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To cite this article: Victor Shirima (2022) Critical Success Factors for the Better Performance of Agricultural Marketing Co-operative Societies in Rombo District, Tanzania: Are Members Aware of Them?, Cogent Business & Management, 9:1, 2144703, DOI: [10.1080/23311975.2022.2144703](https://doi.org/10.1080/23311975.2022.2144703)

To link to this article: <https://doi.org/10.1080/23311975.2022.2144703>



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Published online: 18 Nov 2022.



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Received: 15 September 2022
Accepted: 03 November 2022

*Corresponding author: Victor Shirima, Department of Banking Accounting and Finance, Moshi Co-operative University, P.O.Box 474, Moshi, Tanzania
E-mail: Shirima.victor.shirima@mocu.ac.tz

Reviewing editor:
Collins G. Ntim, Accounting,
University of Southampton, United Kingdom

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ACCOUNTING, CORPORATE GOVERNANCE & BUSINESS ETHICS | RESEARCH ARTICLE

Critical Success Factors for the Better Performance of Agricultural Marketing Co-operative Societies in Rombo District, Tanzania: Are Members Aware of Them?

Victor Shirima^{1*}

Abstract: The purpose of the study was to establish the Critical Success Factors (CSFs) for the primary Agricultural Marketing Co-operatives Societies (AMCOS) at Rombo District in Tanzania. Specifically, the study aimed to establish factors that members perceive to be critical to their success, and to assess their contribution to the AMCOS performance. The study identified factors through intensive literature review, then refining them before testing them through survey to members and



Victor Shirima

ABOUT THE AUTHOR

Victor Emilian Shirima is a lecturer working with Moshi Co-operative University since 2009. Dr. Shirima teaches Accounting, Finance and Cooperation courses. He holds a Doctor of Philosophy in Performance Management from Moshi Co-operative University (MoCU) (2021); Master of Business Administration (MBA) from the University of Dar es Salaam Business School (UDBS) (2013); Bachelor of Arts in Accounting and Finance from Sokoine University of Agriculture (SUA) (2008). He holds also professional certificates; a CPA (T) (2011) and Professional Certificate in SACCOS Management (PC-SACCOS) (2015). Dr Shirima has experience on training, consultancies and researches. He has been involved in the following activities: Principal Investigator; Research Award Grant on Strategic research titled “Members Commitment and Co-operative Performance in Tanzania”- Awarded and funded by Moshi Co-operative University; Consultant; Outcome survey for income and employment for women and youth (IEWY) in dairy sector in Hai and Siha – Kilimanjaro – SNV; Research on Performance Measurement System in the Agricultural Marketing Co-operative Societies in Rombo; Consultant: Business Capacity Need Assessment at Karagwe District Cooperative Union, Funded by Lutheran World Relief, KAGERA; Consultant: Capacity building for board members in Ngage SACCOS - Funded by World Vision, Simanjoro; and Consultant: MALI project-Membership Mobilization- Arusha Meru Women SACCOS.

PUBLIC INTEREST STATEMENT

Primary Agricultural Marketing Cooperatives (AMCOS) have been moving from a traditional way of operation from collecting produces and sell them via secondary cooperatives to selling their produces and products directly to the market. Engaging in business needs a very strong and determined institution that should focus in few things that are critical to their performance. Since cooperatives are owned and controlled by members, at least they must ensure members' commitment who will participate in the control and be responsible to promote their AMCOS; they should be strategy focused by having regular self-evaluation. They should also be able to formulate proper plans and objectives as well as be able to live the vision and translate it. Governance should be practised through developing performance measures in order to get timely feedback, and also it is very important to ensuring transparency and cooperate with government without jeopardise their autonomy and independency.

employed survey by distributing 334 questionnaires to members to the AMCOS that have the autonomy to do business directly without depending on their umbrella institutions. Qualitative data were also used in order to validate the quantitative data. Data from survey were analysed by factor analysis in order to have factors which were mostly accepted by the AMCOS members. After categorising the factors obtained from the factor analysis, regression analysis was conducted to assess their influence on the performance. Qualitative data were analysed using content Analysis by the help of ATLAS Software. The study established Eleven (11) CSFs that were categorised into: commitment (use of personal skills, members' control and promotion), governance (measurement system, governance structure, leadership support, and transparency), strategy (self-evaluation, objective development, strategy focused, living the vision of the institution). The study found the CSFs to have positive significant influence on the primary AMCOS performance. The study concludes that members of the primary AMCOS do have their common factors which they believe to be key for the success of their institutions, that affect positively the performance of their cooperatives. The study recommends that, the CSFs suggested by the members should be given priority in any decision that is intended to affect the cooperatives that can be easily translated according to their expectations to have strong institutions.

Subjects: Finance; Business, Management and Accounting; Accounting; Production, Operations & Information Management; Strategic Management; Organizational Studies

Keywords: Critical Success Factors; Commitment; Strategy; Governance; Co-operative; performance

1. Introduction

Worldwide, co-operative institutions have been the important vehicle towards improving the social economic development in many countries (Allen & Allen, 2015; Gundani et al., 2018; Olayinka et al., 2021; Rwekaza & Muhihi, 2016). Historically co-operatives have always brought people together to solve economic and social problems. Co-operatives provide jobs for millions of people worldwide hence becoming an important source of employment. They have been operating in many sectors such as Agriculture, financial, mining, fishing and housing. There are various types of co-operative, operating in various sector of the economy such as agricultural cooperative societies, savings and credit cooperatives, housing cooperative, workers cooperative, consumers cooperatives, etc. Co-operatives are organisations that are governed and controlled by members. There are various types of cooperatives that can be broadly grouped to financial and non-financial. Co-operatives contribute in generating income to members, therefore, playing a greater role in poverty alleviation. Co-operatives also creates jobs hence becoming an important source of employment. Although the principles are the same yet special attention is needed depending on the nature of the cooperative. This paper has concentrated on the primary agricultural cooperative societies (AMCOS). In Tanzania, Primary AMCOS have been operating in the area of production, processing, transporting and marketing (Anania & Rwekaza, 2016a). However, they have been facing challenges of underperformance in the recent years (Shirima, 2021; Issa, 2020).

Agricultural Marketing Co-operative Societies (AMCOS) are among the non-financial co-operatives that engage in marketing the produces of members and other add value to the same. Cooperatives operate under a very challenging and competitive environment which threaten their performance. In order to perform well in this hostile competitive environment, they should depend on their own struggle rather than depending much on external support (Bartlett, Kotrlik, Higgins, et al.,). The purpose of co-operative is to fulfil members' economic and social needs. To achieve this, they need to be commercially viable

enterprises and able to survive and prosper in the marketplace. In Tanzania, some cooperatives have been reported to have low performance according to Tanzania Commission for Cooperative Development (TCDC) statistics (TCDC, 2021) (<http://www.ushirika.go.tz/index.php/statistics>). For example, in the year 2021, 47% of the cooperatives were reported to be Dormant. This also was evidenced in 2018, where TCDC reported 81% of AMCOS to be active while 12% and 7% to be dormant and non-traceable respectively. Also, TCDC reported number of cooperatives to decrease from 9185 in 2019 to 11,626 on December, 2020 that amount to 2.9 percent decrease. The decrease was due to some cooperatives were deregistered after failing to qualify to be cooperatives according to the cooperative act 2013. The study conducted by Shirima et al, (2021) showed that most AMCOS are performing poorly financially, although, members were satisfied with other services they get from their AMCOS.

Ideally, the Primary Agricultural AMCOS as owned and controlled by members were supposed to perform well since they have pooled their resources and efforts together. Also, so long as members are both owner and controller, they should be well informed on what are the critical issues are needed to be in place for their AMCOS to perform. Worldwide, underperformance of primary AMCOS has raised concerns by various stakeholders such as government and cooperative supporting institutions towards improving the situation (Bharadwaj, 2012a; Birchall and Simmons, 2010). Some stakeholders approach the problem in the aspect of regulatory framework, others suggesting external measure while some scholars are suggesting to approach it internally. It has been a topic of discussion that any organisation should define itself and concentrate on some few issues that must go right in order for it to perform well. For example, Vanpoucke (2011a), Howell (2009a), Veen-Dirks and Wijn (2002) insisted that in order for the organisation to improve and succeed, it should be able to define issues that must go right known as Critical Success Factors (CSF). The CSFs as defined by Veen-Dirks and Wijn (2002) are limited number of areas in which results ensure competitive performance for the organisation and therefore help the business to succeed. They urged that; the few defined factors are called the success factors that help to achieve the organisation's objective. The success factors are the essential elements which must be considered in order for the co-operative to perform and therefore when adopted, they help to achieve consistent success. Currently, there is scanty literature that give some insight on what exactly members perceive as their critical success factors in their AMCOS performance. The current study pioneers the need to know what exactly members as the owners and controller perceive as the critical success factors in improving the performance of their cooperatives. The cooperatives in Rombo are doing business with a high autonomy compared to other cooperatives in the other part of Tanzania. Therefore they have to be well informed on what exactly is supposed to be managed as it is known that it is difficult to manage what you do not know.

Each organisation depending on its environment have different perceived Critical Success Factors (CSFs) influencing performance (Aquilani et al., 2016). Yacob (2013) in Malaysia established Six critical success factors of the cooperatives' retail operation that are entrepreneurship, support, communication, competition, layout and management. However, managing and operating the retail differs a bit from the Agricultural cooperative.

In primary AMCOS, members are user-owners and controller. Therefore, the success factors should consider this unique feature of the co-operative organisation (Downing et al., 2021; Matabi et al., 2022). In this case members should have the selected factors that they perceive to be critical to their performance. This will help to monitor consistently the operations and performance of the institution. Co-operative members are required to have a profound understanding and a clear focus of what they need their co-operative to be. Members should be ready to involve themselves in their co-operative transactions taking into consideration that they are operating under very competitive environment. Members as the user-owner and controller of the co-operative institution, should be able to own their co-operative, have strong attitude towards their institution and readiness to involve in democratic management (Chaudhary, 2019; Matabi et al., 2022).

Organisations rely on CSFs in order to define what must go right in order to achieve their purpose, mission, or objective (Adabre & Chan, 2019; Badini et al., 2018; Dora et al., 2022; Howell, 2009a; Orji et al., 2020). It is in this perspective that co-operative members should understand clearly what is supposed to be done right in order to meet their purpose. Failure to do so, they will not be able to manage their institution since they don't have the clear direction. Worldwide identification and focus on the CSFs have brought positive changes in the organisations hence improving the organisational performance (Aquilani et al., 2016; Jabbour et al., 2018). The very important benefit of identifying the CSFs in an organization is the best allocation of resources.

Some factors have been identified by other scholars such as, leadership, member participation and commitment, financial stability, co-operation with other institutions and quality of produce (Alfoqahaa, 2018). A study by Carlberg et al. (2006) suggested the SF to base on local leader and committee, planning and product quality. Furthermore, the study conducted in China by Garnevska, Liu, Shadbolt, et al. (2011a), to assess factors for successful development of farmer co-operatives, found, legal environment, a dedicated leader, government financial and technical support and members' understanding and participation to the co-operative activities to be of importance. Members' commitment, openness, trust and government support have found by researchers to have influence in co-operatives performance (Emmanul & Nhlanhla,). Emmanul and Nhlanhla () study was from the co-operative Union where structure and operation vary from the primary AMCOS that are doing business without depending their co-operative unions. Karim et al. (2020) in their study found that commitment influence cooperative performance although the study concentrated on the management commitment that might different view from members. Talonen, Jussila, Tuominen and Koskinen, (2018) in trying to answer the question on what can be done to develop a stronger and more intimate link between members and the cooperatives they own, suggested to more interactions and associations among members. However, this is achievable when members are committed.

There are some varying factors such as business volume, training, hiring, sufficient total equity and marketing agreements (Meier Zu Selhausen, 2016; Pandian, & Ganesan, 2019; Tuan, 2018; Bruynis, Goldsmith, Hahn, Taylor, et al., 2000a). However, these factors were assessed from the emerging primary AMCOS that might vary from those of this current study given that the current study has focussed on the cooperatives that have been in operation for many years. Also, these studies were conducted in developing countries such as United States that might bring a mismatch interms of operating environment. Another study by Corcoran and Wilson (2010a) identified sufficient capital, technical assistance, co-operative structure and government support as the important factors in workers' co-operatives. Although the institution studied was a co-operative institution, the factors may be different from those of primary AMCOS since they operate differently. Another study by Malamsha and Kayunze (2014a) assessed the general success factors for SACCOS that operate differently from the primary Agricultural Marketing Co-operative Societies.

Howell (2009a) also categorised the success factors into three: industry, strategic and environmental, however, they are general just general success factors for any business organisation. Given the reviewed empirical studies having conflicting views concerning with success factors and being generic without reflecting specifically the Tanzanian primary AMCOS context, there is a need to assess the ones specific for primary AMCOS in Tanzania. Therefore, this study establishes the critical success factors as well as their influence on primary AMCOS performance.

1.1. Guiding Theory

The study adopted a Critical Success Factors Theory (CSFT) developed by Daniel (1961). CSFT can be considered in two perspectives: strategy formulation and strategy implementation. The current study is taking the CSFT in the perspective of strategy formulation in order to be able to define few things that must go well to ensure success in the primary AMCOS. It can also be defined as the limited number of areas in which results, if they are satisfactory, will ensure successful competitive performance for the organisation (Boynton & Zmud, 1984a; Dinter, 2013). The CSFT is useful in this

study to understand the importance of process of improvement for the primary (Luthra et al., 2018; Haleem, Qadri, and Kumar 2012). In facilitating decisions in order to achieve a desired goal in any organisation can be a complex task (Shankar, Gupta, and Pathak, 2018). The CSF theory helps to simplify this complexity by enabling the organisation to focus on the most important CSFs. Therefore, this study has used this theory to identify the few factors which members have agreed to be of most important to focus and establish them as SFs for a primary AMCOS.

1.2. Hypotheses Development

From the literature discussed above, the CSFs can be grouped into three categories that are: commitment, strategy and governance and structure. However, each CSF has its effect or contribution on the co-operative success (Jussila et al., 2012; Veen-Dirks & Wijn, 2002). Previous studies found members' commitment, openness and trust and government support to have influence in co-operatives performance (Birchall & Simmons, 2004; Emmanul & Nhlanhla, ; Jussila, Byrne, and Tuominen, 2012). However, the factors were studied in general without having sub-factors within each construct. For example in this study, commitment include, use of personal skills, members control and promotion. The same scenario of having sub-factors are shown in the governance. Kyazze, Nkote and Wakaisuka-Isingoma (2017) found that governance affects co-operative social performance in various co-operatives. However, the emphasize was on the social performance while the current study emphasize on the overall performance. Therefore, two hypotheses were developed in this perspective:

H1:Members comitment factors have a positive contribution to the primary AMCOS performance.

H2:Governance factors have a positive contribution to the primary AMCOS performance.

Co-operative should also be able to develop the objectives according to the purpose of its existence through proper planning and implementations (Brown, Carini, Gordon Nembhard, Hammond Ketilson, Hicks, McNamara, Simmons, et al., 2015a). Generally, it should be able to live its vision and all the members should know the requirements within the vison of their institution. Furthermore, they should be able to evaluate themselves so as to come up with the feedback on where and how to improve. Developing objectives, living the vision and self evaluation can be named as co-operative strategy. Therefore, the following hypothesis can be developed:

H3:Strategy focused factors have a positive contribution on primary AMCOS performance.

2. Methods and Data Analysis

2.1. Description of the study area

The study was conducted in Rombo District in Kilimanjaro Region located in Northern part of Tanzania. The district is bordered to the North and East with the Republic of Kenya, to the West by the Hai District and to the South by Moshi Rural District. Rombo district is divided into five (5) divisions namely: Mengwe, Mkuu, Mashati, Usseri and Tarakea. Ninety (90) percent of economic activities practiced in Rombo is agriculture where the main cash crop in the district is Coffee (URT, 2013). Coffee is sold through primary AMCOS according to the government directives. Although, there was a decline in coffee production, current strategy in the district is to emphasize the farmers to plant new species and stumping the old coffee trees so as to achieve high yield (URT, 2013).

Kilimajaro was selected due to its historical background in the co-operative movement where it passed through various experiences from members selling their crops through Unions to the current situations where some of the primary AMCOS engage direct to the market without

involving the Union in the process. The study was conducted in Rombo because all primary AMCOS were active and operating by doing business on their own with little dependency on the secondary co-operative which is Kilimanjaro Native Co-operative (KNCU) (URT, 2018). Having these characteristics, it was possible to have reliable information depending on the nature of study rather than studying the co-operatives which are still using traditional models of collecting coffee and selling through Unions. Rombo district was selected among other Districts in Kilimanjaro purposively because of proportionally, having more active primary AMCOS compared to other districts. By the time of study all the primary AMCOS in Rombo were active, though with variability. The method used to know the activeness of the co-operative was through using the list of co-operatives from the Assistant Registrar's office which has column indicating "Active" and "Dormant". Also, the primary AMCOS in Rombo are engaging directly in coffee business, compared to other districts in Kilimanjaro region that just collect and the union is the one that will do marketing. Therefore, the results from this study can be generalised to the cooperatives that have the same nature.

The research design was a cross-sectional design with mixed approach. The cross-section research design was used in order to collect in one point at a time where members could give the current opinions depending on the nature of business environment they were operating. The study selected 8 primary AMCOS out of 16 purposively. Sample size was calculated using the Cochran (1977) formula as discussed by Bartlett, Kotrlik, Higgins, et al. () and Adam (2020) states that:

$$n_o = \frac{t^2 * s^2}{d^2} \quad (1)$$

Where t = value for selected alpha level

s = estimate of standard deviation in the population

d = acceptable margin of error for mean being estimated

According to the Cochran (1977), the alpha level of 0.5 of the t-value of 1.96 is used for the sample size above 120. Acceptable margin of Error is 3% for the continuous and scaled (Likert scale) data kind of data. Therefore, the true mean of a five scale is within plus or minus 0.15 (5 times 0.03).

$$\text{Variance of a scaled variance (S)} = \frac{\text{number of points on the scale}}{\text{number of standard deviations}} \quad (2)$$

$$= 1.25$$

$$n_o = \frac{1.96^2 * 1.25^2}{5 * 0.03^2} = 266.79 / 0.8 = 334 \quad (3)$$

Since there is no fraction respondent the required minimum sample is 267. It was assumed that the respondent rate to be 80%. Therefore, the new sample could be recalculated to $267 / 0.8 = 334$. Williams et al. (2010) suggest a rule of 10 variables per observation to be applied which for this case is 10 times 11 indicators (110) while, others suggest a rule of thumb of 100 participants and above. Generally, according to Hair et al. (2010), a rule-of-thumb of at least a sample size of 300 is adequate (Tabachnick, Fidell, and Ullman, 2007; Van and Morgan, 2007). Therefore, the study collected data from 334 respondents through questionnaire which was administered by the researcher. Key Informants Interview (KII) was conducted with 10 key informants selected basing on their experiences on AMCOS operation and coffee business through co-operative channel. The KII was appropriate for triangulation and in order to validate the CSFs obtained from the survey.

2.2. Identification of the Factors

In identifying the factors, empirical literature review was done from the various studies as indicated in Table 1. So long as the factors were used in different studies with different

geographical areas and different types of cooperative. It was necessary to include expert opinions who could take into consideration the Tanzania context where, cooperative officers and the academician in the cooperative university were consulted to refine the factors.

Therefore, the factors were categorised into three: commitment, strategy and commitment as shown in Table 2. Then factors were then by survey method tested to the members by using a structured questionnaire.

Quantitative data were analysed both descriptively as well as inferentially. Factors were established descriptively while the contribution of each factor to the performance, inferential statics was proper by the use of linear regression. Reliability was tested before proceeding with further steps. Inferential statistics were done by Factor analysis. Multiple regression was used to assess the contribution of the established CSFs to the performance of the primary AMCOS. It used the multiple independent variables of commitment, strategy and governance with mean scores, and therefore data were changed to be continuous, and the overall mean scores performances were also calculated and be used as the dependent variable. Therefore, multiple linear regression was justified to be used in the study as follows:

$$y = a + b_1x_1 + b_2x_2 + b_3x_3 + e \tag{3}$$

Where: y = overall performance mean scores

x_1, x_2 and x_3 = commitment, governance and strategy mean scores respectively

Table 1. Success Factors as stipulated from various empirical literature

Success factor	References
Good leadership in the organisation	Alfoqahaa (2018); Carlberg et al. (2006); Emmanul and Nhlanhla (); Garnevaska, Liu, Shadbolt, et al. (2011a),
Member participation and commitment	Alfoqahaa (2018); Emmanul and Nhlanhla (); Garnevaska, Liu, Shadbolt, et al. (2011a); Talonen, Jussila, Tuominen and Koskinen, (2018)
Ability of the cooperative to co-operate with other institutions	Alfoqahaa (2018)
Ability of the cooperate to have quality of produce	Alfoqahaa, 2018; Carlberg et al. (2006)
The financial stability of the cooperative	Alfoqahaa (2018)
Legal environment in which the cooperative is operating	Howell (2009a); Garnevaska, Liu, Shadbolt, et al. (2011a)
Government financial and technical support	Garnevaska, Liu, Shadbolt, et al. (2011a); Emmanul and Nhlanhla (); Corcoran and Wilson (2010a)
Openness or transparency among members, management and leaders	Emmanul and Nhlanhla ()
Trust among members, leaders and management	Emmanul and Nhlanhla ()
The extent which the management is committed	Karim et al. (2020)
Business volume of the cooperative	Meier Zu Selhausen (2016); Pandian, & Ganesan, (2019); Tuan (2018); Bruynis, Goldsmith, Hahn, Taylor, et al. (2000a)
Training on members, leaders and management	Meier Zu Selhausen (2016); Pandian, & Ganesan, (2019); Tuan (2018); Bruynis, Goldsmith, Hahn, Taylor, et al. (2000a)
Sufficient equity and marketing strategies	Corcoran and Wilson (2010a); Meier Zu Selhausen (2016); Pandian, & Ganesan, (2019); Tuan (2018); Bruynis, Goldsmith, Hahn, Taylor, et al. (2000a)
Co-operative structure	Corcoran and Wilson (2010a)

Table 2. Success factors as summarised from the literature review and experts

Commitment
Members use their skills to for co-operatives benefits
Members control their co-operative
Members are responsible for promoting their cooperative
Strategy
Self-evaluation/assessment
Objective development
Ability to be a strategy focused organisation
Ability to live the vision of the co-operative
Governance
Develop measures throughout all levels in order to get feedback
Create good governance structure
Leadership and government support
Transparency

a = constant or intercept of the equation

$b_1 \dots b_4$ = regression coefficients = error term

e = error term

Multicollinearity was tested by Variance Inflation Factor (VIF) where they all were below 5 indicating that there were no coefficients greater than 0.8 among the independent variable hence no multicollinearity identified. Performance was measured subjectively by using the statements which the respondents were supposed to give their level of agreeability on the performance in each statement given. Chong () argued that although performance can be measured in traditional criteria such as return on assets (ROA), profit margins, it can be also measured using intrinsic factors such as members’ satisfaction, members retention and loyalty. Pérez-Luño et al. (2018) also used the subjective measures in measuring firm performance where managers were asked their perceptions on the same. The subjective approach was used because of its ability to assess the success of business and become the best way to obtain information that would otherwise be very difficult to gather from other sources (Alfoqahaa, 2018; Perez & Canino, 2009a). Hypotheses were tested using a multiple regression analysis.

Content analysis was used to analyse qualitative data from the Key Informants by using ATLAS software. The first step was coding data, and then categorized, sorting and retrieving. Transcribing was done from the recorded information to the text. Also, the notes which were written in the note book were also transcribed in the word text. Then the coding was done from the text where the sentences which share the same idea were coded the same. After coding, there was a need to give them themes and sub themes. The theme was developed depending on the objective of the study. In this case commitment, strategy and governance were the main categories.

Reliability of data was conducted in order to assess the internal consistency of the aspects through Cronbach;s Alpha of 0.803 (Table 3). Then the aspects tested scored the reliability above 0.7 which the cut-off point is indicating a very strong consistency among the SFs. However, it was important to test the internal consistency of the data by using Cronbach;s Alpha. The Cronbach’s Alpha indicates a strong internal consistence of the data by having the Alpha greater than 0.7. George and Mallery (2003) provide the following rules of thumb: “> 0.9—Excellent, > 0.8—Good, > 0.7—Acceptable, 0.6—Questionable, > 0.5—Poor, and < 0.5—Unacceptable” (Gliem & Gliem, 2003a). The current study had an Alpha score ranging from 0.782–0.863 which were within the good and excellent cut-offs.

Table 3. Sex of the respondents

Sex	Frequency	Percentage
Male	247	74
Female	87	26
Total	334	100
Education Level of the Respondents		
Primary level	253	75.7
Secondary level	71	21.3
Certificate and Diploma	9	2.7
Degree	1	0.3
Total	334	100

An evaluation of the correlation matrix was conducted to confirm the significance of the factor loadings using Kaiser-Mayer-Olkin (KMO) and Bartlett's test (Table 3). The result shows that the KMO was greater than the recommended KMO of 0.60 (0.810), which is acceptable (Williams et al., 2010), indicating that sample used in the study was adequate. Bartlett's test was $p < 0.001$, a significant probability level indicating that there is association among variables since the matrix is not identical and therefore, it was suitable to proceed with factor analysis. The entire factor loadings were above 0.50 which is acceptable (Hair et al., 2010).

In assessing the validity, the Composite Reliability (CR) was also used in order to overcome some traditional Cronbach Alpha's (CA) deficiencies. It is recommended by some scholars (Padilla & Divers, 2016; Valentini & Damasio, 2016a) to use CR as a measure. The CRs in this study are in an acceptable range of above 0.80. The last measure was a convergent validity to measure the degree to which-to-which individual items reflects a perspective convergent in comparison to items measuring different aspects. The Average Variance Extracted (AVE) from this study as recommended by Fornel and Lacker is above 0.5 indicating that convergent validity was adhered. All AVE results for the model's constructs are greater than the squared inter-construct correlations that indicate that there is no problem with discriminant validity. Therefore, data can be used for further analysis at this stage. The total of 11 items were rotated by using Varimax to determine the factors which are perceived by the co-operative members as critical to their co-operative success. The items were rotated to form three constructs/components which are; commitment (3 items), strategy (4 items) and governance (4 items). Factor loadings were above 0.6 (0.757–0.859) indicating a relatively high level of internal consistency among items.

2.3. Ethical considerations

Research ethics were observed as required by research guidelines and postgraduate university guideline. Measures were taken into consideration includes: data collection clearance was obtained from the university, research permit for data collection from the Kilimanjaro Regional Administrative Secretary (RAS). Also, researcher sought respondent consent.

3. Results and Discussion

3.1. Demographic characteristics of the respondents

The study intended to assess the differences in perception between sexes and education level. Therefore, there was a need to analyse the demographic data on sex and education levels before further analysis.

Table 3 shows that 74% of the respondents were male while female is 26%. This is a normal situation to have more male members in the area of study where the culture of land ownership is

male dominance. Hence then, men are mostly the ones who join the AMCOS in these areas. By doing so even in the meeting it is possible that men will be more than women. Education level is skewed to the primary education (75.7%) and secondary education (21.3%). Only few members have non-degree education level (2.7%) and degree level (0.3%) education implying that most members in AMCOS have low level of education compared to those with high level of education.

3.2. Critical Success Factors Among Primary AMCOS

In order to establish the CSF, the Principal Component Factor analysis was conducted to determine the number of factors to be extracted. The eleven items were tested and rotated to form groups (components) named commitment, strategy and governance. No item was dropped in the analysis since all of them meet the threshold of factor loadings above 0.6 and they had an Eigen value greater than one.

Table 4 shows that governance, transparency within the co-operative have taken by the members as the very important factor in ensuring governance is practiced. It is followed by the leadership and government support. This means members perceive that, when there is support from the leaders as well as the government and members' confidence the co-operative can run smoothly. Government support is in terms of putting conducive environment for the primary AMCOS to operate. It is also shown that commitment is composed by members use their skills to for co-operatives benefits, members control their co-operative and members are responsible for promoting their cooperative. This is different from Awoke (2021) who found that loyalty, identification and participation are the elements of commitment. In this study commitment is led by the ability and willingness of members to promote their primary AMCOS in the community.

The study also shows that committed members have to willingly use their skills in their primary AMCOS for the benefits of the co-operatives. Every member in the co-operative has unique skills that can help the institution to improve and move in a proper direction. Moreover, it is emphasised that apart from using the skills they have, they are also needed to participate economically and in decision making. This means a total control and patronisation of their co-operative societies by deciding what exactly they want from their institutions. The findings concur with Dorgi and Gala (2016a) that found that member's participation should be done by making sure, every member take part in any activity of the society. Bijman and Verhees, (2011) also found that, members commitment influence participation which in return can strengthen governance in the co-operative.

Moreover, the findings established that, members should be able, and be devoted for the promotion of their co-operatives and co-operative ideology within and outside the co-operative. Promoting their AMCOS, will attract more members and then increase sales through their AMCOS. Promotion should be done by all members but it requires the ability to express or communicate properly about them to other non-members. The findings were also validated through interviews with some key informants:

"The co-operative is there but members should not stay aside ... they should have a spirit in terms of involvement in all co-operative activities. It has been always that some of the members are committed but others are not. But in order our co-operative to be vibrant, members should be committed and own the co-operative" (KII, 28 June 2018).

Results also showed that co-operative should have an ability to focus on the strategy which will contribute much on the performance improvement. The ability of the co-operative and its members to live the vision of their institution has perceived to be the major factor. The vision of the primary AMCOS should be understood to every member so as everyone live the vision. Developing organisational objectives which are achievable, although challenging, lead to the improvement in the co-operative success. Furthermore, the co-operative should be able to evaluate itself against their objectives and the feedback should go to the responsible persons. This is also supported by the study of Trechter, King, Walsh, et al. (2002a) who claimed that co-operative strategies which

Table 4. Critical Success Factors Among Primary AMCOS

	Mean (n =334)	Rank	Components Items Rotated Component Matrix ^a						
			1	2	3	CA	AVE	CR	
Commitment									
Members use their skills to for co-operative benefits	3.88	2			0.838	0.782	0.673		0.86
Members control their co-operative	3.75	3			0.796				
Members are responsible for promoting their cooperative	4.01	1			0.826				
Strategy									
Self-evaluation /assessment	4.04	4	0.850			0.863	0.54		0.89
Objective development	4.07	3	0.821						
Ability to be a strategy focused organisation	4.09	2	0.859						
Ability to live the vision of the co-operative	4.14	1	0.757						
Governance									

(Continued)

Table 4. (Continued)

	Mean (n =334)	Rank	Items Rotated Component Matrix ^a					AVE	CR
			1	2	3	CA	CR		
Develop measures throughout all levels in order to get feedback	4.19	3		0.846		0.811	0.502	0.87	
Create good governance structure	4.08	4		0.792					
Leadership and government support	4.37	2		0.770					
Transparency	4.41	1		0.759					
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.							0.810		
Bartlett's Test of Sphericity Approx. Chi-Square							1449.208		
Sig.							0.000		
Extraction Method: Principal Component Analysis.							CA Cronbach's Alpha		
Rotation Method: Varimax with Kaiser Normalization.							AVE Average Variance Explained		
Total items (11 items) Cronbach's Alpha 0.803							CR Composite Reliability		

are under the direct control of co-operative might influence member commitment. The findings were validated by the interview from the Key Informants:

“We are supposed to have strategies formulated clearly. That is very important. But the problem is some co-operatives do even prepare the strategic plans and put them in the shelves because of the inability to implement them because of low skills and fund. . . . The need to live the vision is important through setting and implementing short term, medium term and long-term objectives. (KII, June, 2018).

Governance has been found as the major CSF for the co-operative performance through creating a good governance structure which will oversee the activities of the primary AMCOS. It correspondingly, found that top leadership support is a very important area. One of the key informants argued that; “... members need feedback through the Annual General Meeting. They need to assess the management and board on the implementations of the aged plans (KII, June, 2018). The findings corroborate the findings from Rajaratnam, Noordin, Said, Juhan, Hanif, et al. (2010a) that insisted the importance of good leadership in cooperative organisations. However, in primary AMCOS board members, although elected by the members in the Annual General Meeting they should make sure they support their members in empowering them in order to be able to manage their co-operative. Government should also support AMCOS although the support should not jeopardize their independence or autonomy. The co-operative should also develop measures through all levels in order to have feedback. Above all, the study found that transparency to be a major element in the governance. Given the nature of the institution, transparency when taken seriously can solve most problems associated with group-kind of institutions like co-operative. When members know what is going on in their primary AMCOS it will build trust and improve members’ participation. By considering the CSFs discussed above, it is evident that, when each one of the CSF is followed properly, it can have a direct or indirect impact to another. For example, when the governance is good through transparency, it can lead to the high commitment of members since they have trust to their institution. The findings conform with the CSF theory by establishing the few things or areas which primary AMCOS should put efforts in order to perform well.

3.3. The Contribution of the Perceived CSFs on AMCOS Performance

In order to analyse the effect of CSF on the primary AMCOS performance the study used the predictive power (R-square). The predictive power of the model R-square value, was used to access the overall predictive power of the model. It explains how much independent variables explain the dependent variable. The model fit is proved by the two-way ANOVA at a significant level of $p < 0.05$ (Table 5). The model fit is proved by the ANOVA at a significant level of $p < 0.05$. Multicollinearity was checked through Variance Inflation Factor (VIF) and tolerance where the results indicate that there is no multicollinearity problem ($VIF > 1$) as shown in Table 4. Table 4 also shows that, AMCOS performance was explained by governance and structure, member;s commitment and strategy with a moderate R-square of 0.412. The R-square values can be interpreted as 0.19 = weak, 0.33 = moderate and 0.67 = strong (Ferguson, ; Hair Jr, Sarstedt, Hopkins, and Kuppelwieser, 2014; Sullivan & Feinn, 2012). Although the value of R-square is moderate, it is enough to explain the effect of the independent variable in the social sciences. All coefficients are statistically significant at $p < 0.05$ level indicating that the contributions of CSFs to the performance of AMCOS are statistically significant.

The contribution in each aspect of CSF was assessed through Beta coefficients in Table 5. The contribution of members commitment was found to be statistically significant ($t = 3.113$, $p < 0.05$). This means when members are committed to use their skills for co-operatives benefits, they participate in the control of their co-operative and continually feel responsible to promote their AMCOS, it will positively contribute to the performance of the cooperatives. Although some of the studies claim that sometimes strong member commitment has some disadvantages by having a negative impact because it may lead to reluctance to exit even if the co-operative does not deliver economic benefits (Jussila, Byrne, et al., 2012; Birchall and Simmons, 2004), this is not the

Table 5. The contribution of CSFs on the Primary AMCOS Performance

Model		Unstandardized Coefficients		Standardized Coefficients		t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta				Tolerance	VIF
1	(Constant)	20.199	7.416			2.724	0.007		
	members commitment	1.017	0.327	0.140		3.113	0.002	0.878	1.139
	strategy focused co-operative	3.482	0.299	0.543		11.655	0.000	0.823	1.216
	governance and structure	0.849	0.352	0.106		2.408	0.017	0.928	1.078
Two-way ANOVA: R 0.642; R Square 0.412; Adjusted R Square 0.406; F 77.20; Sig. 0.00									

a. Dependent Variable: overall performance

case for the current study. The current study supports the findings from previous studies that active participation and loyalty among the co-operatives members will determine the success of co-operative societies (Mahazril;Aini et al., 2012).

Strategy focused has also a significant positive contribution to the cooperative performance as shown in Table 5 ($t = 11.655, p < 0.05$). This means when the cooperative has a strategy focus by having self-evaluation/assessment timely and regularly, leaders and management are able to formulate proper objectives and able to live the vision of the co-operative it is expected to have the best performing AMCOS. Also, in the finding it is shown that governance and structure has a significant positive contribution to the cooperative performance ($t = 2.408, p < 0.05$). It is implied that when the cooperative is able to develop performance measures throughout all levels in order to get timely and proper feedback, able to create good governance structure that reflects their operations, cooperate with government and practice transparency it will accelerate the performance of the cooperatives.

The results suggest a resultant model to be:

$$y = 20.199 + 1.017x_1 + 3.482x_2 + 0.849x_3 \quad (5)$$

3.4. Conclusion and Recommendations

The paper has established the CSFs as suggested by the members that seem to help primary AMCOS to operate with a focus on the important issues that make them to prosper. After literature review, expert opinion, and component analysis Eleven (11) CSF were grouped into three categories: commitment (use of personal skills, members' control, and promotion), governance (measurement system, governance structure, leadership support, and transparency), strategy (self-evaluation, objective development, strategy focused, to live the vision). The study concludes that, primary AMCOS insists on the members commitment, strategy focused and good governance as their important success factor categories which should be monitored properly. Also, it concludes that the established CSFs show a positive contribution to the overall performance of the primary AMCOS. Therefore, the study recommends the emphasize to be on the identified CSFs and constantly managing the same to improve AMCOS performance. This can be done through electing visionary leaders and constantly learning so as to be able to manage strategies and governance within their institution. Also, in order to increase commitment, members should be motivated according to the commitment shown by each individual member in the cooperative. Since the study found government support as part of governance to be one of the important critical success factors, cooperatives should continue to cooperate with government and government should provide support without jeopardising their independency or autonomy. This can be done through participative approach during policy, planning and other related issues so that the two parts will have mutual understanding. Strategy-focused cooperative has shown high contribution in the cooperative performance, the study recommends to members to make sure they have right leaders holding the position so that they will help in formulating strategies and plan for the future as well as being able to translate the vision of the cooperative. Leaders should be able to internalize the CSFs and put them clearly in their plans and set the priorities on how to implement them.

Acknowledgements

I would like to acknowledge that, this work was supported by Moshi Co-operative University (MoCU) as my employer and Tanzania Commission for Science and Technology (COSTECH) for publication training.

Funding

The author received no direct funding for this research.

Author details

Victor Shirima¹

E-mail: Shirima.victor.shirima@mocu.ac.tz

¹ Department of Banking Accounting and Finance, Moshi Co-operative University, Tanzania, Tanzania.

Disclosure statement

No potential conflict of interest was reported by the author(s).

Citation information

Cite this article as: Critical Success Factors for the Better Performance of Agricultural Marketing Co-operative Societies in Rombo District, Tanzania: Are Members Aware of Them?, Victor Shirima, *Cogent Business & Management* (2022), 9: 2144703.

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