

# The Quest for the Survival and Influence of Business Associations in a Turbulent Environment: Lessons from Tanzania

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## Abstract

*This article investigates the driving force of business associations (BAs) in their attempt to influence policy regarding political and economic governance in Tanzania. On the basis of the collective action theory, new institutional economics (NIE) and historical analysis of 21 BAs, it is evident that they are driven by the evolutionary extensions of international ecosystem capabilities, the ability of BAs' leadership to change with the government agenda, the political ideology and their experience and competence to dialogue with the government. The article contributes to the collective action theory and the NIE literature by demonstrating that BAs take collective action to protect the interests of their members, and their survival is influenced by the political context.*

**Key Words:** Business associations, Collective action, Political and economic governance, Tanzania

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## **Introduction**

In recent years, there has been a growing interest in ascertaining the nature of business associations (BAs) and how they relate with states (Irwin, 2021; Charles *et al.*, 2017); Leftwich *et al.*, 2010; Taylor, 2012). To date, however, BAs have received little attention from organisational and business researchers, especially in developing countries and Africa in particular (Charles, 2023; Irwin, 2019). As a result, not much is known about how BAs emerge and are structured and what role they play in changing political and economic systems. While most African countries have undergone several economic transitions, from pre-independence, post-independence, the structural adjustment era to economic liberalisation, there is scanty empirical literature on the corresponding development of BAs (e.g. Author & Kraus, 2002, Bräutigam *et al.*, 2002). Consequently, not enough is known about how the economic and political landscape influences the capacity of BAs to influence governments to create public policies that are conducive to private investment (Irwin, 2021), thereby raising questions regarding the nature of BAs and the hegemony of the state in the development of BAs.

This article investigates the origin and organisation of BAs, and what enabled them to be effective in their advocacy and dialogue initiatives under different political and economic governance in Tanzania. While previous attempts to gain an understanding of BAs in Tanzania have been made, including an analysis of the challenges of promoting dialogue (Olomi *et al.*, 2004), the nature of the institutions involved in pro-poor private sector development (Olomi *et al.*, 2005), dialogue practices (Charles, 2016), and state-business relations (Charles *et al.*, 2017), this is a unique attempt to do a systematic historical analysis of BAs from the pre-colonial to the current political and economic landscape. In light of the collective action theory and new institutional economics (NIE) literature, this article traces the history of BAs in terms of what motivated them, how they organised themselves, and the factors influencing their effectiveness under different political systems. In this way, it sheds light on the ability of the organised private sector to develop its capacity to influence governments to formulate policies that are conducive to private investment in different political and economic settings.

BAs are viewed as organisations whose constituent members are businesses and/or other organisations (Reveley & Ville, 2010), sometimes, referred to as private sector organisations (PSOs) (Charles, 2016) or business member organisations (BMOs) (Irwin, 2021). In many instances, BAs are seen as an important part of the ecosystem enabling economic development. They play an indispensable role in coordinating the private sector, providing strategic services, and engaging in dialogue with the government (Charles, 2016). In view of their role in influencing the government to make policies supportive of their members (Olomi *et al.*, 2005), various disciplinary and theoretical perspectives show the ways in which BAs contribute to improved economic performance in a wide variety of contexts in developing countries.

On the contrary, some authors (e.g. Olson, 1965; Marques, 2017) perceive BAs as a special interest group characterised by rent-seeking and free-riding behaviour. The free rider problem creates a tension for BAs since the stronger they are and the bigger their business, the greater

their influence will be, but the greater will be the advantage gained by an individual from opting out and free riding on the rest (Bennett, 2000). This argument triggers a further analysis of the BAs in a country like Tanzania given that their membership is voluntary (Charles *et al.*, 2017). In this context, BAs can exist when members are willing to support them financially and in other ways (Barnett, 2013). In addition, the logic of collective action and the need to be represented drives businesses to join associations so as to maximise their legitimacy to speak and engage with the state as a whole. Therefore, in order to have an in-depth understanding of the origin and organisation of BAs, and how they influence policy in a context where the business environment is volatile, we traced their historical development based on the comprehensive documentary review and selected case studies.

The next section presents the literature review followed by methodology. Then, the findings from documentary review and in-depth interviews are presented and discussed. The article is concluded by showing study implications, limitations and areas of further research.

## **Literature**

This paper draws on the theoretical arguments that focus on the state, the economy and interest groups using the collective action theory and the NIE literature. The collective action theory asserts that where individuals have a common purpose and will benefit from cooperation, a group will be formed to cooperate for the common good (Richardson, 1993). Coined by Olson (1965), the collective action theory argues that a group of individuals attempting to provide a public good has trouble doing so efficiently simply because certain individuals are motivated to "free-ride" on the efforts of others, whereby they receive the benefits of cooperation without contributing to the costs. Olson (1965) also argues that groups with fewer members are more likely to take collective action than groups with a larger membership, as for smaller groups the benefits arising from collective action are divided among fewer members, as well as the costs involved. In larger groups, however, some members are happy to free ride, letting others invest resources in organising, lobbying, etc. (Marques, 2017). In view of this, the collective action literature characterises BAs as a "special interest group" and "economic rent seekers", whose self-serving objectives are detrimental to society, because they reduce economic efficiency and growth, as well as rendering ineffective the political and economic system, and so they must be countered and contained (Marques, 2017).

However, another strand of literature argues that BAs are capable of resolving collective issues without hindering competition among rival firms, thereby safeguarding market mechanisms (Bennett, 2000). In some cases, they are believed to be superior to government intervention as they provide a more informed, inclusive and adapted process that results in an efficient and effective solution (Lyon and Maxwell, 2004). Consequently, BAs are free to organise for collective advocacy (Irwin, 2019). From this perspective, BAs appear to play a pivotal role in consulting and cooperating with the state's bureaucracy and the private sector (Maxfield & Schneider, 1997). Exchanging information is therefore crucial for agreeing on joint goals, on the basis of which policies are ultimately formulated and implemented that reflect true developmental goals rather than narrower interests (Doner & Schneider, 2000). This form of joint policy-making could be a relevant approach to public-private sector cooperation (Charles, 2016).

A further scrutiny of BAs is based on the NIE literature that emerged from the work of Coase (1937), which views firms as institutions that work with the market in order to minimise transaction costs. In that regard, Hansmann (1996) argues that BAs are less likely to exploit market failures than their for-profit counterparts, due to their non-redistribution of benefits, which gives them a competitive advantage in the production of goods and services characterised by a high degree of trust. In principal, BAs represent the private sector's answer to the inability of the state to meet the demand for public goods (Bauwens, 2013). NIE research reveals a broad range of functions and activities undertaken by BAs, many of which promote efficiency. For instance, they are involved in promoting cooperation, strengthening property rights, reducing information asymmetry and upgrading the training of workers (Bennett, 2000). The NIE literature emphasises that external control and constraint are the main reason why BAs avoid rent-seeking behaviour and assume a 'market-complementing' role. Governments often work closely with BAs to ask for their opinions and provide them with the opportunity to lobby (Reveley & Ville, 2010). Governments have conferred on BAs various benefits, extending in some cases to compulsory membership (Charles, 2016), which has provided governments with the opportunity to put pressure on BAs to improve their economic performance in return for the privileges of association, and it enables governments to monitor any rent-seeking activities.

Nevertheless, the NIE literature does not take into account the evolution and the adaptive trajectory of institutions and organisations in particular. It also underestimates the importance of history and the influence of the context and the environment (Bauwens, 2013), which are crucial for explaining institutions' choices and their diverse configurations. Complementarity between institutions refers to the situation in which the presence of one fosters the existence of the others (Bennett, 2000). This means that the efficiency of a particular institution cannot be assessed in isolation, but it must take into account the interactions it has with its institutional environment (Bauwens, 2013). For instance, Sen (2015) argues that the acceleration of growth, after a prolonged period of stagnation, needs a stable political environment, comprising relationships based on trust and reciprocity. This motivates us to take into account the historical analysis of BAs and political governance across different phases of government.

Furthermore, even as some studies have accused BAs of seeking distributive rents rather than being concerned about the public good (Amin 2009), others have shown that BAs make a positive contribution. For instance, it is claimed that productive state-business relations often emerged when BAs were strong, and had nurtured linkages with the government over time, but, in Zambia, Brautigam *et al.* (2002) found that business-state relations did not improve, despite a pro-democracy stance by business and the pro-business agenda of the democratic government coming to power. In Zimbabwe they also found that the erosion of democracy reduced business access to state elites, thereby breaking up a growth coalition that initially showed considerable promise.

In contrast, because BAs are active, independent of the state and represent the private sector, they have been reported to resolve many of the collective action problems that are inherent in developing countries, where most firms are unable to articulate their views and concerns to state agencies (Doner & Schneider, 2000). Qureshi and te Velde's (2007) study on BAs in Zambia revealed that their members saw productivity increase by around 40%, with lobbying

of the government as their most sought-after function, and their 2012 study found that joining a BA enable the small and medium enterprises (SMEs) to participate in state-business relations and voice their concerns. In Ethiopia and South Africa, where BA membership was relatively strong, “lobbying government and information on government regulations were the two most important services provided by BAs” (Sen and te Velde, 2008).

In many cases, the effectiveness of BAs has been related to the country's political regime and leadership. For example, Taylor (2012) found that good policies for the private sector emerged in the African context through specific actions taken by a committed pro-business leadership, as in the case of Rwanda and Zambia. A comparative study of ‘middle African’ countries by Booth (2015) found that economic performance was strong in periods when the political regime had centralised the management of economic rents, through which the ruling elite had the disposition to use rents productively to enlarge the national economic pie, rather than obtaining the largest slices from it in the short term. Booth found that all successful cases of growth had the following features in common: a single or dominant party system; a competent and confident economic technocracy; a strategy to include, at least partially, the most important political groups in some of the benefits of growth; and a sound policy framework. In general, however, the type of political regime, whether a one-party or multi-party system, is less important in explaining the emergence of effective state-business relations than the ideology of the key political actors, and whether rival political parties have a shared vision of the importance of growth-oriented policies (Leftwich, 2009).

In addition, Author & Kraus (2002) examined the key factors that had impacted BAs in Ghana and Nigeria and found that the level of capitalist development, the strength of capitalist ideology, democratic vs. authoritarian rule and the impact of external hegemonic powers and ideologies influenced the strength of BAs. Their study revealed that Nigeria's BAs were more highly developed, had a higher level of activity and more influence, however limited, than Ghana's. Externally generated economic liberalisation stimulated higher levels of BA activity, but not necessarily providing political space for BAs' autonomy.

It is further reported that the private sector depends on bureaucrats and politicians for the successful design and implementation of policies, and the government depends on the private sector to ensure that private firms make the profitable investments that are necessary for growth and for policies to be sustained (Sen, 2013). Close consultation and coordination can help increase trust, lower the cost of the state monitoring private sector performance, and reassure the private sector that their concerns are being addressed (Doner & Schneider 2000). Accordingly, BAs can provide information on investment opportunities and potential problems to its members, help enforce industry quality standards, and pass on the demands of its members to state agencies (Cammett, 2007), thereby reducing transaction and coordination costs and helping members gain higher returns on investment. Of course, BAs can play an effective role in promoting the interests of the private sector, as they are usually well organised, well-resourced and staffed by professionals (Irwin, 2019).

Overall, the extant literature reveals various theoretical perspectives explaining the nature of BAs, and their ability to organise themselves in defence of their common economic and political interests. For instance, the collective action theory proposes that many factors create strong BAs, but the most important ones are whether or not incentives are available to identical groups, or whether the possibility of affecting public policies through collective action is great enough to organise. In connection with the NIE literature, BAs are viewed as

institutions that create and sustain more stable relationships, although they are shaped by their history and members' needs, capacity and context, including society's dominant values and ideologies. This view aligns with our thinking and the main direction of this article.

## **Methodology**

The study used the emergent qualitative and historical analysis approach, relying mostly on a documentary review and interviews with key informants. Like other analytical methods in qualitative research, documentary review was adopted to develop in-depth knowledge of the nature of BAs and their evolutionary process (Corbin & Strauss, 2008; Mzenzi, 2016). This review covered a wide range of literature and documents including published and unpublished research articles, research reports, newspapers articles, constitutions of BAs, as well as minutes and annual reports of BA meetings. An extensive amount of archival data was collected from old and more recent newspapers, as well as BAs' minute books. Some associations such as ATE and TCCIA had prepared historical notes for their golden and silver jubilee, respectively, which contained useful historical data and insights. The researchers extracted, analysed and summarised the required data from the reviewed documents. Content analysis was used to organise data and information collected from reviewed documents into categories related to the central questions of the research. As recommended by Creswell (2013), researchers used an interpretive approach to analyse the meanings and contexts of the data and information generated from documentary analysis.

The study used case studies of seven apex BAs that predate independence (1961) and their modern day extensions to illustrate the landscape and development of BAs. These are the Dar es Salaam Chamber of Commerce (DCC), Dar es Salaam Merchants' Chamber (DMC), Association of Tanzania Employers (ATE) and their modern direct extensions, namely Tanzania Chamber of Commerce Industry and Agriculture (TCCIA), Confederation of Tanzania Industries (CTI), Agriculture Council of Tanzania (ACT) and Tanzania Private Sector Foundation (TPSF). Two associations, ATE and TCCIA, had documented part of their history for their 25<sup>th</sup> and 50<sup>th</sup> anniversary, respectively, which served as useful sources of information. In addition, nine sectoral BAs (Table II) and five youth and women BAs (Table III) were analysed to complement the findings from the apex associations.

The field study which entailed face to face interviews was conducted in Dar es Salaam, where most BAs have their headquarters (Charles, 2021). The sampling method was purposeful, targeting BA founders, current and former board members and managers and other persons who had been closely associated with BAs. Snowball sampling was adopted, whereby one interview led to the identification of one or more "knowledge rich" sources. The interviews proceeded after securing participants' consent, which was done verbally by clarifying that participation was voluntary and the data were needed for academic purpose only. In total, 28 persons were interviewed, using an interview guide based on the key objectives of the study. Most interviews ranged from 30 minutes to one hour, depending on how much the conversation revealed.

After taking the notes from interviews, they were then reviewed to ensure the quality and accuracy of the data and information included in the findings. Conventional content manual analysis (inductive) was carried out to identify common responses emerging from the respondents (Creswell, 2013). This involved generating a provisional list of codes/themes

based on the study's objectives. Key themes which emerged from the findings were BA capabilities, leadership, political ideology as well as dialogue experience and competencies. Validation was done through triangulation of sources and circulating the draft report to all respondents for review, corrections and suggestions (Yin, 2014). Where contradictory information was collected, it was cross-checked through follow-up interviews with informants to obtain more insights and correct data, after which common views and evidence from different sources were combined to form the findings presented in this article.

## **Findings**

### ***Political Economy of Tanzania and the BAs***

The documents reviewed (e.g. Dias, 1970; Said 1998) and interviews conducted with the leaders of BAs revealed that the political economy of Tanzania can be traced back to its founding as a German colony (1891-1919), through four decades as a British Protectorate (1919-1961) and six decades of independence. The country has experienced different social and economic epochs, including over 20 years of attempts to build a centrally planned economy (1967-1986). The building of a market economy ecosystem started with macro-economic reforms in the mid-1980s, followed gradually by institutional reforms and development of the relevant capacities in the private and public sector.

With respect to BAs, the grouping of businesses into associations during the pre-independence era was voluntary and they were mostly registered under the Companies Act with liability limited by guarantee. Basically, there were many private sector business interest groups at work during the pre-independence period, including associations of farmers, miners and those in other sectors. The primary motive for setting up associations was to unite the business community to speak with one voice in the furtherance and defence of their business interests.

Their principle and practice of voluntary membership tended to result in insufficient revenue from membership fees, often resulting in insolvency. While BAs took pride in the fact that business owners freely came together to pursue their common interests, the cherished voluntary nature of their membership tended to attract fewer businesses than would have been the case if membership was mandatory. It also posed the daunting challenge of free riders. However, BAs lobbied and dialogued with the colonial authorities about taxes, labour supply and violation of businesses' freedom and many other matters of common interest to their members. The level of transparency in BAs' dealings with the colonial authorities was striking. The colonial administration's commitment to respond to almost every issue they raised was remarkable.

Although many African countries initially experimented with multi-party democracy introduced by colonial rulers just before independence, they quickly reverted to the pre-colonial and colonial authoritarian style of governance (Chazan *et al.*, 1999). To limit opportunities for opposition, the new leadership, which had started their political careers in voluntary organisations and social groups, clamped down on them (Irwin, 2019).

In the case of Tanzania, the socialist policy added to the woes of voluntary organisations which represented the private sector. The desire of the ruling party, Tanganyika National African Union (TANU), for the state to have an active role in business pre-dated the formal declaration of the policy of socialism through the Arusha Declaration in 1967. During the first three years of independence (1961-1963) both TANU and its government were heavily

involved in acquiring/restructuring or establishing new businesses. For example, in June 1962, the government established the Tanganyika Development Corporation (TDC) to replace the Colonial Development Corporation. In early 1965, the National Cooperative Supply Association of Tanganyika (COSATA) was established to compete with private merchants in domestic trade (Glickman 1965). The ruling party set up its own holding company, the Mwananchi Development Corporation (MDC) in early 1962, which went on to establish its own construction, trading and publishing companies. Having set up all these businesses, in 1964 the Government tried to change the status of voluntary membership of the Tanzania Association of Chambers of Commerce (TACC), the de-facto national apex BA to make it statutory, which comprised not only local private sector chambers but also cooperatives and government commodity boards. The private sector leadership objected and therefore retained its independence.

The widespread nationalisation of private enterprises following the *Arusha Declaration on Socialism and Self-Reliance* in 1967 had a huge impact on Tanzania's private sector coalitions. Not only were the most important private BA members taken over by the state, but private sector entrepreneurs generally were fiercely castigated as ruthless exploiters and capitalists bent on merely tolerating people's development rather than nurturing it in the emerging socialist society. Thus, during the socialist period, previously vibrant chambers of commerce and other BAs lost their collective voice, and became conduits for transmitting official directives to the private business community. This effectively prevented the development of an indigenous private sector, an entrepreneurial middle class and a business voice. Thus, the net effect of the 20-year socialist experiment (1967-1986) on the development of BAs in Tanzania was to prevent already disadvantaged indigenous from accumulating private capital and investing in a proactive coalition to promote and defend private business interests.

When Tanzania reverted to a free market economy in the late 1980s, the major post-independence BAs could not take on the role of private sector representatives after liberalisation for two reasons. Firstly, they had been incapacitated by years of state capture and decline of the parastatal sector. Secondly, there had been no representatives of the post-liberalisation private sector, most of which consisted of small businesses.

### ***Major BAs Operating From Colonial Times***

The study established that there have been different types of BAs from the early 20<sup>th</sup> century in Tanzania. Most of the significant BAs evolved from and were affiliated to the Dar es Salaam Chamber of Commerce (DCC) and Tanganyika Association of Chambers of Commerce (TACC). In this section, we present the historical development of three pre-independence BAs that still exist today, namely the DCC, the Association of Tanzanian Employers (ATE), and the Dar es Salaam Merchants' Chamber (DMC) (Table I).

**Table I: Apex Business Associations**

<b>Indicator</b>	<b>TPSF</b>	<b>TCCIA</b>	<b>CTI</b>	<b>TAHA</b>	<b>TCT</b>	<b>ACT</b>	<b>VIBINDO</b>
Year Established	1998	1988	1991	2004	2000	1999	1995
Founder Members	33	-	75	16	6	40	19 groups
Current Membership	306	20,000	446	1,239	12	177	630 groups
Founding staff	2	1	1	5	1	-	0
Current full-time staff	30	143	15	78	5	20	0



### **The Dar es Salaam Chamber of Commerce**

The DCC is the oldest business association in Tanzania. It was formed in 1919 by 19 predominantly British and British South African investors and merchants to speak with one voice in their fight for a business-friendly environment. By December 1961, there were 18 other registered chambers in Tanganyika. Of course, the DCC always had a large number of honorary members, the majority of whom were government officers and individuals who represented private sector interests. In a sense, therefore, there was quite a large element of public sector representation in the membership of the DCC throughout its history.

By virtue of its history and stature, DCC was the most senior of the local chambers as it coordinated and acted on behalf of the other provincial chambers in many different situations. It was the *de facto* territorial umbrella BA playing the role of secretariat to the TACC. By 1961, DCC had 172 active members, and it had taken many advocacy initiatives during the very early years of independence. DCC advocated for several issues including land ownership rights, regulatory fees, immigration and work permits.

What clearly emerges from these post-independence private/public sector dynamics, as illustrated by the DCC's experience, is the government's desire to cooperate with the DCC rather than being in confrontation with it and the organised private sector in general, so as to build an egalitarian Tanzanian society. The country's socialist ideology was opposed to the philosophy of private profit maximisation, as well as the voluntary organisation of private sector players to achieve a united voice to defend and further their common business interests. With that ideological framework following the 1967 nationalisation of the Chamber of Commerce totally distorted the essence and object of BAs, which was to lobby and dialogue with the state authorities for an enabling business environment. What emerged during the 1960s and 1970s of the desire to convert the TACC into a statutory government-sponsored BA was a strong government strategy to neutralise the private sector and capture its member organisations to serve the state rather than private members' business interests.

Starting in the mid-1970s, the DCC was substantially preoccupied with political issues, such as contributing to the ruling party, which appeared on the agenda for several years. Going through the DCC's record of proceedings of both general and committee meetings, it is clear that by the end of the 1970s and early 1980s the state had succeeded in neutralising and compromising the DCC, as high profile parastatals and big individual enterprises became members. Their heads, who were top party cadres, took leadership positions on its Management Committee. The DCC was soon fully politicised, its preoccupation shifting from serious lobbying and dialoguing with the government on behalf of its private sector members to supporting party and government policies and propaganda.

After reverting to the market economy in the late 1980s and early 1990s, the DCC tried to be more assertive in lobbying and dialoguing with the authorities. Consequently, the DCC played a major part in forming TCCIA and therefore felt it was duty bound to help put it in order.

### **The Dar es Salaam Merchants' Chamber (DMC)**

In 1914, Indians residents formed a 16-member association to press for what they claimed were their rights to have the same status as Europeans in East Africa. In 1918, a more

inclusive Indian Association was formed to unite all Indians, and by 1923 this Association had spread to other parts of the country.

In 1941, the Association formally changed its name to the Indian Merchants' Chamber (IMC). Being sensitive to the racial undertones in its name, the IMC changed its name to Dar es Salaam Merchants' Chamber (DMC) after independence in 1961. The advocacy agenda of the DMC over its almost 80-year history focused on: i) the native development policy of 1930 that promoted the superiority of Europeans; ii) the persistent trade imbalance in Tanganyika; iii) exchange control and trade licensing; and iv) the trade quota on manufactured goods.

During the 20-year socialist experiment between 1967 and 1987, the DMC kept a low profile. Since then, it has not been as proactive in its advocacy and dialogue strategy as it was before, largely because of the totally changed legal and institutional environment. DMC has more than 200 members on its register engaged in various lines of business, ranging from export/import and domestic trade, shop-keeping and industry to professional pursuits.

### **The Association of Tanzania Employers (ATE)**

The Federation of Tanzania Employers was founded and registered in 1960. In 1975, they adopted the name ATE. By 1985, its membership reached the climax at 560 and then fell to 252 in 1987 following the collapse of most commercial parastatals. Thereafter, a serious drive was launched to attract new members following the policy change towards a free market economy. By 2005, the number of members had grown to about 800 and stood at 830 in June 2021. We can cite a few examples of ATE's successful advocacy endeavours. Between 1985 and 1996, any public holiday that fell on a Saturday was compensated for by making the following Monday a public holiday. After calculating the cost of that policy decision, ATE engaged in a dialogue with the government and, within a month, a bill was passed to abolish the system. In 2003, ATE advocated for the abolition 12 nuisance taxes, which adversely impacted the growth of commercial agriculture in Tanzania, resulting in the abolition of 6 of the 12 taxes during the 2004 budget session. Between 2002 and 2004, the ATE seriously agitated for a reform of the country's labour laws. ATE's proposals were adopted including mediation and arbitration procedures, which are the main feature of the New Labour Laws that became effective on 5<sup>th</sup> January 2007.

### ***Existing BAs After Economic Liberalisation***

A key part of the transition from a centralised economy was the creation of public and private sector institutional mechanisms to support a more open, mixed economy that gave scope to privately owned enterprises. From 1988, private sector membership organisations started to re-emerge, albeit in a new form. While most were concentrated in agriculture, a few brought together traders, fishermen, transporters, etc. Those associations were clustered into three main categories, namely apex BAs, sector BAs and youth and women BAs. The Apex associations comprise TCCIA, the Confederation of Tanzanian Industries (CTI), the Agriculture Council official Tanzania (ACT), the Tanzania Private Sector Foundation (TPSF) and Tanzania Confederation of Tourism (TCT). However, we focus mostly on the development of four of these, TCCIA, CTI, ACT and TPSF, which could be characterised as extensions of the pre-independence BMOs.

### **Tanzania Chamber of Commerce, Industry and Agriculture (TCCIA)**

TCCIA was formed in 1988 to represent industry (manufacturing), agriculture and commerce. It therefore has a multi-sector, hierarchical structure, with chapters in all the administrative regions and most districts in Tanzania. At the time of this study, TCCIA had 26 regional and 120 district chapters, with over 20,000 members. It is a member of the International Chamber of Commerce (ICC), the East African Chamber of Commerce, Industry and Agriculture (EACCIA) and the Pan-African Chamber of Commerce and Industry. The association boasts of over 30 years of successfully issuing Certificates of Origin countrywide and it engages in lobbying and advocacy from district to national level. It organises trade fairs, exhibitions, study tours, business matchmaking and networking.

### **The Confederation of Tanzanian Industries (CTI)**

CTI was formed in 1991 by 74 industrialists, who abandoned TCCIA and launched an exclusive manufacturers' association to lobby for the protection of local industry's interests. The number of members has grown to 417. CTI advocates for a conducive business and socio-economic environment for private sector manufacturing and service industries. Over the years, it has become one of the most credible BAs, and has contributed significantly to improving the business environment in the country, largely due its systematic research that informs policy. For instance, it has successfully advocated for the abolition of counterfeit goods, addressing the challenge of unreliable electricity supply and regulatory challenges facing food processors. In 2016, their study on simplifying compliance was used to inform the Blueprint for regulatory reform to improve the country's business environment. In 2017, CTI influenced the Tanzania Port Authority to review the wharfage charging system and its effects on port users. It also successfully advocated for efficiency of the port and enhanced involvement of its members in the Dar es Salaam port infrastructure development project.

### **Agriculture Council of Tanzania (ACT)**

ACT was established in 1999 as the Tanzania Chamber of Agriculture and Livestock and adopted the name ACT in 2005. It was championed by members of TCCIA, who felt the need for a specialised apex BA for the agricultural sector. It started with 40 members and by 2021 the number had grown to 177. ACT represents actors from fisheries, farming, livestock and agro-processing from covering an estimated 50% of agricultural actors in the country. Through ACT, several policy dialogues have been conducted and yielded positive results for local economic development. For instance, it successfully advocated for the adoption of the "Kilimo Kwanza (Agriculture First)" resolution to attain agricultural transformation. ACT successfully advocated for the establishment of the Tanzania Agricultural Development Bank (TADB), and for a proportion of the budget allocated to agriculture to be increased from 4.5% to 7.7% in 2011/2012. In 2015, ACT signed a Memorandum of Understanding with the Government to formalise the consultative mechanism for ensuring the proper participation of the private sector in key decision-making processes in the agricultural sector.

### **The Tanzania Private Sector Foundation (TPSF)**

TPSF was incorporated as a company limited by guarantee in 1998. Following establishment of splinter PSOs from TCCIA, there was still no single truly national institution to speak with one voice on behalf of the entire private sector. Over time, the number of TPSF members grew from 33 at establishment (over a third being TCCIA regional chambers) to over 300 in 2021. Its members comprise BAs, corporate companies, multinationals, SMEs and start-ups. However, some actors in both the public and private sector were suspicious of the move to

establish TPSF, and even attempted to block it. Some private sector segments were also uncomfortable with the prospect of a strong private sector apex led by the indigenous business community, perhaps fearing that their agenda might compromise the interests of other segments. These fears were not unfounded because there had been calls by some senior leaders of the private sector for an “indigenisation” policy to be adopted.

TPSF is the umbrella body for private sector associations and corporate bodies in all sectors, and is the convenor of the private sector in advocacy with government at the highest level. It is a key partner of the government and other stakeholders in formulating and implementing policies and strategies geared towards spurring economic growth and national development, and creating wealth. Over the past 20 years, TPSF has occupied a unique position in Tanzania’s BMO community, serving as the point of reference for the articulation of private sector-led approaches to bringing about Tanzania’s economic and social development. Perhaps one of the most important achievements of TPSF was successfully advocating for and steering the establishment of the TNBC, which is the counterpart of the Government’s TNBC.

### **Sectoral and Special Groups BAs**

Since shifting to the market economy, there has been a proliferation of BAs at sector and sub-sector level, and of special groups (women, people with disabilities, micro enterprises, etc.) as summarised in Tables II and III. Some sector associations have been organised into apexes, such as the Tourism Confederation of Tanzania (TCT), Tanzania Horticulture Association (TAHA), Rice Council of Tanzania (RCT), Agriculture Non-State Actor Forum (ANSAF) and Tanzania Milk Processors’ Association (TAMPA). It should be noted that, although all these apexes were established in the past 25 years, a few of them pre-date independence.

**Table II: Sectoral Business Association**

<b>Name</b>	<b>ANSAF</b>	<b>TAMPA</b>	<b>TASUPA</b>	<b>TANEXA</b>	<b>TAOA</b>	<b>TACTO</b>	<b>RCT</b>	<b>TATO</b>	<b>JWT</b>
Year established	2006	2001	2013	1994	2002	2004	2014	1983	2014
Founder Members	8	<10	6	58	11	15	10	25	2700
Current Members	76	62	817	146	21	45	126	256	1,000,000
Young Members	7	-	-	2	0	19	-	-	-
Female Members	7	-	53	56	2	10	-	-	-
Current staff	14	2	4	4	1	-	5	7	-
Founder staff	1	2	1	1	1	-	3	1	-

The Chief Executive Officers’ (CEO) Roundtable is one of the prominent BMOs. It was established in 2000 by the CEOs of leading corporations as a forum through which industry leaders could constructively engage with the government, development partners and other stakeholders to create a more conducive environment in which businesses can prosper and the country develop.

Networks championing youth’s issues include Sokoine University Graduate Entrepreneurs’ Cooperative (SUGECO), Tanzania Graduate Farmers’ Association (TGFA), Tanzania Development Forum for Youth (TDFY), Tanzania Youth Alliance (TAYOA), Tanzania Youth Coalition (TYC) and Youth Entrepreneurs’ Network (YEN-TZ).

The Women Entrepreneurs’ Associations include the Tanzania Women Chamber of Commerce (TWCC), Tanzania Food Processors’ Association (TAFOPA), Federation of

Association of Women Entrepreneurs (FAWETA), Tanzania Women Miners' Association (TAWOMA), the African Women's Entrepreneurship Programme (AWEP), Tanzania Women Entrepreneurs' Network and Development Exposition (TWENDE), and the Coalition for Advancement of Women in Agriculture Tanzania (CAWAT).

**Table III: Youth and Women BAs**

<b>Name of the Association</b>	<b>SUGECO</b>	<b>TGFA</b>	<b>CAWAT</b>	<b>TWCC</b>	<b>TAFOPA</b>
Year established	2011	2002	2014	2005	1997
Founder Members	40	14	34	12	20
Current Members	600	400	50	5000	630
Young Members	-	Over 100	15	500	23
Female Members	180	150	30	4500	598
Current staff	14	1	1	5	-
Founder staff	1	1	1	0	2

The main motive for establishing these BMOs is to push for and/or defend members' common business interests, no matter how they define them. Their proliferation means that the demand has been growing for a collective voice to lobby and dialogue with government authorities at the national and sub-national level on the specific issues of different localities and sectors/sub-sectors. From the policy reform standpoint this is a sign of a growing democracy, in which there is freedom to associate in pursuit of collective business interests.

However, this proliferation has exacerbated the challenge of sustainability, because multiple associations rely on the same small group of formal enterprises to be members and pay fees. To give an example, a female entrepreneur involved in food processing will typically be expected to join the mainstream association (e.g. TCCIA or CTI) as well as a women's only association. Similarly, most established businesses that belong to local chambers of TCCIA are expected to join their sector associations. Further, as some associations were established as extensions of donor-funded development projects, they disappear from the scene as soon as the interests for whom they were formed are dealt with. Thus, the issue of survival is, by and large, a function of the nature and duration of the specific business interest they set out to push or defend, and the timing and adequacy of the authorities' response.

## **Discussion and Implications**

This article reveals that membership of BAs in Tanzania has been voluntary throughout their evolution in different political settings. It is evident that, from the colonial era to post independence and trade liberalisation, BAs were generally formed to represent private sector interests and their membership was voluntary, despite some government interference during the socialist movement. Contrary to the collective action theory (Olson, 1965) and the literature that argues that BAs are economic rent seekers (Marques, 2017), our findings demonstrate that most BAs before and after independence pursued collective issues to protect the interests of their members. Despite the fact that, at independence, there were racially based national, provincial, sub-sector and employers' organisations with voluntary membership, organised along racial lines, they largely pursued the common interests of all their members.

In line with Sen's (2015) view, it is evident that after trade liberalisation, more BAs emerged, ranging from apex associations (e.g. TPSF, TCCIA, ACT) to sectoral (e.g. CTI, TAHA) and special group associations (e.g. TWCC, TAYOA) to pursue private sector interests. Indeed, BAs played an indispensable role in coordinating these interests and providing strategic services and dialogue with the government. In line with the NIE perspective, BAs promoted cooperation and resolved the dilemma identified by the collective action theory concerning their value (Barnett, 2013). However, as a way of advancing the previous literature, our article reveals that the context in which BAs operate can influence their behaviour and the value they bring to their members. For instance, after BAs were effectively taken over by the government in the late 1960s, they lost their relevance, and the parastatals, which dominated economic activity, joined the BAs to advocate for an enabling policy environment relevant to them. Surprisingly, the same government encouraged the reintroduction of BAs, whose need was felt only after the transition to a market economy. This observation advances the findings presented by Author & Kraus (2002), Booth (2015) and Leftwich (2009) concerning the influence of the political regime on the perception and value of the BAs.

In terms of what drove the establishment of BAs, our findings reveal four major factors. First, some BAs were driven by the capabilities that emerged as an extension of the international ecosystem, which accorded them experience, governance systems and enlightened leadership. For instance, DCC was established in Tanzania as an extension of British and Commonwealth BAs, and was affiliated at the East Africa and international level. This enabled the BAs to directly tap into international experience, skills and management and governance systems and gain a good reputation. Second, the ability of the leadership of BAs to change with the government agenda played a key role in the development of BAs. For instance, while some pre-colonial BAs, such as the IMC, were initially organised along racial lines, they changed their agenda and survived the turbulent post-independent period by avoiding confrontation with the state and being sensitive to national ideals. Actually, when it became clear that the new independent government would not tolerate discrimination, it changed its name from the Indian Merchants' Chamber to the DMC.

Third, the political ideology and context influenced the development of BAs and their interests. The colonial government embraced BAs because they did not present a political threat. However, this changed after independence when voluntary organisations were considered a possible source of opposition. Actually, nationalisation took away some of the strongest members of the DCC to create a competing public sector enterprise, thus seriously weakening the BA system. For instance, some parastatals were invited to join DCC, which negated the purpose of the private sector, namely lobbying and dialoguing with the government. During the socialist years, the BAs in existence at independence were ineffectual, as their leaders feared the heavy hand of the authorities. When it was time to roll back the state and roll out the free market starting in the late 1980s, the Government accepted the idea of an organised private sector to speak with one voice with the government. For example, the same government that stifled BAs in the 1960s encouraged the establishment of TCCIA and supported the establishment of an apex private sector body (i.e. TPSF). In this regard, the BAs established early on in the transition from the command economy did not have the propensity to use public channels and avoid confrontation, unlike those that came after the private sector had become more accepted.

Fourth, BAs had the experience and competencies needed to dialogue and engage with the government in the course of pursuing its agenda. For instance, at independence, senior chambers like DCC and DMC had been in existence for more than 40 years and the TACC was well placed to coordinate their activities. The private sector was already well organised in primary and tertiary coalitions, and so the only change they experienced was that they were now dealing with a new socialist-oriented nationalist government. However, the post-independence period was a time for soul-searching by the organised private sector on how best to engage with the government that had proclaimed socialism as its ideology. The experience of DCC suggests that after the government failed to convince members to surrender their organisation and let it be re-established by legislation and become a government body, it decided to 'infiltrate' DCC and change it from the inside.

In terms of independence, stature and seriousness of purpose, post-independence BAs were nothing close to what they were in the early 1960s. After 1986 a growing number of BAs were created, and have been growing in terms of number of members, size of secretariat and influence. This is accounted for by a virtuous cycle of increasing legitimacy, capacity, engagement with policy makers, trust and impact (Irwin, 2019).

Ideally, our article demonstrates the relevance of the political ideology and the context in which BAs are established and function. The agenda pursued by them and the interests of their members are largely influenced by the political ideology and their context. Accordingly, we support the view that the private sector is likely to engage in collective action to lobby the government, minimise transaction costs and protect their interests. This brings a new perspective to the collective action literature as regards an unpredictable and turbulent political and business environment. Although we agree with the NIE perspective that BAs as institutions that pursue a common interest can address the inability of the state to face the heterogeneity of the demand for public goods (Bauwens, 2013), we demonstrate the effect of the political evolution and the adaptive trajectory of BAs. Our article reveals the influence of the context in explaining the diversity of BAs. It is therefore important to take into account the interactions of BAs with their institutional environment when assessing their governance, interests and effectiveness across different phases of government.

## **Conclusion**

This article demonstrates the driving force of BAs in their attempt to influence policy regarding political and economic governance. Drawing on the collective action theory, new institutional economics (NIE) and historical analysis of BAs, it shows that most associations were driven by the evolutionary extensions of international ecosystem capabilities, dynamism of their leaders to change with the government agenda, the political ideology and their experience and competence to dialogue with the government. Based on the evidence from a developing country context, the study contributes to the collective action theory by showing how collective actions are influenced by the context. This means that the political ideology and business environment influence not only the evolution of BAs, but also, the outcomes of their collective actions. Accordingly, BAs should develop their capabilities and leadership that can drive their agenda in the changing political ideology and business environment. By doing so, BAs will be able to survive and influence the government to meet interests of their members in a turbulent business environment.

While this study is an important step in documenting the dynamic history of BAs, it cannot claim to be exhaustive. It has not included other sectors, ethnic or thematic BAs, nor has it fully captured the landscape of BAs as it has evolved in the past 30 years following economic liberalisation. While it was not expected that there would be rich information on pre-independence BA activities, it turned out there is a lot more to learn from history that could not be fully captured by this study. The dynamics of colonial policy making and BAs in different sectors could not be captured in detail. It is highly recommended that in-depth follow-up studies be conducted. One study could focus exclusively on the pre-independence period. Some studies could focus on the development of sectoral BAs, and how they influence policy reforms in their respective sectors.

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