

THE DETERMINANTS OF SUCCESS IN AGRICULTURAL MARKETING CO-OPERATIVES IN TANZANIA: THE EXPERIENCE FROM MWEKA SUNGU, MRUWIA AND URU NORTH NJARI AGRICULTURAL MARKETING CO-OPERATIVES IN MOSHI DISTRICT

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ABSTRACT

The agricultural and marketing co-operatives societies (AMCOS) are most vibrant co-operatives in Tanzania deal with production, processing, transporting and marketing of various crops. In Tanzania, the dominant varieties of such co-operatives are those dealing cash crop co-operatives like those for coffee, tobacco, cashew nuts and cotton though recently, food crops co-operative started to emerge. Moshi district is among the areas in Tanzania which have a long history of co-operative development and is comprised of AMCOS dealing with coffee production. Given the changes in the natural, economic and business environment in the world, the changes have created both benefits and severe challenges to the coffee co-operatives. The main objective was to assess the determinants of success in agricultural marketing co-operatives in Tanzania. Specifically, the study intended; to describe the activities performed by coffee agricultural marketing co-operatives, to identify and analyse the social factors determining the successful operations of coffee agricultural marketing co-operatives and to identify and analyse the economic and financial factors determining the successful operations of coffee agricultural marketing co-operatives. The design of the study is multiple-case study which three coffee co-operatives of Mweka Sungu, Mruwia and Uru North Njari were used. The study is written based on the field experiences and knowledge of the authors about the three case studies. The study revealed that success of AMCOS may be determined by social factors like; leadership, member participation, communication, equality, members' commitment, education, size of co-operative and skilled leaders and management. Economically, there are factors like; financial stability, adhering to accounting standards, co-operation with other institutions, volume of business and diversification, location and quality of produce. The study has also recommended on pre-conditions to ensure the determinants yield expected achievements.

Keywords: Co-operatives, agricultural marketing co-operatives, determinants, success.

INTRODUCTION

The International Co-operative Alliance (ICA) in 1995 defined a co-operative as an autonomous association of people who have voluntarily joined together to meet their social, economic and cultural needs and aspirations through a jointly owned and democratically controlled enterprise. The definition indicates that co-operatives are; are formed by groups of people with common need or problem, they are organizations of freely joined members who contributed assets and finally, the formed organization operate democratically to achieve desired objectives on equitable norms.. Chambo (2009) presented that, co-operatives is about peoples' organization to capture different opportunities in the economy where they can address their economic needs and aspirations. By the same token therefore, cooperatives can be formed in any sector of the economy of a country such as agriculture, minerals, industries

and service sectors. A co-operative is an independent enterprise promoted, owned and controlled by people to meet their cultural, social and economic needs and aspirations.

In Africa, agricultural co-operatives had been established and promoted as part of promoting agriculture sector. The categories of agricultural co-operatives are based on various activities each perform like; supply of agricultural inputs, joint production and agricultural marketing. The input supply includes the distribution of seeds and fertilizers to farmers. The co-operatives in joint agricultural production assuming that members operate the cooperative on jointly owned agricultural farms. Also there are collective agricultural marketing of producer crops, where members mobilize resources for the transformation, packaging, distribution and marketing of one or more agricultural product.

However in Tanzania the most popular agricultural co-operative mode has historically been the agricultural marketing co-operatives (AMCOS) produce after small farmers have individually completed their farm production operations. But in some cases, agricultural co-operatives have combined both input distribution and crop marketing. The Tanzanian agricultural marketing co-operatives have been the most popular traditional mode of co-operative development that has linked developing countries with the rest of the world, through export commodity trading despite of inequalities raised by terms of trade and price negotiations. The emergence of AMCOS in Tanzania started since colonial era, mostly from 1925 and up to date, like in other developing countries, these co-operatives have been a key strategy for livelihoods. The statistics indicate that more than 80 per cent of the population in African countries depends on agriculture as source of food, income and employment.

The Tanzania traditionally, agricultural marketing co-operatives had the practice of combining agricultural input supply and output marketing. Such a comprehensive outlook of marketing cooperatives was critical in meeting small farmers' production requirements. But at the advent of liberalization policies and competition, agricultural co-operatives were forced to drop out input supply from the service package and productivity in some co-operatives was negatively affected. Agricultural co-operatives in the context of the African economy, they play a major role in socio-economic development including transforming rural areas and national economies. Kilimanjaro region has the oldest co-operatives in Tanzania since mid 1920's. The first union was registered in 1932 known as Kilimanjaro Native Co-operative Union (KNCU), from Kilimanjaro Native Planters Association (KNPA) of 1925. Mweka Sungu, Uru North Njari and Mruwia are the primary co-operatives found in Moshi district in Kilimanjaro region. These co-operatives though exit in same district, they differ in terms of level of development, and therefore it was useful to study the key determinants of success among the agricultural marketing co-operatives.

Objectives

The main objective of this paper was to assess factors determining the success of the agricultural marketing co-operatives in Tanzania. The reference is made using co-operatives in Moshi district. In achieving the main objective, the paper has also the following specific objectives;

- (i) To describe the activities performed by coffee agricultural marketing co-operatives.
- (ii) To identify and analyse the social factors determining the successful operations of coffee agricultural marketing co-operatives

- (iii) To identify and analyse the economic and financial factors determining the successful operations of coffee agricultural marketing co-operatives

Significance of the Study

This paper offers a good guideline/foundation for improving performance of co-operative societies and their management particularly in the AMCOS. Different stakeholders like policy makers, NGO's, government and others may find this paper as a good source of information concerning factors determining success of activities within agricultural marketing cooperatives. The study also provides resourceful information which may be used as a reference to scholars/researchers and organizations wishing to conduct further studies on performance of AMCOS in terms of studying the determinants for success or failure of the co-operative organizations.

MATERIALS AND METHODS

In doing this study, the multi-case study design was applied which involved the three cases of Uru Njari, Mruwia, and Mweka Sungu AMCOS. These cases were selected due to the reasons that these co-operative societies have been visited regularly by the authors for various purposes and they have different levels of achievement, something making them more appropriate for this study for comparison and giving descriptions of issues. The paper is written based on the field experience that the authors obtained from their visits in the three co-operatives between years 2014 to 2015. During their field visit, authors used three major methods to collect data these were such as interview (with leaders), focus group discussion with members and the observation and documentary review. The study approach is qualitative where descriptions of various issues from the selected case studies were done, however in some circumstances, quantitative approach was applied. A total of 42 respondents were involved to provide information and data for this study where 12 were leaders (committees and board members) and 30 were ordinary cooperative members.

RESULTS AND DISCUSSION

This part consists of presentation of results and discussion for issues related to; activities done by AMCOS as well as the social and economic determinants of success.

Activities conducted by Coffee agricultural marketing co-operatives

The agricultural marketing co-operatives (AMCOS) are unique based on the nature of activities they perform. As the association of producers, agricultural marketing co-operatives perform activities (provide services) that reflect the needs of their members. The activities performed by the AMCOS may differ from one place or country to another, but there are activities which are common to all. In the coffee AMCOS visited i.e. Mruwia, Uru North Njari and Mweka Sungu co-operatives, the following activities were found to be performed for the purpose of fulfilling the interests/needs of their members.

- (i) To facilitate the access of farm inputs to their farmers. These co-operatives are helping their members to get inputs like fertilizers, pesticides, equipments and seedlings. In case of fertilizers, equipments and pesticides, the co-operatives are giving interest-free credits to help members buy the inputs and repay after selling

- coffee and in case of coffee seedlings, the co-operatives are giving them freely to members.
- (ii) To find and supervise marketing of members' coffee produced. The studied coffee co-operatives are helping their members to find better coffee markets locally and internationally. Mruwia AMCOS for instance is arranging exports and market its coffee to Japan where it a get permanent buyer. For the other two co-operatives they are also marketing their members' coffee by cooperating with their union (Kilimanjaro Native Co-operative Union, abbreviated as KNCU). In marketing, the main concern is about getting a stable market and good price for the coffee as well as protecting members against middlemen.
 - (iii) To make advance payments to members as they bring their coffee to the co-operative for sale.
 - (iv) To provide the storage for the members produce while waiting for transporting them to the market. In each co-operative there is storage facility to keep safely the members' produce for the whole harvesting season before sending to the sending them to processing firm and market them when a potential buyer with good price is found.
 - (v) To make arrangements for the transport of members coffee from the co-operative storage facility to the market on collective basis and hence reduce the cost of transportation.
 - (vi) Providing education and training to the members. In promoting active membership, productivity and quality of the produce, the coffee AMCOS are giving education to their members on better production techniques and coffee processing and quality assurance, application of equipments and use of various pesticides. Members (and leaders) are given opportunity to learn from other co-operatives though field visits to other co-operatives.

In some cases, the co-operatives are may perform some temporary work such as channeling government-provided farm inputs to the farmers, distribution of food drains to members during time of food shortage, supporting social service provision (like education and health) and repairing of local transport infrastructure (roads) to ease coffee transportation, for example Mruwia AMCOS is doing this task.

Assessment of the Success factors

In this part factors for success are discussed and they were formed based on the responses from co-operative members and leaders. The factors for were found to be both social and economical.

Social determinants of success in co-operative societies

The following social factors were identified to have influence in determining success of the agricultural marketing co-operatives.

Strong/committed leadership

The experience form three co-operatives of Mruwia, Uru North Njari and Mweka Sungu AMCOS indicated that strong leadership of a co-operative play important role in providing the direction and success of the organization. The study found that strong leaders have enabled to initiate, promote and defend the policies through which their co-operatives

operate. For example, in Mruwia AMCOS, respondents indicated that their leaders i.e. chairperson and the Board members are very committed in managing the co-operative like strengthening interpersonal relationship between the leaders and the rest of co-operative members and motivate these members to act towards achieving the goals of the co-operative society. Also leadership was found to help mediating members' conflicts and ensured consensus and follow up of decisions made as well as adhering to interests of members and maintaining good relations with outsider like buyers and suppliers. The leaders also have been coordinating training and learning from other co-operatives to equip members with various skills and knowledge.

This relates to Wanyama *et al*, (2009) who pointed that in Africa, a committed leadership and a clear vision of finding solutions to members' problems are important for co-operative success. The leadership capacity in a rural cooperative is directly related to the level of literacy among its members as leaders usually are elected from the member base. In developing countries where the education level is low this can be a major constraint for cooperative development (Chriwa *et al*, 2005). This was shown by African cooperatives' failure in the past where corrupt, illiterate and opportunistic leaders drove the cooperatives into financial mismanagement and nepotism (Wanyama *et al.*, 2009). Also Carr *et al*, (2003) added that co-operatives' success is due to leaders who are willing to change and improve while keeping the interests of the whole cooperative foremost and in giving services efficiently and effectively.

Members' participation

It was found membership participation is essential in the realization their co-operatives' long-term business success and meeting their social goals. Participation was found to be in collective decision making where decisions are done through votes of majority of members; however the interests of few/minority are not rejected. The forms of participation of the members in the three co-operatives was found to be in; attending meeting, serving in committees, involving in recruiting other members and in elect leaders like Board and committee members and Union representatives. Members' participation create a sense of ownership, stimulate transparency and control of the co-operative hence assure their commitment and development of the co-operative. Similarly, Flygare, (2007) argued that, member participation is an important factor for cooperative development that the literature mentions. Hatti and Rundquist (1994) argued that that success of an organisation requires the involvement of the local population since high level of participation puts pressure on leaders and staff to properly perform their tasks. Also Wanyama *et al*, (2009), described that failure in African cooperatives in the past was due to mistrust and alienation among members.

Communication

This study identified that effective communication is another success factor. During the interview with leaders and discussion with members in three co-operatives, it was found that good communication system established helped their success and sustainability. Effective communication helps flow of information and feedback within co-operative organizations. Members were found to be informed of what is going on in their co-operative like availability of inputs, prices of crops, changes in policy, regulation and laws relating to co-operative as well as calls for meetings, receiving operational and financial reports and other vital information. The main methods to pass information were found to be; general meetings, personal letters, notes board, text messages, annual reports, phone call and using committees

to inform members. Well informed membership has attracted participation, ensured transparency and accountability. Furthermore, the Board members and management staffs are always required to provide be timely and appropriate information to the members. Zeuli and Cropp, (2004) indicated that effective communication enables active members' participation and members become aware of what is going on in their co-operative society and feel to be part of the organization. Also in co-operatives, (Banaszak and Beckmann, 2006) the leaders must ensure information is disseminated to the members and get feedback from them as it helps in leaders' accountability and creation of strong co-operatives.

Gender equality and fairness

Advocating for gender equality is among key socio-cultural efforts being done by the co-operatives. However in reality addressing gender inequality has been a great challenge in co-operative. In this study, it was found that gender inequality and unfairness exist as the co-operative societies are mainly dominated by men. For examples in Mruwia, Mweka Sungu and Uru North Njari AMCOS, women membership is low. In Mruwia AMCOS for example, out of all 707 members, women are only 202 (see figure 1 below). The men membership control the co-operatives in various spheres such as supervising collection, transport and marketing of coffee, domination in decision making processes (e.g. in meetings) and in leadership positions in committees and Board. Also even based on number of members, still many members are men. In production men are the owners of coffee farms and control output. Inequality in decision making may lead to conflict or dissatisfaction by women members and failure to reach consensus on potential issues for their co-operatives. Member added that their co-operatives could have been highly developed if women (and youths) could be given access to land and in leadership or decision making. ILO, (2012) showed that co-operatives, with their values of equality, equity, and solidarity are ideally placed to promote women's rights and social and economic empowerment while at the same time helping women to improve their businesses and incomes. These values mean cooperatives can do this without confrontation and in a win-win way that can bring progress for both, women and men.

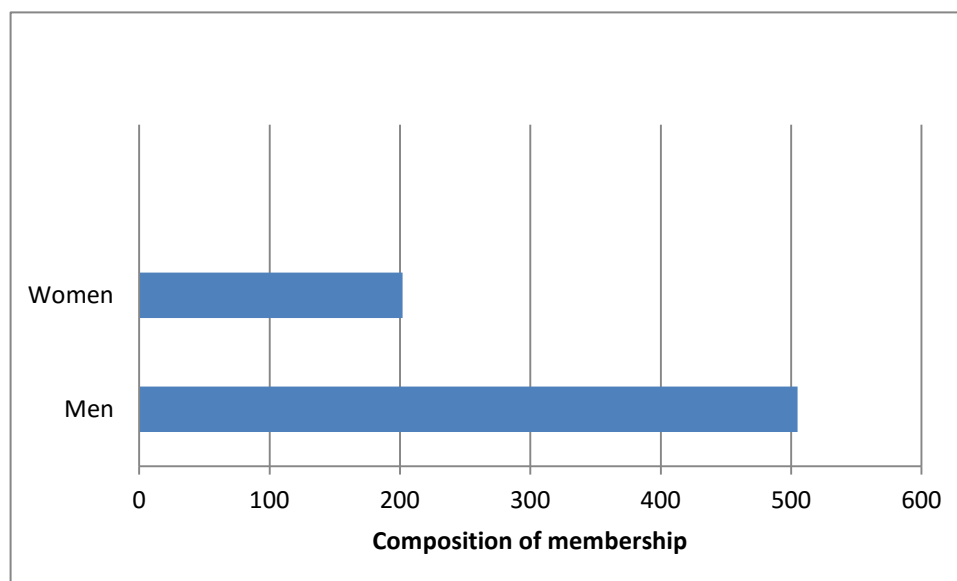


Figure 1: Composition of membership in Mruwia AMCOS

Members' commitment to their co-operative

Member commitment is needed as members are patrons of co-operative organization. In this case members' decision to increase or decrease the business volume (or even withdrawal from the co-operative has greater implications in the survival of the co-operative. Members' commitment was found to be influenced by; benefits received by members, participation in the governance of the co-operative and leader' capacity to meet members' needs and implement their decisions. Members' commitment was also seen through selling the coffee through their co-operatives. The study revealed that members' commitment found to vary among three co-operatives, but similarities were found in issues like; co-operation with leaders, paying shares, volumes of crop sold through their co-operatives, attendance in meeting and engage effectively in discussions as well as quality control from planting to harvest periods. Garnevska *et al*, (2011) when studying success factors for co-operative in North West China indicated that, the success of a cooperative is determined by the members' knowledge of their organization; their education level; technical skills; participation; commitment; and the relationship between members and managers.

Co-operative education among the Members

Co-operative education among the co-operative members is necessary for the sustainability and success of the co-operative societies. In this study, the leaders from Mweka Sungu and Uru North Njari AMCOS revealed that their co-operative members do not have enough co-operative education especially concerning understanding their rights and responsibilities as members, and understanding of the laws and policies governing co-operative societies. This is sometime having impact to their commitment to their co-operative, loyalty, limiting their participation and failure to hold fellow members and/or leaders accountable for their misconduct such as selling crops to private buyers, fraud, and other misuse of co-operative resources. Even if they set 5% to 10% of their budgets, still such initiatives for members' education are poorly implemented due to low finance and failure to have clear plan on the areas that need training. The situation at Mruwia AMCOS is a bit different as the co-operative has developed some initiative to provide co-operative education to it members. This is contributed much by the presence of strong and committed leadership. This co-operative was found to be allocating 10% of their budget (Tshs 3,446,000/=) is set for providing trainings to 52 members (among them includes 6 Board members and 6 workers). In same context, Zeuli and Cropp, (2004) argued that the co-operative members need to have greater understanding of the co-operative principles and values enable them to know how to hold such principle sand values to adhere to the true nature on how co-operatives should really operate. This goes together with members' understanding of their rights and responsibilities in their co-operatives and therefore education and training are needed.

The size and type of the membership

The findings from Mruwia, Mweka Sungu and Uru North Njari AMCOS have revealed the importance of increased membership in the ensuring success of the co-operative societies. The increase in membership over different periods have enabled these co-operatives to have a stable base of members engaging in coffee production hence the co-operatives are able to sell large quantities of products and be able to influence the market. Increased membership also widens co-operatives' internal capital as members pay entry fees, buy shares, farm inputs, and use services offered. Also give the assurance for the co-operative to be able to borrow funds from outside sources in case of deficit and in paying the debts. During the selling of the

coffee, co-operative were found to benefit from the levies collected from members' sold coffee. Large number of members is also a source of innovation and new ideas for the betterment of the co-operatives and the members in general. The study by Mellor, (2009) indicated that active participation of women and men contributes to gender balance and desirable social and economic outcomes and is important to the health of the cooperative. Garnevskia *et al*, (2011) indicated that the in-creased size of co-operative will support the growth as it lead to high production and increased market power, which will lead to increasing the members' income.

Skills and education levels of the management, committee and staff of the co-operatives

The respondents interviewed in this study indicated that managerial skills among the hired staffs (Manager, secretary, accountant, etc) and the Board members are potential for success of their co-operatives. These managerial skills enable their co-operatives in the organizing, allocating resources, communication, motivation, planning and in leading changes and other strategic issues. For instance, the respondents from Mruwia AMCOS provided that managerial skills and experience of their chairperson and Board members have enabled their society to operate some years without having external debts, maximized their coffee productivity and being able to sell their coffee in foreign markets without depending on the union. In Mweka Sungu and Uru North Njari AMCOS, the managerial challenges found were; late payment of members' money and how to increase productivity and access to better markets. They identified that there is a need to look for a brighter future through finding better coffee markets, minimize their overdependence to the Union (KNCU) and form joint ventures with other nearby primary co-operatives. However these two co-operative are facing the challenge of having better managerial skills among their staffs and Board members due to inadequate financing for education and training and un-readiness of members to attend such education and training programmes.

The study by Keeling (2004) of California Rice Growers Association showed that cooperatives are in need of highly skilled management with the capacity to make informed business decisions just like a private enterprise. The management needs three skills: technical skills (skills for doing professional works), conceptual skills (understanding the organization's internal operation and outside environment) and interpersonal skills (for handling relationships/interaction among people within the organization). Literature revealed that management of cooperatives is a crucial factor to success or failure (Suksawang 1990; Fulton 2004). Carr *et al*, (2003), indicate that having experienced managers with long term perspective. The management needs to supervise owner investments and administer proper pricing to the members.

Economic and financial determinants of success

The successful operations and sustainability of the agricultural marketing co-operative societies were also found to be determined by various financial and economic factors. These factors included the following;

Financial stability

In the three studied co-operatives, financial stability was found to be a key to success. The Mruwia AMCOS and Mweka Sungu were found to be successful due to having financial stability as they have strong capital base and diversified sources of income to finance their

activities. Mweka Sungu AMCOS was found to have the capacity to finance its activities from various sources of income including: levies collected from sales of members' coffee, revenues from the lorry and minibus and lease fee from settlers using farms' of the co-operative as well as capital from shares contributed by members. Also it is building a hostel to rent to students in the nearby institutions as a way to increase income. Mruwia AMCOS also found to have financial stability acquired from levies collected in the large quantities of coffee from members and rent fee from buildings rented to small business owners in the area. However Uru North Njari AMCOS was found to face financial problems as it depends highly on revenues from coffee sales hence fail to implement some its activities/plans. The owned assets by three co-operatives have also enabled them to get bank loans. Similarly, Carr *et al*, (2003) indicated that co-operatives should have financial stability in order to succeed. Careful financial and working capital management plays a huge role in the success of the cooperatives. Co-operatives need adequate capital to function efficiently and to grow. They need reserves for daily operations, depreciation and unpredictable contingencies as well as for investment.

Follow sound accounting practices, and present financial reports regularly

Among the good work done by these three co-operatives is their punctuality to keep properly their financial reports following required standards. The three co-operatives of Mruwia, Mweka Sungu and Uru North Njari AMCOS are recruiting the external auditors to audit their financial reports annually. However the interval of auditing differs due to financial constraints and limited numbers of auditors. Proper financial reporting and record keeping have enabled these co-operatives to manage their funds properly, detect losses, forecast future budget etc. Also this has enabled them in borrowing from the financial institutions like Kilimanjaro Co-operative Bank Limited (KCBL) and others since banks use financial reports before giving loans to co-operatives. As Binion, (1998) argued, "financial reports are used to evaluate past operations and are the basis for management and operating decisions on future projects. The boards of directors use the reports for feedback on the financial status of the cooperative, to evaluate progress and to make informed decisions about future operations. Managers need accurate and timely information to run the day-to-day operations".

Cooperation with other cooperative societies and supporting Institutions

The Sixth Principle of co-operative is known as Cooperation among Co-operatives "*All cooperative organizations, in order to best serve the interests of their members and their communities, should actively cooperate in every practical way with other cooperatives at local, national and international levels*" i.e. vertical and horizontal integration. This is a success factor. Co-operation was found to exist in studied co-operatives. It was found that Mruwia AMCOS is working with other co-operatives operating under Kilimanjaro New Co-operative Initiative (KNCI) joint venture for collective exports of coffee. Also Mruwia buy coffee from other AMCOS like Uru Shimbwe so as to get more export volume. Also Uru North Njari AMCOS has formed a joint venture other co-operatives of Msumi and Ongoma AMCOS for collecting coffee and sell it jointly. Furthermore the three co-operatives are working very close with the Tanzania Coffee Research Institute (TaCRI) which provides them (and members) with modern farming techniques, improved coffee seedlings and other technical advices.

Increase of business volume and Diversification

The impact of business volume and diversification in success of the co-operative has been noted at Mruwia, Uru North Njari and Mweka Sungu AMCOS. The leaders help members to get information and training on better farming techniques, quality control and facilitating supply of affordable farm inputs so as to increase productivity by the o-operatives hence high volume of output, higher income to members and levies for the co-operative society. The Mruwia AMCOS has experienced the increase in coffee sale as it receives large quantity of coffee from members and neighbouring co-operative. The increase in quantity of coffee is due to practicing modern farming techniques like organic farming that avoids using agricultural chemicals. In the past four seasons, the production levels were; 49,302 kgs in 2010/2011, 30,421 kgs in 2011/2012, 46,814 kg in 2012/2013 and in 2013/2014 output was 53,296 kgs as seen in figure2 below.

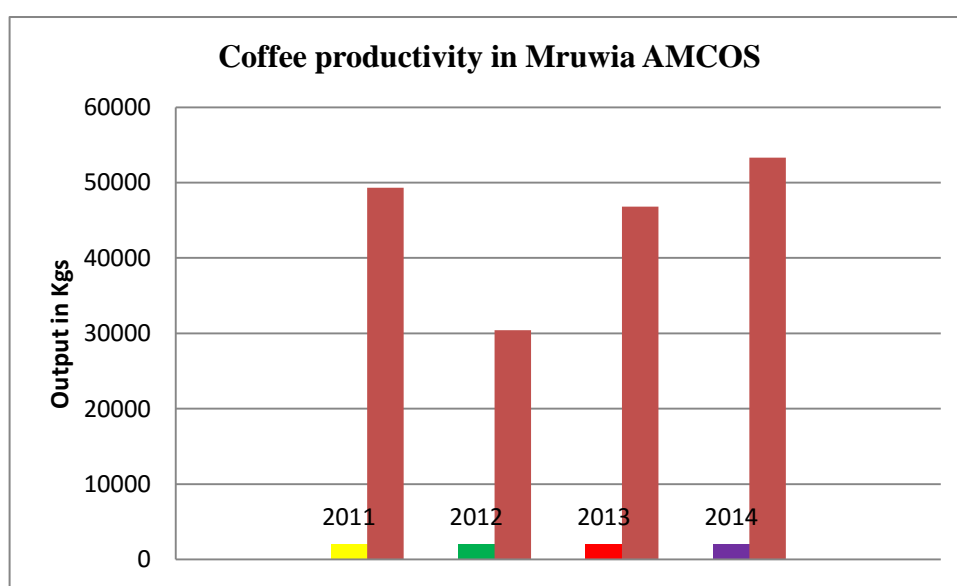


Figure 2: Coffee productivity in Mruwia AMCOS

Diversification of the economic activities also enabled the co-operatives to get more funds from different sources. It was found that the Mruwia AMCOS has built and rented the building for small businesses as well as formed a SACCOS. Mweka Sungu AMCOS was also found to have diversified from collecting and selling coffee into building of a hostel for rent formed a SACCOS and owns a minibus and a lorry. The work by Brunyis *et al*, (2001) indicated that “adequate business volume and adequate marketing agreements were critical success factors for cooperatives”. The co-operative business helps in attaining volume of business and also enjoys economies of scale since decline of operational and handling cost decrease with the increase in (coffee) output.

Choice of Location

Based on the details provided by the co-operative leaders and members from three AMCOS revealed that selecting properly the location of the co-operative (offices) is necessary for the sustainability, accessibility and success of the co-operative. The location of the three societies have been well selected to the extent enable their members to reach them easily when they sell their crop, go to buy farm inputs and attending various meeting and access various services like farm credits, transport and services that may arise. Also it was found all co-

operatives are located very close to the main road hence simplify transporting crops to the processing firm and bringing farm inputs. The locations were found also to have enough space to allow future expansion of offices or business. This is relating to Bruynis *et al*, (2001) who argued that “the proximity factor matters as it allows for the co-operative members to easily get services from the co-operative”.

High quality product offered the co-operative society

The findings from three co-operatives revealed that quality and output level have greater impacts for the success of the co-operatives. High productivity enables the co-operatives to sale large quantities of coffee hence gets more revenue and minimize operational cost during processing, transporting and marketing activities. These co-operative are now emphasizing on organic coffee farming (the one not using industrial agrochemical and have improved seedlings). This kind of farming enable the co-operative to produce coffee that have low chemical content hence it is well demanded (in local and foreign markets) compared to inorganic coffee. However, by comparing the three societies, Mruwia was found to have made a great step in organic coffee farming. The co-operative has even been able to improve quality of its coffee as it has moved to grade A (and plans to reach final grade of coffee quality i.e. grade AA). This achievement of quality and its increase in output, have enable Mruwia AMCOS to get stable markets and better prices for its coffee foreign markets., particularly to Zensho Group (from Japan) who is major buyer its coffee. The work of Chirwa *et al*, (2005) showed that the ability to select the type of product (and the quality level required) is another important managerial skill required. The type of product that a co-operative is dealing will affects its success, positively or negatively. Similarly, Meskela and Teshome, (2014) identified that one of key factors to consider by exporting co-operatives is focusing on establishing and improving the quality of coffee varieties while sourcing the beans from numerous small growers.

Capacity to manage various risks

The capacity to manage various risks gives a co-operative with assured environment to proceed with its operations smoothly. In the three studied co-operatives it was revealed that there are mechanisms to manage various risks. The most dominant risks facing these coffee co-operatives are drought and little rainfall, coffee diseases and price fluctuations in the world coffee markets. These factors have to some extent affected the coffee output from members' farms for years and fewer efforts are done to overcome such risks. However by the time this study was done, Mruwia AMCOS was found to have achieved overcoming price challenge as it joined KNCI joint venture that enable it and other co-operatives in the group to access various foreign markets with better coffee prices. However mitigating risks through diversifying product line found not exercise by these co-operatives. The study also found that Uru North Njari was planning to enter joint venture with other nearby co-operative so as to market (export) coffee together in the foreign markets. The three co-operative were found to manage risk also by ensure proper storage of coffee in store halls, proving security to collected coffee and inspecting collected coffee to assess dryness and quality before storing. This relates to the study by Nkhoma (2011) who argued that agricultural production is prone to several risks such as price volatility and natural disasters. Natural disasters include drought, flood and outbreak of pests and diseases. Strategies to mitigate risks associated with production and marketing of agricultural produce will prevent co-operatives from sinking or losing a year's margin. Zeuli (1999); Nkhoma, 2011) indicated that agricultural co-operatives may mitigate price and through-put risks through striving for larger, more diverse and

geographically dispersed membership, by diversifying their product line or form joint ventures and strategic alliances.

Storage facilities for farm inputs and outputs

The study further found that availability of the storage facilities specifically warehouse is very important for the storage of members collected coffee. In the three co-operatives visited, the respondents provided that the presence of the warehouses enable them to collect and store large quantities of coffee throughout the harvest seasons. Also the presence of enough spaces in the warehouses enable these co-operative to do clear sorting of coffee collected from members hence they are able to control quality of coffee like ensuring it is well dried, absence of dust, stone particles and other impurities before sending it to the curing machines for processing. Also the warehouses enables thee three co-operatives to have a place to store large amount of subsidized farm input (like fertilizer, pesticides, storage facilities etc) and storing coffee seedlings for selling to the co-operative members. Storage is integral to maintaining your coffee's freshness and flavor. It is important to keep it away from excessive air, moisture, heat, and light in order to preserve its fresh-roast flavor as long as possible. The study by Okello *et al.*, (2013) in Uganda found that the current losses faced after bumper harvests, either to ridiculously low prices offered by middlemen, theft, manipulative sales by family members for non-productive luxury consumption, pests and destruction due to inappropriate storage facilities.

CONCLUSION AND RECOMMENDATIONS

This part is giving a conclusion of the study based on the discussion made as well as proving the recommendations.

CONCLUSION

The agricultural marketing co-operatives for coffee (and other crops) are formed and developed with the objective of fulfilling members needs which include collecting marketing and access to better prices, reducing production and marketing costs, increasing bargaining power and being able to overcome competition from other large producers and removing the influence of the middlemen. To achieve these objectives, the above discussed determinants of success need to be taken into practice by agricultural co-operatives (and some by other typology of co-operatives).

However in any initiatives , internal or external for strengthen or incorporating these determinants for success to agricultural co-operatives, it is vital to understand that the members are central in the co-operative and the success of the co-operatives depends much on members in cooperation with their leadership. Through well empowered, involved and commitment membership in all aspects, the success of the co-operative enterprise will be at no doubt.

RECOMMENDATIONS

For the agricultural marketing co-operatives to put into practice the above determinants for success there are some pre-conditions to be set in advance. These include the following;

To develop internal leadership and managerial capacity

It is productive if all members will be given leadership so as to take active part in leadership and those outside the leadership can ensure accountability and responsibility of those in power by complying with members interests and perform their obligations properly. The strong leadership is needed so as promote members' participation, influence commitment as well as regular and open communication also has to be gender sensitive. Trained leadership, especially the Board members can be able to ensure adherence to better accounting practices and regular reports to members. The management personnel need to be equipped with enough managerial skills and knowledge to be able to carry out their daily duties effective and efficiently to fulfill members' interests.

Developing internal financial capacity

A lot of determinants for success in co-operatives depend much on the financial capacity of the cooperatives for instance provision of education and training building storage facilities, accessing better markets, effective communication system, financial reporting and regular auditing, sustainable access to inputs and quality assurance. Therefore, it is vital for each co-operative to have strong internal capacity to raise funds. This can be through encouraging fulfillment of members' financial obligations of paying entry fees and buying shares. Also members have to contribute to the capital for initiating new entrepreneurial business activities or expand existing activities to generate more surpluses.

Supporting members' agricultural activities

The success of the co-operatives among other factors depends much on the capacity of their members. It is therefore useful for the co-operatives to support members' activities so as to sustain the co-operative operations and purpose. This can be done through extending credits to members, regular inspection of their farms and given technical assistance to boost productivity and advice on better quality assurance practices at individual levels. Stable supply of arm input s is also vital in stimulating commitment and productivity from members.

Sustainable internal capacity to manage risks

The risks if not well managed or their outcomes being so severe to members can lead to members' retreat from commitment to production, patronizing or even withdrawal. There is a need to take serious initiatives to manage risks. This can be through building better crop storage facilities with enough space, have compensation (insurance) fund for members in case low harvest due to low prices or natural factors as well as ensured safety of the produce in the warehouse/store.

THE WAY FORWARD

This study has given the focus on the determinants for success in the agricultural marketing co-operatives (AMCOS) particularly those dealing with coffee crop. The study has limited itself in Moshi district so it may be somehow not easy to generalize these finding to other coffee co-operatives in Africa and worldwide. Therefore there is need to conduct other similar studies to other agricultural marketing co-operatives in other countries as well as doing the study to other non-coffee co-operatives in Tanzania elsewhere. The non-

cooperative agricultural groups like rural producer associations may also be taken on board for the further studies.

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