets ownership	8	4.2	5	2.6	13	3.4
High livelihood assets ownership	91	47.4	89	46.4	180	46.9

Findings revealed that low assets ownership category for both VET and non-VET had slightly more respondents than those in the high category with 48.4% and 51% for VET and non-VET respectively (Table 4). It implies that self-employed graduates in this category did not make sufficient incomes from their businesses to enable them tolerate unforeseen livelihood shocks and stresses in future. As observed by Li *et al.* (2020), low incomes generation from businesses constrain individuals from increasing production scales and acquisition of other livelihood assets necessary for livelihood diversification required to cover up livelihood shocks and stresses in future.

Furthermore, it was found out that some self-employed graduates were categorised into high levels of assets ownership (47.4% and 46.4% VET and non-VET, respectively). This shows that self-employed graduates with high levels of assets ownership had better chances to endure livelihood shocks and stresses. Thus, they were able to address household needs since they had better abilities from self-employment activities. However, the findings also indicated that VET graduates were better in terms of assets ownership than non-VET graduates and thus, they had better chances to sustain livelihood shocks and stresses. On this matter, one of the key informants at Kitunda in Dar es Salaam said that,

> *"As long as most of the small business income sources are sporadic, it is important for self-employed graduates to diversify into other income generating activities such as financial services (M-Pesa, Tigo-Pesa) and motorcycle business to smoothen income in situations when main business activities are not generating adequate income"* (Key Informant, Kitunda Dar es Salaam, March, 2018).

The above quotation is in line with the Sustainable Livelihood Approach (SLA), which requires that broadening of livelihood strategies would guarantee better livelihood outcomes (DFID, 2001; Krantz, 2001; GLOPP, 2008) thereby increase chances for livelihood sustainability among self-employed graduates.

3.2 Livelihood assets ownership comparison among graduates

Based on selected livelihood assets indicators presented on Table1, scores for each category of indicators were computed. Thereafter, a composite index for each category of livelihood assets was developed. Table 5 presents livelihood assets owned by VET and non-VET graduates based on composite index values.

Table 5: Livelihood assets owned by Self-employed graduates

Asset category	VET graduates	Non-VET graduates
	Assets Composite Indices	Assets Composite Indices
Human assets	1.00	0.73
Financial assets	0.53	0.52
Physical assets	0.51	0.44
Natural assets	0.39	0.42
Social assets	0.39	0.27

Among the five livelihood assets as presented in Table 5, human capital provided the highest index value of 1.0 for VET graduates compared to an index value of 0.73 observed from non-VET graduates. This implies that VET graduates were better-off in terms of human capital achievement in comparison to their non-VET counterparts. Thus, human capital in terms of formal education, experience in self-employment and skills training related to the business being operated supports other livelihood assets ownership among both categories of graduates. Similarly, a slightly higher index value was observed in respect of financial assets at 0.54, physical assets at 0.51 among VET graduates compared to financial assets index value of 0.52 and physical assets index value of 0.44 observed from non-VET graduates (Table 5).

Social assets indicated the lowest index value for both graduate categories with a slightly higher index value of 0.30 among VET graduates than an index value of 0.27 observed among non-VET graduates. However, scores on livelihood assets ownership index were slightly higher for natural assets at 0.42 among non-VET graduates in comparison with 0.39 observed for VET graduates indicating that non-VET graduates were better-off in utilization of natural assets at their disposal than VET graduates (Table 5).

Based on the findings, it is evident that self-employment in business has clearly promoted livelihood forms of capital and livelihood assets portfolio allocation among VET and non-VET graduates. In this regard, human capital, financial capital and physical capital indicated the highest livelihood assets ownership levels among both categories of graduates. Human assets ownership levels showed that both categories of graduates had at least attended formal education. The majority of them had completed primary, secondary, and college or university education before engaging in self-employment. Moreover, majority of the graduates had gained considerable business experience after being self-employed. However, lower training on skills was observed among non-VET than VET graduates.

The findings on financial capital indicated promising prospects for both categories of graduates as their livelihoods mainly depended on income derived from their businesses. With the majority of the graduates having some amount of savings at home, microfinance institutions or bank, it implies that the graduates' ability to sustain their livelihoods and thus, ability to adequately respond to harmful shocks or threats as they emerge is high. The observed promising financial assets ownership among graduates is expected to increase production scales, and develop infrastructures that would further help them in achieving livelihood diversification. This was reflected in the level of physical assets owned mainly, acquired as a result of income derived from business activities.

Moreover, since the majority of the graduates were able to access safe and clean water, acquire communication equipment such as television sets, mobile phones, among others, it is evident that the level of financial assets was adequate to achieve livelihood outcomes and higher chances of livelihood sustainability. Also, they were able to acquire household assets such as beds, refrigerators, kitchen assets and construct their own houses as a result of being in self-employment. A study by Su and Shang (2012) indicate that financial assets enable and motivate improvement of other assets and thus, contribute to the general improvement of livelihood level among vulnerable groups.

For further comparison of livelihood assets owned by VET and non-VET graduates a Mann-Whitney U-test was done using a Mann-Whitney U test to test hypothesis that possession of livelihood assets (natural, physical, financial, human and social) among VET and Non-VET graduates does not differ significantly. As shown in Table 6, VET graduates reported numerically higher means ranks for all livelihood assets except natural assets in comparison with non-VET graduates. Table 6 presents Mann-Whitney U-test results between the two groups.

Table 6: Mann-Whitney u-test on livelihood assets

Asset	Group	N	Mean Rank	Sum of Ranks	Median (Md)	Mann-Whitney U	Sig. (p-value)	Z-Score	Cohen's D
Natural	VET	192	185.88	35 688	1.00	17 160	0.219	-1.229	
	Non-VET	192	199.13	38 232	1.00				
Physical	VET	192	215.70	41 415	13.00	13 977	0.000*	-4.110	0.044
	Non-VET	192	169.30	32 505	11.00				
Financial	VET	192	198.86	38 182	2.00	17 210	0.132	-1.508	
	Non-VET	192	186.14	35 738	2.00				
Human	VET	192	271.50	52 128	3.00	3 264	0.000*	-16.363	0.697
	Non-VET	192	113.50	21 792	2.00				
Social	VET	192	200.59	38 513	1.00	16 879	0.123	-1.540	
	Non-VET	192	184.41	35 407	1.00				

*significant at p = 0.001

The findings of Mann-Whitney U-test were associated with a significant effect on human and physical assets (U = 13 977, Z = -4.110, p = 000) and (U = 3 264, Z = -16.363, p = 0.000) respectively (Table 6). Thus, VET graduates were better endowed with human related assets (Md = 13.00, n = 192) and physical assets (Md = 3.00, n = 192) in comparison to human and physical assets owned by non-VET graduates (Md = 11.00, n = 192) and (Md = 2.0, n = 192), respectively (Table 6). Subsequently, effect size statistics (Eta squared and Cohen's D) were calculated to give a clue on the extent of differences between the compared groups (VET and non-VET graduates). Eta squared ranged from 0 to 1 and represented the proportion of variance (Pallant, 2011). The interpretation of eta squared value was made using guidelines proposed by Cohen (1992) that 0.01 = small; 0.06 = moderate; 0.14 = large effect.

The Cohen's D for human assets was estimated at 0.697 (Table 6), indicating that the group means ranks differed by 0.697 standard deviations, which is considered a large effect size based on Cohen's (1992) guidelines while the Cohen's D for physical assets was estimated at 0.044 indicating a small effect size (Table 6). The results provide more information that, among the livelihood assets, human and physical assets owned by self-employed graduates differed significantly while the observed differences among other livelihood assets were insignificant. Based on these findings, the null hypothesis cannot be accepted in respect of human and physical capital as there is enough evidence that means between the two livelihood assets differed significantly between VET and non-VET graduates.

3.3 Theoretical contribution

The study findings as provided in Table 6 showed that out of the five livelihoods assets analysed, physical assets and human assets were found to be significantly different ($p < 0.001$) and thus contributing to the observed difference in such asset's ownership between the two groups of respondents. The plausible reason is the fact that VET graduates had better skills and knowledge related to human assets. Therefore, activities being operated acquired through vocational training in comparison to non-VET without such skills and knowledge. However, since more than half of the livelihoods assets were not significant, the null hypothesis that possession of livelihood assets (natural, physical, financial, human and social) and thus, livelihoods outcomes attainment between VET and non-VET graduates do not differ, cannot be rejected. This is due to the fact that more than half of livelihoods assets indicated insignificant difference between the two categories of self-employed graduates. Consequently, the theoretical claim that people with more capital assets ownership have better chances to convert their strengths at their disposal into positive livelihood outcomes than those without such assets (DFID, 2001; GLOPP, 2008), as drawn from the SLA, do not hold true for VET and non-VET graduates in the study areas. It means that there are no big differences in livelihoods assets owned by VET and non-VET graduates. Therefore, there was no much difference in livelihood outcomes attainment between self-employed VET and non-VET graduates in the study areas.

4.0 CONCLUSIONS AND RECOMMENDATIONS

4.1 Conclusions

Access to livelihood assets among self-employed graduates is one among the most important factors that induce graduates into self-employment, and for many, the only alternative, which provides the basis for their livelihoods. As long as the majority of the self-employed graduates were categorised into low assets ownership level, it is concluded that the majority of the self-employed graduates are unable to endure livelihood shocks and stresses due to limited assets level. It is recommended that self-employed graduates with low assets level should consider more diversified assets portfolio holding in order to improve their livelihood assets levels. That can be done by formation of self-help microfinance institutions such as Savings and Credit Cooperative Societies from which they can access credits for financing acquisition of livelihood assets to employ in the business activities. As a complementary intervention, local government authorities and other development partners advocating for self-employment should prioritize in their development agendas, to support VET and non-VET graduates on capital assets necessary for improving their livelihood assets base. Thus, such measures would increase chances for sustainable livelihoods among self-employed individuals. On the basis of the finding that there was no difference in livelihoods capital assets ownership between VET and non-VET graduates, it is concluded that both categories of graduates have few opportunities to make positive and sustainable livelihood outcomes.

4.2 Recommendations

Based on the findings, it is therefore recommended that both categories' graduates should leverage their strengths observed on human and physical capitals in order to improve other types of capital that would promote productive self-employment activities for better livelihood outcomes in future. Also, they should consider accessing available government and other local financing schemes to fund livelihoods assets acquisition for self-employment activities. Moreover, the government should establish seed capital for financing both self-employed VET and non-VET in terms of physical assets such as plant and machinery as a means for improving productivity among graduates' businesses.

4.3 Limitations and areas for further study

The study suffered a methodological limitation as a result of snowball sampling approach that was used in data collection. The method is claimed to suffer a number of critiques such as non-generalisable results due to lack of sampling frame, lack of sample diversity and under representation of respondents in the population. However, the researcher dealt with some of the weaknesses identified above, by using three key methodological approach recommended to reduce such weaknesses. Among the methods, a key contact list of respondents was obtained from the Directorate of Labour Market Planning and Development (DLMPD), four colleges and four schools which served as the seeds for snowball sampling method. The seeds sample were sufficiently varied in terms of business categories whereby nine different businesses were included in the pool of seeds obtained from the respective institutions to solve the diversity and under representation problem. Moreover, a face-to-face interview was conducted as it is claimed by many scholars, it generates the trust required to gain referrals and reduce sampling bias.

Area for further study is based on the role livelihoods assets play in reducing unemployment and poverty through self-employment activities among individuals in both urban and rural areas in many of the developing nations. Ownership and levels of livelihoods assets among graduates depends on many factors. The factors that make graduates own such assets were not explored in this study. The study recommends a study to be conducted on factors influencing asset ownership and levels among self-employed graduates in the study areas and other cities in Tanzania.

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COMPARATIVE ANALYSIS OF SMALL AND LARGE COMMERCIAL BANKS' FINANCIAL PERFORMANCE IN TANZANIA: PRE AND POST-REGULATORY REVIEWS

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ABSTRACT

The Regulatory Requirements Reviews (RRR) carried out by the Bank of Tanzania (BoT) in 2008 and 2014 have brought both positive and negative consequences for commercial banks, some of which led to the collapse and merger of banks. This study, therefore, analysed the effect of adjustments in the regulatory framework on Tanzania's commercial banks' performance. Specifically, it analysed the performance level of both small and large banks across time. In addition, the study compared the performance of 24 sampled commercial banks before and after RRR. Data were analysed using descriptive statistics and Student paired t-test. The results, generally, show that Return on Equity (ROE) and Saving Mobilisation Ratio (SMR) positively increased after RRR and their difference was statistically significant (p-value =0.01. The findings further show that Return on Assets (ROA) increased and Non-Performing Loan (NPL) decreased after RRR. However, their differences were not statistically significant. Considering banks' category and time dimensions, the study concludes that most banks performed well in terms of ROE and SMR after the implementation of RRR. However, large banks performed better than small banks. Therefore, the study recommends that, for banks to perform better especially the small banks, they should continue to properly utilize the resources for compliance with the new regulatory requirements. For NPL, both banks need to take serious measure to mitigate NPL exposures including compliance with credit risk management guideline (2010) and regulations (2014)

Keywords: Financial Performance, Pre and Post-Regulatory Reviews, Commercial Banks, Comparative Analysis.

1. INTRODUCTION

Over the years the banking sector has been facilitating the growth of financial markets for both money and capital markets, hence simplifying the firms' ability to raise funds (Hawaldar, *et al.,* 2017). Banks perform a crucial role in financial intermediation through numerous services. Individuals and institutions can save their money safely, access loans, start or develop their investments, access insurance services, and transfer funds through banks, which also offer custodian-of-assets services (Wood &Skinner, 2018; Drigă & Dura, 2014). Thus, banks' efficiency and stability are vital (IMF, 2019). In order for banks to effectively facilitate stability and growth of the economy, they need to be regulated (Jiang *et al.*, 2018; Lotto, 2018). However, the effect of the regulatory requirements, which are among the determinants of banks' stability and efficiency, have not been adequately studied.

Several studies in both developed and developing economies have generated mixed results following the introduction of new bank regulations. For instance, in the US, Jiang *et al.* (2018) observed that Southern bank failed to continue with its operations after the regulatory reviews of 2008, which induced its collapse in 2010. Ugoani (2016) presented a similar case that occurred after the implementation of the International Banking Association regulations (Basel II) in 2015. Similarly, twenty-five (25) commercial banks (CBs) in Nigeria had an unsatisfactory performance as most of them reported high NPL and capital inadequate. In Ghana, the implementation of International Banking Capital Adequacy regulations on Tier I and II also affected the performance of some banks, where five banking institutions reported high losses and insufficient capital in 2018. As a result, the Central Bank of Ghana merged those banks into one bank hoping that amalgamation could improve performance (Asiama & Amoah, 2018).

Waleed *et al* (2015) conducted a study on the comparison of private and public banks' performance in Pakistan. The study found that the ROA of public banks was higher than that of private banks. The findings were contrary to the study by Alejandro Miccos (2007) who examined the relationship between the ownership and performance of the banking sector in developing countries. The study observed that state-owned banks are less profitable than private banks in developing countries. Another study by Alam *et al* (2011) compared the financial performance of state-owned and domestic banks in Pakistan using secondary data from 2006 to 2009 using a financial analysis approach. The study revealed that domestic banks of Pakistan had more assets than state-owned banks, but state-owned banks' performance was better in terms of liquidity and profitability than domestic banks, contrary to Habib (2015) who noted that private banks were better than all other types of banks in Pakistan.

In 2013, the Central Bank of Kenya (CBK) reviewed some regulatory requirements on interest rate caps, exchange rate caps, and liquidity and capital adequacy. After the review, Dubai bank of Kenya collapsed as it become insolvent. Similarly, the CBK confiscated Imperial and Chase banks because of capital deficiencies and high credit risk (CBK, 2018). The same situation occurred in Rwanda, where the new regulations shocked some banks. For instance, in July 2012, the former BCR bank failed to continue offering services to its customers, and, in August 2013 the Central Bank of Rwanda closed it down and sold its assets and liabilities to other banks (National Bank of Rwanda Annual Report, 2015).

With respect to Tanzania, the BoT which is the regulator of all banks has since 2014 been reviewing various bank regulations to improve the minimum core capital ratio and total capital ratio from 10% and 12% to 12.5% and 14.5%, respectively. The BoT further reviewed the liquidity ratio to be not less than 20% of its demand liabilities and increased the minimum capital requirement from five billion Tanzanian shillings (TZS) to fifteen billion for commercial banks. Further, the Financial Reporting and Disclosure Requirements review of 2014 required banks to publish their accounts in publication outlets from one newspaper to at least two newspapers. Even though the submission days of published reports to the BoT were increased from three to five days, the publication days of quarterly financial reports were decreased from 45 days to 30 days (BoT, 2014) thus causing additional stress to smaller banks.

Generally, the amendments to bank regulations in 2014 on capital adequacy, liquidity management, credit risk management, and information reporting and disclosure requirements seem to have generated mixed consequences. They have had good and desired effects for some banks and bad and undesirable impacts for others as indicated in the monetary policy statement report (2018). According to the banking industry performance report (2018), large banks are defined in the context of this study as those with total assets and total deposits value of at least TZS 800/=billion and TZS 700/= billion respectively while any commercial bank below these figures is considered as small banks (BoT, 2018). According to the Banking Industry Performance Report (2018), the top eight ranked commercial banks which have been also used in this study include NMB, CRDB, NBC, DTB, Barclays, Standard Chartered, Stanbic, and Exim bank.

With regard to the effect of bank reviews on the performance of large and small banks, there are no conclusive findings in Tanzania even though small banks seem to have been more negatively affected by the new regulations as compared to large banks. For instance, four years after the introduction of banking regulatory reviews, it was reported that some small banks (in 2018) failed to comply with the new regulations in terms of liquidity, capital adequacy, and NPL requirements relative to the large banks. Some small banks even collapsed whereas others received a grace period to improve their capital and liquidity requirements while others merged with financially stronger banks. Twiga Bancorp and Bank M, for instance, were taken over by the BoT and then merged with the Tanzania Postal Bank and Azania Bank, respectively (BoT, 2018).

On the contrary, large banks have shown high performance in terms of total assets value, total deposits, loans and advances value, liquidity, and capital adequacy values after bank reviews. Large banks had high performance in terms of liquidity, capital, profit, deposits, savings, and asset values after the introduction of new regulations (BoT, 2018). Lotto (2018) observed that large banks had good operating efficiency in terms of ROE among Tanzanian commercial banks as a result of compliance with capital adequacy requirements.

Even though previous studies have compared bank performance based on regulatory requirements within and among countries (Lotto, 2018; Habib, 2015; Waleed *et al.,* 2015), the variables used in measuring and comparing financial performance were mostly ROE and ROA (Jiang *et al.,* 2018; Habib, 2015; Waleed *et al.,* 2015; Alam *et al*., 2011). The current study differs from the previous research in many aspects. While the previous studies have focused on profitability measures using ROE, ROA, NIM, capital adequacy, and liquidity ratio, this study widens the scope by adding NPL and SMR indicators as measures of bank stability and growth. These two variables are important indicators as they are directly linked to the regulatory amendments made particularly on capital adequacy and credit risk management practices (BoT, 2018).

Second, previous studies have focused on analysing bank performance indicators in one period without analysing the banks' performance before and after the reviews. The current study set out to analyse bank performance indicators for both periods, that is, six years before regulatory requirements reviews (2008-2013) and six years after regulatory reviews (2014-2019).

This study adds to the current literature on bank performance on two fronts. First, to the best of our knowledge, this study is the first to examine the effect of regulatory reviews on NPLs and SMR in Tanzania. Including the NPLs and SMR in the comparison list presents additional information on the effect of regulatory reviews on bank performance. Second, depending on the bank size, the research shows that regulatory reviews have varying effects on banks as it demonstrates that "the one size fits all" approach is unsuitable with respect to bank regulations in Tanzania. Thus, the specific objectives of this study were i) to assess the level of performance of small and large banks across time, and ii) to compare the financial performance of these banks before and after regulatory requirements reviews. The study is guided by the following null hypothesis:

There is no mean difference in financial performance indicators before and after the regulatory requirements reviews (H0: $\mu 1=\mu 2$)

2.0 LITERATURE REVIEW

2.1 Theoretical review

The study was guided by the Resource-based View (RBV) theory (Penrose, 1959). The theory accounts for the role of resources in an organization's performance. The theory posits that there is a strong relationship between various types of resources and the performance of the organization (Kor & Mahoney, 2005). This concept has as well been tested in the banking industry (Liu *et al.,* 2010). It has been confirmed that the existence of financial, physical and human resources has an impact on the performance of financial institutions. Based on this theory it is assumed that those institutions that are endowed with more resources are likely to perform better than those with fewer resources. One of the areas that the theory has not addressed is the effect of regulatory requirements on banks with varying resources. This study examines how banks with varying resources are affected by regulatory reviews.

2.2 Empirical reviews

2.2.1 Profitability indicators (ROA and ROE)

Profitability indicators like ROE and ROA are important measures when determining the ability of a bank to generate income from equity shares and assets, respectively. In fact, the higher the ROE and ROA the better the bank's performance. Waleed *et al.,* (2015) study that compared the performance of private and public banks in Pakistan during the 2011-2014 periods observed that ROE, ROA, and earning per share (EPS) of private banks were higher than those of the public banks. These findings are similar to those by Bishiru Panda Barik (2013), whose comparison between the financial performance of state- and privately-owned commercial banks in Bangladesh, found that private banks have higher ROE and ROA than state-owned ones primarily because private banks do business competitively by investing more resources to ensure that banks get higher returns for their survival as opposed to state-owned banks, which could be operating towards a less competitive goal.

Hawaldar *et al.* (2017) analysed the financial performance of Bahrain financial institutions from 2009 to 2013. Using panel data, the study observed that there was high operating efficiency in terms of the asset utilisation ratio of banks in Bahrain during the period under review relative to before 2009. Osano and Gekara (2018) in Kenya noted that the amendments to the Kenya banks' regulations made most of the banks register improvements in financial performance as measured by ROE, ROA, and NIM. The study recommended that government should closely continue monitoring banks to ensure that they properly fulfil the stipulated regulatory requirements, policies, and guidelines. In Tanzania, Lotto (2018) assessed the relationship between capital regulations and bank efficiency and found that the capital requirements reviews improved bank efficiency in terms of ROA. The study noted that a large capital buffer not only strengthens financial stability but also improved bank operating efficiency.

David and Muendo (2018) conducted a study on the effect of the Central Bank of Kenya regulations on the financial performance of microfinance banks and observed that ROE, capital adequacy, and liquidity ratios of most banks in Kenya improved even more following the review of liquidity management, credit risk management, and capital adequacy regulations. Furthermore, Vianney's (2013) study on the relationship between bank regulations and performance revealed that commercial banks in Rwanda experienced low performance in terms of ROE and ROA after the country amended the capital and liquidity requirements. However, some amendments to various regulatory requirements were difficult for some banks to fulfil, but while complying with new regulations some banks experienced a high increase in operating and opportunity costs that lowered the financial performance of most commercial banks in Rwanda.

2.2.2 Non-performing loans (NPL) trends

The Bank of Tanzania (2018) reported the trend of NPLs for the period of 10 years from 2009 to 2019 to be at an average of 7.8%. The average NPLs was above the maximum required of 5% (BoT, 2018). Emmanuel's (2019) examined the causes of increasing NPL in Tanzania's commercial banks using a case of CRDB. The researcher applied descriptive statistics and multiple regression models to analyse the data. The study found an increase in the rate of NPL for CRDB branches in Tanzania at different times. The increase in NPL rates was attributable to a poor credit appraisal system, poor bank policies on lending practices, and poor implementation of credit risk management regulations and guidelines together with the issuance of small loans, which raised the NPL.

These findings are also consistent with Viswadhan and Nahid (2015) whose study on the determinants of NPL in commercial banks targeting NBC branches in Dodoma-Tanzania similarly observed an increase in the rate of NPL mainly caused by high-interest rate, bank loan supervision capacity, and poor implementation of credit risk management practices. Both the CRDB and NBC cases appear to suggest the failure of many banks to execute properly the new credit risk management practices, which in most cases occasioned an increase in the NPL rate. However, these literatures have concentrated on individual banks with their analyses having not shown the NPL trend in relation to respective periods.

2.2.3 Saving mobilisation ratio position

The saving mobilisation ratio measures the banks' ability to mobilise more customers to boost their savings and deposits and enhance deposit value. The amendments Tanzania made to capital adequacy requirements, liquidity requirements, and information reporting and disclosure requirements in 2014 appear to have helped banks to increase the customers' deposits, establish more branches and create more awareness among customers, hence increasing the number of customers' deposits. Aruwa and Naburgi's (2014) study on risk components and financial performance of deposit money in Nigeria used the saving mobilisation ratio to measure the financial performance of banks. The study found that customers' deposits and savings in Nigeria increased after the regulatory reviews.

3.0 METHODOLOGY

3.1 Research design, data and data collection

This study was conducted in Dar-es-Salaam region in Tanzania, which serves as the headquarters of most banks operating in the country. The region's lofty status, accessibility, and simplicity in generating relevant data from many registered banks as compared to other regions (BoT, 2018) also made it ideal for the study. The study employed cross-sectional research design as data were collected at one point in time, crossing commercial banks and covering a period of 12 years (2008-2019). The design allowed the collection of both quantitative and qualitative data (Alanazi & Liu, 2013). In this design quantitative secondary data were used for testing the hypotheses and drawing inferences. The inferences drawn from the quantitative analysis were then validated by the qualitative data collected from key informants.

Thirteen (13) out of 24 key informants, specifically compliance and risk management managers were approached to provide qualitative data. Secondary data were extracted from audited financial statements of individual banks available at the banks and BoT website. The audited data provided another evidence of data reliability as data were approved by the external auditors. Primary data collected from the key informants was used to validate findings obtained from secondary data. Twenty-four (24) commercial banks that had been in existence since 2008 up to 2019 were included in the study (six years before and six years after regulatory reviews). The six years period is considered sufficient for trend and comparative analysis (Mataba, 2018). The reason for taking 2008 as a base year is that it was during this period when the BoT introduced major reviews on banks' regulations followed by other amendments which were enforced from 2014 to date.

3.2 Methods of data analysis

The financial ratios (ROE, ROA, NPL and SMR as well defined in Table 1) were first analysed using descriptive statistics where by mean scores, variances, skewness and kurtosis values of both small and large banks were computed and compared across time period. For specific objective two which was about comparing financial performance indicators of sampled commercial banks between the two periods (before and after regulatory reviews) the paper employed a two-tailed t- test of the difference of means. The t-test was headed by a test of normality (Table 2) in order to confirm whether the data fits for the t-test model. The comparison was guided by the one theory of resources-based view (RBV) which suggests that institutions that are endowed with more resources are likely to perform better than those with fewer resources.

Therefore, this paper sought to compare whether after regulatory reviews commercial banks perform better or not because after reviews most banks were expected to comply well by adding more resources including financial, physical and human resources. The mean, variance and standard deviation before and after regulatory reviews were computed and then fixed into the formula to test the hypothesis that there is no difference in the mean financial performance (ROE, ROA, NPL and SMR) ratios between the period before and after regulatory reviews. The t-test formulation is as follows:

$$t = \frac{(\bar{x}_1 - \bar{x}_2) - (\mu_1 - \mu_2)}{\sqrt{\frac{(S_1)^2}{n_1} + \frac{(S_1)^2}{n_2}}} \quad \text{...} \text{(i)}$$

Where, S^2 is variance, $\bar{x}_1$is mean before reviews, $\bar{x}_2$ is mean after reviews and $\bar{x}_1 - \bar{x}_2$ is the observed difference between sample means (mean before and mean after reviews). The value of $\mu_1 - \mu_2$ is expected to be zero because it is hypothesized that the population means of banks before review is the same with the population means of banks after reviews (number of population of banks before and after reviews is the same). The decision criteria to reject the null hypothesis would be reached if P<0.05 significant level, otherwise no basis for rejection. Qualitative data were analysed using thematic approach, which was employed to identify codes, categories and themes with the aid of Atlas software. The results on banks' views about regulatory requirements reviews and banks' financial performance were then displayed in coded quotations; then the actual analysis took place during the writing process by summarising and interpreting the results in terms of interviewees' opinions.

3.3 Variable measurement and definition

This study used the Profitability ratio (ROE and ROA), Stability ratio (NPL) and Growth ratio (SMR) as financial performance measures. Some of these variables have also been used by other researchers (see, for example, Kinyua, Nyanumba, Gathaiya, & Kithitu, 2013; Alanazi *et al.,* 2011).

Table 1. Operational definitions of the research variables

Variable name	Measurement method
Return on Asset (ROA)	This ratio shows a firm's ability to generate income out of assets invested. It is obtained by taking net income divided by total assets *100.
Saving Mobilisation Ratio (SMR)	The ratio indicates a firm's ability to mobilise more deposits from customers. It is obtained by dividing customers' deposits by total liabilities* 100.
Return on Equity (ROE)	This ratio shows a firm's ability to generate income out of the equity capital invested. It is obtained by taking net income divided by total equity *100.
Non-Performing Loans (NPL)	The ratio indicates the ability of management to control loans issued to customers. It is calculated by taking NPL divided by gross loans * 100.

Note* represents multiplication.

3.3 Normality test

According to Fuad, Lye et al. (2015), if the observations are greater than 30, based on the central limit theorem, the data must follow a normal distribution curve. This study had 288 observations, indicating that data in this study were normally distributed. Therefore, the Student paired t-test was an appropriate statistical test for the mean difference comparison of the performance before and after the regulatory requirement reviews. Moreover, the Kolmogorov-Smirnov test for normality was conducted at a level of 1%. Kolmogorov-Smirnov test is the most appropriate test for normality when the sample size is larger than 50 or when the number of observations is greater than 100 for panel data (Shmuel, 2010). The criterion stipulates that data is normally distributed if the level of significance is above 0.01 (1%). The results are shown in Table 2, which confirms adherence to the normality assumption:

Table 2: Kolmogorov-Smirnov test of Normality

	Kolmogorov-	**Smirnova**		**Shapiro-**	**Wilk**	
	Statistic	observation	Sig.	Statistic	Observation	Sig.
ROE	0.119	288	0.136	0.851	288	0.104
ROA	0.173	288	0.218	0.867	288	0.211
NPL	0.143	288	0.162	0.845	288	0.207
SMR	0.408	288	0.385	0.952	288	0.273

SOURCE: Survey Data (2020)

4.0 FINDINGS AND DISCUSSIONS

4.1 Descriptive statistics

The study analysed the performance indicators (ROE, ROA, NPL and SMR) of small and large banks before and after reviewing bank regulations in 2014 in order to determine which bank category reported high financial performance than the other. Tables 3, 4, 5 and 6 illustrate the findings of the study.

4.1.1 Descriptive statistics of ROE for small and large banks

Table 3: Descriptive statistics of ROE across bank categories

	Small banks		Large banks	
	Before RRR	**After RRR**	**Before RRR**	**After RRR**
Mean	5.76	6.72	12.30	15.57
Standard error	0.53	1.06	1.87	2.76
Standard deviation	3.05	3.87	7.09	10.01
Sample variance	9.30	13.87	50.27	100.20
Minimum	-38	-52	-17	-6.3
Maximum	24.12	30.89	29	40
Range	62.12	82.89	46	46.3
Kurtosis	0.07	0.11	0.49	2.03
Skewness	(0.48)	(0.78)	(0.67)	1.04

SOURCE: Survey Data (2020).

Before RRR=before regulatory requirements reviews: After RRR=after regulatory requirements reviews: Small banks=96 observation; Large banks=48 observations

The results in Table 2 show that the Return on Equity (ROE) of small banks increased by 0.96% following the regulatory requirements reviews from 5.76% to 6.72% whereas the ROE of large banks increased by 3.27% from 12.30% to 15.57%. In other words, the profit return for equity invested in large banks is higher than the profit return for equity invested in small banks. The higher increase in ROE for large banks after reviews could be attributable to the possession of massive resources in terms of capital and liquidity requirements which enabled large banks to comply more effectively with new regulations compared to their counterpart small banks.

4.1.2 Descriptive statistics of ROA for small and large banks

Table 4: Descriptive statistics of ROA across bank categories

	Small banks		Large banks	
	Before RRR	**After RRR**	**Before RRR**	**After RRR**
Mean	1.29	2.95	2.05	4.39
Standard error	0.09	0.21	0.38	0.96
Standard deviation	1.07	1.59	1.67	2.03
Sample variance	1.14	2.53	2.79	4.12
Minimum	-5.39	-4.0	-1.2	0.53
Maximum	3.91	3.95	4	7
Range	9.30	7.95	5.20	46.3
Kurtosis	(0.06)	0.02	3.53	1.03
Skewness	(0.12)	(0.26)	(1.58)	0.17

SOURCE: Survey Data (2020)

Before RRR=before regulatory requirements reviews: After RRR=after regulatory requirements reviews: Small banks=96 observation; Large banks=48 observations

Table 4 shows that there is a minimal increase of Return on Asset (ROA) for small banks by 1.66% from 1.29% to 2.95% after regulatory requirements reviews relative to large banks which showed a high increase of ROA by 2.34% from 2.05% to 4.39% after reviews. This implies that both bank categories showed some improvements in ROA after regulatory reviews. Implicitly, the utilisation of assets by both small and large banks to generate profit increased by 1.66% and 2.34%, respectively. Such good performance of large banks after reviews could have been influenced by issuing more loans and an increase in the number of clients when capital and publication requirements are well-utilized to generate profit, something which could be different from small banks.

Similar findings were observed by Lotto (2018) who found an increase in ROA following amendments to capital adequacy requirements in Tanzania. However, such an increase was rather minimal. Large banks indicated positive skewness indices after reviews that revealed a slight asymmetry to the right of the ROA average which differed from the one for small banks which had negative skewness indices for both periods. The findings imply that there is proper utilization of assets in large banks than in small banks.

4.1.3 Descriptive statistics of NPL for small and large banks

Table 5: Descriptive statistics of NPLs across bank categories

	Small banks		Large banks	
	Before RRR	**After RRR**	**Before RRR**	**After RRR**
Mean	8.98	8.19	8.15	7.40
Standard error	0.32	0.71	1.21	0.69
Standard dev.	3.32	1.59	3.11	2.06
Sample variance	11.02	2.43	9.67	4.24
Minimum	0.2	0.01	0.72	0.62
Maximum	30.6	37.0	16.58	17
Range	30.4	36.99	15.86	16.38
Kurtosis	(0.31)	0.08	(0.68)	3.08
Skewness	(0.09)	1.06	1.85	0.72

SOURCE: Survey Data (2020)

Before RRR=before regulatory requirements reviews: After RRR=after regulatory requirements reviews: Small banks=96 observation; Large banks=48 observations

Table 5 presents results on the non-performing loan indicator (NPL) of the sampled commercial banks, which show that small banks had an average NPL of 8.19% in the aftermath of reviews whereas large banks' NPLs of 7.40% was lower than that the former group. Although large banks had lower NPL than small banks, both categories failed to meet the BoT Non-Performing Loans standards of 5%. In other words, there was a need for extra efforts for both large and small banks to reduce NPL to the required standards. Nevertheless, the finding implies that after regulatory reviews both small and large banks managed to reduce their NPL exposures indicating that, generally, with large banks performing better than small banks.

4.1.4 Descriptive statistics of SMR for small and large banks

Table 6: Descriptive statistics of SMR across bank categories

	Small banks		Large banks	
	Before RRR	**After RRR**	**Before RRR**	**After RRR**
Mean	73.8	81.6	85.8	94.6
Standard error	9.11	7.08	15.2	11.06
Standard deviation	15.07	17.43	21.17	23.21
Sample variance	227.08	302.90	448.17	538.70
Minimum	65.1	67.4	79.9	81.3
Maximum	93.7	94.1	97.5	98.0
Range	28.6	26.7	17.6	16.7
Kurtosis	(1.88)	(3.02)	1.93	2.19
Skewness	0.85	0.26	0.06	0.89

SOURCE: Survey Data (2020)

Before RRR=before regulatory requirements reviews: After RRR=after regulatory requirements reviews: Small banks=96 observation; Large banks=48 observations

Regarding the Saving Mobilisation Ratio (SMR), the results in Table 6 show that after regulatory reviews, the SMR of small banks increased by 7.8% from 73.8% to 81.6% whereas large banks registered an SMR increase of 8.8% from 85.8% to 94.6%. The findings imply that the amendments to the capital adequacy requirements, liquidity requirements and information reporting and disclosure requirements in 2014 helped banks to boost their customers' deposits, establish more branches and create more awareness among customers, hence the increase in the customers' deposits out of total liabilities.

4.2 Hypothesis testing

The study performed a mean comparison test to determine whether the difference in mean performance across time was significant. Table 7 presents the results:

Table 7: Mean difference comparison before and after regulatory requirements reviews

Variable	Mean before	Mean after	Mean difference	t-statistics	DF	P-value	Confidence interval (C.I)	
ROE	9.03	11.15	2.12	3.67	143	0.0011***	1.40162	4.40715
						0.0011**	1.03280	6.80828
						0.0011*	0.164356	7.64473
ROA	1.67	3.67	2.0	0.58	143	0.1428	1.622091	5.713096
						0.1428	1.362284	6.253304
						0.1428	0.338314	7.125174
NPL	8.57	7.80	-0.8	-0.21	143	0.1765	-3.17460	4.855318
						0.1765	-4.38721	5.691128
						0.1765	-6.02224	7.333158
SMR	79.8	88.1	8.3	2.71	143	0.0023***	5.47627	11.43136
						0.0023**	3.65421	13.802698
						0.0023*	3.16435	15.69423

Source: Survey data (2020)

*Note:*significant at 1% level, **significant at 5% level, ***significant at 10% level*

Table 7 shows Student paired t-test results for mean difference performance indicators before and after the regulatory requirements reviews at 10%, 5% and 1% significant levels. The p-value of ROE (p-value=0.0011) is less than 0.01(1% significant level), implying that there was sufficient evidence to reject the null hypothesis (H0: there is no mean difference in performance between ROE before and after regulatory requirements reviews). Hence, we accept the alternative hypothesis that there is a significant mean difference in performance on ROE before and after the regulatory requirements reviews at 99% confidence interval. This result could be attributable to the regulatory reviews requiring banks to raise their capital adequacy and the number of newspapers in which to publish their financial reports. Thus, higher capital adequacy could help banks to invest more, open more branches, and reach many more customers. For instance, during the discussion held with key informants, one of the bank general managers in Dar es Salaam headquarters said:

> *The regulatory review of the capital adequacy requirements has helped our bank to have sufficient funds. For example, our bank has managed to open more branches, reach more customers and invest in other profitable projects (11 February, 2020)*

Indeed, the BoT report of 2018 has shown the increase in number of branches and customers among banks in Tanzania (BoT, 2018). Although the mean difference in the performance of ROA increased (positively) after regulatory requirements reviews, the p-value of ROA (p-value=0.1428) is greater than 0.1(10% significant level). Thus, there is no sufficient evidence to reject the null hypothesis (H0: There is no mean difference in the performance between ROA before and after regulatory requirements reviews). Implicitly, the increase was not big enough despite the rise in profit after regulatory reviews, which indicates that some assets were not properly utilised by banks. Onaolapo and Olufemi (2012) similarly noted a decline in ROA and ROE for most of the banks in Nigeria when bank regulations on interest rate, capital adequacy, and reporting and disclosure regulations were reviewed.

Furthermore, the results on Non-Performing Loans (NPL) in Table 7 indicate that the mean difference before and after regulatory requirement reviews is -0.8 with a p-value of 0.1765, which is greater than 0.01(1% significant level). In other words, there is insufficient evidence not to reject the null hypothesis that there is no significant mean difference between NPL before and after regulatory reviews across bank categories. Although NPL decreases in the post-regulatory reviews across bank categories; however, the drop was not so significant. Despite amendments made to risk management regulations and guidelines, small banks continued to report high NPL, especially in the first three years since reviews. It seems the first six years duration of implementing risk management regulations since its review is too short to give significant results. The trend suggests that more time was needed for the banks to implement effectively the new risk management regulation; there is a high possibility of lowering the NPL rate to acceptable standards in the long run. In this regard, one of the bank general managers in Dar es Salaam headquarters said:

> *The trend of NPL seems to increase between 2014 and 2016 because most of our customers experienced business failures and a decrease in sales in the first three years after reviews which increased the rate of loan defaults (14 February 2020)*

Between 2014 and 2016 some businesspeople discontinued their investments due to a decline in purchasing power, hence making it increasingly difficult for their customers to repay the loan. The trend of annual GDP from 2014 to 2016 stands at 6.7%, 6.2%, and 6.5%, respectively, which was low in those years compared to 6.8% and 7.0% in 2017 and 2018, respectively. This result contradicts Aruwa and Naburgi (2014), and Nawaz and Munir (2012) who found a significant mean difference in credit risk before and after the review of financial regulations. The theoretical contribution of this study is that small banks need to manage properly their physical, human, and financial resources as large banks as the Resources Based Theory (RBT) proposes.

For the saving mobilization ratio (SMR), Table 7 results show that the P-value of SMR (P-value=0.0023) is less than 0.01(1% significant level), implying the existence of sufficient evidence to reject the null hypothesis (H0: there is no a mean difference in performance between SMR before and after regulatory requirements reviews). Hence, we accept the alternative hypothesis to the effect that there is a mean difference in performance on SMR before and after regulatory requirements reviews at a 99% confidence interval. This result could be attributable to the effect of amendments made to capital adequacy requirements and the number of newspapers for publishing financial reports, with banks adding more customers in their newly opened branches. Similarly, the publication of financial reports in more newspaper help banks to create awareness of their services and reach more customers, thus heightening the possibility of increasing the customers' deposits to total liabilities. During discussions held with key informants, one of the general managers at one of the banks in Dar es Salaam said:

> *The regulatory review made on the capital adequacy and publication requirements has helped our bank to reach more customers. For example, our bank has managed to open more branches and mobilize more customers' deposits (11 February 2020)*

The BoT report of 2018 also shows the increase in the number of branches and customer deposits in Tanzania since 2014 (BoT, 2018). The findings are like those by Aruwa and Naburgi (2014) who observed that customers' deposits increased following the review of regulatory reviews in Nigeria.

4.2 Theoretical implications of the results

The findings show that large banks with massive resources had better performance compared with small banks. The findings are consistent with the RBV theory as banks with enormous resources still performed better even though they had to comply with newly-introduced regulatory requirements. The current study contributes further to the RBV theory by bringing the new dimension that, in the event of the environment of new regulations, large banks are better positioned to perform better using their massive human and physical resources.

5. CONCLUSION AND RECOMMENDATIONS

In this study, ROE, ROA, NPL, and SMR served as performance indicators and parameters of comparison between large and small banks after the implementation of RRR. Considering banks' category and time dimensions, the study concludes that most banks performed well in terms of ROE and SMR after the implementation of RRR. However, large banks performed better than small banks. These study findings have implications for regulators and policymakers in terms of setting appropriate regulations commensurate with banks categories/size.

The study thus recommends that, for banks to perform better especially small banks, they should continue to utilize resources properly to comply with the new regulatory requirements; including proper implementation of credit risk management guidelines (2010) and regulations (2014). Moreover, regulators should set regulations which consider the situations of both small banks and large banks given the fact that "one size-shirt cannot fit all"

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CO-OPERATIVE SOCIETIES DISPUTE SETTLEMENT IN TANZANIA AND UNSETTLED POSITIONS OVER COURTS AUTHORITY

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ABSTRACT
Co-operative societies' dispute settlement is among the contentious areas under the current Tanzanian legal machinery. The machinery requires 'co-operative disputes' to be settled through negotiation/reconciliation, reference to the Registrar, and finally appeal to the Minister. The machinery appears to preclude ordinary courts from entertaining co-operative disputes. It defines a co-operative dispute by 'listing' the probable parties to it and their controversies over so called 'co-operative business'. What remains unclear is the scope of the business of a co-operative society. The lack of clarity has resulted into disputes involving co-operative societies in the hands of courts of law. Expectedly, multiple 'Preliminary Objections' are raised on the point of lack of jurisdiction. The High Court of Tanzania has entertained some of these disputes. The study analyses the unsettled legal position on the authority of ordinary courts of law in settlement of co-operative disputes in Tanzania. Inter alia, it highlights the converging and diverging decisions of the High Court on the area. Of interest is the shared understanding that co-operative disputes are resolved through internal mechanisms and departure is as to what follows after the exhaustion of the mechanisms. Noted is the absence of a common understanding on ordinary courts authority over co-operative disputes, the extent of what they can preliminarily entertain and orders to be given. The study analyses the decisions, draw important conclusions and proposes ways forward with considerations seeking to strike a balance between preserving co-operative identity and ensuring equitable justice through access to the courts of law.

Keywords: *Co-operative Dispute, Settlement Mechanisms, Position, Courts' Authority, Tanzania*

1.0 INTRODUCTION
Co-operative Societies play a significant role in the socio-economic lives of members and their families in Tanzania. They immensely contribute to the growth of the country's economy. Recent statistics indicate the existence of about 7,300 co-operatives in Tanzania (TCDC,2023). They include agriculture-based, Savings and credit-based (SACCOS) and the remaining are providing

other services.[2] The societies' contribution is evident particularly in the agricultural and financial sectors. For example, in the agricultural sector between 2014 and 2019 co-operatives in coffee, cotton, cashew and tobacco growing areas generated foreign income of USD 4,202.20 million.[3] On the side of financial co-operatives, statistics reveal that SACCOS members own shares worth TZS 33 billion, savings worth TZS 105 billion, and deposits worth TZS 289 billion. Total loans issued by SACCOS were worth about TZS 232 billion.[4] Unfortunately, however, the business operations of these societies have not been free from encumbrances. Pertinent to these handicaps are disputes that arise during their business transactions which require co-operative attention and resources. The disputes are mostly between members and they, at times, include non-members who engage in business transactions with the co-operatives, claiming through the relevant persons. These disputes, some of which end up in the High Court of Tanzania, are required to be resolved in accordance with the legal mechanism provided under the Co-operative Societies Act and respective Regulations.

This paper, therefore, discusses the unsettled position regarding ordinary courts authority on the settlement of co-operative disputes. The study analyses the existing legal framework *vis a vis* decision by the High Court of Tanzania in order to make an exposition of the issue. The main objective is to make a critical analysis of the legal and social implications posed by the diverging views of the High Court of Tanzania on the authority of ordinary courts in settling co-operative disputes. The discussion starts with the global position on the significance of co-operative societies. It extends to theories and legal requirements regarding co-operative dispute settlement. Significantly, select decisions of the High Court of Tanzania were revisited in order to expose the diverging views on the ordinary courts' authority over co-operative disputes. The conclusion and way forward mark the closure of the entire discussion.

Data, for the present work, has been gathered by way of documentary review of mainly co-operative and related legislation, case law, research articles, academic dissertations and information from the ongoing strategic research project on co-operative dispute settlement in Tanzania. The sources enlisted are both local and foreign. The next section analyses the global recognition of co-operative societies' significance and the necessity of employing flexible dispute settlement mechanisms that takes aboard not only the amicable approaches but also allows access to courts of law.

2.0 GLOBAL RECOGNITION AND NEED FOR FLEXIBLE DISPUTE SETTLEMENT MECHANISMS

2.1 Co-operatives under the UN and ILO frameworks

The United Nations (UN) and the International Labour Organisation (ILO) have recognised the significance of co-operatives in socio-economic development. The UN for instance, underlines the uniqueness of co-operatives as that serve mostly the socially excluded and vulnerable sects of the population.[5] It considers them as enterprises that are critical to implementing socially inclusive policies that drive inclusive development, particularly in developing countries.[6] Appreciating the various forms in which they exist, the UN links these enterprises with the responsibility of

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[2] Source: Tanzania Co-operative Development Commission (TCDC), The statistics were for the period up to the end of June 2021.

[3] A.P. Rutabanzibwa, *et al*, *Miaka 60 ya Uhuru*, *Mchango wa Maendeleo ya Ushirika katika Maendeleo ya Uchumi wa Tanzania*, translated as "60 Years of Independence: Co-operative Societies Contribution to National Economy", A Paper Presented at the Zonal Conference for the Tanzania Mainland 60 years independence celebrations on 6th December 2021 at the Nyerere Hall, Moshi Co-operative University.

[4] *Supra*, note 1

[5] United Nations, *United Nations General Assembly Resolution on Co-operatives in Social Development*, A/RES/72/143 of 19 December 2017

[6] *Id*.

promoting participation of socio-economic development of local peoples and communities,[7] playing critical role in eradication of poverty and hunger.

With regard to the ILO framework, the ILO Recommendation for Promotion of Co-operatives is an important instrument to look at. Under the Recommendation co-operatives are recognised as important enterprises in job creation, resource mobilization, investment generation, and general contribution to the economy.[8] The ILO looks at globalisation pressures, problems and challenges as creating opportunities for co-operatives to address them.[9] For the ILO, the long-term goal is to have vibrant co-operative movement which sustainably supports socio-economic development of members.

In terms of their identity, co-operatives are unique social enterprises. The International Co-operative Alliance (ICA) Statement on the Co-operative Identity[10] identifies the societies as none but autonomous association of persons united voluntarily to meet their common economic, social and cultural needs and aspirations through a jointly-owned and democratically-controlled enterprise.[11] They are defined by their values and principles making them different from other association of persons like companies. Co-operatives are established out of members' determination to be organised into self-help, self-responsible, democratic, solidarity, equality and equity values. In addition, thereof, the societies are to comply with ethical values of honesty, openness, social responsibility and caring for others.

The values are enforced through legal frameworks that comprehend seven crucial principles. Under these principles, co-operatives are voluntary associations and they are more often open to new membership provided that they comply with the societies' by-laws. Co-operatives are also democratically controlled by members. They are vessels where members participate to the economic undertaking contributing to capital and equally sharing proceeds of a surplus. The societies shall operate with autonomy and independence. They are principled to attain development and competitive efficiency through education, training and accessing necessary information. Pertinent to their widespread and strength is the principle co-operation among co-operatives. Lastly but not least, co-operatives are supposed to be concerned for the community so as to get assured of their future sustainability.

Co-operatives exist in multiple forms and diverse sectors. They are in banking, insurance, microfinance, agriculture, as well as in intellectual property and other professional based services. The most common are: banks, insurance, SACCOS, Agriculture and Marketing Societies (AMCOS), diary, fishing, housing, consumer as well as multipurpose societies. The diagram below sums up the explanation on the societies' multiplicity and diversity.

[7] Including women, youth, older persons, persons with disabilities and indigenous peoples,

[8] ILO, (2002) *Promotion of Co-operatives Recommendation*, (R193), Preamble

[9] *Id*.

[10] ICA, (1995), *ICA Statement on the Co-operative Identity*, Brussels

[11] *Id*.

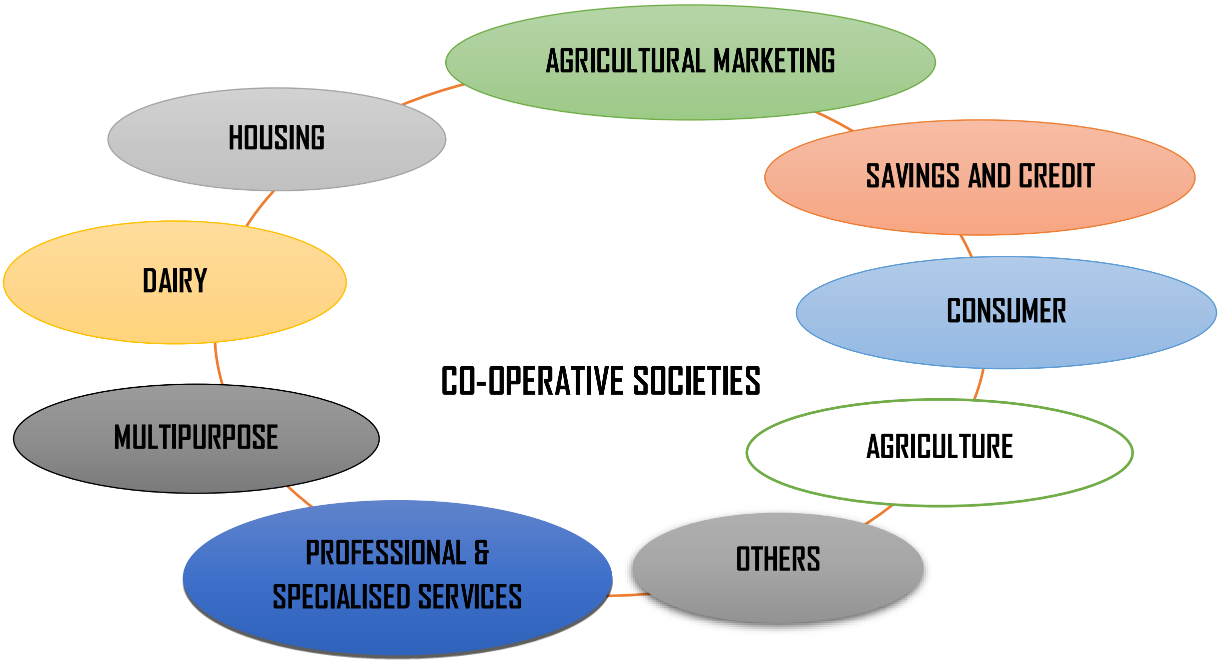

Figure 1: **Co-operative societies' multiplicity and diversity**.

2.2 The Need for flexible disputes settlement mechanisms

Even though there is no universal framework for co-operative regulation, there are some attempts to universally recognise and set standards pertinent to regulating co-operative affairs. The recognition and the standards are necessary to address challenges brought by globalisation and development in science and technology which have necessitated the establishment of inter-territorial co-operative businesses with inter-territorial co-operative membership. With anticipation that the businesses (at the international level) may be coupled with grievances, the international community recognises the need to have mechanisms for settlement in place. Recommended are the mechanisms that are flexible and accommodates the preservation of co-operative identity and access to equitable justice.

The ILO Guidelines for Co-operative Regulation,[12] for instance, recognises amicable and formal settlement mechanisms of co-operative disputes. While the former entails friendly resolution between parties with a view of preserving friendly ties and co-operation amongst them, the latter is considered as a last resort mechanism guaranteeing access to equitable justice to aggrieved parties. The Guidelines underlines the mechanisms as ones prevalent in many countries' legislation.[13] However, the amicable settlement option is stressed on with the reasoning that it's the parties who prefer the procedures because they are cheaper, more expedient and they allow for the consideration of local human and social issues.[14] The provisions in the Guidelines are a good starting point in filling the gap in the ILO Recommendations 193 on Co-operative Promotion. The Recommendation does not contemplate the occurrence of disputes in the course of promoting co-operatives nationally, regionally and internationally.[15]

[12] H. Hagen, (2012), *Guidelines on Co-operative Legislation* (3rd Revised Edition), ILO: Geneva
[13] *Id.*
[14] *Id.*, at p. 101.
[15] ILO Recommendation 193, *supra* note 7.

The proposed East African Community Co-operative Societies legislation is an example of an international (precisely sub-regional) attempt to recognise amicable and formal settlement mechanisms on the disputes.[16] While it requires disputes to be referred to conciliation and later arbitration, it gives room to a party dissatisfied by the decision of the Arbitrator to appeal to the High Court[17] thereby ensuring the flexibility proposed by the ILO Guidelines. Before proceeding to the discussion on the Tanzanian legal framework for co-operative disputes and the analysis of the decisions of the High Court over co-operative disputes (and which stands to be the gist of this paper) it is essential to have an overview of the perspectives on co-operative disputes and their settlement mechanisms. Focus on the overview is the scope and the approaches towards settlement/resolution. Doing so is essential in order to understand the dispute from other disputes which may simply have different approaches in terms of their resolution.

3.0 CO-OPERATIVE DISPUTE SETTLEMENT

3.1 Co-operative disputes

Co-operative disputes are normally limited to the business or activities of the co-operative society. Disputes which do not relate or are not directly connected or linked with the business of a given co-operative society are normally considered to be outside the scope of co-operative disputes. The scope is thus a matter to be specified by co-operative law, (which encompasses by-laws of a particular society, the Co-operative Societies Act and Regulations). Delineating scope is critical in order to distinguish co-operative disputes from other disputes which co-operative societies or members may be part to.[18] Elsewhere[19] we have explained almost the same findings that in most countries' legislation, a co-operative dispute is defined as one concerning the business of a co-operative society.[20] Co-operative disputes cover both members and non-members provided that they are or were involved in the particular co-operative business. This is a finding in most of the Anglophone Asia and Africa co-operative societies' legislation (India, Kenya, Tanzania, and Nigeria, to name a few).

Most of these countries' legislation classify disputes in terms of parties focusing on disputes between members *inter-se* (past and present members and persons claiming through them); member and the society/its committee/officer/agent/employee; or the society or its committee and any past society/its committee/officer/agent/employee; or between the society and any other society; or a society and the members of a society affiliated to it; or a society and a person, other than a member of the society, who has been granted a loan by the society or with whom the society has or had business transactions or any person claiming through such a person; or the

[16] The Bill for the East African Community Co-operative Societies Act, 2014 sections 44 to 49.

[17] *Id*. Section 49

[18] As per Munuo J (as she then was) in *Gerald A. Nkya v. Obeid I. Munisi and six others*, High Court of Tanzania (Moshi Registry) Civil Case No. 29 of 1997 (unreported)

See also: *Babati SACCOS and Another v. Reginald Sanka* [Land Appeal No. 67 of 2019, High Court (Land Division) at Arusha (unreported)

The appellants wrongly attached the respondent house (originally not pledged as security) due to his failure to repay the loan. The respondent had pledged different properties (two plots) as collateral for the loan advanced to him by the appellants. The issue before the court was whether the appellants' attempt to sell the respondents house falls within the business of the 1st appellant. Concurring with the decision of the Tribunal, the Court was of the view that the attachment of the said house cannot be taken to fall within business of the 1st appellant. Consequently, the Tribunals decision to the effect that it had jurisdiction to determine the matter presented before it was affirmed.

[19] See: M.S. Nkuhi MS & A.P. Rutabanzibwa (2021), *Co-operative Dispute Settlement in Tanzania: Evolving Concerns, Effects and Thoughts for Reforms*, A Paper Presented at the International Conference on Co-operatives and Industrialization, jointly organised by the Moshi Co-operative University (MoCU) and the Tanzania Co-operative Development Commission (TCDC) from 1st to 3rd September 2021.

[20] See Co-operative Societies legislation for Tanzania, Kenya and Uganda. For instance, section 73 of the Co-operative Societies Act, 1991 (Cap 112, as amended in 2020) (Uganda) makes use of the phrase "disputes touching the business of registered societies".

society and a surety of a member, past member, deceased member or employee or a person, other than a member, who has been granted a loan by the society, whether such a surety is or is not a member of the society; or between the society and a creditor of the society.

There are also decisions by courts of law and equally important academic writings seeking to enlighten on the disputes. The Tanzanian High Court decision in the case of *Asha Iddi v. Babati SACCOS Ltd and another*[21] and the Kenyan High Court decision in the case of *Gatanga Coffee Growers Co-operative Society Ltd v. Gitau*[22] are critical to the present discussion. In the previous, Masara J, referring to, *inter alia,* Regulation 83 of the Co-operative Societies Regulations 2015, held that a dispute has to first concern the business of the Co-operative Society to qualify as a co-operative dispute.[23] The case, however, does not provide a wider scope as to what the business of a co-operative society might be. It is the Kenyan case of Gatanga (*supra*) that attempted to define scope of the business of a co-operative society referring to section 80 of the then Kenyan Co-operative Societies Act 1966. The Court held that the phrase business of a registered society used in the section is not limited to internal management but all activities within the ambit of the society by-laws.

Referring to the Case (*Gatanga's* case), Ogola attempted to delineate the scope of the phrase arguing that disputes on the business of a co-operative societies may include disputes regarding the expulsion of members from their societies; societies refusal to accept members produce; monetary demands by societies; monetary demands by members (dividends, bonuses, deposits and interests etc.); and disputes regarding societies monetary demands on members.[24] Elsewhere, there are explanations made on the way the Indian States co-operative societies' legislation delineate the dispute.[25] Focus is on how most of States' co-operative legislation delineates cooperative disputes as disputes on the societies' by-laws (*alias* constitutions), management or business.[26] These laws have underpinned election of society leadership, deficiency in the assets, employment terms (including working conditions and disciplinary actions), and claims by surety as matters constituting a co-operative dispute. And like the Ugandan Co-operative societies legislation[27], the select Indian States co-operative societies' legislation excludes a claim by a society of a debt from the members as constituting a co-operative dispute (*whether or not the debt is admitted*).

The attempts to define scope of co-operative dispute are noted with, however, some reservations as they are yet to address the problem. We have noted the absence of a watertight definition of a co-operative dispute particularly in most jurisdictions. There is a problem of defining a co-operative dispute and which is largely a result of the diverse nature of co-operative businesses. Besides, the difficulty in providing scope for co-operative business is associated with a conflict of laws. This is because what appears to be regulated by co-operative law is also subject to another law.[28] Thus, the question whether such matters fall within those touching the business of a co-operative society or not, is yet to be resolved.

3.2 Co-operative disputes resolution: Revisiting the approaches

[21] Civil Appeal No. 30 of 2019, High Court of Tanzania (Arusha District Registry) at Arusha (unreported).

[22] [1970] E.A. 361 at p. 362.

[23] *Id*.

[24] J. J. Ogola (1979) *Co-operatives and Arbitration*, LL.M Thesis, University of Nairobi at pp. 43, 44 & 45.

[25] See: A. P. Rutabanzibwa & M. S. Nkuhi, (2022) *Co-operative Business and Membership in Determining Co-operative Disputes: Ladislaus Mashauri Msana v Mashima SACCOS Ltd & TANFIN Consultant Limited*, Case Commentary (unpublished) at pp. 5, 6 and 7.

[26] Section 70 of the Karnataka Co-operative Societies (Amendment) Act 2000; Section 61 of the Andhra Pradesh Co-operative Societies Act, 1964; Section 91(1) of the Maharashtra Co-operative Societies Act, 1960.

[27] *Supra*, note 19.

[28] There are other matters which are to be addressed by specific laws, including land, mortgage and labour laws.

As earlier noted, co-operative societies legislation of various African countries provides for legal framework and mechanisms for settlement of co-operative disputes. Our study of the legislation has led us to classifying them, in terms of the methods, into two major groups namely: the co-operative identity preservation legislation ('co-operative identity group'); and flexible legislation ('equitable justice group'). The co-operative identity group entails legislation which does not allow disputes concerning co-operatives to be entertained in ordinary courts of law. The equitable justice group is the one in favour of access to courts of law as final authorities in dispensation of justice.

The co-operative identity group is built on the spirit of co-operation and the need to preserve relations amongst parties to the disputes. Most co-operative legal jurisdictions which follow the co-operative identity group line of thinking tend to oust involvement of ordinary courts from entertaining co-operative disputes[29]. The group challenges the referring of co-operative disputes to ordinary courts of law to avoid the adversarial approaches and "win-lose" results which would jeopardize the cooperation spirit and consequently the identity and the business. Focus is on amicable settlement so as to maintain the spirit among the members. Amicable settlement mechanisms are preferred and employed encompassing both preventative and curative mechanisms. Preventative mechanisms may be direct and indirect. Direct mechanisms are the ones employed within the co-operative organisation structures with the aim of resolving the disputes using internally designed measures. The intent is to avoid involving 'third' parties or 'outsiders' in order to keep intact the co-operative identity and image henceforth preserving co-operative independence and identity.

The mechanisms are mostly agreed upon and prescribed in the co-operative governance instruments including by-laws, guidelines and policies. In addition, since direct dispute prevention measures are part of the organization by-laws and therefore registered with the office of the regulators (e.g. the office of the registrar of co-operatives, co-operative departments), it implies that they are recognised by the government which is the organ entrusted with the mandate of enforcing the law. Moreover, the act of being registered gives a constructive notice to persons, especially non-members expecting to enter into co-operative business transactions with the co-operative society to be aware of the procedures that will be pursued in case of dispute.[30] These mechanisms fall under the 'self-regulation' category and may include agreeing *ex-ante*, on a list of behaviours that would incite disputes in a co-operative society and prescribing in the by-laws internal amicable remedial measures;[31] dispute control including implementing procedures for negotiation, reconciliation, mediation and arbitration;[32] establishing dispute reference mechanism including referring a dispute to another affiliate co-operative body such as secondary or tertiary which must have a unit dedicated for dispute resolution.[33]

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[29] ILC89 - Report V (1): Promotion of cooperatives (ilo.org) accessed on 18th February 2022 at 13:03 hours.

[30] Indeed, the said procedures may be referred in business transactions agreements concluded between the society and non-members.

[31] Such as naming and shaming members responsible for the mischievous behaviour, or admission and repentance, constructive warning or punishment, etc.

[32] J. J. Goton and H. Haapio, *From Reaction to Proactive Action: Dispute Prevention Process*, available at: https://www.researchgate.net/publication/242148632, accessed on 8th June 2021 at 0620 hours.

[33] H.H. Münkner, *Ensuring Supportive Legal Frameworks for Co-operative Growth*, A Paper Presented at the ICA 11th Regional Assembly, Nairobi, 17-19 November 2014. The paper is available at https://www.ica.coop/sites/default/files/attachments/Ensuring%20Legal%20Framework-%20Prof.%20Murkner%20paper.pdf, and the authors accessed it on 17th February 2022 at 1800 hours.

Indirect dispute settlement mechanisms involve measures enshrined in the day-to-day operations of a co-operative society's activities or functions. They are implemented by members unconsciously, i.e. without being fully aware that they are aimed at dispute prevention. When frequently practiced, the mechanisms become part of the co-operative organization culture and values. Risky business allocation to members who can avoid disputes; incentivizing on cooperation among members; creation of partnership among competing members in various society assignments; and preaching a focus on win-win outcomes and complementarity are some of the indirect dispute prevention mechanisms.

Where preventative mechanisms, direct and indirect, have failed to contain a dispute, the invoking of curative mechanisms is inevitable. As earlier stated, the mechanisms are also amicable in nature. Curative mechanisms are classified as internal and external. Internal cure is within the co-operative organisation itself where Alternative Dispute Resolution (ADR) mechanisms are preferred (reconciliation, negotiation, mediation inclusive). External curative measures entail the use of amicable measures administered by third parties and or regulatory authorities to settle the disputes. Independent arbitrators, co-operative departments, registrar's offices, commissions, line ministries are preferred and utilised. Examples of co-operative laws in this group include laws of Tanzania Mainland,[34] Tanzania Zanzibar,[35] Nigeria[36] and Uganda.[37] Critics are pointing fingers to the co-operative identity group and the approaches to co-operative dispute settlement. At the heart of their critiques is the group failure to strike a balance between preservation of co-operative identity and ensuring access to equitable justice. The group firmly believes that the approaches in these countries involve persons less versed with co-operative legal matters ending up with the distortion of the co-operative identity which they set to preserve.[38]

The equitable justice group is comprised of jurisdictions that try to strike a balance between preservation of co-operative identity and equitable justice. Co-operative laws of these countries, apart from having provisions which direct on settling co-operative disputes based on amicable approaches, establish quasi-judicial bodies such as co-operative tribunals to entertain such disputes.[39] Noteworthy, co-operative legislation, in this group, allows appeals against decisions of such bodies be referred to ordinary High Courts of the respective countries. The advantage with the equitable justice group is that it allows access to courts of law as a last remedy ensuring equitable justice. Examples of countries with co-operative legislation which combine preservation of co-operative identity and equitable justice include Kenya[40] and Eswatini.[41] The group path matches the ILO's which was analysed in section 2 above.

We analyse, in the next section, the Tanzania Mainland co-operative societies' dispute settlement framework. The analysis is vital for it offers historical explanations on the framework and its present shape including prerequisite legal requirements.

[34] See: Regulation 83 of the Co-operative Societies Regulations, 2015 (Tanzania Mainland).

[35] See: Regulations 71 and 73 of the Co-operative Societies Regulations 2019 (Zanzibar).

[36] Refer to: Section 49 of the Co-operative Societies Act, 1993, (Cap 98, as amended in 2004) (Nigeria)

[37] *Supra* note 19, sections 73,74 & 75

[38] See: M.S. Nkuhi & A.P. Rutabanzibwa (*supra*) note 18.

[39] With membership drawn from persons versed with co-operative legal matters as well as from the co-operative movement.

[40] Refer to Part XV (Section 76-81) of the Co-operative Societies Act, 2005 (Cap 490 RE 2012) (Kenya)

[41] Refer to Section 99 of the Co-operative Societies Act, Act No. 5 of 2003 (Eswatini)

4.0 THE TANZANIAN LEGAL FRAMEWORK ON DISPUTE SETTLEMENT

4.1 Evolution of Co-operative Law in co-operative disputes

The Tanzanian co-operative societies' legislation has a long history. The history, however, in the present context, is explained in connection with the evolution of co-operative dispute settlement machinery. The first co-operative societies' legislation was enacted in 1932. The legislation contained no provisions on the societies' dispute settlement procedures. Focus was on the regulation of the societies by the colonial administration without which the colonial interests would be in jeopardy. The legislation was amended several times with significant amendments in the 1940's. Even then, no provisions on the societies' dispute settlement were introduced. Critics of the legislation believed that the absence of such provisions was attributed to the purpose of formation of the societies, which was to aid the smooth availability of raw materials for export. They cite the formation of most agriculture-based co-operatives to substantiate their contentions.[42] The question that is key and which might likely be posed by any ordinary person would be as to how disputes were resolved in the societies in absence of such provisions. The general perspective was that the colonial administration was responsible for the general handling of the societies including the determination of disputes that arose in the societies. Evidence for the colonial masters' interventions hardly exist in substance and numbers.

It took almost three and a half decades to repeal the 1932 legislation. The gap in the law i.e., the missing provisions on dispute settlement was filled in 1968 following the enactment of the Co-operative Societies Act 1968. It was the first ever legislation to encompass provisions on the societies' dispute settlement. It conferred discretional powers to the Minister responsible for co-operative affairs to make Rules for purposes of carrying out the purposes of the Act.[43] Rules by the Minister were to encompass a provision to the effect that any dispute touching the business of a society between the members or past members of the society or persons claiming through a member or past member or between a member or past member or persons so claiming and the committee or any officer shall be referred to the Registrar for decision or, if he so directs, to arbitration under the Arbitration Ordinance.[44]

It was not that the Minister was to make Rules on dispute settlement but he only had to ensure that the provision aforementioned is inserted in the Rules made. Under the said provision, disputes were to be resolved by the Registrar of the societies or, on his direction, through arbitration. There was a gap in terms of the provision failing to state what would happen if a party to a dispute is aggrieved with the Registrar or arbitral decision. We have argued elsewhere that the provision created a presumption that the Registrar's decision was, by then, final and conclusive.[45] The provision under the 1968 Act was maintained by the 1982[46] and 1991[47] co-operative societies legislation. There were, however, developments in terms of the authority for settlement of co-operative societies disputes. The presumption of the Registrar's finality was dissolved and replaced by a provision on appeal to the Minister, i.e. the line Minister referred to in the foregone discussion.

[42] Refer to: A. P. Rutabanzibwa, *Resilience of Traditional African Co-operatives amidst Foreign Co-operatives: A Reflection on Traditional Co-operative Organisations in the Sukuma Communities of Tanzania*," JCBS, ISSN (Online) 2714-2043, Vol 6 (2) of 2021 at p. 14

[43] Co-operative Societies Act No. 27 of 1968 Section 99(1)

[44] *Id*. Section 99(2) (m)

[45] M.S. Nkuhi MS & A.P. Rutabanzibwa (2021), *supra*, note 18.

[46] Co-operative Societies Act, No. 14 of 1982, section 165 (m).

[47] Co-operative Societies Act, No. 15 of 1991, section 123 (2) (m).

The Co-operative Societies Rules 1991 and those of 2004[48] took aboard provisions for appeal to the Minister.[49] The provision was maintained by the 2003 legislation[50] and the current one, which is the Co-operative Societies Act 2013.[51] The wording of the provision with regard to settlement of co-operative disputes under the 1968 and subsequent legislation was changed in the 2003 Act.[52] The same is preserved in the current Act. Section 141 empowers the Minister, after consultation with the Commission[53] to enact Regulations providing for, *inter-alia,* procedures for dispute settlement in co-operatives.[54] Co-operative Societies Regulations were in place since 2015[55]. Regulation 83 of the said Regulations provides for, *inter-alia,* the procedure for settlement of co-operative societies disputes.[56] The procedure is summed up in the section that follows.

4.2 The prevailing framework for settlement of disputes

Co-operative disputes settlement is a matter regulated by the Co-operative Societies Act 2013 and Regulations made thereunder. Under the law, disputes are classified as disputes between members' *inter-se*, between a member and a board, between a member and the management and disputes between societies. These disputes must be ones concerning the business of a co-operative society. The legal requirement is that they are to be resolved through negotiation/reconciliation; reference to the Registrar; and or appeal to the Minister.[57] The Co-operative Societies Regulations, 2015, provides to the effect that disputes concerning the business of the co-operative society between the aforementioned parties shall be amicably settled through negotiation/reconciliation.

Negotiation/reconciliation presupposes internal regulation mechanism that gives disputants an opportunity to amicably settle the dispute. There is a time limit of thirty (30) days from the first day of the negotiation/reconciliation that within which disputants are to amicably reach out settlement. Where the mechanisms are futile on lapse of the said duration, a dispute is to be referred to the Registrar.[58] Elsewhere we have critiqued the provision focusing on *inter alia,* the non-elaborate character and the limited duration for negotiations/reconciliation.[59] When a

[48] Adopted following the enactment of the Co-operative Societies Act, 2003, No. 20 of 2003 (which repealed the Co-operative Societies Act No. 15 of 1991).

[49] Rule 23 of the Co-operative Societies Rules 1991 provided for mechanisms for settlement of such disputes where first reference was to the Registrar and where a party is not happy with the decision of the Registrar, he/she had to appeal to the Minister and whose decision was marked as final and conclusive. Significant on the provision are the details of who has to refer the dispute to the Registrar and the time limit to appeal to the Minister.

[50] Co-operative Societies Act, No. 20 of 2003.

[51] Co-operative Societies Act, No. 6 of 2013. The Act maintains the 2003 wording.

[52] Section 131 (2) (m) of the Act gave power to the Minister to enact Rules: "*providing for procedures for dispute settlement*".

[53] The Tanzania Co-operative Development Commission (hereinafter the TCDC).

[54] Section 141 (2) (i).

[55] Government Notice No. 272 of 2015.

[56] See: Regulation 83.

[57] *Id*.

[58] Under section 10 of the Co-operative Societies Act, the Registrar is the Chief Executive Officer of the TCDC responsible for management of its affairs including establishing, keeping and maintaining the co-operative register and supervising their operations.

[59] See: note 18 (*supra*). The non-elaborate character which describes the provisions is a matter of concern. The law provides for negotiation and reconciliation within 30 days as the only necessary requirement. It does not provide for provisions on the implementation or realisation of the mechanisms. The omission is more serious when one considers the fact that negotiation and reconciliation are supposed to be parts of co-operative self-

dispute is referred to the Registrar, three options are on the table. He/she may decide to resolve the dispute by himself/herself;[60] appoint a committee of experts; or refer the dispute to an independent arbitrator.[61] When the option preferred is that of appointing a committee of experts, the Registrar is obliged to ensure that the committee is composed of persons conversant with co-operative and law matters. From the wording of the Act, it appears that the committee is working to assist the Registrar to reaching a decision and therefore the committee's decision is deemed to be the Registrar's decision.[62]

Alternatively, if the Registrar is to opt for an independent arbitrator, the law requires disputants' consultation. When the matter is referred to the Registrar proceedings are expected to be in the same way as proceedings before the court of law.[63] Parties may therefore be ordered to furnish documents necessary for settlement of the dispute.[64] The authors have critiqued the provisions relating to reference to the Registrar substantially challenging the silence of the law on duration under which the Registrar is to settle the dispute; the unguided discretion on assignment of disputes to either a committee of experts or independent arbitrator and criteria on their choice; and the silence on binding of decision by the committee of experts or independent arbitrator.[65]

At the top of reference to the Registrar is the Minister responsible for co-operative affairs. The Minister is the appellate authority. He/she entertains appeals from parties aggrieved with decisions by the Registrar.[66] It is trite that disputes entertained by the Minister are ones which must have gone through negotiation or reconciliation and later referred to the Registrar. The law limits the lodging of an appeal within thirty (30) days of receipt of Registrar's decision.[67] Significant to this discussion is the provision that the decision by the Minister is final and conclusive.[68] It is this provision which is construed as ousting ordinary courts' jurisdiction on co-operative disputes. In another joint work, we have underlined issues associated with the Minister's appellate authority.[69] The core issue in our discussion is the absence of provisions on the appeal handling process.[70] From the provisions of Regulation 83 of the Co-operative Societies

regulation mechanisms. This implies that co-operatives are supposed to prescribe for the mechanisms in their regulations. Unfortunately, this is not always the case. There is evidence of ignorance of the mechanisms among most society members. There is also evidence of gaps in societies' disputes settlement provisions in the societies' regulations which otherwise would have assisted in doing away with the foregone presumptions.

See for example a study by A. Rutabanzibwa, "*Uanachama na Uongozi kwenye Vyama vya Ushirika*" i.e. Membership and Leadership in Co-operatives; A paper presented during "*Kongamano la Kwanza la Utafiti na Ushirika*" i.e. the First Workshop of Co-operative Research on 16th March 2021 organised by the TCDC and which was held at the PSSSF Conference Hall, Dodoma.

[60] Regulation 83(2).

[61] *Id. Sub-regulation (7).*

[62] Sub regulation (7) read together with Sub-regulation (13).

[63] Regulation 83(14).

[64] Regulation 83 (8).

[65] See: Nkuhi, M.S., & A.P. Rutabanzibwa, (2021), *supra* note 18.

[66] Regulation 83(9) of the Co-operative Societies Regulations, 2015 requires a person aggrieved by a decision of the Registrar to appeal in writing against such decision to the Minister responsible for co-operatives.

[67] *Id.*

[68] Regulation 83(9).

[69] Nkuhi, M.S., & A.P. Rutabanzibwa, (2021), *supra* note 18.

[70] It is not clear as to how appeals should be lodged, what should happen when they are lodged and what guides the Minister to reaching a fair decision. Thus, the current setting on appeals to the Minister bars parties from anticipating what will or is likely to transpire and what they should prepare for engaging in the litigation, both of which are contrary to principles of equitable justice.

Regulations, 2015, we have summed up (in pictorial form) the existing framework for resolution of co-operative dispute in Tanzania, as hereunder:

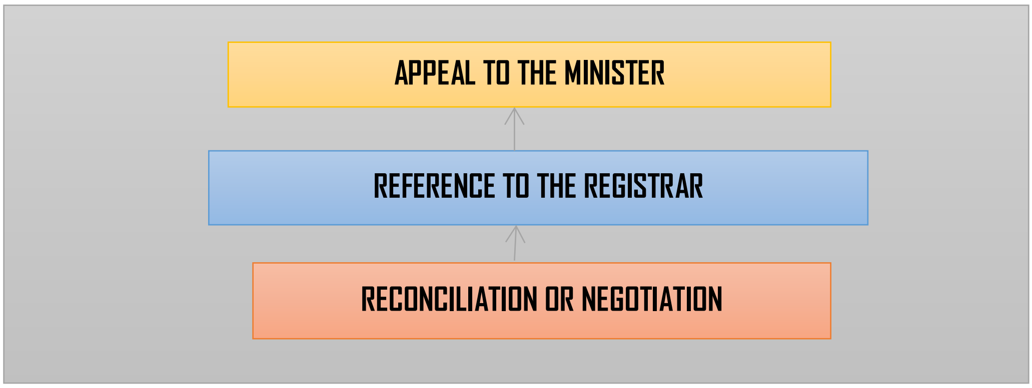

Figure 2: Framework for resolution of co-operative dispute in Tanzania

5.0 THE HIGH COURT OF TANZANIA ON CO-OPERATIVE DISPUTES

The discussion on this part, and which is a crux of the manuscript, is result of in-depth review and analysis of series of decisions by the High Court on cases involving co-operative societies. The decisions involve both co-operative disputes and non-co-operative disputes. The focus however, is on the co-operative disputes and courts authority on their settlement. Generally observed are some converging and diverging views by the Court. The areas of convergence include: the existence of co-operative internal mechanisms for dispute resolution under the Co-operative Societies legislation; the requirement for their exhaustion; and the inclusion of members as well as non-members as parties to co-operative disputes.

On the divergences, it is still unsettled as to whether ordinary courts have jurisdiction to entertain co-operative disputes; whether it is the duty of the Court to determine if it has jurisdiction or not before entertaining a co-operative dispute; whether the Court has a duty to ascertain if a dispute falls in the definition of a co-operative business; orders which should be given by a court when it finds out that it has no jurisdiction to entertain a co-operative dispute; and what legal steps should follow after co-operative disputants have exhausted internal dispute settlement mechanisms. The discussion is in the sub sections hereunder.

5.1 General consensus on internal mechanism and parties to co-operative disputes

From analysis of the decisions, the foremost observation is the general consensus by the Court (High Court) that co-operative disputes are to be resolved using internal mechanisms prescribed under the Co-operative Societies laws. It is supplemented by Judges' accord that parties in such disputes must exhaust the mechanisms prescribed. These are evident from the decisions of the High Court in *Evatha Michael Mosha v Shalom SACCOS*;[71] *Arusha Soko Kuu SACCOS & Another v. Wilbroad Urio*;[72] *Asha Iddi v Babati SACCOS and another*;[73] *Babati SACCOS and another v Reginald Sanka*;[74] and *Ladislaus Mashauri Msana v. Mashima SACCOS Limited and another* [75] and *Daudi Gerald Kilinda v. Chama cha Msingi Kalemela*[76] cases, among multiple others. Reference, at large, is to Regulation 83 of the Co-operative Societies Regulations 2015. On the other hand, in most of the decisions, it is agreed, commonly, that both members and non-members can be parties to the disputes. The position is that if a person is not a member of the society, he may also qualify where such person claims on behalf of a member of the board of the co-operative societies or when

[71] Civil Appeal No 40 of 2016, High Court of Tanzania (Arusha District Registry) at Arusha (unreported)
[72] Civil Appeal No. 06 of 2019, High Court of Tanzania (Arusha District Registry) at Arusha (unreported)
[73] Civil Appeal No. 30 of 2019, High Court of Tanzania (Arusha District Registry) at Arusha (unreported) p. 6
[74] *Supra*, note 17
[75] Land Case Appeal No. 16 of 2018, High Court of Tanzania, (Moshi District Registry) at Moshi (unreported)
[76] Civil Appeal No. 5 of 2019, High Court of Tanzania (Tabora District Registry) at Tabora (unreported)

business transactions are undertaken between co-operative societies.[77] What remains unsettled, however, is whether ordinary courts have authority to entertain co-operative disputes. A detailed discussion on the issue is provided for in the subsection below.

5.2 Ordinary courts authority on co-operative disputes: diverging decisions

This study has taken note of diverging High Court decisions on the issue as to whether ordinary courts of law have jurisdiction on co-operative disputes. One side of the divergence encompasses decisions to the effect that ordinary courts have no jurisdiction to entertain co-operative disputes. The cases of *Daudi Gerald Kilinda v. Chama cha Msingi Kalemela*,[78] *Asha Iddi v. Babati SACCOS and another,*[79] and *Ladislaus Mashauri Msana v. Mashima SACCOS Limited and another*[80] are construed and analysed as belonging to the position that ordinary courts are not clothed with jurisdiction to entertain co-operative disputes.

In *Daudi Gerald Kilinda's* case the High Court of Tanzania, at Tabora, dismissed an appeal concerning a co-operative dispute on the ground that co-operative disputes are within the exclusive jurisdiction of the Registrar of co-operative societies.[81] The court was of the firm view that the existing machinery is there to encourage harmony and peace within the societies and allow the thriving of co-operative business.[82] In *Asha Iddi's Case* Masara J held that courts would have no jurisdiction where the dispute concerns the business of a co-operative society by a member or any person claiming on behalf of a member, board or when business transactions are undertaken between two co-operative societies.[83] To the court, the regulation i.e. Regulation 83 excludes all other incidents and which ultimately have to be dealt with in a normal suit.

In *Ladislaus Mashauri Msana's Case,* the High court entertained an appeal from the decision of the District Land and Housing Tribunal striking out an application for want of jurisdiction. The appellant substantial ground of appeal was on his non membership to the SACCOS and him not having had any business with the SACCOS. To the Court, the law regarding settlement of co-operative societies' disputes is settled to the effect that negotiations are a must. "*Since it has been proved that the first respondent is a registered society, I find no reason to fault the tribunal's decision*". The decisions are silent on the judicial review and supervisory powers of the High Court.

It is the case of *Manager Majengo SACCOS v. Medrad Prosper Nyakulima*[84] where the High Court of Tanzania contemplated the challenging of the decision by the Minister through judicial review. The Court reiterated the need to exhaust the procedure under Regulation 83. To the Court, when the said procedure is dispensed with, the proper avenue would be the High Court. Consequently, the Court invoked its revisional powers and nullified the proceedings, decisions and orders of the trial and first appellate courts on the reasoning that the matter "was prematurely" taken to the court with no competent jurisdiction to entertain it (as it involved a co-operative business).

[77] Masara J, in *Asha Iddi v. Babati SACCOS and another* (supra) at p. 6; see also: Cases in notes 69, 70, 72 and 73 among multiple others.

[78] *Supra*, note 75

[79] *Supra* note 72

[80] Supra, note 74

[81] Kihwelo, J (as he then was) was of the firm view that co-operative business and co-operative societies are to be governed in accordance with the Co-operative Societies Act, 2013 including the existing system for dispute settlement which is clearly stipulated under the Act and Rules made thereunder.

[82] *Id*. at p. 5

[83] *Id*. at p. 6.

[84] PC Civil Appeal No. 7 of 2020, High Court of Tanzania (Dodoma District Registry) at Dodoma (unreported).

The other side of the divergence represents the position that ordinary courts of law have jurisdiction to entertain such disputes. Appearing to diverge from the decisions above is the decision of the High Court in *Arusha Soko Kuu SACCOS & another case.*[85] The case completely rejected the notion of ousting courts' jurisdiction to entertain co-operative disputes. Mzuna J rejected the notion setting a diverging path from the decision in *Daudi Gerald Kilinda's* case[86] and other cases taking the same position.[87] His lordship acknowledged the existence of internal mechanism for settlement of co-operative disputes noting, however, the exhaustion of internal remedies as a prerequisite to accessing any further remedy.[88]

To him, where the internal remedies are exhausted, parties are entitled to access courts. Troubling in the decision is the Judge's holding that *the authority to entertain co-operative disputes is not only for the High Court in its revisional or supervisory powers.* The Judge held that *even the trial court had the powers to entertain the dispute* (blessing the entertaining of a co-operative dispute by the Court of Resident Magistrate of Arusha). The decision by the Court was at large seeking to maintain the 'jealous' character that courts should always have on its constitutional powers on the administration of justice.[89] It creates a precedent that even subordinate courts have authority to entertain co-operative disputes. The implication is that, where internal remedies are exhausted i.e. Minister has determined the appeal, parties may go to subordinate courts. Elsewhere we have argued that the holding that the subordinate court has powers to deal with the matter (not necessarily the High Court alone) has to be looked at cautiously especially when it is the Minister's decision in question.[90] However, the decision is a binding precedent.

From the foregone, the study underpins three important observations. Foremost is the existence of decisions that supports the internal mechanisms provided under co-operative legal framework (without stating the aftermath post its exhaustion). The second is that which holds that only the High Court has authority through judicial review. The last one is that which holds ordinary courts, not necessarily the High Court alone, as having authority to entertain such disputes. These observations are part to the unsettled position the study is referring to in this paper. The position is coupled with other uncertainties in connection with same area, i.e. courts authority on the disputes. These are explained below.

5.3 Determining the nature of a dispute and appropriate orders: Pending uncertainties

There are critical other uncertainties revolving the settlement of such disputes. Pertinent to the foregone discussion on the divergences are the pending issues as to whether courts are to determine if a dispute is a co-operative dispute i.e. whether it is the one on the co-operative business. This is especially when a preliminary objection is raised. The logic behind the ascertainment is simply that not all disputes in which co-operative societies or members thereof are involved are co-operative disputes. In this respect, there is a position, on one hand, that when the court is satisfied that a co-operative society is part to the dispute, it suffices to declare the lack

[85] *Supra*, note 71.
[86] *Supra* note 75.
[87] *Supra* notes 78 and 79.
[88] *Id*. at p.7, according to his lordship, the disputing parties had exhausted the internal remedies and were therefore entitled to access the ordinary courts.
[89] His decision was based on the constitutional mandate that is given to the courts by Article 107A of the Constitution of the United Republic of Tanzania, 1977 (As Amended from time to time). To him, the power to entertain a dispute which parties have exhausted internal remedies extends to the trial court.

Reference was made to the case of *James F Gwagilo v Attorney General*, (1994) TLR 73 HC *where the High Court of Tanzania (Mwalusanya J)* held statutory clauses ousting courts' jurisdiction as ineffective to exclude the High Court in discharging its judicial review and supervisory power.

[90] M.S. Nkuhi & A.P. Rutabanzibwa, Courts' Jurisdiction over Co-operative Disputes: *Arusha Soko Kuu SACCOS Ltd & another versus Wilbard Urio*, Case Commentaries (unpublished), at p. 7

of jurisdiction on part of the court.[91] On the other hand, there is a diverging position that the court has to ascertain the nature of a dispute including the subject matter prior to ruling out whether it is clothed with jurisdiction or not.[92]

Besides the ascertainment, there appears to be contradicting position on which order should be given when the court finds that it is not clothed with jurisdiction to entertain a co-operative dispute. The question as to whether courts are to strike out or dismiss the case when they establish that they are not clothed with jurisdiction is no longer an issue following the Court of Appeal decision in *Mabibo Beer Wines & Spirits Limited Versus Fair Commission Competition and 3 others*.[93] Even with the settled position on which order should be given when a court find itself that it is not vested with jurisdiction to entertain a particular matter, there is a troubling decision of the High Court on the same regarding co-operative disputes. In September 2020, about two years after the aforementioned CAT decision, the High Court of Tanzania held, in *Nzumbi Mashauri v. Chama cha Akiba na Mikopo Roots and Shooting SACCOS*[94] that where a court is satisfied that it is not clothed with jurisdiction it has to dismiss the case.

Interestingly three months prior to the Nzumbi Mashauri's case decision, Masara J, had correctly reiterated the CAT position in *Asha Iddi v Babati SACCOS*[95]that where a court is satisfied that it lacks jurisdiction, the proper order would be to strike out so that the parties would have a chance to re-file the suit in a court or board or competent jurisdiction. The Judge relying on the *Mabibo Beer Wines & Spirits Case* (*supra*), concluded that the trial magistrate was unjustified for issuing a dismissal order when the case before her was not considered on merits.[96] The decision in *Nzumbi Mashauri case*, however *per incuriam* it may be a source of confusion to the co-operative legal fraternity. It may wrongly be relied upon unless something is done to correct the position set forth by it.

6.0 CONCLUSION AND WAYS FORWARD

In this paper ideal requirements on settlement of co-operative disputes were discussed touching, *inter alia,* the requirements on the involvement of courts of law when amicable settlement fails. The Tanzanian framework on settlement of co-operative disputes on the historical and current perspectives was also discussed. The unsettled position over the authority of ordinary courts of law over such disputes has also been analysed. From the analysis, the decisions of High Court judges are diverging on ordinary courts authority on such disputes. The divergence paints a picture of lack of a defined precedent on the area and raises several question marks on co-operative dispute settlement framework generally. It is our opinion that a settled position is inevitable for the societies' sustainability. The High Court, may choose to depart from its earlier/previous decision (s) or the Court of Appeal may act on the same. Critical to bringing the position are responses to the questions whether the Tanzanian co-operative legislation infringes the cardinal principles of rule of law requiring co-operative disputes to be finally determined by government authorities; and whether the framework restricts access to court as a last remedy.

In addition, thereof, the scope of co-operative dispute has to be addressed. So far it is not clear as to what is a co-operative dispute as opposed to other disputes which co-operative societies may be parties thereof. The intent to protect the co-operative enterprise identity may unnecessarily lead to a conflict of law because some of the areas within the scope of co-operative disputes are equally regulated by critical other principal legislation which provides for different mechanisms. Courts have a role to play to ensure the scope of co-operative dispute is expounded and well

[91] Mkapa J, in *Ladislaus Mashauri Msana Case*, *supra*, note 74.

[92] Masara J, in *Asha Iddi's Case* (*supra*).

[93] Civil Application No. 132 of 2015 (unreported).

[94] Civil Appeal No. 5 of 2018, High Court of Tanzania (Shinyanga District Registry) at Shinyanga (unreported).

[95] *Id*. at p. 10.

[96] At p. 9 & 10

defined. The same may be possible with the borrowing of experiences from decisions of courts in other jurisdictions addressing most of the grey areas in the Tanzanian co-operative disputes settlement regime. Consequently, it is our opinion that courts should not end up with striking out disputes brought before them, they have to go beyond expounding on whether a dispute is a co-operative dispute and guide as to where they should be handled.

This study incites a need for further studies on co-operative dispute settlement in Tanzania. Scholars and practitioners in relevant fields may carry out studies on, foremost the definition and scope of co-operative disputes. This is currently a contentious area. Studies may also be carried out to delineate scope for co-operative business. The latter is key to understanding the scope of co-operative dispute. Related to this is failure of the Tanzanian cooperative legal regime to give a clear legal exposition on what amounts to "cooperative business" from which a cooperative dispute may arise. Lastly, yet of prime importance, is a study on what should be an appropriate legal machinery for cooperative dispute settlement in Tanzania that would strike a balance between preservation of the cooperative enterprise identity and a need to attain ends of equitable justice among the disputants.

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SMALL CHRISTIAN COMMUNITY PARTICIPATION IN MANAGING DEVELOPMENT PROJECTS: AN EVALUATION OF PROJECTS IN THE CATHOLIC DIOCESE OF MOSHI, KILIMANJARO REGION, TANZANIA

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ABSTRACT
This study aimed at evaluating Small Christian Community (SCC) participation in managing development projects of the Catholic Diocese of Moshi. Concurrent triangulation design was employed. Simple random technique was applied to draw a representative sample from 165 SCCs where 370 respondents were picked randomly. Questionnaire, key informant interviews guide were tools used to collect both quantitative and qualitative data. Quantitative data were analysed using binary logistic regression while qualitative data were analysed using content analysis. The findings revealed that community participation in designing, contributions in kind and decision making are likely to highly influence the growth of development projects. The findings also revealed that SCCs have no ownership of the projects as they believe the projects are for the Church and not for the community. It was also revealed that SCCs have gained education and health facilities and new farming methods from free seminars and workshops conducted by Church projects. The findings further indicate that majority of SCC members participate in development projects. It is concluded that SCCs have gained a positive change from Church projects as they provide education, health facilities and self-employment. This study recommends the Catholic Diocese of Moshi (CDM) to mobilize and encourage all SCCs to participate in development activities without focusing on personal benefits from the projects. It is further recommended that SCCs should own Church projects so as to sustain them and benefit more from the services rendered. The study findings may be influential in guiding the Catholic Church on the importance of SCCs and development projects.
Key Words: Small Christian, Community, Participation, Church, Management, Projects

1.0 INTRODUCTION

Globally, the Catholic Church is an actor and stakeholder in fostering socio-economic development activities. Project activities involving local communities are of a global concern, particularly in developing countries such as Tanzania. The Church, through its Small Christian Communities (SCCs), plays a crucial role in community expansion (Nthiga & Moi, 2021). Small Christian Communities (SCCs) are groups of Christians who, at the grassroots or similar settings, converge for prayers or discussions on human and Church development projects with common commitment and participation (Kang and Na, 2020; Njinu & Majawa, 2021).

In Sub-Saharan Africa, the Church and private businesses are pivotal contributors to socio-economic development (Hassan, 2021). In fact, many of them have provided illustrious community services, exercised political influence, and gained considerable public profile (Mulusa & Asienga, 2021). A study by Chigozie (2017) revealed that a sudden end to Church-funded projects in Africa, has left many unfinished projects, unmet expectations, and unfulfilled ambitions for the beneficiaries, on whom their livelihood and ascent to a greater degree of security in terms of food, education, and health depended. In consequence, there had been difficulties in managing these initiatives, their dissolution, or, at the most, a reduction in the number of beneficiaries. Diverse stakeholders and project beneficiaries experience difficulties with Church development project initiatives and lament the lack of sustainability structures that can help them overcome such unexpected yet compelling and demanding difficulties (Chigozie, 2017).

In Tanzania, the Catholic Church has collaborated with the Tanzania government for decades to provide diverse socio-economic services (Fouéré, 2014), and its social orientation in communities has focused on engaging people in society for them to contribute meaningfully to the common good (Hunnes, 2022). Various methods of community engagement in the project have ranged from exchanging information, planning, decision-making, control, to implementation (Aga *et al*. 2018). The focus has largely been on community participation as a process that begins with gathering inputs and concludes with decision-making processes (Tabsoba & Ayarkwa, 2021).

Different scholars varyingly define 'community'. Mbevi (2016) defines a community as a collection of people with a shared background or set of interests. Similarly, Kemei (2014) defines a community as any size of social organisations whose members reside in a certain area, participate in the same type of governance, and typically have a similar culture and history. Moreover, Muusya (2019) defines community participation as people's involvement in the selection of the projects they find most appealing to them, to plan, execute, monitor and assess in addition to ensuring their sustainability. Furthermore, Karioh (2019) defines community participation as a process that allows beneficiaries and the public to engage in and influence project execution. In this study, a community is a group of people who live in a specific region with shared basic values.

Small Christian Communities (SCCs)' participation in managing Catholic Diocese of Moshi (CDM) projects helps describe how SCCs of the targeted area participate in development activities aimed to improve socio-economic well-being of the members (Nwekeaku & Christopher, 2021). Participation serves as a foundation for streamlining project success, hence leading to the much-needed economic transformation in the area and country (Baporikar, 2019; Kang and Na, 2020). Thus, the Catholic Church has focused on engaging SCCs in Church income generating projects in addition to training participants on self-reliant projects to boost their income (Mbui, 2018).

Effective participation of SCCs in income generating projects helps to identify the best way to meet community needs (Korioh, 2019). The Catholic Church-run income generating projects are not meant for maximising personal returns as the profit obtained is directed towards social activities. This approach has been adopted not only by the Catholic Church on a global scale, but also by specific governments in empowering the underprivileged. Long-term realisable benefits of these projects include employment creation, improvement in community relations, empowerment, education and health facilities (Chigozie, 2017; Mogomotsi, 2020). According to Otieno (2021), participation strengthens the marginalized by encouraging self-awareness and confidence in the poor, encouraging them to analyse their issues and come up with innovative answers, and helping to break away from the mentality of dependence.

Community members' initiatives tend to improve socio-economic inclusiveness for the socially and economically underprivileged (Padley, 2013). According to Mbevi (2016), community participation in their own projects results into improved efficiency, yielding of better initiatives, better results, more accountability and transparency, improved service delivery, and promoted funder consistency. Both the Catholic Church and the World Bank emphasise on strong community participation in project planning and execution as a panacea to project success (Awortwi 2013; Muniu *et al.*, 2018; Massawe and Chumbula, 2018). Evidence deduced through various studies such as Ekong (2013), and Bispo and Júnior (2021) show that some Church projects failed to attain the desired objectives. Low participation translates into low engagement, which, according to Bakari (2018), leads to the failure of some of the projects.

In the Tanzanian context, Mahimbali (2022) argued that the basic fault in the Church business planning lacks support from the grassroots as the community members are not involved in the development activities initiated by the Church. He argued that this may lead to failure of most Church businesses. The local community, over many years, did not have ownership of the businesses. The businesses were started and managed by foreign missionaries. This brought about dependency syndrome on missionaries for donations and leadership (Shepherd, Wadugodapitiya & Evans, 2011). The bishops of Tanzania (TEC) and AMECEA decided to declare that small Christian communities are the priority on development projects.

Catholic bishops in East Africa have chosen to declare SCCs as the pastoral and development priority as the best way to build local Churches to be truly self-ministers (self-governing), self-propagation (self-dissemination) and self-sustaining (self-reparation and self-sustaining). This means that the whole life of the Church in Tanzania is built on the basis of small Christian communities. The main capital or sources of the Small Christian Communities are Christian families (Mahimbali, 2022; Chigozie, Munene & Gakuo, 2017).

Globally, SCCs improve public perception, gain an individual or organization special esteem from their peers, lessen pollution, generate employment possibilities, and meet social needs (Chigozie, Munene, and Gakuo, 2017). The global community supports developing countries' efforts to incorporate people in development through the worldwide phenomenon of community participation. Local communities must be included in a participatory process in order to be supported by the World Bank, the United Nations, and other donors (Leadbeater, 2013).

According to Mansuri and Rao (2011) church funded projects are typically implemented in a unit referred to as a 'community'. Most of church schools, hospitals and income generating projects of the CDM were established by donor agencies for instance Action Group of East Africa (AKO-Akttionskreis Ostafrika) from German. However, little is discussed in the literature on the SCC participation in managing development projects of the CDM. Earlier researchers, specifically on SCCs participation in the management of the CDM projects have not covered the extent to which SCC are involved in managing church projects. This study aimed to fill the gap left yawning by earlier researchers, specifically on SCCs participation in the management of the CDM projects. Specifically, it evaluates the SCCs' participation in the Catholic Church's management of development projects in Moshi. The specific objectives of the paper were i) to evaluate the participation of SCCs in managing CDM development projects, and ii) to determine the benefits brought about in the community because of their participation in the design and management of development CDM projects.

Causes of some of the Church projects' failure may be attributable to lack of community participation associated with dominated by the top-down projects from Bishops, Priests and donors (Bakari, 2018). This study is justified on the ground that, understanding the way the SCCs participate in managing the church's development projects enhances projects' sustainability and thus improve SCC own benefits (Sitienei *et al,* 2021; Swapan, 2014).

2.0 LITERATURE UNDERPINNING THE STUDY

2.1 The Ladder of Citizen Participation

The Ladder of Citizen Participation, as proposed by the Sherry Arnstein in 1969, served as the underpinning model for this study. In fact, one of the most popular and significant models in the area of community participation is the ladder of citizen participation. The ladder was created to help people grasp how participation impacts on the expansion and development of projects under execution. This model is suitable for this study as management of Church projects engage the community, local leaders, organisers, and donors in development activities. SCCs' participation in several stages of development projects for the Catholic Diocese of Moshi is comparable to the ladder of participation. It is an approach the underprivileged use to participate in deciding how information is disseminated, objectives and policies are formed, how programmes are run, and how incentives such as contracts and sponsorship are distributed. As a result, SCCs can profit from the advantages of Catholic Diocese of Moshi projects. In other words, participation without power distribution is a meaningless and discouraging process for the underprivileged.

The assumption under the participatory ladder is that when beneficiaries participate they can induce the inclusivity of the decision-making process, thereby instituting a sense of ownership over the development process that can lead to sustainable impacts. To create a ladder to promote children's participation often referred to as the ladder of youth participation, Hart (1992) relied on Sherry Arnstein's model. White (1992) used Sherry Arnstein's model to develop a typology of participation to underscore how the politics of participation get undermined by conflicts involving actors, terms and power.

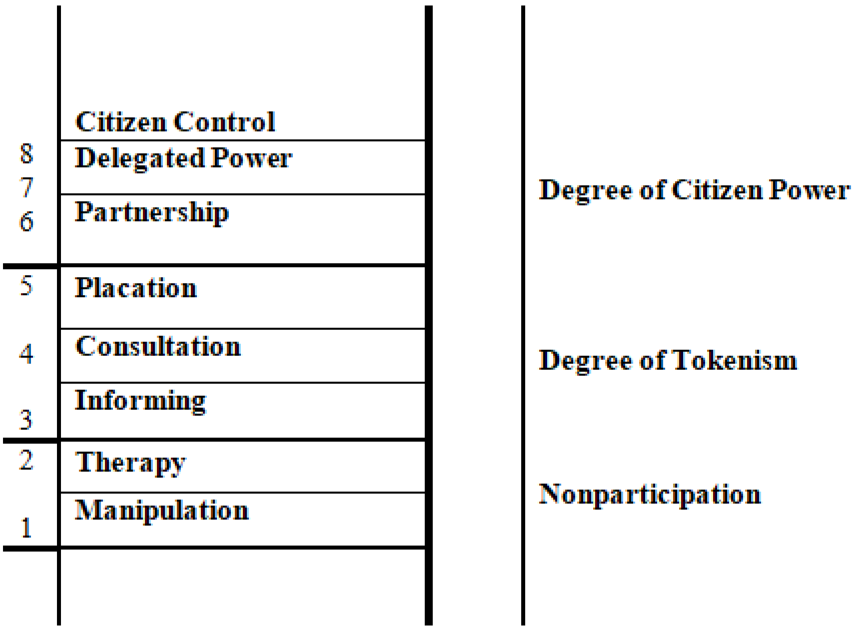

Figure 1: Ladder of participation

Source: Adopted from Sherry (1969).

The first two rungs indicate a lack of technical participation; communities are about the projects and decisions. Leaders in stage one (manipulation) may invite community members to meetings to create an impression before donors that beneficiaries were involved in decision-making when the opposite was true. Stage two is therapy. During this phase, the project leader may ask for opinions and ideas, possibly, adjusting and deciding accordingly based on their feedback. The third to fourth rugs entail tokenism as a form of participation. Rung three entails informing people about the projects and issues of concern. Ultimately, sensitisation and dissemination of information to community members are critical for community members to attain their objectives, community should be given opportunity to air their views (Arnstein,1969).

The final three rungs of participation demonstrate active community involvement in development projects, which amounts to "citizen control." During these phases, community alongside their leaders, delegate authority and responsibility among one another. Community members own the projects; moreover, there is an understanding between contributors and beneficiaries. Also, community members no longer rely on donations. Most significantly, they now have complete control over their projects when they reach the top rung.

The Ladder of Citizen Participation, calls for active SCCs participation in utilising indigenous knowledge in project planning and execution: It enhances project acceptance, results in a more equitable benefit distribution, encourages local resource mobilisation, and contributes to project sustainability (Mansuri *et al.,* 2013). However, participation has some limitations because it may result in manipulation of the local community members that development agencies might deploy for their own benefits (Mubita, Libati and Mulonda, 2017). Cornwall and Pratt (2010) also contend that participation might facilitate the collecting information from local community but without necessarily empowering them as anticipated. In this regard, the Sherry Arnstein model of participation works on the assumption that members can identify who has power in the community and encourages redistribution of power among the members.

2.2 Literature Review

Several scholars such as Swapan (2014), Kumar (2016) and (Sitienei *et al.,* 2021) insist on community participation to develop and strengthen capabilities to further empower the primary beneficiaries (Sitienei *et al,* 2021). Additionally, Swapan (2014) contends that community-based development relies much on the organisation of communities. Many studies, however, have yet to address the SCCs' participation in managing CDM projects.

Overall, there is severely limited quantitative and qualitative evidence on Church projects detailing how communities engage in and benefit from Church projects (Baporikar, 2019; Mansuri & Rao, 2013; Awortwi, 2013; Mbevi, 2016) particularly in Tanzania. Kamuzzaman (2020), who had examined the relationship between involvement and empowerment, established that participation strategies fell short of addressing problems pertaining to the actors' power dynamics. Also, the numbers of studies on SCCs participation in socio-economic development projects in the CDM remain largely inadequate, which is a geographical gap. Earlier studies have not looked on SCC participation and the benefits gained by members of the community particularly in the Catholic Diocese of Moshi. Amos and Koda (2018) carried on a study on educational projects concentrated in the CDM but health and food were left out. This research will fill in the gap concerning education, health and food.

Equally crucial, studies carried on community participation tend to focus on government-funded projects (Mbevi, 2016). Furthermore, participation-based case studies and empirical data on Catholic Church SCCs are not equally common in extant literature (Puskás, Abunnasr & Naalbandian, 2021). This scenario could be linked to projects not being published in peer-reviewed journals or elsewhere. As a result, a gap on Catholic Church SCCs participation in socio-economic development and its actualization in peer-reviewed scholarly literature has emerged. Therefore, this paper seeks to address issues pertaining to the participation of SCCs in CDM particularly in designing and managing development projects; the engagement of members in development projects from the designing stage to decision-making and the benefits associated with such participation.

3.0 METHODOLOGY

The study was conducted in Kilimanjaro region focusing on SCCs of the CDM. The selected area is home to several educational and income-generating projects initiated by CDM for members of the community to own and sustain these projects (Amos & Koda, 2018). The CDM has 11 pre-primary and primary schools, 29 secondary schools, 15 vocational training centres and five (5) colleges. The CDM has also initiated hospital facilities such as Kibosho, Huruma, Kilema, Ngoyoni and St. Joseph hospital-Soweto.

The study employed concurrent triangulation design in a mixed methods research approach that made use of qualitative and quantitative data collected separately but concurrently (Gibson, 2017). This design allowed the study to optimise the strengths of both quantitative and qualitative methods to overcome weaknesses inherent in one particular method, which helped to validate the findings generated using both methods (Creswell, 2014). The unit of analysis were SCC members drawn from CDM.

The study's target population comprised 165 SCCs and 4,950 SCC members drawn from parishes and sub-parishes of Himo, Matala, Makuyuni, Soweto, Majengo and Shanti town in the CDM. The SCC population and their respective members was obtained from Catholic Diocese of Moshi data base. The study used Yamane's (1967) formula, as cited by Israel (2013), to determine the sample of the members of SCCs by assuming 95% confidence level and p = 0.05, from which the size of the sample should be:

$$n = \frac{N}{1 + N\left(e^2\right)}$$

Where: n = Sample size
e^2 = Margin error set a 5%
N = Number of SCC members

$$n = \frac{4950}{1 + 4950\left(0.05^2\right)} = 370$$

n= 370 respondents

The study employed simple random sampling to draw a representative sample from the entire population of 165 SCCs where 370 respondents were picked randomly. Lists of SCC members were obtained from SCCs registers of 6 parishes and sub-parishes to select a representative sample from each SCC. Twelve (12) Key informants) were purposively selected from the six (6) parishes of the study area because they had comprehensive knowledge on how SCCs participate in managing Church projects. These participated in key informant interviews (KIIs). Their knowledge and experience were verified by their position in Church projects and experience (in years) of working on that project. The Key informants selected comprised a diocesan administrator (1), two (2) priests, one (1) nun, two (2) managers of Church income generating projects, two (2) health workers, two (2) education workers, and two (2) from SCCs.

To get in-depth information on the perceptions, experiences and attitudes of SCCs; the study used a questionnaire, KII and Focus Group Discussion (FGDs) for gathering information from a purposively selected group. In this regard, the study held six (6) focus group discussions, each comprising eight (8) participants plus a facilitator (the researcher) and a note-taker (an assistant of the researcher), which created more intimate environment for discussion. Open-ended questions helped to generate information from a large number of SCCs' interactions. In selecting FGD participants, gender, age and cliques received special attention. The FGDs were led by the moderator and the note-taker with the goal of generating different opinions from different SCCs. The six FGDs were each allotted 90 minutes for the members to discuss and conclude on different issues, which Gibson (2012) recommends as ideal without boring adult participants. For children and the elderly, the duration could be less. In-depth interviews and open-ended questions that encouraged participants to express their ideas were employed to collect qualitative data.

Collected information was summarised using quantitative data analysis that combined descriptive and inferential statistics (Liou & Hung, 2015). Quantitative method which involved descriptive and inferential analysis was presented in tabular form. To improve the assessment of SCCs involvement in socio-economic activities, the study combined qualitative and quantitative data, which facilitated the integration of various theoretical frameworks by counterbalancing the weaknesses of one piece of data with its strengths. Qualitative data obtained from KIIs and FGDs were subjected to thematic analysis by summarising the data based on their themes and comparing the arguments to get meaningful information. The massive data collected were reduced to make sense of them, then organised, summarised and categorised, with patterns and themes identified and linked accordingly.

Furthermore, the binary logistic regression analysis was appropriate for the first specific objective because the dependent variable (management) had a binary outcome: Participatory and non-participatory groups. Additionally, because it involves fewer assumptions than discriminant analysis, logistic regression is simpler to apply. Like other types of regression, binary logistic is also a predictive analysis. The binary dependent variable (management) was regressed on five predictor independent variables. The dependent variable was dichotomized with a value of 1 for participation and 0 for non-participation for community members. The binary logistic regression model was specified as follows:

$$\text{Logit}(P_i) = \log \frac{p(x)}{1-p(x)} = a+\beta_1x_1+ \beta_2x_2 + \beta_3x_3+\ldots\beta_px_p \ldots\ldots\ldots\ldots\ldots\ldots (1)$$

To use logistic regression, an equation of the following form must be fitted to the data.

$$\text{Logit}(P_i)= a+ \beta_1x_{1i}+ \beta_2x_{2i}+ \beta_3x_{3i}\ \beta_3x_{3i}+\ldots\beta_px_{pi}+e \ldots\ldots\ldots\ldots\ldots\ldots (2)$$

Where:

The chances of SCCs participating is represented by the binary Logit (Pi) = Y. Participation in management of development projects of the CDM was coded as 1, and no participation of members was coded as 0.

α = intercept of the equation

$\beta_1 - \beta_p$ = regression coefficients

$X_1 - X_p$ = Predictor variables.

e = Error term

Table 1: Definitions of model variables

Variables		Definition of variables and units of measurement	
P/(1-P) variable Management	Dependent	Binary: Y = 1 if the members participated and 0 if members did not participate	
Independent variables			
X_1 MPD		Members participate in designing community projects	Yes/No
X_2 MPD		Members participate in decision making	Yes/No
X_3 PCM		Members participate in contributing cash or materials in kind	Yes/No
X_4 PVW		Members participate in voluntary project works	Yes/No
X_5 CPM		Members participate in project evaluation	Yes/No

4.0 FINDINGS AND DISCUSSIONS

4.1 Socio-demographic characteristics of the respondents

This paper aimed to determine the SCCs' participation in the management of CDM development projects. Specifically, the paper aimed to evaluate participation of SCCs in managing development projects of the CDM and to determine the benefits for the community. Socio-demographic profiles of the respondents were used to show the characteristics of the participants in the study's sample of respondents (Wang *et al*, 2018). Data from the sample used for the study were evaluated by considering factors including the respondents' gender, level of education, and employment history.

Table 2. Distribution of socio-demographic characteristics of the respondents

Variables	**n=370**	**(100%)**
Sex		
Male	173	47
Female	197	53
Education level		
Certificate	196	53
Diploma	85	23
Bachelor Degree	89	24
Total	370	100
Working experience (Years)		M(SD)=8.8(6.6): Range (1-31)
1-10	56	15
11-20	144	39
>20	170	46

M =Mean, SD=Standard Deviation

The study respondents from the selected SCCs of the CDM were 370, among whom 47 percent were male and 53 percent were female, as indicated in Table 2. The study revealed that more females participated in socio-economic development activities in most communities. This was evidenced by the most of the people who participated in prayer meetings and Church voluntary activities women. The findings in Table 2 show that 53 per cent of the respondents had attained primary school or secondary school certificate without any training, which could otherwise affect contribution of skills needed in designing, controlling and decision-making of Church projects in their communities, which may lead to a top-down development approach.

This indicates that most of the community members interviewed had a low level of education (certificates) and, hence, they could only participate in lower levels. Only a few educated members effectively participated in designing, managing and decision making. Diploma holders, as Table 2 illustrates, accounted for 23 per cent, and bachelor's degree holders for 24 per cent of the respondents. Most of the elected leaders are diploma and bachelor's degree holders who work in administrative offices. In this regard, Rambe and Makhalemele (2015) who argued that the effectiveness of a company and the extent of community service participation might suffer because of staff's competencies.

Furthermore, the study sample had 46 per cent of the participants with more than 20 years' work experience. In other words, SCCs had registered both youthful and elderly people. Implicitly, the formation of SCCs had a well-balanced composition comprising both youthful and elderly people, which enabled them to share ideas and improve their living conditions. The presence in SCCs of a good number of youths was beneficial since they were very active and skilled in their activities and can contribute towards the development of Church projects. Similarly, Mwanzi (2010) and Otieno (2021) contended that youth involvement in community projects should be a long-term strategy in which the beneficiaries contribute to management of development initiatives beyond simply gaining an ownership stake in the project.

Table 3: SCCs participation in managing CDM development projects

CP	Coefficient (B)	S.E.	Wald	df	Sig.	Exp(B)	95% CI for Exp(B)
Designing	1.140	0.341	11.149	1	0.001	3.128	1.60-6.11
Decision Making	2.301	0.383	36.090	1	0.001	9.981	4.71-21.1
Contribution cash or materials in kind	2.046	0.493	17.208	1	0.001	7.738	2.94-20.3
Voluntary project works	-0.295	0.337	0.769	1	0.381	0.744	0.38-1.44
Members participate in project evaluation	1.879	0.366	26.295	1	0.001	6.545	3.19-13.4

Omnibus Tests of Model Coefficients (Chi-square = 11.575; sig. 0.001); Cox & Snell R Square = 0.074; Nagelkerke R Square = 0.099.

4.2 Small Christian community members' participation in designing initiated projects

The findings on Table 3 revealed that SCC participation is likely to influence designing community projects as Exp(B) value is 3.128 with a p-value of <0.001 which is less than 0.05. This implies a substantial strength and magnitude of association between SCCs participation in designing community projects established by the CDM. The results in Table 3 further reveal that the involvement of SCCs in designing had an effect of performing better 3.128 times higher if SCCs participate in socio-economic development.

The findings are comparable to those by Cornwall (2018), who found that community participation in the initial stages is a crucial aspect in community development since it ensures that local communities develop a sense of ownership of the project and this would result to project sustainability. On the other hand, FGDs reported that some SCC members who were non-involved in designing due to lack of skills in support the community by undertaking voluntary manual activities.

Findings from the KIIs regarding how SCCs of the CDM participate in designing development projects revealed that Church-funded projects initiated by missionaries from Europe and the US obtained land from the community. Other Christians gave their land to Church for free so that dispensaries and schools could be built in their villages. One of the KIIs from Makuyuni; supported by three others from Himo, Majengo, and Matala; moreover, the issue emerged in FGDs from Shanti town:

> *"SCCs participated from the project initiation by offering land even though they were not in the management team. Community leaders were informed about their intention of constructing schools and dispensaries, and so offered land for the new development. Thus, we can say that the community participated by offering land but not in designing and management…"* (KIIs and FGDs, Makuyuni, August, 2020).

This statement implies that community elders offered land to the donors who supported the early missionaries to construct Church projects as they understood the value of schools and dispensaries in their villages. The results are consistent with earlier research findings, including by Hoe *et al.* (2018), Masum (2018), and Toledo (2019), which underscored the value of community involvement in socio-economic development initiatives to cultivate a culture of project ownership and sustainability. Currently, the bishop and the clergy of the CDM have started involving SCCs in leadership for them to own and sustain health and educational projects handed over by missionaries. KIIs also revealed that after the bishop and the parish priest had continuously insisted on SCC participation, many members started contributing to the sustainability of the projects. Consequently, different Church projects have representation from the community in their board meetings.

4.3 Members' involvement in the management and decision-making

Table 3 indicates a high likelihood of influencing SCCs participation in the management and decision making by an Exp(B) value of 9.981 with a p-value<0.001. Impliedly, an increase of 1 unit per year increases the likelihood of an individual participating in management. On the other hand, KIIs informed the study that only some leaders of SCCs and some members with high education engaged in management, indicating that some SCC members do not participate in decision-making due to their low education and lack of skills. Mbithi (2019) opined that member participation was necessary for local projects to flourish to embrace local socio-cultural ideas. One KII reported that some community members lacked interest in attending unpaid meetings and participating in voluntary work meant for developing their own areas. This calls for community leaders to encourage their people to partake in project development works from designing, implementation to monitoring and project evaluation. Results from two FGDs, that is, Himo and Soweto informed the study:

> *"SCCs participate in managing the projects initiated by the Church even though not all of them. You cannot make every member be a leader, but few members who have skills and ability are elected to represent the rest in the management board, and then after every phase of the project is completed a report is passed on to all members…"* (FGDs, Himo and Soweto, August 2020).

Implicitly, CDM involves SCCs leaders in the management team in their respective parishes' development projects. Each parish has a chairperson representing it at the diocesan level during the presentation of all development projects of the diocese. After all, all the SCCS are represented in the management board of the CDM through their leaders.

4.4 Member participation in contributing cash or materials in kind

Regarding SCCs' participation in contributing cash or materials for the development of the community projects, the results on Table 3 indicates a high likely influence with Exp(B) value of 7.738 and a p-value of <0.001. This implies that probably SCC participation by contributing materials or cash has contributed to the development of Church projects 7.738 times high. According to Pope John Paul II, SCCs are a tremendous source of enlivening life in the Parish through charitable works organised by the SCCs of the same area (John, 2016). Similarly, Massawe and Chumbula (2018) asserted that the ability of the community to make strategic decisions on how to raise funds from local communities, starting from the designing stage to the operation and management depends on how Members contribute resources. Impliedly, the CDM has insisted and encouraged SCCs to give materials or cash for sustaining projects which will help in eradicating poverty.

Furthermore, members of the Church are ready to contribute materials in kind when a newly-introduced development project in their area (Mbui, 2018). KIIs from the study area reported that development projects in the CDM are authorised by the bishop after all of the stages of the projects are announced and that members of an elected committee are involved in all the activities. The KIIs from Christ the King Cathedral explained how the Mwondoko Complex near Mkombozi Bank was built by tapping into the efforts of all the SCCs, with each SCC getting an envelope for each member to contribute depending on their earnings. SCCs also contribute tithes that are directed to development activities under the directives of the bishop, especially in education and health facilities. Members get a comprehensive report after the project's conclusion, which it is also read in Church for members to learn about how each SCC participated and the associated benefits.

4.5 Community members' participation in project evaluation

Concerning members' participation in in project evaluation, results in Table 3 indicate an Exp(B) value of 6.545 with a p-value<0.001 and a Wald statistic of 26.3, which probably implies that when SCC members attend management meetings in evaluating a project, success rate of the project would increase 26 times. Impliedly, when members are entrusted with responsibility, they own the projects and put more efforts in development. On the other hand, in a FGD at Majengo, the participants agreed that in most of the CDM projects participation of CCS was through information or consultation. Similarly, Chumbula and Massawe (2018) opined that monitoring and evaluation involved only few leaders who then communicated the results to the beneficiaries.

Table 4: Overall SCCs participation in management of CDM projects

Variables of SCCs participation on managing CDM projects	Overall community involvement	
	N	%
Community participates designing different activities in the organization	251	68.3
Participation in the long-term planning of project activities concerning community development	247	66.7
Participation in decision making	239	64.7
Participation by contributing materials	268	72.3
Participation in voluntary works	266	75.2
Participate in project evaluation	311	83.8

Results in Table 4 show that 68.3 per cent of the SCC participants in designing development projects, which was supported by the KIIs who stated that most of the projects initiated by the Catholic Church normally involved leaders from all SCCs who then passed on information to all members concerning the new development plans in their parishes. The coverage includes income generating projects such as building shops and houses for renting, constructing community halls or parish offices.

Subsequently, the report is presented before all members in Church during Sunday masses, hence achieving mass dissemination. The parish council, with the parish priest, plans and designs project activities and thereafter report to the parishioners on all the works done. Mbevi (2016) similarly opined that the management's reporting on the community members enhances transparency and accountability. Implicitly, the Catholic Church advocates for community participation in most community-based projects by assisting people to acquire new knowledge on self-sustaining and involving those monetary and in-kind contributions for the disadvantaged.

Raji *et al*. (2018) further argued that community participation in socio-economic development provides local solutions to local problems. Besides, 66.7 per cent of the respondents reported that SCC members participated in the planning of Church development projects. Impliedly, communities are more informed of Church involvement in community development activities through their parish council and SCC leaders, who usually participate in meetings with the parish priest. These findings are consistent with Kicheleri (2020), who confirmed the essentiality of community members' participation in identifying problems, planning, and evaluation of the projects that directly benefited and benefited from local communities.

The results also show that 64.7 per cent of the SCC members participated in managing and decision-making. In this regard, FGDs revealed that not every member of SCC attended management meeting particularly those who are in a parish council. The rest of the members are informed through church announcements whereby members cannot change what has already been decided. These findings were supported by one of the KIIs who said:

> *"...in our SCC, we participate in in implementing what has been decided by our representatives in the Parish council. We normally contribute to the development of our projects in the diocese without being forced…"* (KIIs' Majengo August, 2020).

Impliedly, the SCC leaders, together with the Parish council, participate in designing and managing projects within the Parish. After setting the budget, each SCC gets informed about their monetary contributions.

4.6 Participating in CDM development projects of benefit to the SCCs community

The second objective of this paper examined benefits gained by the community members due to their involvement in CDM socio-economic initiatives. Participants in FGDs and KIIs gave different ideas concerning what they had experienced and gained from participating in CDM development projects. The benefits generated were insufficient for them to have a substantial impact on socio-economic progress. Results from the FGDs, which were supported by two KIIs from Matala, Soweto and Majengo, were as follows:

> *"Although the CDM, through her income generating projects such as Kilacha production, has provided employment for the surrounding communities and supported a variety of individual local businesses especially in agriculture and animal husbandry, not all the community members enjoy such benefits. We, who live in the same area and have jobs elsewhere, have no direct benefits as we buy their products as we could buy somewhere else. So we cannot say we have gained because any service we get implies certain costs ….."* (FGDs, at Matala, August 2020).

This implies that the CDM cooperates with the community members in fostering community and raising the standard of living in the community and its surroundings. These results are consistent with Kipkeu *et al*. (2014) who found that some individual households failed to benefit from participating in community socio-economic activities as most of the times projects initiated by the Church targeted the underprivileged in the community. However, the SCCs compromise the poor and those with assurance of their income every month for them to support each other. The CDM does not only provide direct economic benefits but also failed to explain the social benefits to the society. Aga *et al*. (2018) opined in the same vein involved community members in a project enhanced their initiatives in participation and benefits more people. Impliedly, the communities' ownership of a development project would participate voluntarily and actively in all the activities without separating the poor and the rich (Tabsoba and Ayarkwa, 2021).

The study found that the SCCs' involvement in Church development projects had a significant positive impact on income generation of community members. Findings from the KIIs informed the study that the diocese initiated Kilacha Agriculture and livestock Training Centre (KALT) aimed to train and involve local community members in farming through SCCs that could gain new knowledge. Documentary review indicated that the objectives of KALT were to offer free seminars to surrounding community members on agriculture and animal husbandry, to offer improved seeds and irrigation. Surrounding communities of Himo and Makuyuni ward are now involved in managing irrigation water by participating in meeting and voluntary works. The discussions brought about valuable information on how SCCs of the Catholic Church participate in development activities. FGD at Makuyuni explained how they had gained new knowledge from KALT by participating in free seminars offered concerning modern farming methods. One participant from Makuyuni near Himo town, supported by two participants from Matala explained:

> *"Due to climate change, Makuyuni has been very dry. For instance, the area did not have enough rainfall in 2018 and 2019. KALT trained members of the surrounding communities on how to use modern seeds which can resist drought and application of irrigation. The community was trained on how to use irrigating on vegetable gardens, and this was very successful as it can be seen on Himo market, 23 km from Moshi Town, which is normally open on Mondays and Thursdays. The market supplies different agricultural products. Participation in modern farming methods introduced by the Catholic Church has enabled the community around Kilacha to be self-reliant in food production…."* (FGDs, Makuyuni Ward Moshi District August 20, 2020).

The main concerns raised by the participants in this FGD regarding the SCCs' participation in the development projects include knowledge gained through attending seminars conducted by KALT and how they used irrigation in improving food production. The local population revealed significant interest in irrigation farming by planting vegetables for sale. Participants said that they had gained from employment offered by Catholic Church projects including education and health facilities.

KIIs from Himo Parish informed the study that SCCs participated in development activities through tithes and other individual donations. They have constructed a nursery school and a community social hall to which all the SCCs contributed through cash and materials. Some community members contributed several bags of cement, sand and bricks; all these items were announced in the Church without mentioning the names of the contributors. Implicitly, SCCs participate in development activities as the diocesan financial administrator confirmed that most parishes have nursery schools or dispensaries which are financed by their own local communities. This development can enhance improved livelihood as communities are assured of early education and health facilities near their homes without walking long distances.

Field experiences indicate that community involvement is essential in supporting parishes; it encourages inclusivity in all diocese-wide events. In fact, all the diocese-wide projects and activities have SCCs in mind, hence allowing them to partake in socio-economic development and pursuing of personal objectives. One of the KIIs backed this view by saying:

> *"The CDM has initiated health facilities in our community, and we are taught to own and develop more by contributing to the growth of the facilities introduced. Participation in projects can benefit the community; in fact, many members have developed a purpose and sense of contribution, which has helped to foster a sense of belongingness in society…."* (KIIs, at Himo, 18th August 2020).

Impliedly, SCCs' participation in the development of Church projects has translated into increased sustainability due to a sense of ownership. The Catholic Church has also established a sense of ownership by involving SCCs in contributing tithes from their monthly income for the development of Church projects. On the other hand, FGD participants at Soweto supported by participants in another FGD at Majengo explained that, depending on participation and contribution in kind from SCCs, participation might delay budgetary allocation and project implementation as some people might not be willing to contribute on time, hence losing all the benefits they could otherwise gain had they partook in development projects:

> *"In the CDM, the tendency of development projects is to focus on self-reliance. The Catholic Church, through its SCCs information, passes from the leaders to the members of the community. This way there had been a delay in information sharing coupled with poor communication elongates discussion unnecessarily and delayed feedback and decision-making in the process. This dilemma stems from low awareness of roles and responsibilities of community members in project planning. Due to lack of financial and technical resources, once the management comes across a donor who is willing to assist in health or education facilities owned by the Catholic Church decisions are made without seeking the stakeholders' participation. Even without participating in development projects, once projects are set up, even those who did not participate in their construction say a dispensary or school also benefited them…."* (FGDs, at Soweto, Moshi Municipality, 21st August 2020).

The study findings imply that most of the people get attracted and attached to Church projects after contributing resources, especially in monetary terms. In this regard, results from an FGD at Matala sub-Parish revealed:

> *"All the services offered to the individuals by the Parish start from the SCCs; if one member does not participate in the weekly meetings of the SCCs in an area, some services are banned from them because participation in weekly activities of SCCs including prayers allows them to learn about new projects introduced by the Catholic Church and how to participate in development activities. The parish priest receives and gives information on development plans of the parish starting from SCCs; he gathers ideas from all the SCCs of the parish and informs all the members of the parish accordingly. The sum contributed for development activities by each SCC is mentioned in Church on Sundays, and thus all community members become aware of how the amounts will be spent via their parish council…"* (FGDs, at Matala, 22nd August 2020).

This set-up is in line with the Catholic social teachings aimed to enable a person to participate in the life of the society by contributing to the common good (Hunnes, 2022). The parish also has a nursery and primary school dependent on funds raised from tithes, harvests (*mavuno*), thanksgiving masses, and celebrations in each SCC. These findings are consistent with those by Guitian (2017) who found that SCCs' co-operation was both a moral principle and a virtue.

5.0 CONCLUSIONS AND RECOMMENDATIONS

The primary goal of this paper was to evaluate the SCCs participation in managing development projects of the CDM and, secondly, and determine the benefits accruing from the community because of participating in managing development projects. The findings revealed that females were more active in SCCs than males as they attended in most voluntary works. The results signal a substantial association between SCC engagements in development project management. The findings also indicate that community members have benefited from education and health facilities provided, especially the SCCs of Himo Parish that receive free seminars and workshops from KALT. Matala and Makuyuni sub-parishes have also gained from irrigation and quality seeds.

5.1 Conclusion

Overall, SCCs are actively involved in development projects by sharing necessary values crucial in successful implementation of CDM development projects. It is concluded that SCCs participate in designing, monetary contributions and decision making on the development projects of the CDM. It is also concluded that SCCs have no ownership of the projects as they believe the projects are for the Church and not for community. Moreover, the SCCs have benefited from education and health facilities established by the CDM with support from donor agencies, particularly, from livestock and agriculture seminars including improved seeds and irrigation.

5.2 Recommendations

Thus, the study recommends that the CDM Parish priests and Parish council should continue involving and sensitising congregational members on participating in socio-economic development activities and their attendant benefits to attain success in all the diocese development projects. Also, Church leaders are recommended to work closely with the SCCs by involving the poor and rich, the educated and uneducated, in designing, managing and decision-making pertaining to community projects. It is further recommended that SCCs should own Church projects so as to sustain them and benefit more from the services rendered. Furthermore, a policy that emphasises participatory strategies should be enhanced especially in designing, management and decision-making of the CDM development projects. The implementation of such a policy can help to reduce challenges and risks inherent in the maintenance and sustainability of development schemes requiring meaningful SCC participation.

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