

## Ginger Exporters in Global Value Chains in Tanzania: Glass Half Full or Glass Half Empty?

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### Abstract

*The current participation of Tanzanian ginger exporters in global value chains is viewed as glass half empty with the possibility of being viewed as glass half full by the actors. By being half empty they are pessimistic and because they operating in reactive model the will be regarded to be a source of raw materials. If they are optimistic and see the glass full empty, they will be active participant with strategic plans to upgrade product by adding value and find appropriate business connections such as through strategic alliances, and contractual partnerships. Although records show the increasing value of export of non-traditional goods in which ginger belongs to this category there are opportunities and potentials for around 4,000 people in the whole value chain as well as country economic development. The study was conducted in Dar es Salaam Sabasaba ground during Trade fair in which twenty-seven respondents including exporters and internal trade actors were interviewed. Ginger exporters' meaning of global value chain found to be the commitment they make to observe legal requirements in processing product from the farmer to fulfill the specification of orders that they have received. This study contributes to theory, methodology and providing input for the best way to address internationalization which is one of the aspects on countries vision 2050.*

**Keywords:** ginger exporters, Tanzania, global value chain, glass half full

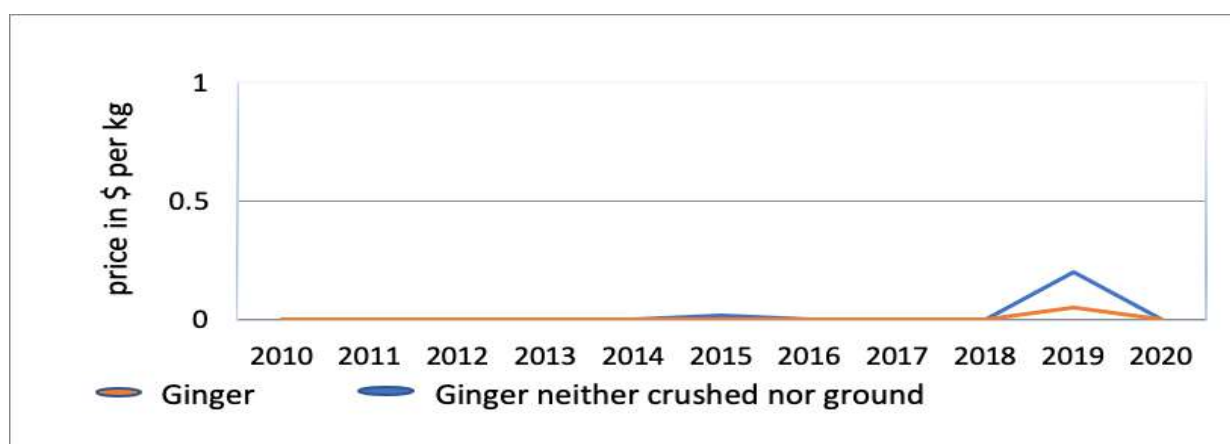
### Introduction

Exporter's participation in the global value chains has been discussed in various context such as in the entry modes (Solberg & Nes, 2002), in achieving exporters economic benefits (Obadia, 2010), in organizations export performance (Lages & Montgomery, 2004). This study features in debates by looking at the extent to which ginger exporters involve themselves in global business context. It is motivated by the increased value of export and improved balance of payment that Tanzania has been recently experiencing, in which in their annual reports of 2020/21 the Bank of Tanzania (BOT) and Tanzania Revenue has recorded significant increase of export that has contributed in narrowing deficit on the goods account to USD 2,129.2 million in 2020/21 from USD 2,566.7 million in 2019/20. It is notable that the significant contribution of the export is from non-traditional goods export in which the value of goods export grew by 10.0 percent to USD 6,457.9 million due to an increase in goods exports relative to imports. The report shows that non-tradition exports that include gold, manufactured goods, horticultural products and other exports increased by 21.7 percent to 5,567.8 million (BOT 2021).

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This study has picked the export value of ginger product, which is estimated to involve around 4,000 people in the whole value chain. This includes the farmers Kilimanjaro, Tanga, Mbeya Ruvuma, Morogoro, Kigoma and Kagera regions in which a total of 126 tons of ginger were produced in 2019 (Citizens, 2024). The performance of ginger in the value of export from BOT and TRA report is found under the others category by which it contributed USD 2199.0 million in 2020/21 exceeding fish and fish products which its value was USD 1,790 the same year (BOT, 2021). Ginger business in the international market is among others motivated by its price, which it soared from USD 0.04 per kilogram in 2018 to USD 0.51 in 2019 which is 1,179.772%. this motivation also goes with the order received from other distributors in the global value chain network.



**Figure 1. Tanzanian Ginger Export Prices**

**Source:** Field data (2021)

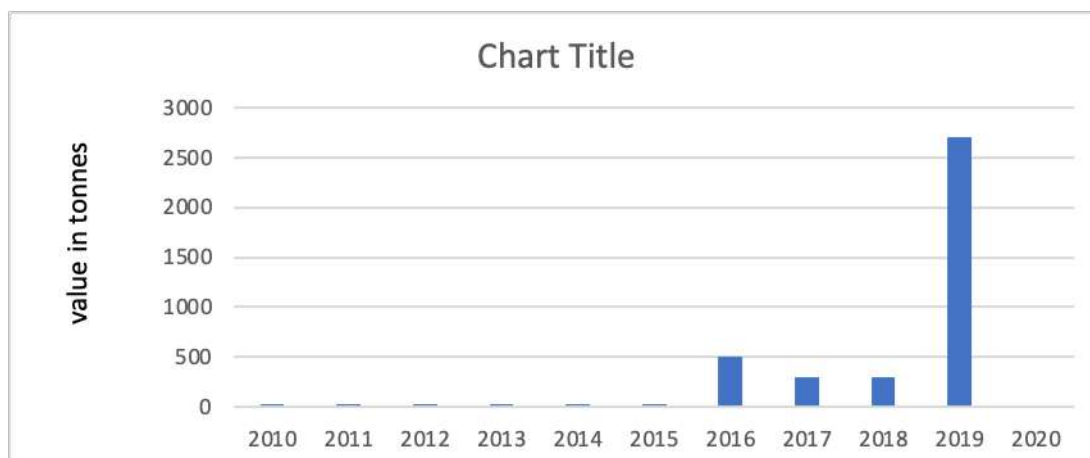
The major markets for ginger include United Arab Emirates (UAE), Singapore, the Netherlands, Comoros and France (Paul, 2019). The soaring price of ginger is caused by increasing demand of organic and healthy spices and herbs in European countries (TANTRADE, 2023). This makes Tanzania to contribute to the export value in Africa in which its exportation accounts for 12% of global prices higher than European Union countries which accounts for 6%. The giant exporters in Africa include Nigeria, Madagascar, Ethiopia and Tanzania, Kenya, North Africa, Sudan and Uganda (REPOA, 2018). Table 1 below, shows worldwide ginger exporters, that is also available network that can provide opportunity for exporters to position and upgrade their product as well as their competitiveness in the global value chain.

**Table 1: Global ginger exporters**

Country	2015	2016	2017	2018	2019	2020R
China	408	521	441	477	523	575
Thailand	21	44	83	74	78	50
India	26	16	21	17	23	
Peru	11	14	26	21	23	45
Brazil	8	9	6	15	22	30

**Source:** Samiee and Chirapanda (2019)

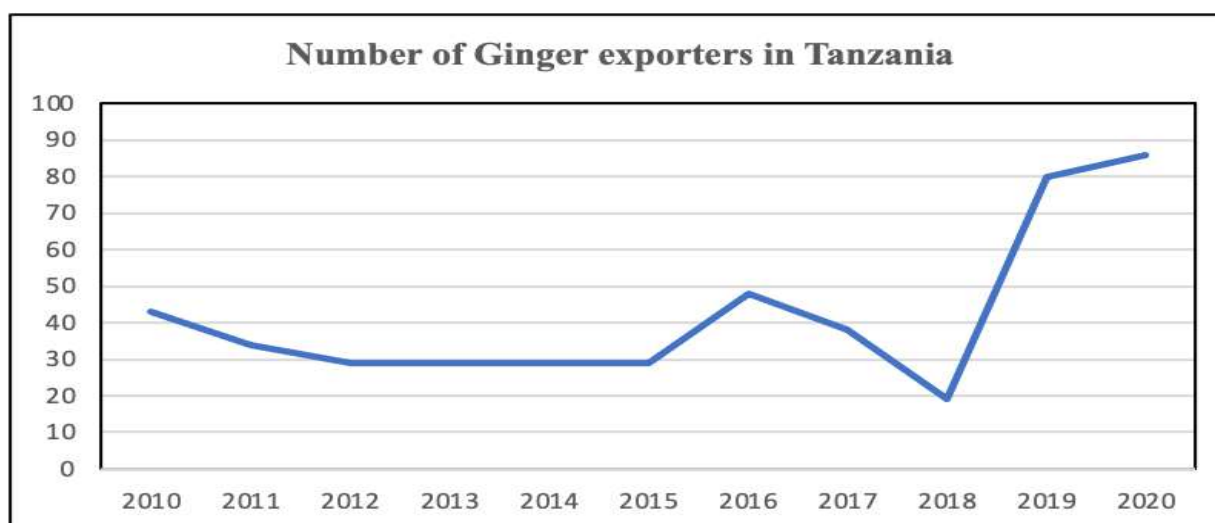
There are three forms of ginger that are recorded to be exported namely; Ginger, neither crushed nor ground (HS code 091011), Ginger (HS code 091010) and Ginger crushed and ground (HS code 091012). According to TANTRADE report, although ginger is a product that has been exported in previous years, its significant increase was noted since 2016. Significant amount of exported ginger showed up in 2019, due to the raised demand due to health benefits obtained apart from using it as spice benefits such as protective against male infertility and anti-obesity among others (Braga, 2019). Export value of ginger is shown in Figure 2



**Figure 2: Export Quantities of Ginger in Tanzania**

Source: Field data (2021)

Various companies that have been involved in the exportation of ginger in different times include Paradise Exim Limited, Lawelu Catering and General Supplies; AJ Spigraf Ltd, Kijani Crops Exportations Tanzania Limited, Bribos Company Ltd, Khebhandza Marketing Co. Ltd, Waxbill Company Limited, Mkamali Integrated Ventures Enterprises Limited, Igombe Investments Tanzania Limited, to mention few. Most of these companies export various agricultural products including ginger, which most of them are in its raw (primary) form. However, despite of the increased value of export that has been showing up in the reports, exporters have not been dealing with ginger product continuously. Ginger has been like a side way product, in which the exporters have been supplying it according to demand so they do not have specific strategy to export this product. For example, if you visit AJ Spigraf Ltd page you cannot see ginger but they categorize their products as Agricultural Products (Rice, Maize); Vegetables (cabbages, onions, tomatoes, beans) and Spices.



### Figure 3: Fluctuation of Number of Exporters in Tanzania

Source: Field Data (2021)

This study, therefore is inspired by the current position of exporters in international markets in which most of them engage at the initial stage of international business by exporting through external enquiries and unsolicited orders from buyers (Kibona *et al.*, 2022; Mkenda & Rand, 2020) and not fully committed by engaging in exploration of marketing opportunities that often impose considerable physical, financial and managerial demands on the firm's resources (Paliwoda & Thomas, 1998). Despite of this partial exporter's commitment to international marketing, the value of export is shown to keep in increasing, giving implication if they operate in fully fledged commitment the export value will increase. It uses value chain approach to portray the position of ginger product in individual firms and in the whole distribution channel, that is, from production until it reaches the final consumer. It uses the activities and input that exporter commit, including interactions and connections they make in processing and transferring the ginger in the international distribution channel to discover what they do and what they are expected to do but they don't do. Theoretically, it takes Porter's (1985) idea of value chain that each step of individual is justified if it competitively creates more in product value to the end user (Porters, 1985). So it depicts value chain as a set of activities, actors, and strategic networks that determine how product flows and are regulated in terms of prices, quality, quantity, and delivery specifications, among other aspects (Donovan *et al.*, 2015).

While Tanzanian exporters participate in international distribution channel of ginger product as they do now, which it is only partially it means the part that they don't do is performed by other actors within the global chain. It also it means they form opportunities that require Tanzanian exporters to make decisions to commit their firms. This study is looks these decisions in two scenarios that they may remain optimistic to maintain their current partial position and may be optimistic to redesign their management and operations to take advantage of available opportunity in the international distribution channel. The scenarios are explained by glass half full and glass half empty in order to understand the meanings that exporters assign to their engagements in international distribution channel in their current operations as well as their future expectations. This also will offer appropriate ways for countries to leverage exporters firms according to their decision positions especially by providing them expertize in managing and operating at international levels, reducing exportation of primary products, identify opportunities and challenges that enable them to build their competitiveness in international markets. The exporter decisions are expected to be dynamically change as they are exposed to the international environments. This is study is important because internationalization is one of the aspects in country vision 2050. So it goes with various International Development Agencies such as FAO, ILO, GTZ, World Bank, and USAID who have programs and guides to enable smallholders find ways of joining in the global distribution network businesses (FAO, 2020).

### Literature Review

#### *Value chain concept*

The value chain concept has been used by authors to simply describe commitment of firms in the whole process of distributing products from the source until they reach the final consumer (Kaplinsky & Morris, 2001; Gereffi & Fernandes, 2011). Within this context it has been used by various authors, to describe the range of activities (Kaplinsky & Morris, 2001); the flow of

physical inputs (a thread) and technical relationship (Womack and Jones, 1996). It is further used to describe local economic multiplier effects of input-output relations between firms (Kaplinsky & Morris, 2001).

Value chain has been defined in various ways to accommodate different contexts for instance Walters & Lancaster (2000) defines it as a business system which creates end-user satisfaction (i.e. value) and realizes the objectives of other member stakeholders. Value chain has also been conceptualized in terms of supply chain to make analysis comprise of the management of the interface relationships among key stakeholders and enterprise functions that occur in the maximization of value creation which is driven by customer needs satisfaction and facilitated by efficient logistics management (Slywotzky & Morrison, 1997). In this context value chain has to embrace customer needs and priorities and channels that can satisfy those needs and priorities. It also assume to embrace the services and products best suited to flow through those channels, the inputs and raw materials required to create the products and services as well as the assets and core competencies essential to the inputs and raw materials. In nutshell, the value of any product or service is the result of its ability to meet a customer's priorities. Customer priorities are simply the things that are so important to customers that they will pay a premium for them.

In the context of globalization, the activities that constitute a value chain have generally been carried out in inter-firm networks on a global scale that focuses on the sequences of tangible and intangible value-adding activities, from conception and production to end use, (Kaplinsky & Morris, 2001). Moreover, there are various strategic options that are available for international product and market decisions in particular industry (Ansoff, 1987; Stone & McCall, 2004). The strategic options are summarised in Table 2

**Table 2: Strategies**

Strategic Option	Variables	How	Decisions options
<b>Product Portfolio Strategy (Ansoff, 1986)</b>	Product and Market	Matrices to evaluate between new and existing product and between new and established market	<ul style="list-style-type: none"> <li>- Withdrawal</li> <li>- Consolidation</li> <li>- Market penetration</li> <li>- Diversification</li> </ul>
<b>Boston Consulting Group (BCG) Growth-share strategic analysis</b>	The product groups are categorized as 'stars', 'cash cows', 'question marks' and 'dogs'	<ul style="list-style-type: none"> <li>- Classifies a firm's portfolio of products in terms of their market growth rates and their market shares</li> <li>- Show individual firms' favoured product portfolios.</li> </ul>	<ul style="list-style-type: none"> <li>- the favoured and profitable product portfolios</li> <li>- phase out the problematic, less profitable               <ul style="list-style-type: none"> <li>o disposal</li> <li>o outsourcing</li> <li>o sub-contracting</li> </ul> </li> </ul>

<b>Product Life Cycle</b>	<ul style="list-style-type: none"> <li>- international trade and production patterns</li> <li>- has an effect on international trade and direct investment.</li> <li>- positive relationships between international PLC and international commitment (Walmsley, 1989)</li> </ul>	<ul style="list-style-type: none"> <li>- Measured by monitoring sales</li> <li>- Country production passes through trade cycles</li> <li>- highlights the fluctuations that occur over time as these countries' trade changes between importing and exporting status.</li> <li>- probing of international markets together with marketing research to prolong the international and domestic PLC for its products</li> </ul>	international involvement progressing from <ul style="list-style-type: none"> <li>- an initial passive stage, when the firm targets its efforts on <b>the home market</b> and accepts exports as they occur, to a more positive international marketing stage with aggressive marketing of a similar scale and approach to that used in the home market.</li> </ul>
<b>Industry profitability strategic assessment</b>	<ul style="list-style-type: none"> <li>- competition among existing firms;</li> <li>- threat of new entrants;</li> <li>- threat of substitute products (and technologies);</li> <li>- strength of buyers;</li> <li>- strength of suppliers.</li> </ul>	<ul style="list-style-type: none"> <li>• building a sustainable competitive advantage</li> </ul>	<ul style="list-style-type: none"> <li>• cost leadership;</li> <li>• cost focus;</li> <li>• differentiation;</li> <li>• differentiation focus.</li> </ul>

### Empirical studies

Among the studies on exportation by the local firms, which most of them operate in small holdings, reports partial participation of in the international distribution chains. Meeting standards set for exporting goods and going through has been perceived to be characterized by complications that make them to see international business as a glass half empty full. For example, studies conducted in Ghana and Nigeria proved that not all product processed match with the parameters set mostly because of being messed up during the production in the farm and processing, and thus become rejected (Amponsah *et al.*, 2022). Ginger dealers throughout the value chain supply have been facing various challenges that made them to see glass half empty. For example, farmers in Nepal experience low return from ginger farming due to fluctuation in price, marketing area and intervention of middlemen in price fixing. Furthermore, poor practices of washing, storage and packaging, paucity of processing facilities, lack of well-equipped

laboratories for quality testing and grading, and incidence of pest and diseases are major problems of ginger production in Nepal (Boeckel, 2017; Dahal & Rijal, 2020). To address the challenges, a study by Chaudhary and his coworkers (2023) suggests government intervention especially through financial supports.

This study value chain and strategic options are used to view the position of the exporters by using glass half full and glass empty full to come out to the models that exporters can use to fully fledged engagement in the global value chain. Glass half full and glass half empty explains individual perception of himself and the environment, how they process information, and how they decide to act based on the information (Forgeard & Seligman, 2012). Glass half full implies optimism in which individual trust the future will be favorable while glass half empty is pessimism in which individual believe that bad events are likely to happen to them. As a result, pessimists behave in ways that allow them to prepare for the worst. Thus, optimism is defined as *a mood or attitude associated with an expectation about the social or material future – one which the evaluator regards as socially desirable, to his [or her] advantage, or for his [or her] pleasure* (Tiger, 1979, p. 18). So optimists think, but also feel positively about the future. Optimism and pessimism therefore act as powerful cognitive filters that alter individuals' perceptions of the world and affect how they react and adapt to new situations. Optimism and pessimism appear to have a particularly important effect on how individuals deal with challenging and stressful events (Carver et al., 2009; Seligman, 1991; Peterson, 2000).

### Methodology: Data collection

Cross section design, as *a snapshot of one set of people in one instance in time* (Jennings, 2010) was used to obtain information from exportation stakeholders around Trade Fair Exhibition of July 2021 at Sabasaba ground in Dar es Salaam. The respondents were obtained conveniently basing on their position within the global value chain of exportation. The sampling considered to include ginger exporters and regulators, and facilitators of international businesses in Tanzania. However, this was to take care of triangulation and saturation point. The respondents included twenty owners and/or manager of exportation firms and seven officers from regulatory authority in country.

**Table 3: The composition of respondents**

Organization	Number
Ministry of Industry and Trade (MIT)	1
Tanzania Trade Development Authority (TANTRADE)	1
Export Processing Zones Authority (EPZA);	1
Tanzania Bureau of Standards (TBS);	1
Global Standards One (GS1)	1
Small Industries Development Organization (SIDO)	1
Tanzania Chamber of Commerce, Industry and Agriculture (TCCIA)	1
Tanzania Women Chamber of Commerce (TWCC).	1
Exporting firm owners/managers	19
<b>Total</b>	<b>27</b>

Semi structured questions were used to guide interview and conversations were recorded and transcribed. The transcribed data was interpreted by using qualitative content analysis, which according to Dey (1993) it is defined as:

*The process of finding a focus for the analysis, and reading, and annotating the data leads on naturally to the creation of categories ... ideas must be sifted, their import assessed, their relevance evaluated. Some may be discarded. Other may suggest key concept through which to understand the data (pp 99-100).*

In using the content analysis scientific protocols were observed in which enabled to evaluate and sift into what exporters say, what does not say and what they might say (Jennings 2010). Value chain theory has been used to come out with themes

Group	Explanation indicator
Activities	The things that they do, profile
Actors	Institutions, organizations, individuals and places they contact
Strategic networks	Attempts to connect with other distributors in the network

## Results

### Profile of Exporters

The exporters have been engaged in international business context by observing the standards required for exportation when they process ginger product. They are committed on what it takes to comply to the standards since when they procure up to the point they deliver to other members of global value chain members of the ginger product. The forms of product they engage almost depend on the specification of order they get from other intermediaries in country or outside of country within the global value chain as Mchuuuzi, one of the exporters said, *'most of time we got order of raw ginger in large quantities, from the exporters abroad as well as in the country.* Another exporter said; *'the customers who buy from us they insist on the quality, for example they asking us to maintain certain level of moisture'*. The most thing that almost all mentioned, is whether you get a customer who come to buy here or who order from other country, the product must meet the international standards.

According to the conversation, it was found out that the exporters deal with other products so ginger is not a particular product that they strategically plan, but they do it in order to respond to the demand on hand. Mostly they deal with product by chance because they intend to do and obtain instant cash when it happens. Despites, sometimes, exporters avoid to procure ginger without specific order because of avoiding extra costs in case they miss customers. Maokoto said *'it expensive to store the products, it requires special treatment because this is a kind of perishable product'*. Other thing that add to the cost of dealing ginger it is paying for legal process, because each product is charged individually. For example, Mshirika said:

*'for example TBS charges TZS 3 million for each product. If you have both dried and flesh ginger they count two products regardless of the quantity, so sometimes we just decline to purchase consignment if there is no assured order.*

It is worse for small and beginners in the chain because they don't have much experience. Maokoto, an exporter whom this is his second year in export business he said *'I prefer to export ginger by chance in order to avoid challenges that are likely to encounter in the whole process including the approval of the quality that is required for international standards'*. But sometimes



they use to sell their products in the country through supermarkets, stores and other retail outlets. By doing so, they get rid of hassles in the process of understanding final customer abroad and also complications in shipping. However, the exporters who process further ginger product because of their passion to process further with different designs. These exporters talked about their creativity in combining different ingredients to get unique tastes. One of the processors said *'if you real want to come with the product that customers you have to spend time, adding and combining different ingredients not only to get certain taste but varieties, we have five different products with different flavors'*. They come out with formulas in which the process can be complete after around nine months. They design products that can be used for different purpose, for example Msindikaji said *'we process the ginger products which some can be used for Pilau, some for Biriani and some for drink. Our customers use as spices, kuburudisha and medicinal'*. However, it was observed there are variety of products including chicken masala, curry, tandoori, fish masala and garam masala. The exporters who take their time to design to the desired product they admit that they spend time *'It took us almost 8 months to come up with a formula that has both taste and benefits. We had to invest quite some time in this'* he continued *'if you want to create a strong brand, you need to sit and identify what exactly you want to do.'*

### **Exporter's Activities**

First of the things they do is to differentiate ginger according to where they come and for good quality, they from making sure they do. Exporters do various activities to add value before they reach their final customers. It is noted that most of them are not producers but they source from the farms and then process to the different forms such as ginger, powder, and processed into packaged product. The decision on the form that producer process depends on order received at that particular time. From farmers, which is the source of the products, they have to carry responsibility to understand that in sorting the product the place of origin matters. It is noted the parameters for quality control differ according to weather, for example, the ones produced in Zanzibar differ from those from Mbeya. So pure ginger is the one which is coming from same origin and also it is not mixed with any other thing. This gives opportunity to sell at high prices compared with the mixed as other as Bi Mshiriki affirmed by saying *'I sell ginger here for Tshs 3,000 because it is pure and is from Zanzibar'*.

The exporters who add more value they process ingredients for drink and spices they go through complex of procedures. Together with sorting one of the things that is mentioned is getting machineries in which some of them own and some have to contact processor in country as well as outside the country like Kenya. However, they are more involved in design product they require opinions from other members of the chain, for example some partners who testing the product before sending to the authorities deal with standards and legal requirements. On his story Msindikaji said: *'we most of time we give our farmers from coast areas to use product in cooking pilau and then they advise on how best we can combine different ingredients and suggest the ratio for each ingredient's'*. Packaging and labeling are another milestone that exporters undergo. They see the importance of identifying product but also, they see as a challenge that can be cumbersome for local dealers. One of a challenge is about positioning their brands for international markets because they see it requires the standards that they can easily afford to reach and also it is a costly activity. For them Sabasaba exhibitions is an avenue that uplift them by experiencing from other exhibitees and exhibitors as well as making the existence of their products known all over the

world. They are also concerned about the using local advertising agencies within the country. Talking about this, Maridadi said *'we had to pay for radio advertisement in Mbeya but we want to increase the magnitude of our promotion program. To improve our promotion in the country and out of the borders we consult graphics developers to design digitaly and be able to promote online'* moreover, they understand that more commitment is required including equipping themselves with more train about things like digital training.

There are various steps that the exporters have to undergo in order to be approved by authorities and chain members. For the product to be approved, they have to contact various regulatory institutions for scanning and testing processes, in which they give them a permit. Most of exporters start with SIDO for the purpose of getting training in order to improve and upgrade their product in terms of quality and acceptable standards. However, apart from training going to SIDO is mandatory because its endorsement is a prerequisite for permit to get other legal documents such as business licenses, also it is through SIDO you are getting identity gadgets such as barcodes. SIDO is also linked to TBS, which cannot endorse the product without recommendation from SIDO. Talking on these procedures Mr Madurufu said:

*The process starts from SIDO, and the SIDO writes to TBS. then TBS will call us and make us fill out their form in which we will have to list all the ingredients that we have used and then later on they will come over and inspect the products. They will then sent a recommendation and later on they will come and get a sample for the laboratory.*

The SIDO certification processes also have cost implication for exporters because it costs three million for each product

*TBS charges TZS 3 million for each product. For example, I have both dried and raw ginger for export business where under this situation I am required to pay for each product differently. Therefore, the costs become too high as a result we fail to expand our export businesses*

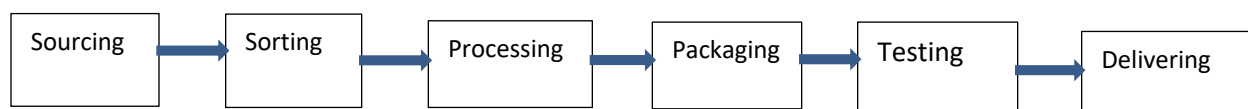
To crystalize the exporters' stories SIDO speaker said:

*For us, SIDO we do facilitate export business by providing various trainings to spice exporters where one among the courses that we provide is on food processing. This is important because a businessperson or company needs to get training to acquire skills on how to do business successfully. Our training runs for one week where after completion we provide a certificate and introductions to different institutions including TBS. Also, we pay a visit to the factory and guide you on the planning process and operations. If you do not have a business license, we introduce you to the respective Municipal. Here, the most important thing to consider when doing business with a foreign market is to get TBS quality assurance mark. TBS is the one who provides the approved mark and also provides all other directives of exporting to the foreign markets After you complete the training, we then link you with various institutions to help you get started. If you do not have a business license then we send you to the appropriate municipal council, if you do not have a TIN number*

However, it should be remembered that, in order for TBS to grant export permit, they require legal documents such those legal certificates. *'TBS is the one that provides you with the*

*authorization to export, they give you the certification of quality of the product, therefore we need to be close, that is to understand what it takes to have your product verified. Ginger exporters, apart from contacting legal authorities, they also contact other business actors within the global network ‘we sell them to investors abroad’ other exporter confirmed We have orders from Canada right now, as well as the United States and the United Kingdom... they all buy from us here’ said Mchuuzi. They are convinced that they are in the network, to confirm this, Wamataifa confirmed by saying ‘The international market is quite open... what you have to do is follow the customers’ requirements... and you have to send a sample, so that when you send the cargo, they would not reject it for not being what they wanted. Even if they their commitment is on the ensuring they deliver the high quality of ginger they have information about their customers, they know the customers. One exporter said ‘we are assured that our customers in the UAE like ginger, it is their culture to use spices in food and drinks. Generally, they love spices’. Moreover, they affirmed to contact distributors from Uganda and also the distributors in the country such as such as supermarkets and other retail outlets.*

As it is also shown in the background section of the study; they deal with exporting ginger product that is classified as ginger neither crushed nor ground, Ginger and Ginger crushed or ground. However, the conversation involved the exporter that add value by processing into spices that are used as a drink and in pilau and Biriani. Altogether are joined as intermediaries who connect backwardly with farmers and forwardly with other dealers in the global value chain. The discussion here is about the activities and inputs they use in each activity at the position of chain they are dealing with. The chain of activities that ginger exporters have been doing was identified through the description of their experience. It includes whole transformation process, inputs and outputs throughout the chain that they have been engaged in various times. The activities mentioned are presented in Figure 3.



**Figure 4: the experience of activities used to transform ginger into final product**

Source, interview conversation, Sabasaba Field data, 2021

### Actors

Actors includes institutions and organization that exporters have been contacting in the process of exporting ginger

Organization	Exporters Contacts and Connections
Small Industries Development Organization (SIDO)	- training
Ministry of Industry and Trade – MIT	- Permits
Tanzania Trade Development Authority (TANTRADE)	- Exportation information - Exhibition
Tanzania Revenue Authority (TRA)	- They are very much involved because they will give you the clearance.

	<ul style="list-style-type: none"> <li>- the TRA for taxes, and the municipal council for the business license.</li> <li>- Provision of TIN</li> </ul>
Municipal council Authorities	- License and permits
Business Registrations and Licensing Agency (BRELA)	- certificates of registration for example from BRELA and also pay a fee TZS 220,000.
Middle East	- Customers
United States	- Customers
United Kingdoms	- Customers
Far East and Arab Countries	- Customers
Kenya	<ul style="list-style-type: none"> <li>- Business Partners</li> <li>- Customers</li> </ul>
Farmers Zanzibar, Mbeya	- Ginger producers
Supermarkets, stores	- Options

This list of actors mentioned during interviews implies that exporters have been engaged in value chain by adding value to the ginger to be in the acceptable form. So they have been contacting the series of actors for legal fulfillment and few actors for business contacts. According to table ... above, out of twelve actors the six institutions are for legal action so the contact is compulsory and every exporter contacted them. Six of the actors are those who contacted for business deals. Mostly they receive orders from actors from Europe, United States, United Kingdoms and Arab countries. They deal with actors from Kenya as customers as well as business partners from which they get support for processing and packaging.

They, therefore put their effort to comply to the standards from when they procure up to the point they deliver to other members of global value chain members of the ginger product. The forms of product they engage almost depend on the specification of order they get from other intermediaries in country or outside of country within the global value chain as Mchuuzi, one of the exporters said, *'most of time we got order of raw ginger in large quantities, from the exporters abroad as well as in the country.* Another exporter said; *'the customers who buy from us they insist on the quality, for example they asking us to maintain certain level of moisture'.* The most things that almost all mentioned, is whether you get a customer who come to buy here or who order from other country, the product must meet the international standards.

According to the conversation, it was found out that the exporters deal with other products so ginger is not a particular product that they strategically plan, but they do it in order to respond to the demand on hand. Mostly they deal with product by chance because they intend to do and obtain instant cash when it happens. Despite, sometimes, exporters avoid to procure ginger without specific order because of avoiding extra costs in case they miss customers. Maokoto said *'it expensive to store the products, it requires special treatment because this is a kind of perishable product'.* Another thing that adds to the cost of dealing ginger it is paying for legal process, because each product is charged individually. For example, Mshirika said:

*for example TBS charges TZS 3 million for each product. If you have both dried and flesh ginger they count two products regardless of the quantity, so sometimes we just decline to purchase consignment if there is no assured order.*

It is worse for small and beginners in the chain because they don't have much experience. Maokoto, an exporter whom this is his second year in export business he said *'I prefer to export ginger by chance in order to avoid challenges that are likely to encounter in the whole process including the approval of the quality that is required for international standards'*. But sometimes they use to sell their products in the country through supermarkets, stores and other retail outlets. By doing so, they get rid of hassles in the process of understanding final customer abroad and also complications in shipping. However, the exporters who process further ginger product because of their passion to process further with different designs. These exporters talked about their creativity in combining different ingredients to get unique tastes. One of the processors said *'if you real want to come with the product that customers you have to spend time, adding and combining different ingredients not only to get certain taste but varieties, we have five different products with different flavors'*.

They come out with formulas in which the process can be complete after around nine months. They design products that can be used for different purpose, for example Msindikaji said *'we process the ginger products which some can be used for Pilau, some for Biriani and some for drink. Our customers use as spices, entertainment and medicinal'*. However, it was observed there are variety of products including chicken masala, curry, tandoori, fish masala and garam masala. The exporters who take their time to design to the desired product they admit that they spend time *'It took us almost 8 months to come up with a formula that has both taste and benefits. We had to invest quite some time in this'* he continued *'if you want to create a strong brand, you need to sit and identify what exactly you want to do.'*

## **Discussions**

Ginger in this country is mostly exported by actors who have no focus on developing product and finding markets but they do it to react from orders. That means for them participation in the global value chain is by dealing with the product from the source to the customers who orders the product. In this they mostly deal with authorities that give them space to meet the specification of their orders. Thus the value that they add in the chain is not enough to compete in the global chain instead they appear in the global value chain as a source of raw materials to other multinational companies that process more to add value. However few actors in ginger export has shown that there is possibility for export actors to add value by further process which is packaging and branding.

Although ginger exporters who appears as a source of raw materials within the international markets they still operate within domestic context (Cavusgil & Nevin, 1980; Olson & Wiedersheim-Paul, 1978; Paliwoda & Thomas, 1998). They depend on other exporting companies who come as their customers as well as other market that they regard as alternatives for their products is supermarkets within the country. So their commitment into global value chain is seen through the magnitude of their activities, which start from procuring ginger to delivering the product according to specifications provided by other intermediary from outside the country and this imply that most of them concentrate on exporting from home. Moreover according to the international expansion strategies, in which the exporting behavior is evaluated by their

experience, they are still operating within domestic market by which the orders they receive they stimulate them and make them to experiment to enter into international market. This is generally classified as pre export behavior that may lead them into actively involvement in the international marketing, and become dynamic within the value chain by adding value of product according to customers desire (Stone & MacCall, 2004).

According to the available strategic options in the literature review the interviewed exporters have not shown their commitment to product in term of decision to develop product and find the market to the end user. If you take the Ansoff (1987) product folio, most of exporters only react to fulfill the specification from order from other intermediaries. However, they are expected to design and make decisions of the product such as developing new product, maintaining product or diversification. Similarly, exporters are expected to commit and make decision for maintaining the existing market or penetrate to expand the current market and be able to move from one intermediary position to another within the global value chain. By using the Boston Consulting Group (BCG) growth-share strategic model, which classifies a firm's portfolio of products in terms of their market growth rates and their market shares, it found exporters who are committed to the ginger and regard it as a favored and dependable product and label it as a *star*. They view ginger to as a potential product that may have market growth with high market shares if they invest their time to innovate and come out with varieties of developed product. Even if it requires considerable financial support, they are willing to commit finances with the hope to get high market share and returns. However, most of them see ginger as a *cash cow* product that reaps instant return.

There is generally no attempt for exporters who deal with ginger to develop strategic connections the global value chain. However few exporters who have attempted to find partners in Kenya in order to process and package are likely to go further and actively join in the global business networks. There are possibilities for these firms to design their management and organization that will enable them to accommodate their attempt to cover the chain requirements in more advanced way than how they do it now. They can do this by committing some resources and get involved in the whole value chain context (Kaplinsky & Morris, 2001; Gereffi & Fernandes, 2011). There is a possibility to connect with other global members and be the members by exchanging information, technology globally. The designs should also include supply management to make their businesses as a system as suggested by Walters & Lancaster (2000) driven by customer needs satisfaction and facilitated by efficient logistics management (Slywotzky & Morrison, 1997).

### **Conclusion and Recommendations**

The current participation of Tanzanian ginger exporters in global value chains is viewed as glass half empty with the possibility of being viewed as glass half full by the actors. Because these views are cognitive in nature that is shaped by their future expectations exporting firms can choose between two but as they interact with the global business that can dynamically change to cope and take advantage of emerging opportunities. If they continue to be pessimistic and continue with the way they do no, they will be operating in reactive model that will limit them to innovate, grow and expand in the international markets and remain the source of raw material. If they are optimistic and see the glass full empty, they will be active participant with strategic plans to

upgrade product by adding value and find appropriate business connections such as through strategic alliances, and contractual partnerships.

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