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## MEMBERS' VIEWS ON OWNERSHIP AND DEMOCRATIC SUSTAINABILITY IN PRIMARY AGRICULTURAL MARKETING CO-OPERATIVES IN TANZANIA; EVIDENCE FROM BUKOBA AND MOSHI DISTRICTS

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### ABSTRACT

Globally, the sustainability of democracy in co-operatives plays a key social function in the co-operative organization to promote economic and social relations among members. The objective of the study was to determine members' views on factors influencing AMCOS sustainability. A cross-sectional design was used whereby 400 members were selected from ten primary AMCOS in Bukoba and Moshi districts. The study used primary data which was collected through household survey, interviews, focus group discussion and key informant interviews. Documentary material were utilized to collect secondary data. The study revealed that membership has decreased over the previous ten years (prior to 2015). On the other hand, the democratic governance was assessed and the extent of prevalence of good governance and democratic practice was found to be low (With a mean score of 4.09 that had 18.56 percentage score). The study concluded that primary AMCOS need a continuity of democratic practices by engaging in multiple crops (as opposed to coffee only which is seasonal) to bring sustainable democracy which will not be seasonal. It is recommended that, the sustainability of democratic governance of the primary AMCOS will be achieved if members fully participate in creating solutions to common challenge.

**Key words;** Democratic Sustainability, Primary Agricultural Marketing Co-operatives

**Paper type:** Research paper

**Type of Review:** Peer Review

### 1. BACKGROUND INFORMATION

A co-operative as a member owned firm initiated and controlled by members is differentiated from other firms based on different models. Since the emergence of modern cooperatives in the 1840's, the co-operatives were used as an engine to unite the marginalised from oppression in the industrial capitalist economy (Trewin, 2004). The modern co-operatives operate along the theoretical guide as according to the Rochdale Pioneers of 1844 and as propounded by Robert Owen (1771-1859) (Ortmann, *et al.*, 2006). Rochdelian principles were evolved to attain institutional sustainability and modifications up to 1995 where International Cooperative Alliance (ICA) convention came up with seven co-operative principles (ICA, 1995). Hence, these principles, values and ethics were used by different co-operative organisational models in different countries. The traditional co-operatives

continue to use ICA principles without taking into account the changing demand in business operations and management. In agricultural marketing co-operatives emerged different attributes from both traditional co-operatives and new generation co-operatives. In these members owned firms, the ownership right were reserved to members who controlled the co-operative using democratic process (Kaleshu, 2012; Cornforth, 2004; Chaddad & Cook, 2003). Co-operative Sustainability had been viewed as one of the global strategies towards empowering co-operatives of different models to curb the increasing competitions from other firms doing similar business. The sustainability of a co-operative can be viewed in all forms of cooperation and co-operative models that was described by Groves (1985). A co-operative is viewed as an association of a number of persons for their common benefits, through collective action in pursuit of common well being. Cooperation implies doing things together that we can't accomplish very well alone. Cooperation also implies that nothing is really impossible if we put our minds in doing things and pool our efforts and resources (Wanyama, 2009). In all these types of association co-operative model were found to work effectively since its principles, values and ethics that are common in different nations despite of difference in interpretations and adoption strategies to respond to the diverse needs and aspirations across cultural differences.

The sustainability of co-operatives especially the agricultural marketing co-operatives were governed by the key concept of people's democracy, equality and self help among members, they are argued to abide with international democratic practice. According to UN (2005) reports, in 2004, the UN General Assembly adopted a resolution that lays out seven 'essential elements' of democracy, including; separation and balance of power, independence of the judiciary, a pluralistic system of political parties and organizations, respect for the rule of law, accountability and transparency, free, independent and pluralistic. With these, co-operatives should abide with those democratic practices that are based on institutional demand such as: separation and balance of power between board management and members of the primary AMCOS, respect for the rule of law, accountability and transparency, free independent organization, the right to vote and to stand in elections. However, sustainability has been described by different scholars on different development perspectives. Harris (2003) presented sustainability on environment and development in 1987 as a new paradigm. The presentation was in the World Commission on Environment and Development. This was a thought to address the problem of conflicts between environment and development goals by formulating a definition of sustainable development; thus, defined sustainable development as development which meets the needs of the present without compromising the ability of future generations to meet their own needs; where in primary agricultural marketing co-operatives, this would be to meet present and future members aspirations.. According to economic development, sustainability was defined in terms of the maximization of welfare over time (Hendrikse, 2004; Anand & Sen, 1996).

Primary agricultural marketing co-operative democratic sustainability is based on addressing the future wellbeing of members by using democratic systems of decision making and ensuring member owned institutions is in place (Wanyama, *et al.* 2009). In the principle of sustainable development, an aspect of intergenerational equity, had become a cornerstone that is defined as the development that meet the needs of the present generation without compromising the ability of future generation to meets their needs (Fahlbeck, 2007; Cornforth, 2004; Jacobson, 1992). Birchall and Simmons (2010) describe that sustainability is when institutions faced intergenerational balance by externalities, in that context; the primary agricultural marketing co-operative should try to achieve economic growth in such a way as not to affect future generations adversely. In addressing primary agricultural marketing co-operative democratic sustainability systems, the co-operative governance should meet members aspirations using democratic process; which are member owned to meet the present and future member's needs. In assessing democratic sustainability variables used include: participative decision making process, meeting attendance and participative, presence of structure relations, transparency, member owned policy and by-laws, member based control mechanism, projecting future markets, participative leadership, periodic election for leaders, accountability to members. Thus co-operative are obliged to ensure members obtain these democratic aspects on its effort to meet member objectives attainment.

In Tanzania, primary AMCOS are farmer associations organised to meets members needs in the agricultural sector. These members' owned firms were promoted in the rural areas (but not always). However the current scenario had emergence of agricultural co-operatives in the urban centres (Develtere, 2008). All these members'

organisations organised voluntarily to meet member's needs and aspirations in agricultural sector were referred to as Agricultural Marketing Co-operative Societies (AMCOS) (Muenkner & Shah, 1993; Wanyama, 2008; Pollet, 2008). AMCOS form the foundation of the co-operative structure engaged in promotion, production and collection of cash and food crops. Members govern a co-operative by annual general meetings; the members provide the control rights to the boards (Birchall and Simmons, 2010). The governance in agriculture marketing co-operative is by the members using board who are delegated with the control authority, but ownership remained to members (Sacchett & Tortia, 2013). The board had the duty to manage the daily work of a co-operative and supervise management staff who is employed by them. For the purpose of this study, the study adopted the definition provided by the Tanzania Co-operative Society Act (2013) that defines co-operative society as a society registered under this Act and includes a primary society, a secondary society, apex and federation. With those facts, AMCOS means a co-operative society in agricultural sector dealing with collecting and selling member produce using co-operative models at primary level.

In Tanzania the co-operatives and ownership of primary agricultural marketing co-operatives are reflected in the formation of co-operative societies, during the annual general meeting and during selling of agricultural produce (Qiao *et al.*, 2012; Wanyama, 2009). This is the most part where members' views become apparent regardless of its impact drawn from their suggested opinion to effect decision making of their leaders. In such conditions it will be difficult for primary co-operatives to attain democratic sustainability. Rwekaza (2012), Chambo (2007) and Anderson and Henahan (2005) describe the aspect of member ownership in a primary AMCOS as a situation whereby members continue to be affected by decision making processes whereby members have little control over marketing their produce, and members have remained members by service whose right is only on residual price of their produce sold; with that we need to enumerate member driven strategies that can mainstream owners to have control and ownership rights of different co-operative functions in co-operative business.

Primary Agricultural Marketing Co-operative Societies (AMCOS) in Tanzania have played major role to ensure democratic sustainability of their members and to extend democratic practice in the country communities. Members in the AMCOS are the principal owners, where principally the ownership is governed by a democratic process of managing their co-operative. ICA (1995) provides co-operative principles, and among those principles the second one perpetuates co-operative democratic member control that entails democratic process of members in exercising their ownership and management of co-operative is vested in the members who are the owners; however the question of delegating co-operative management to the Board and managers as members' agents, and more government control over the primary AMCOS resulted into low member ownership that on the other hand impinge sustainability of democratic rights of members. Tanzania Co-operative policy 2002, Tanzania Co-operative Society Act 2013 provides that co-operatives operate within legal framework and policies that provide how best the AMCOS should be governed; however, the democratic practice on how member views in owning their co-operative had not been in place as expected.

Various efforts have been made to ensure AMCOS embark on member ownership and democratic sustainability; efforts such as implementation of Co-operative Reforms and Modernization Programme (CRMP) (2005 to 2010) with effort such as "to initiate a comprehensive transformation of co-operatives to become organizations which are member owned and controlled competitively, viably, sustainably, and with capability of fulfilling member economic and social need". Also Member Empowerment Management of Co-operatives (MEMCOP-2000-2005) and establishment of Tanzania Co-operative Development Commission (TCDC) aimed at increasing viable co-operative institution which are member owned and democratically sustainable. Basing on these efforts, the question of hesitation comes as to why there is low democratic practice on members in exercising their ownership right while co-operative is governed by democratic practices. The main objective of the study was to determine members' views on factors for AMCOS sustainability. Specifically the study assessed members' views on the process and registration, evaluated members' views on the democratic governance and AMCOS sustainability and assessed members' suggestions for primary AMCOS to embark on democratic governance. In view of the absence of empirical knowledge of low democratic sustainability and member ownership, the study assesses members' views on factors that limits the sustainability of democracy in the primary AMCOS in agricultural marketing co-operatives

## 2. METHODOLOGY

The study was conducted in Bukoba and Moshi Districts, the areas with a long history, way back in the 1920s on cooperation and co-operative establishment in Tanzania (Rwekaza, 2012; Kihemba *et al.*, 1977). Also, the consideration of the nature of the crop that is coffee in both districts provides a comparative study from the same cash crop marketed by co-operatives in different geographical environments. In Kagera and Kilimanjaro regions, the study was done in two districts; Bukoba and Moshi District in Kagera and Kilimanjaro Regions respectively; this provides a comparative analysis. In both Districts, AMCOS were found to operate their businesses under the umbrella of unions and networks. In Bukoba Districts the primary AMCOS were operating under Kagera Co-operative Union (KCU), while in Moshi District they were operating under Kilimanjaro Native Co-operative Union (KNCU). However, in Moshi District, some primary AMCOS were operating under a network known as G-32. The number of primary AMCOS dealing with coffee in those districts was 50 in Bukoba District and 39 in Moshi District. The study areas were chosen considering equal distribution of the studied primary AMCOS, this was done to bring inclusiveness and reduce biases to increase data validity and reliability. In Bukoba District, the studied AMCOS were; Kagege Primary Co-operative Society, Mweyanjale Primary Co-operative Society, Buma Primary Co-operative Society, Kobunshwi Primary Co-operative Society and Izimbya Primary Co-operative Society. In Moshi District, the studied primary AMCOS were Kilema North Rural Co-operative Society, Kiruwa Vunjo Rural Co-operative Society, Mwika North East Co-operative Society, Kibosho Central Rural Co-operative Society and Mawela Co-operative Society. Data collection were collected by using questionnaire, focus group discussion was conducted in the study areas.

A cross-sectional design was used where member democratic sustainability concepts in the primary AMCOS of the studied areas was studied. This was adopted as it suits to the study; also as it reduces repetition of the findings since it was done at one point in time. The use of cross-tabulation across districts and across primary AMCOS under cross-section design increases data validity and reliability for better results. The unit of analysis in this study were the members dealing with coffee at primary AMCOS in Bukoba and Moshi Districts. Members were chosen as a unit of analysis as they are the owners. The sample size was selected following the formula developed by Cochran (1977) for large populations (ten thousand and above):

$$n_0 = \frac{Z^2 pq}{e^2} \dots\dots\dots(1)$$

In which case,  $n_0$  is the sample size;  $Z^2$  is standard normal deviation, set at 1.96 or 2.0 which is equal to the desired confidence level of 95%;  $p$  is the estimated proportion of an attribute that is present in the population (if not known 50% is used); and  $q$  is  $1-p$ . The value for  $Z$  is found in statistical tables and represents the area under the normal curve; and  $e$  is the desired level of precision which is set at 0.05. The sample for this study was arrived at as shown:

$$n = \frac{2^2(0.5 \times 0.50)}{(0.05)^2} = \frac{4 \times 0.25}{0.0025} = \frac{1}{0.0025} = 400$$

Therefore, 400 members were selected from ten primary AMCOS (five AMCOS in each district of Bukoba and Moshi).

Data were analysed qualitatively and quantitatively; the analysis was based on objectives whereby different models were chosen depending on the variable measurement. Qualitative analysis used content analysis whereby data recorded in field notes and voice recorders were transcribed and thereafter post coding was conducted through categorising opinions, comments and ideas from participants into themes basing on research objectives as recommended by Yin (2014) and Sekaran and Bougie (2010). Quantitative data analysis was done using descriptive analysis whereby frequencies, mean, minimum and maximum values of individual variables were computed. Also, Multiple Response Analysis (MRA) was done to compare descriptively variable relations across primary AMCOS and districts. Chi-square analysis was done to determine associations between some variables recorded at the nominal and ordinal levels, including associations between districts where AMCOS were based and changes in AMCOS membership over the previous 10 years. Also, t-test was used in comparing points scored on members' feelings on primary AMCOS ownership and on indicators of democratic participation of primary AMCOS. Chi-

square analysis was done to determine associations between some variables recorded at the categorical (nominal and ordinal) levels, for example between strategies to increase internal funding sources and AMCOS capitalisation. T-tests were used to compare the two districts during the survey and 10 years later on points scored on levels of democratic sustainability in Moshi and Bukoba Districts.

### 3. FINDINGS AND DISCUSSIONS

#### 3.1 An overview of AMCOS Sustainability

AMCOS, as an agricultural co-operative, aimed at solving social and economic problems of its members. These needs and aspirations are supposed to sustain members' requirements for today and be available in future. Different views were assessed: members' registration status, democratic governance and AMCOS sustainability, members' suggestions on availability of democratic governance and the challenges facing AMCOS and way forward.

#### 3.2 Registration status of members

In co-operatives, members are free to join and exit; such membership right is stated in the Co-operative Society Act 2013, Section 41 (1, 2 and 3). Also, ICA (1995), in the first co-operative principle, recommends co-operatives to be governed using democratic processes of member control, whereby in the exercise of democracy, the freedom to join and exit is advocated. Members' views were assessed with respect to increase or decrease status over the period of ten years from when the data were collected as shown in Table 1 and registration status of primary AMCOS the findings are as presented in Table 2.

**Table 1 Members views on membership change over the ten years (2005 to 2015) (n = 400)**

District	Response on membership change status					
	No change		Increased		Decreased	
	Frequency	%	Frequency	%	Frequency	%
Bukoba	19	9.5	0	0.0	181	90.5
Moshi	28	14.0	4	2.0	168	84.0
<b>All</b>	<b>47</b>	<b>11.8</b>	<b>4</b>	<b>1.0</b>	<b>349</b>	<b>87.2</b>

**Table 2: The registration status of primary AMCOS studied**

District	Name of primary AMCOS	Year of register	Registered members	Active members	%	Active female	%	Active male	%
Bukoba	Kagege	1992	469	300	63.00	58	19.33	242	80.66
	Mweyanjale	1992	444	300	67.56	51	17.00	249	83.00
	Buma	1990	377	200	53.05	50	25.00	150	75.00
	Kobushwi	1990	253	120	47.43	18	15.00	102	85.00
	Izimbya	1990	432	316	73.14	52	14.45	264	83.5
<b>Sub total</b>			<b>1975</b>	<b>1236</b>	<b>62.58</b>	<b>229</b>	<b>18.53</b>	<b>1007</b>	<b>81.47</b>
Moshi	Kilema North	1994	1900	600	31.58	28	4.66	572	95.33
	Mwika North East	1994	2000	928	46.40	85	9.16	843	90.84
	Kiruwa Vunjo	1994	1400	700	50.00	48	6.86	652	93.14
	Kibosho Central	1993	1750	500	28.57	30	6.00	470	94.00
	Mawela	1994	1600	678	42.37	63	9.29	615	90.71
	<b>Sub total</b>			<b>8650</b>	<b>3406</b>	<b>39.36</b>	<b>254</b>	<b>7.46</b>	<b>3152</b>
<b>Total</b>			<b>10625</b>	<b>4642</b>	<b>43.69</b>	<b>488</b>	<b>10.51</b>	<b>4154</b>	<b>89.49</b>

Data source: AMCOS Register Books, (2016)

Membership change over the previous ten years as from when the data were collected was assessed to indicate the extent of membership change as a factor for Primary AMCOS sustainability. The findings of District cross-

tabulation showed that Bukoba District Primary AMCOS had higher member number decrease (90.5%) as compared with Moshi District AMCOS that had 80.4% of its members decrease. If members decrease at that rate, the membership sustainability indicates that in the near future AMCOS will have few members for the institutions to maintain legal requirements. The Co-operative Act 2013, Section 20 (a) states the minimum number of AMCOS members to be 20 to 30. However, the findings from the AMCOS indicated a great decrease from 1992 to date as indicated in Table 2. The findings indicated that the latest member register was updated in 1992 with 10,625 registered members in 10 studied AMCOS. Out of them, only 4,642 were reported as active members. This indicated a member drop out of 56.31%. Comparatively, it was found that Moshi District represented more dropouts of members from 8650 to 3406, which is 60.6% dropout. Member drop out were largely due to death, migration, change of farm usage, decrease in farm size, uprooting coffee plants after fall in price and diseases affecting coffee plants. However, if coffee had been profitable to members, the membership number would have remained constant or increased due to new members coming in after finding out the coffee benefits that would sustain the primary AMCOS. In the same vein according to the democratic perspective theory if members would have been actively participating in their cooperative business operations that enhanced their participation hence increase their engagement on democratic practices of their firm.

Updating members' register is a legal and procedural requirement for every registered AMCOS in Tanzania. Also, fair trade directives require primary AMCOS to update their members every year and present the current membership status. The membership updating is done by the board and managers on identifying those who had not participated in the co-operative activities for three years consecutively as per Co-operative Societies Act (2013). The review of co-operative members is done by the board and presents the suggestions to the general meeting for approval of their removal: a copy of the deleted members to be sent to the coffee fair trade centres. This is also done when a primary AMCOS receives new members and announces members who commenced their membership and their reasons.

Findings from the Focus Group Discussions (FGDs) with TCDC staff reported that membership registration and updating status in the co-operative sector was a challenge; most of data presented in different co-operative membership and co-operative institutions by their numbers had gaps. In preparing reports, the bases were on whatever had been presented by the regional (assistant) registrars and co-operative officers at the District level. TCDC does not have a proper system for updating membership status in the country. With that information, the study assessed the Primary AMCOS status of updating members registers as presented in Table 3.

**Table 3: Members views on status of updating AMCOS register over five years (2010-2015)**

District	Response on updated member register			
	Yes		No	
	Total F	Average %	Total F	Average %
Bukoba	29	14.5	171	85.5
Moshi	44	22.0	156	78.0
<b>Total</b>	<b>73</b>	<b>18.2</b>	<b>327</b>	<b>81.8</b>

The status of updating members' register over the previous five years shows low members' understanding of their AMCOS (table 3) in updating members register by 18.2%. Members were informed of membership status from the information obtained at the general meeting. Updating member register is a legal requirement that requires board and managers to do so. Also, Fair Trade requires all AMCOS who are trading coffee to update their members' register every year. Updating members' register makes AMCOS to make assessments of membership status because that calls for other plans to take effect from change in member number status. The AMCOS members were also interviewed on why AMCOS were not updating their registers. The findings are as presented in Table 4.

**Table 4: Reasons for not updating AMCOS members register**

The provided reason	Responses	
	Frequency	Percent (%)
Reluctance of management and Board	116	30.6
Union does not enforce managers to make updates	111	29.3
I don't know how it should be done	152	40.1
<b>Total</b>	<b>379</b>	<b>100.0</b>

The findings show that 40.1% of the respondents did not know how updating register is done. This is because the Co-operative Act booklets or copies are not available in the Primary AMCOS and by-laws were not made known to the members. The other reason is that the Union does not compel the managers to update membership data (29.3%). This is due to information gap arising from board and managers who fail to update their members' register.

The information from FGDs with Board management and members in the primary AMCOS showed that governing Board and managers at the Primary AMCOS did not know how to make update by removing members who ceased their membership. Lack of updating of the registers leads primary AMCOS to have members who do not fulfil their membership legal requirement. The ownership of members is indicated by members fulfilling their membership obligations, share capital contribution being among the member obligations. None paying of such obligation creates free-riding members who enjoyed cooperative benefits. This situation is contrary to the democratic perspective theory and Tanzania Cooperative Societies Act (1968, 1974, 1984, 1991, 2003, and 2013) and ICA (1996) principle number 4 (member economic participation).

The Tanzania's Agricultural Sector Development Programme (ASDP) (2005-2025) explains, in one of its strategies, that the Tanzanian agricultural institutions will strengthen the institutional framework where institutional roles and functions need to be clearly stated to avoid such confusion. Reports from FGD with KCU Board members and managers (in Bukoba District) reported that they had been urging the Board and managers of primary AMCOS to submit the updated members register; KCU has sent the new books for doing that exercise in all primary AMCOS with no response. On the other hand, Primary AMCOS Board and management in Bukoba District did not know how to update members' registers. However, such legal contradiction of Union owning primary AMCOS had been exercised by KCU to own primary societies by giving orders and directives though things do not work; such ownership practice of Union to own primary societies had been exercised in many co-operatives in different parts of Tanzania. This practice originated from the 1968 Co-operative societies Act that directs each region to have one AMCOS Union that is mandated to supervise its primary societies; such practice had remained in the minds of members and sometimes the co-operatives' patrons. On the other hand, members at primary societies were found not to know what transpires in the Union due to established system of information flow. Primary AMCOS face problem of members registration update. In all the surveyed primary AMCOS, none of its co-operatives had updated its member's status. From an FGD done with primary AMCOS Board managers and members in Moshi district, reported different reasons: reluctance of management and board, and how to deal with members who have paid shares which was not banked. Also, the board and managers in Moshi district Primary AMCOS wanted to remain with members by numbers regardless of their being qualified for their membership as per legal provisions.

### **3.3 Democratic Governance and AMCOS Sustainability**

Co-operative societies are social and economic institutions that are governed democratically. The Co-operative Societies Act (2013) presents sections that protect all the democratic governance of these institutions. Österberg, *et al.* (2007) confirm that the organizational psychology report that people have the propensity to accept changes that affect them profoundly that they have the chance to influence decisions. That had been a practice in co-operatives context when members were permitted to participate in co-operative governance systems using democratic systems; members may be more committed to the co-operatives based on trust given to the Board of directors, hence influence the AMCOS sustainability. The Principal agency theory implies to defining the democratic practice

of the primary AMCOS when the governance of a co-operative is through the democratic process when members elect the Board which employs managers (the agent) that govern the co-operative on behalf of the principal owners (the members). The sustainability of AMCOS was examined on different aspects that indicated democratic governance as drawn from pillars of good governance (Shaw, 2006; Roe, 2003), Tanzania Co-operative Societies Act (2013), the Tanzania Co-operative Policy (2002), Co-operative principles (1995) and ILO (2002). These include participative decision making processes, adequate frequency and quorum meeting attendance, active members' participation in meetings, presence of structure relations, transparency, accountability of Board and employees, member owned policy and by-laws, member based control mechanisms, provision of feedback to members, availability of leadership succession planning, application of government co-operative policy, Act, rules and regulations. These were examined by assessing democratic governance practice and its sustainability at deferent time periods as provided for members' assessment. The time periods given for members' assessment were before 2015 whether AMCOS were better in terms of good democratic governance. Also, the future sustainability of democratic governance practice that was assessed from the respondents by providing their views of their expectations on the period of ten years (2015 to 2025).

In assessing the democratic governance and AMCOS sustainability as a factor determining primary AMCOS sustainability in governance, an eleven-statement index summated scale was used. For each of the statements, the respondents were asked to respond according to: not at all (0), little (1) and much (2). Therefore, the minimum possible score on the scale was zero if one chose not at all for all the statements, while the possible maximum score was twenty two if one chose much for all the statements. The findings are presented in Table 5.

**Table 5: Democratic governance status in the AMCOS (n = 400)**

Items measured on democratic governance	Before 2015				From 2015 to 2025			
	F	Mean	%	Std. D	F	Mean	%	Std. D
Availability of leadership succession planning	30	0.07	3.37	0.263	265	0.66	33.125	0.827
Application of government co-operative policy , Act, rules and regulation	66	0.16	8.25	0.371	528	1.32	66.000	0.639
Member based control mechanisms	124	0.31	15.50	0.463	544	1.36	68.000	0.861
Member owned policy and by-laws	128	0.32	16.00	0.467	607	1.51	75.875	0.711
Presence of structure relations	133	0.33	16.62	0.471	337	0.84	42.125	0.677
Provision of feedback to members	136	0.34	17.00	0.474	591	1.47	73.875	0.735
Transparency	136	0.34	17.00	0.474	465	1.16	58.125	0.622
Accountability of Board and employee	171	0.42	21.37	0.495	558	1.39	69.750	0.685
Active member Participation in meetings	208	0.52	26.00	0.689	591	1.47	73.875	0.735
Participative decision making process	214	0.53	26.50	0.632	535	1.33	66.875	0.761
Adequate frequency and quorum meeting attendance	293	0.73	36.62	0.694	524	1.31	65.500	0.710
<b>Total democratic governance score</b>	<b>1639</b>	<b>4.09</b>	<b>18.56</b>	<b>2.489</b>	<b>5545</b>	<b>13.86</b>	<b>63.113</b>	<b>3.546</b>

In assessing the democratic governance (in Table 5) the findings show that the average scores by all the respondents over the maximum of 22 was 4.09, which is equivalent to 18.56%, which means that the extent of prevalence of good governance and democratic practice was 18.56%. The findings mean that the prevalence of good governance and democratic practice was low, the reason being members are not involved in how to exercise their constitutional legal rights from the agents (Board and managers) due to non-appearance of co-operative management culture. There were factors for primary AMCOS that were important in showing the availability of democratic governance in primary AMCOS in the surveyed areas such as: adequate frequency and quorum meeting attendance (36.62%), participative decision making process (26.50%) and active member participation in meetings (26.00%). However, availability of leadership succession planning (3.37%) was found to be not faring well in the primary AMCOS due to its lowest responses from members. The low good governance score and democratic practice had an impact on members in exercising their institutional governance when primary AMCOS members were striving for sustainable democracy. The findings were supported by an argument raised



during FGD with KCU board and management who argued that: The democratic governance of co-operatives will be apparent if the co-operative get trusted leaders whose focus is based on increasing members' participative ownership. Also, co-operatives need a trusted person and not a highly educated person. Trust and stewardship in co-operatives are the only leadership traits that will rescue the co-operatives from failure experienced by these AMCOS in Tanzania.

Basing on the above argument, the system of democratic governance in co-operatives lacks effective member participative strategies; co-operative governance structures make institutional business to be governed by the agents on behalf of the owners. On the other hand, Primary AMCOS in Bukoba and Moshi Districts were assessed on the future sustainability whereby the assessment was done to determine the future co-operative governance in its democratic practice from 2015 to 2025, which is ten years from when the data were collected. Differences in levels of democratic sustainability of primary AMCOS were also determined inferentially using a paired-samples t-test to compare points scored on an index summated scale made up of indicators of sustainability during the time of collecting data and on another index summated scale made up of indicators of sustainability 10 years later. The mean points scored on the two scales out of a possible maximum of 22 points were 4.1 and 13.9 respectively. Comparing the means using a paired-samples t-test showed that they were significantly different ( $t = 54.908$ ,  $p = 0.000$  i.e. ( $p \leq 0.001$ ). Since the points scored on the index summated scale for ten years later were much more than the ones scored on the index summated scale during the time of data collection, and the points were significantly different, democratic sustainability of primary AMCOS would be there. This revealed that the democratic governance sustainability would be apparent for the years to come and the AMCOS members had a good hope in their organisations.

The findings also indicated that co-operative sustainability would increase from 18.6% scored before 2015 to 63.1% (2015-2025), which means that the extent of prevalence of good governance and democratic practice would be 63% by 2025. The findings mean that the prevalence of good governance and democratic practice was low, the reason being members not being expressive on how to exercise their constitutional legal rights, which would increase extensively due to change in mind-set of members having outward looking on different mechanisms in managing co-operatives. Also, trust inherent in members on their leaders in primary AMCOS as well as trust in their government would increase. There were factors which had higher scores in indicating primary AMCOS increase in democratic governance; such as: member based control mechanisms (75.9%), provision of feedback to members (73.9%) and active member participation in meetings 73.9%. However, availability of leadership succession planning (33.1%) was the least preferred. The increase in future expectation on prevalence of governance and democratic practice would increase the impact on members in exercising their co-operative governance and determine sustainable democracy.

### **3.3.1 Members' suggestions for primary AMCOS to embark on democratic governance**

Primary AMCOS are like other co-operative institutions whose management rests on the members in their democratic process. For members of primary AMCOS to exercise their democratic governance, they were given democratic governance elements, and they proposed what needed to be done to ensure democratic governance existed in their AMCOS. The democratic governance factors given were participative decision making process, meetings attendance and participative presence of structure relations, transparency, and member owned policy and by-laws, member based control mechanism, projecting future markets, participative leadership, periodic election of leaders, and Board accountability to members, good relations among members, Board and management. Table 6 presents the suggestions given by primary AMCOS members in Moshi and Bukoba Districts for AMCOS sustainability and their implementation strategies.

**Table 6: Suggestions for democratic governance sustainability strategies (n = 400)**

Items	Responses on each variable	F	%
<b>Participative decision making process</b>	Not applicable	12	3.0
	Member awareness	23	5.8
	Information be available to members	100	25.0
	Member involvement on issues planed by the Board	115	28.8
	Action plan be in place and known to members	150	37.5
<b>Presence of structure relations</b>	Not applicable	38	9.5
	Effective use of policy and act in the AMCOS	44	11.0
	Availability and application of organisation structure	130	32.5
	Board, Management and members should understand their by-laws	188	47.0
<b>Member based control mechanism</b>	Members to formulate the control strategy	30	7.5
	Effective implementation of meeting decisions	100	25.0
	Not applicable	116	29.0
	Education on membership rights	154	38.5
<b>Periodic election of leaders</b>	Co-operative offices ensure application of act and by-laws in primary societies	51	12.8
	Not applicable	87	21.8
	Board members be in position for period specified	128	32.0
	Effective use of by-laws on section governing elections	134	33.5
<b>Board accountability to members</b>	Members understanding on how to make Board accountable	73	18.3
	Auditing report be communicated to members	84	21.0
	Not applicable	110	27.5
	Education to members on roles of the Board	133	33.3
<b>Participative leadership</b>	effective use of policy, act and by-laws	82	20.5
	Involving members in decision planning and implementation	87	21.8
	Involving more members in different committees	90	22.5
	Not applicable	141	35.3
<b>Projecting future markets</b>	Marketing be done by the primary societies	33	8.3
	Not applicable	115	28.8
	The use of ICT to managing and Board be in place	123	30.8
	Education on marketing to members and Board	129	32.3
<b>Member owned policy and by-laws</b>	Policy and by-laws copies be given and available to all members	12	3.0
	Education to members	62	15.5
	Not applicable	96	24.0
	Member involvement on planning and implementation	96	24.0
	Presentation of policies and by-laws at every general meeting	134	33.5
<b>Transparency</b>	Planning and Expenditure budget be known to all members	22	5.5
	Co-operative officers educate the Board on transparency	23	5.8
	Not applicable	44	11.0
	Meeting minutes be available to all members	64	16.0
	Reports be at members disposal	93	23.3
	Audits be made annually and outcome be communicated to members	154	38.5
<b>Meeting attendance and participative</b>	Awareness on the importance of meetings should be done	21	5.3
	Not applicable	24	6.0
	Meeting planning schedule be in place	33	8.3
	Information on meeting call be disseminated effectively	123	30.8
	Increase meeting allowance to members	199	49.8

The findings as shown in Table 6 present the suggestion for democratic governance sustainability strategies in each given item on different factors. Ten factors were assessed by members on providing their suggestions which were ranked by percentages of people who mentioned them. The findings on members' views in providing suggestions for democratic governance sustainability strategies in Agricultural marketing cooperative societies (at the Primary AMCOS) of Bukoba and Moshi districts; the researchers identified ten (10) areas to obtain their views. The items included inter alia: participative decision making process presence of structure relations; election for leaders of Primary AMCOS; board accountability; member own policy and by laws, transparency, participation

and attendance in meeting. The responses were raised according to respondent's areas of interest (Table 6). In participative decision making process respondent's emphasis and focus was on action plan to be in place and known to members (37.5%) and on member involvement on issues planned by the board (28.8%). On the other hand the area concerning presence of structure relations the respondents indicated that the board management and members of AMCOS should understand their bylaws (47%) and desired the availability and application of organization structure (32.5%) to be present. Along the same path member based control mechanism in Primary AMCOS should be given due attention in which respondents focused on education on member rights (38.5%) and the effective implementation of meeting decision (25%). Periodic and regular leadership elections also captured the interest of respondents in which they indicated effective use of by laws on section governing elections (33.5%) and those board members and other stakeholders. The respondents (33.3%) wanted the emphasis to be on member education on the role of the board and that audit report to be communicated to the members (27.5%). This implies that, if primary AMCOS want to be sustainable in building democratic governance strategies these options need to be in place.

The respondents also were interested in member owned policy and by laws. The researchers asked what areas were of interest to members of Primary AMCOS that needed to be fixed. The respondents indicated the presence of policies and by-laws at every general meeting (33.5%) and AMCOS member's involvement in planning and implementation of primary AMCOS decisions (24%). The respondents indicated that these were areas the Primary AMCOS members are generally less involved either due to ignorance on their part or as a deliberate practice on the part of the board and management. Ideally along the same lines transparency is of vital importance in AMCOS operations. The finding indicated that 38.5% of respondents wanted audit reports to be made annually and the outcome to be communicated to members and that reports be at member's disposal (23.3%). Along the same line Primary AMCOS should increase meeting allowance for members (49.8%) and that information on meetings to be disseminated effectively (30.8%). This will encourage members to attend meetings and participate fully in Primary AMCOS activities.

The findings also show that, the process of getting leaders of co-operative societies does not consider co-operative expertise; rather it is based on who will get more votes from members. Absence of co-operative business operations in co-operatives makes institutional governance to remain business as usual. Also, participative leadership was another factor in democratic governance; members indicated its presence by involving members in different AMCOS committee (22.5%) and involving members in decision planning and implementation (21.7%) as well as effective use of policy act and by-laws (20.5%). The low democratic practice in primary AMCOS was due to absence of training and education that members need to enhance their rights of ownership and claim accountability of co-operative leaders; thus, members were left to use their co-operative societies as a marketing centre of their produce which was not owned by their shareholders.

Member ownership and member commitment in co-operatives would be guided by the democratic practice inherent in co-operative societies. However, members were found to be more interested in getting access to market rather than in institutional governance. In projecting future markets, members identified education to members and Board on marketing their produce (32.2%). Also, the use of ICT by Board and management was suggested to be in place (30.7%) and marketing be done by primary societies themselves and not Union (8.25%). Basing on the findings shown above, members' education is very important to make co-operative owners in order to manage produce business. In assessing strategies AMCOS control mechanism strategies being a factor in democratic governance; the primary AMCOS in the surveyed Districts proposed education on member's rights (38.4%) and effective implementation of meeting decisions (25%). This was in line with duties of Co-operative department and co-operative development commission, where among other duties, they are responsible for education and training for co-operative societies members. However, Primary AMCOS are faced with financial challenges to implement education provision to Primary AMCOS members, Board and managers. Financial in capacity makes members to lack education on institutional governance where the democratic practice becomes affected. Also, member own policies and by-laws were other governance components assessed. Co-operatives are governed by policy and by-laws copies in ensuring member control, ownership and use their co-operative firms. These also are in line with the United Nations (UN) recommendation No. 193 of 2002 that calls for co-operatives

to be autonomous organizations (ILO, 2002). For the primary AMCOS to have member owned policy and by-laws, the respondents proposed owned policy and by-laws; the proposed strategies were the availability and presentation of policies and by-laws in every general meetings (33.5%) to ensure member understanding, also having member involvement in planning and implementation (24%) as well as education to members on different policy issues (15.5%). Furthermore, transparency as a factor in democratic governance was recommended to be present when audits are made annually and outcomes are communicated (38.5%). Also, all AMCOS reports should be at members' disposal (23.2%) and meeting minutes should be available to all members (16%). The problem is that, transparency on Board and managers is limited to some facts. Issues related to financial use and expenditure are not transparent; only transparency is discussed during an election process.

Lack of transparency on some facts in the primary AMCOS limits member ownership since they are sidelined on pertinent issues. Also, when some information is not known to members the democratic participation becomes limited. The co-operative operates its business using an organizational structure, which presents members, board and management on their positions and their internal relations. In ensuring that, the study assessed strategies that members proposed for ensuring primary AMCOS have structure relations among organs in the AMCOS. The proposed strategies included: Board, management and members understanding their by-laws (47%) and availability and application of organization structure (32.5%). Also, attending meetings and participative decision making were other democratic governance areas that were given to primary AMCOS members who presented their suggestions on how best they could be achieved. The provided strategies were directed at increasing meeting allowances to members attendance (49.7%) as well as provision of information on meeting calls to be disseminated effectively (30.7%). Lastly, but not least, primary AMCOS members were assessed on participative decision making, which was also given to members for identifying how best it could be archived. The respondents provided the following suggestions: action plan be in place and known to members (37.5%), members be involved in issues planned by the board (28.7%) and different information on co-operative business management be available to members (25%). These were among the suggested strategies on democratic governance factors by the members of the primary AMCOS in the surveyed districts. Members provided these mechanisms for their primary AMCOS to attain democratic sustainability and thought that if they were addressed the primary AMCOS member ownership would increase. Democratic governance sustainability strategies are key factors for primary AMCOS to embark on member owned firm. Ortmann and King (2007) and Maghimbi (2006) argue that, as co-operative members control increases, the co-operatives face the problem of sustaining membership democracy when organization ownership and control are separate.

#### **4. CONCLUSIONS AND RECOMMENDATIONS**

##### **4.1 Conclusions**

Members as shareholders in Primary AMCOS were the ones who were expected to promote co-operative democratic governance: the study concluded that, assessing their views in generating strategies that sustain their institution is important in building sustainable member-owned co-operatives societies. The democratic practice in agricultural co-operatives was found to be seasonal; hence they meet only during harvest. The study concluded that primary AMCOS need to have a continuity of democratic practice by engaging in multiple crops as assessed in Table 5 and 6 to bring sustainable democracy. Also, members' views in projecting democratic governance availability indicated future hope for sustainable AMCOS as indicated in Table 6. However, the study concluded that such indicators need to have a tangible strategic mechanism for their existence by ensuring what were proposed by members (Table 6) to make democratic practice to be sustainable.

##### **4.2 Recommendations**

- (i) Members in the Primary AMCOS need to follow the procedures stated in the laws governing its establishment. Board members and managers as well as co-operative officers should ensure primary AMCOS adhere to membership registration and co-operative update of their members' registers.
- (ii) Training institutions and Tanzania Cooperative Development Commission should build competence in co-operative business management, members should be given education and training workshops so that they can understand AMCOS operational guideline so that they can hold managers and Board accountable when misconduct happened.

- (iii) Members in primary AMCOS should participate fully in creating solutions to their challenges and become part of strategic implementation. This will increase institutional ownership which is governed by members. Also it will build the sustainability of democratic governance of the primary AMCOS.
- (iv) Since members views were found to be the core for expanding the sustainability of democratic governance of the primary AMCOS, the study recommends members' to participate in creating solutions to their challenges and become part of strategy implementation. This will increase institutional ownership which is governed by members who are the principle owners.

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