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Editorial Note

Dear readers, on behalf of the Board of the Pan-African Journal of Business Management (PAJBM) and my co-editor, I am glad to present Volume 6, Issue 2 of the journal. This is a bi-annual journal of the Faculty of Business Management (FBM) at The Open University of Tanzania (OUT). PAJBM is a peer-reviewed open-access journal that focuses on promoting research publications and the dissemination of research findings undertaken by Africans and international scholars from business and management-related disciplines. PAJBM is committed to publishing scholarly articles that have a high impact on the business and management fields as a whole.

The journal encourages new ideas or new perspectives on existing research. This current issue focuses on addressing issues such as determinants of competitive negotiation style in agribusiness trade of high value food crop products in Tanzania: Evidence from middlemen in Arusha, the Influence of Marketing Expenses on the Profitability of the Listed Manufacturing Companies in Tanzania, the implication of using electronic fiscal devices on audit effectiveness among small business owners of Arusha, Tanzania, effect of Board Processes on Board Roles Performance among Selected Saving and Credit Cooperative Societies (SACCOS) in Dar es Salaam and Arusha, Tanzania, the Influence of Duration of Coopetition on the Profitability of Micro and Small Enterprises: A Case of Tanzania Handicraft Industry, effect of Subjective Norm on Consumers' Purchase Intention Towards Counterfeit Apparel Products: Does Level of Formal Education Matter?, relationship between Cost Leadership Strategy and Organizational Performance of Kilimanjaro International Leather Industries Company Limited, amalgamated theory of microfinance, microcredit and empowerment, differences in the intention of customers to Switch Commercial Banks in Dar es salaam: A case of Tanzania Postal Bank and National Bank of Commerce, effects of maintaining social distancing on travel intentions during COVID-19: Practical implications to Tanzania's Tourism sector.

Editorial board hopes that readers will find the articles in this current issue useful and contribute to the academic knowledge and debates in the respective areas.

Dr. Bukaza Chachage

Chief Editor

General Information

The Faculty of Business Management at The Open University of Tanzania produces the journal. It will accept theoretical, conceptual and research based papers in a wide range of topics on business management in Africa and the world at large. It also accepts cases, book reviews and summaries of dissertations.

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Determinants of Competitive Negotiation Style in Agribusiness Trade of High Value Food Crop Products in Tanzania: Evidence from Middlemen in Arusha, Tanzania

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ABSTRACT

This paper explored the role of competitive negotiation style in agribusiness food value addition in Tanzania with insights from Arusha, Tanzania. Cross sectional survey of 280 middlemen were involved in the commodity's value chain in Arusha main markets. A multiple regression analysis was conducted to determine main factors contributing to competitive negotiation style but also on their disaggregated effect on agribusiness trade performance. The results showed that competitive negotiation style through self view point, self gain, self win and self outcome had a negative effect on agribusiness performance. In this study it was found that competitive negotiation style had negative significant impact on agribusiness trade performance. The model had high concern for self and low concern for others. The low concern for others had been founded to add negative performance and made it to be the highest negative impacted model. In this notion once one side of the negotiating part found to have less considered by other part the negotiation process tends to be hard with negative performance. It was concluded that competitive negotiation style was not effective model on high value crops but it can be done in a non-competing way (competing-un-competing). Competitive negotiation style can further be reflected on diplomatic arena as non-productive way of conflict and disputes management, in leadership and interpersonal relationship.

Keywords: *Competitive Negotiation Style, Agribusiness trade, High value food products, Tanzania*

INTRODUCTION

Agribusiness trade performance is an essential key element of other economic sector performance. According to Bueno (2021) agribusiness sector has been reported to have poor performance on income gains and direct production which in turn do not always convert into food security and community welfare in Tanzania. Negotiation styles are involved in many management levels of any firm. In this regard; negotiation expertise might be one of the reasons for the poor performance of the agribusiness sector. Echessa (2020) relate firm performance with strategic consensus, firm structure and resource allocation. In his study, the researcher found out that; there is a significant relationship between strategic consensus and performance of the firms. He also found out a significant relationship between firm structure and the performance. Furthermore, Agribusiness trade performance can be attributed by many factors as articulated by some scholars.

For instance, Mwambungu (2019) argued on rural financial institution in Tanzania on its great impact on agribusiness trade performance on SME. Similarly, Diannisa *et al* (2019) related capital structure and firm financial performance on agribusiness. On the other side, Lekule (2019) studied the role of information technology on agribusiness trade performance in Tanzania. Also, Bajan *et al* (2020) contended on carbon footprint in relation to the environmental performance with agribusiness. Nsumilinda (2021) explored government structure and its influence on performance and it was found out that; the existing functional governance structure did not favor sustainable supply chain performance. In addition to that, Marwa *et al* (2021) studied youth employment on agriculture sector especially on high value crops. The study found out that youth were benefiting contractual farm on French Beans. Also, the study found out that the increase of yield by 17%. This increase of yield accounts the increase of household income by 34% and 37.5%. On the other hand, Temu *et al* (2005) defined high value crops as the non-traditional food crops such as; fruits, houseplants, flowers, and foliage as well as condiments and spices vegetables. These products are said to have higher value than traditional cereal grain due to its nature of supply. Msafiri *et al* (2021) articulated some of the high value crops that are grown in Tanzania including; Arusha, Kilimanjaro, Morogoro, Iringa, Mbeya, Tanga, Ruvuma, Manyara and Zanzibar region such as vegetables, fruits, flowers and spices. Some of these horticulture products include; baby corns, baby carrots, onions, flower seeds, roses, potatoes, cabbages, tomatoes, avocadoes, pineapples, banana, oranges and jackfruits.

Competitive Negotiation Style

Agribusiness involves negotiation process from farming stage to harvest stage. Negotiation chain in agribusiness is very long from input suppliers to the final consumers in the market (Nematollahi *et al* (2021) and Verano *et al* 2022). This study explored competitive negotiation style, agribusiness trade performance and high value food products. The most negotiation model well known are competitive, collaborative, compromise, avoid and accommodate (Blake & Mouton, 1964; Deutsch, 1949). Negotiation process has also been articulated by Gurieva *et al* (2021) on intelligence perspective. As transaction process is linked by negotiation process the intelligence on negotiation influence trade performance is important. The adaptation of the tactics relies on the negotiation side whether he/she choose to accommodate, compete, compromise, avoid or collaborate. Apart from that factor analysis of behavior in conflicting it was found that cooperation and competitive style had negative significant relationship with conflict avoidance.

In the same study by Gurieva *et al* (2021) through comparative analysis, avoidance and competitive were found to have differences while competitive was found to be significant. Competition is one of the negotiation tactics which use the model of I win, you lose, in this style negotiator benefit by using whatever it takes to attain their desired goals. Factor analysis of behavior in conflicting situation urge to avoid by 0.614 cooperation and competitive had a negative significant relationship with conflict avoidance. Apart from that; Kang *et al* (2018) using Kraljic Portfolio Matrix (KPM), found out that; 58% of negotiators prefer competition and 33% prefer collaboration on the items with low risk and high profit. In this matter, nature of the trading product influence competition due to the lowest amount of risk and potential profit. In this study the correlation of increases of supply risk went in hand with decreases on percentage of using competition example items on Bottleneck i.e. high risk, low profit used 14% while high supply risk and high profit used 6%. On this study, it was interestingly found out too that; collaboration was used by 79% on strategic items i.e. high supply risk and high profit potential. On other sense, the items perceived here were perishable goods. Collaboration observed as the solution for the trade performance for creating win-win situation whereby one side avoided the risk and the other side benefit the cooperative price given by the trader. Accommodative negotiation style was mainly opted for bottleneck items. In addition, competitive negotiation style has not only associated with the factors above but also power distance found significant positive relationship with competitive negotiation style. Caputo *et al* (2019) on studying negotiation process, cultural values and intelligence were correlated. On that analysis positive significant relationship were found between the variables. Power and distance were found to be influenced by cultural values and intelligence. However, the researcher didn't consider nature of the products i.e., life shelf, climate change, transaction cost and other risk which can alter negotiation style. Competitive negotiation style is most preferred and frequently used on trade this is in regards to its distributive nature. Bouwman *et al* (2019) studied cooperation and competition on public sector. In his results, competition was found to be reliable. Competitive negotiation style has been also related on gender basis. Mukundan *et al* (2018) studied the variables and analyzed by using multivariate test of analysis of variance (MANOVA) and One-way analysis of variance (ANOVA).

Significant difference was found basing on sex on competitive negotiation style. Males reported a higher mean value of 12.69 with an SD of 2.87 than the female counterparts in this style. Also, agribusiness trade performance may be more operational effective by optimizing contract between the buy and sell side to the supply chain, negotiation styles affect end results in agribusiness trade performance. The contracting process between buyer and seller involves a series of negotiation process (Accenture, 2012; and Gandhi, 2014). Nandonde *et al* (2013) discussed women small scale entrepreneur's negotiation process, Ngaruko *et al* (2014) researched on trade impediments for the maize and rice growers and Sultana (2012) studied rice marketing in Bangladesh. Both of the studies did not consider impact of middlemen negotiation process in relation to agribusiness trade performance. The competitive negotiation style has shown negative performance. The competitive model has high concern for self and low concern for others. The low concern for others has been founded to add negative performance and made it to be the highest negative impacted model among the three negative effect one. In this notion once one side of the negotiating part is found to have less considered by other part, the negotiation process tends to be hard with negative performance. Competitive negotiation style has been articulated by many scholars. The articulations of this negotiation model went in different perspectives in relation to the time and persisted problems. Some researchers like Gurieva *et al* (2021) studied the aspect of intelligence in negotiation process. In their study they found out that competition had negative significant relationship with conflict avoidance. The intelligence was the main focus in their study while agribusiness trade performance was also the researcher's focus. On these different perspectives both competitive negotiation style was found to have negative impact. In this study it was found out that a unit increase of competitive negotiation style lead to average decrease of agribusiness trade performance by -.280. The total competition coefficient was the highest of the value which affected the agribusiness trade performance in comparison with other negotiation models. Competitive negotiation style in some studies was found to have significant relationship. Caputo *et al* (2019) studied the relationship between cultural values, cultural intelligence and negotiation styles. In their study, some variables were found significant with competition: power distance were founded significant with competitive negotiation style.

In their study they did not focus on trade performance in relation to the competitive negotiation style. Power distance might be significant in competition but not in trade performance. Apart from researchers above, also Kang *et al* (2018) in his study on the purchasing portfolio the competitive negotiation style was explored. In their findings the leverage items low supply risk, high profit potential competition negotiation model was used 58%. In their study the lower risk and high profit products competitive negotiation style was employed to the maximum. This study differs from theirs since the products centered during the data collection was perishable ones. In selling perishable products, it is hard to employ competitive negotiation style to the maximum with expectation of better trade performance. In this study, competitive negotiation style was employed to the maximum with the negative performance since traders were trade on perishable products. As long as the life shelf of the products diminishes its price diminishes with time. In competitive negotiation style, not only purchasing portfolio was studied. Mukundan *et al* (2018) on studying the gender role identity and conflict management styles of managers in the service sector they found out that; men were using competition whereby women were found to have the less use of competition in conflict management. In managerial, conflicts are inescapable phenomenon. In trade conflict of the interest exists as each one of the counterparts in negotiation process tries to advance his/her interest. The study exploration in managerial sector did not account directly on economic effects to the firm/industry. In this study, the gender was not focused rather than general performance of each negotiation style in relation to the agribusiness trade performance. The slight same study was conducted by Chang (2011), in his study sub cultural difference between Taiwanese and Philippine Chinese was the main key points. In his study, competitive negotiation style was found significant between the two subculture business partners. This study was different as both of the sampled population was sharing some cultural backgrounds. The cultural differences can attribute to the use of competitive negotiation style in some different dimensions. Tanzania is one of the African countries which have little consideration of tribalism and other ethnicity consideration in some different areas of social, political and economic interaction. The prevailing circumstance leads to the interaction between the traders with less consideration of places of origin. The same study was conducted by Lowe *et al* (2020) on impact of culture on business negotiation. In their study a mixture of competitive negotiation model and collaboration was mainly used by 19%. Followed by competition and compromise opted by 11% and lastly competition itself was used by 5%. The frequent of use denotes the performance. competition itself had less used as it had less performance in trade.

Methodology

The researcher applied the cross-sectional survey whereby data collected at a single point in time of study. Cross-sectional research was cost and time effective according to the nature and purpose of this study. Structured questionnaires were used during the course of data collection. In this study, the researcher used simple random sampling to get the respondents. This study involved 247 middlemen who trades on high value and perishable crops with shorter shelf life in which its circulation and its transaction needs an expert to spearhead to enhance quick transaction. This study focused on five major vegetable markets within Arusha city council. In this study, the researcher used simple random sampling technique to get the respondents. Content validity was estimated by approaching individuals of subject matter to review the questionnaire items. They were requested to review whether each item is appropriately matched to the content area indicated. Any items that they identified as being inadequately matched or flawed in any other way, was either revised or dropped from the questionnaire. To test reliability, the researcher used Cronbach's Alpha (α) which is the most common internal consistency measure. Heckman regression method was used after matching to test and correct for selection bias and to assess the robustness of the results. The model is indicated in equation (1).

$$Y = \beta_0 + \beta_1 X_1 + \ldots + \beta_k X_k + \varepsilon \ldots\ldots\ldots\ldots\ldots\ldots (1)$$

Accordingly, the estimated model which was used in this study depended on the four exogeenous variables presented in Table 2.

Table 1: Variables Data Processing Matrix

Variables	Description	Measurement	Interpretation of Means
Competitive Negotiation Style	**16 items**	**Scale 4 – 20**	**If M=4-8 Low; 9-13 Medium, 14-20 High**
View point	4 items	Scale 1 – 5	If M=1-4 Low; 2.25-3.25 Medium, 3.5-5 High
Gain	4 items	Scale 1 – 5	If M=1-4 Low; 2.25-3.25 Medium, 3.5-5 High
Outcome	4 items	Scale 1 – 5	If M=1-4 Low; 2.25-3.25 Medium, 3.5-5 High
Win	4 items	Scale 1 – 5	If M=1-4 Low; 2.25-3.25 Medium, 3.5-5 High

Inserting variables in equation (1), the structural model of the multiple retrogression model to be used is as presented in equation (2).

$$Competing = \beta_0 + \beta_1 View + \beta_2 Gain + \beta_3 Out + \beta_4 Win + \varepsilon_0 \ldots 2$$

Where:

Competing = Competitive negotiation style total score
View = Self View point total score competing negation style
Gain = Self Gain total score of the competing negotiation style
Out = Self Outcome total score of competing negotiation style
Win = Self Win total score of the competing negotiation style
Β = Parameter estimate
Ɛ = Error term

Results

Competitive negotiation style also was one of the negotiation style which was observed by the researcher that was frequently used during the negotiation process. In this negotiation style self concern tends to be higher while concern for other is low. On the other term it implies Win/Lose situation. In this style four variables were used to study the variable as follows; self view, self gain, self outcome and self win. The following table illustrates Dutch score on the negotiation style;

Table 2: Dutch Forcing Score for Conflict Handling

15	to	20	High
9	to	14	Medium
4	to	8	Low

Source: Dutch (2001)

According to Dutch test for conflict handling; competitive negotiation style defined on scores. High score, medium score and low score as displayed on the Table 2. Table 3 illustrates adaptation of the score which is interpreted to fit this study. The range below will provide correct answer on the frequency use of the negotiation style.

Table 3: Adaptation of Scores for Competitive Negotiation Style

15x 247= (3705)	to	20x 247=(4940)	High
9x247=(2223)	to	14x247=(3458)	Medium
4x247=(988)	to	8x247=(1976)	Low

Source: Researcher 2021

After the adaptation of the Dutch score for this study; both variables were computed so as to have the reflection of the adaptation score to determine its statistical interpretation. Table 4 provides the results as obtained from the field during data collection.

Table 4: Description Statistics of the Variables

Statistics

		Total Avoidance	Total Compromise	Total Accommodation	Total Competing	Total Collaborating	Total ATP
N	Valid	246	247	247	247	247	247
	Missing	1	0	0	0	0	0
Mean		13.1748	11.2713	11.4089	16.0162	15.4413	11.9433
Median		14.0000	10.0000	10.0000	17.0000	16.0000	12.0000
Mode		16.00	8.00	8.00	16.00	16.00	12.00
Minimum		4.00	4.00	4.00	4.00	4.00	4.00
Maximum		20.00	20.00	20.00	20.00	20.00	20.00
Sum		3241.00	2784.00	2818.00	3956.00	3814.00	2950.00

Source: Researcher, (2021)

The mean score of 16.0102, median score of 17.0000, mode score of 16 with minimum of 4 score and maximum of 20 score were also found in competitive negotiation style. The Total competing score was found to be 3956.00 This was the high frequency use of the negotiation style during negotiation. Most of the traders were found to compete intentionally to increase the margin which on other hand could be referred as the trade performance. Trade performance on this negotiation style was analyzed hereunder this study so as to confirm the hypothesis. In competitive negotiation style, the impact of competitive negotiation style was explored in relation to the agribusiness trade performance. In competitive negotiation style the following independent variables were used to study the dependent variable; self gain, self view, self outcome and self win. As competitive negotiation style is self centered negotiation style i.e. the negotiators had high rate of self concern and lower level of concern for others both of the variables intended to explore the level of self concern than the others. Both of the variables as stipulated in the table below had .000 P-value implying both independent variables had contribution to the dependent variables. Self gain intended to explore the intention that the negotiator has on self gain in the negotiation process. The standardized coefficient of -.138 was founded on self gain. In this notion the unit increase of self gain decreases the average competition. Self view also was another independent variable on this category, the -.168 also had the same interpretation as self gain. The unit increase of self view decreases the average percentage of competition -.168. On the other hand, self-outcome was another independent variable used on exploring the dependent variable on competition. The self outcome was intended to explore the self good outcome intended by the negotiator after negotiation process. The self outcome after negotiation were perceived to have best result on one side of the negotiation. As the Table 5 stipulates a unit increase of self outcome lead to average decrease of total competing negotiation style by -.118. The last independent variable on this category was self win. As self win explains itself; here the negotiators intention of having the self win as the results of the negotiation was explored. Self win explains more clearly the competitive negotiation style as it is more clearly imply win/lose negotiation end results. The final results of the self win showed that; a unit of increase of self win lead to the average decrease of total competing by -.017. Self view was one of leading causal effect independent variable which had the greater value followed by self gain, self outcome and the lowest one was self win. As the Table 4 shows the maximum use of competitive negotiation style by 3956.00, this style used much on the negotiation. However, its independent variables were not found to be friendly on the final results of the competitive negotiation style. The impact of total competing in relation to the agribusiness trade performance were analyzed and explained hereunder in this study. The final result was of importance in recognizing the impact of each negotiation style in relation to the agribusiness trade performance.

Table 5: Total Competitive Negotiation Style Coefficients

Model		**Unstandardized Coefficients**		**Standardized Coefficients**	**t**	**Sig.**
		B	Std. Error	Beta		
1	(Constant)	16.749	1.336		12.539	.000
	Self Gain	-.606	.428	-.138	-1.417	.000
	Self View	-.802	.738	-.168	-1.087	.000
	Self Outcome	-.566	.778	-.118	-.727	.000
	Self Win	-.078	.655	-.017	-.119	.000

a. Dependent Variable: Total Competing

Source: Researcher (2021)

The dependent variables above; self gain, self view, self outcome and self win in total made total competitive negotiation style. Total competitive negotiation style was statistically found significant at .000 with the total agribusiness performance. The ANOVAs results gave the clear way to conclude the relationship between the total competitive negotiation style and total agribusiness performance. Table 6 summarizes the findings.

Table 6: Analysis of Variance Total Competitive and Total Agribusiness Performance

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
	Regression	782.883	1	782.883	36.745.	.000.[b]
1	Residual	5219.870	245	21.306		
	Total	6002.753	246			

a. Dependent Variable: Total AP
b. Predictors: Total Competing

Source: Researcher, (2021)

A unit increase of total competitive negotiation style lead to the average decrease of total agribusiness trade performance by -.280. Competitive negotiation style is one of the most preferred style of negotiation by most of negotiators as it is mainly focused on self gain. The motives behind the self gain lose agribusiness trade performance however the negotiators might perceive of being having satisfactory trade performance. The independent variables in competitive negotiation style have self concern than concern for other. In competitive negotiation style the more the middlemen or counterpart wish for self gain it’s more the percentage of the lost of the possible profit that could be generated when more transactions are created.

Table 7: Coefficients of General Model

Coefficients[a]						
Model		**Unstandardized Coefficients**		**Standardized Coefficients**	**t**	**Sig.**
		B	Std. Error	Beta		
1	(Constant)	15.093	1.829		8.254	.000
	Total Accommodation	.243	.063	-.233	- 3.856	.000
	Total Avoidance	.215	.074	-.004	-.070	.000
	Total Compromise	.187	.050	.226	3.725	.000
	Total Competing	.361	.073	-.280	- 4.971	.000
	Total Collaborating	.224	.059	.220	3.825	.000
a. Dependent Variable: Total ATP						

Source: Research Findings (2022)

Competitive negotiation style due to its nature of self gain was found on highest score of use by 3956. This was most frequently model of negotiation used by middlemen and traders in the market. The perceived margin that will be created at the end of the negotiation process motivates more the negotiators to employ the model. The fact of it being employed more is the fact of being losing the margin which could be generated on a normal profit besides of attracting super normal profit and having the self win and the other side loses.

Conclusion

Competing negotiation style was one of the most frequently used models of negotiation in the market. This was done so as each trader wants to have the best self-outcome from the trade performance at the end. The model had found out to have negative performance which was vice versa of the most trader's expectation. As more competition increases the number of transactions were reduced as win/win situation was unbalanced. The super normal profit can be obtained in a short run but cannot be maintained in a long run especially when trading on perishable goods. When middlemen less compete more trade, transactions are created and normal profit are generated, despite the fact that the middlemen cannot reach breakeven point on the sell. Apart from negative significant results of competitive negotiation style on high value crops which most of them are perishable, studies shows that competition is profitable on the products of the low risk and high profit of which most of them are non-perishable products. In this sense it can be concluded that; competition is not most suitable on perishable products such as products with the high risk.

Recommendation

Competitive negotiation style should be done in a non-competing way, the negotiators should compete in un-competing way competing-un-competing. Important element of competition should be used in a less impact way. In competing un-competing way it makes the customer/ other part feel winning during the negotiation process. Negotiation process can be affected by terms in agreement which reflects the future relationship between parties whereby margin act as the catalyst for the final results. Not only that but also competitive negotiation style should not be used on perishable goods as the middlemen can be forced to sell the products at breakeven point in time of crisis. However, this might depend on the market force of demand and supply. Furthermore, competitive negotiation style cannot be only unfavorable in trading on high value products but also in conflict management, dispute settlement and in managing of diplomatic relations. As the model involves high self concern and low concern for others, it cannot be of the better result on leadership and management as well as on the interpersonal relationship.

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Influence of Marketing Expenses on the Profitability of the Listed Manufacturing Companies in Tanzania

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ABSTRACT

In recent decades, marketing expenses have been one of the subjects that have taken much attention internationally due to the influence it has on the day-to-day business activities of different business companies. Several studies have been done on the relationship between marketing expenses and business companies' profitability globally. However, there are limited studies that used DuPont analysis to examine the responding variable (profitability). To bridge this gap, this study examined the influence of marketing expenses on the profitability of listed manufacturing companies in Tanzania guided by the marketing mix theory. The study used an explanatory research design whereby all data for the response variables were collected from the financial reports of the six listed manufacturing companies. This study further used 84 observations or cross-sectionals from a population of six LMCs. Descriptive and correlation analysis and pooled OLS were used for data analysis with a help of EViews. The census as a sampling technique was used to consider all 6 LMCs. The results have indicated that marketing expenses have a negative influence on the profitability explained by DuPont. This implies that if companies want to successfully increase their profitability, then they must relatively reduce their spending on marketing their products.

Keywords: *Marketing expenses, DuPont analysis, Profitability, Manufacturing Companies, Tanzania*

INTRODUCTION

Whether it's a small enterprise or big multinational business company, the issue of marketing expenditure aiming at advertising the company products have caught several researchers globally (Candemir & Zalluhoglu, 2011; Konak, 2015). The reason for the research on the subject is the belief that spending on marketing the products can increase the net income and profitability of business companies (Chen, 2020), improve company performance under normal environment or under the economic crisis (Candemir, and Zalluhoglu, 2011; Chouliaras, Gazepis, and Kargidis, 2015; Panigyrakis, Kapareliotis, &Ventoura, (2009) also known as a fundamental influence contributing to the growth of business companies (Al-Nimer, & Yousef, 2015). The reviewed literature elucidates those marketing activities that make company products known to consumers cannot be ignored among other strategies of business (Kodak, 2015; Wangwe *et al*, 2014). Several researchers have written lots of articles on the relationship between marketing expenses and company profitability (Kodak, 2015; Wangwe *et al*, 2014).

However, studies on how marketing expenses influence the listed manufacturing companies' profitability as explained by DuPont analysis offers a more precise valuation of the importance of changes in a firm's return on equity by concentrating on several means that a company has in order to increase return on equity (Açikgöz & Kiliç, 2021) is lacking (Akinleye & Ogunleye, 2019; Coufal, 2020; Kung'u, 2015 Utia, Dew & Sutisna,2018). Totok, (2018) elucidates that some businesses do not budget for product marketing, believing that their contribution towards improved company profitability cannot be measured. According to the research done by (REPOA, 2020) in Tanzania, most manufacturing companies missed ways of making their products known to prospective customers regardless of the suggestions given by researchers concerning the importance of marketing the products to meet customers' demands. Therefore, this study investigated the influence of marketing expenses on profitability of the listed manufacturing companies (LMCs) in Tanzania using data extracted from the financial statements of the only six LMCs, namely Simba Cement, Twiga Cement, Tanzania Breweries LTD, TATEPA, Tanzania Cigarette and Tanzania Oxygen for fourteen years (2005 to 2018) which had 84 observations (14*6) =84.

Theoretical Framework

Gunn and Steel (2012) expresses a theory as a systematized framework that gives more understanding to the present knowledge by suggesting association, reliability and a level of likelihood and testability. This scholarly work did not anticipate formulating a theory, but to outline a connection between marketing expenses and company profitability. Many theories could be used to explicate marketing expenses and company profitability, e.g., fact finding and analysis, physical handling, servicing, display, packaging (Borden, 1965). Instead this study has decided to consider Marketing Mix or four Ps as the relevant theory to establish focus on the study. Therefore, this study is grounded on marketing mix or 4Ps theory.

The Marketing Mix Theory

The marketing mix theory was introduced to Borden (1965) from an account of a business administrative mixer known as a "mixer of ingredients" by Culliton (1948). Using Culliton's concept, Borden (1965) came up with a marketing mix that included twelve elements known as fact finding and analysis, physical handling, servicing, display, packaging, promotion, advertising, personal selling, channels of distribution, branding, pricing and product planning. Borden's 12 elements were refined by McCarthy (1964) to 4Ps known as place, product, promotion and price. Marketing mix known as the 4Ps was given by McCarthy (1964) as a marketing planning means which started with one P representing price (Chong, 2003). Marketing is making available the correct merchandise in the accurate locality, at the right time, and at the correct place price (McCarthy, 1964). The marketing mix or 4 Ps' theory claims that business companies need to manufacture merchandise that a specific group of consumers want, put it on sale at some locality that the same consumers visit frequently, and put a price which is according to the value they get from the product, and do all these at a period that they need to do the purchasing (McCarthy, 1964).

The 4Ps is criticized as a framework that limits businesses to them living other three Ps suggested by Booms & Bitner (1981). Many companies try to use the 4Ps inclusively. The customers experience individual effects of each one of the four Ps on diverse occasions, places and times and other firms face difficulties in integrating these elements internally (Constantinides, 2002; Wang, Wang & Yao, 2005). Despite its limitations and may be its simplicity, this framework is still essential and many authors are still recommending it in their books (NetMBA, n.d). Despite the criticism, the 4Ps remain a principal framework of the marketing mix (Kent & Brown, 2006). Despite the preceding criticism, Ahmed and Rahman (2015) used the theory in studying the effect of marketing mix on consumer satisfaction and the finding showed a positive relationship between the four Ps and consumer satisfaction. Others studies that use the 4Ps theory with positive results include (Nuseir &Madanat, 2015; Sudari *et al,* 2019). The theory is very important in studying marketing and, in this study, it is the principal theory in learning about the influence of marketing expenses on the profitability of LMCs in Tanzania because marketing expenditures are all about manufacturing the merchandise that a specific group of consumers want, put it on sale at some locality that the same consumers visit frequently, and put a price which is according to the value they get from the product.

Literature Review

Profitability is the capacity for a business company to make a profit from its actions. Akinleye & Ogunleye (2019) and Kung'u. (2015) define profitability as the capability of a firm to earn income and, according to Utia*et al* (2018) definition, profitability measures the worth of a firm and its importance to attain the company's corporate goal of profit maximization. Utia*et al* (2018) indicated that profitability is not only confined to finance but also the way the firm puts together all resources to attain its desired goal. Therefore, Utia and his fellow researchers suggested that profitability is a measure of a firm's prosperity which is vital to achieving the firm's purpose of wealth maximization for its owners. On the other hand, profit is a surplus of proceeds over related expenditures for activity over a while. Terms with comparable meanings include 'income', 'earnings', and 'margin'. Lord Keynes (1936) observed that profit is the machine that motivates a business company. Each business must earn the necessary profits to continue and grow over a long period (Coufal, 2020). It is the index to economic development, better national income, and a growing standard of living.

No doubt, profit is the genuine object, but it ought not to be over-stressed. There is no doubt that the management should respond to the advice or try to earn profitability considering the community's wellbeing. For this study, the definition of Akinleye and Ogunleye (2019) enhanced with that of Sartono (2010) is adopted to define profitability as the capacity for a business company to make profit from its actions and that businesses can earn revenues associated with sales, total assets, and own capital. The researcher chose this definition because of the fact that it involves all resources together in generating profit, denoting the actual meaning of profitability, which is also measured by DuPont's sensibly holistic analysis. This study uses DuPont analysis to measure the profitability of the LMCs in Tanzania. The DuPont analysis is a model that disaggregates return on equity (ROE) into three profitability components, which are net profit margin (PM), asset turnover (AT), and financial leverage measured by equity multiplier (EM) (McGowan & Stambaugh, 2012; Teodor & Maria, 2014). In recent decades, marketing expenses has been one the subject that has taken much attention internationally due to the influence it has on day-to-day business activities of different business companies. The following reviewed literature reveals the relationship between marketing expenses and company profitability. The study of Chouliaras, Gazepis, and Kargidis (2015) indicated the importance of marketing expenses on company profitability of the Greek Enterprises during the economic crisis. The authors used judgmental sampling due to missing some financial information for some companies and linear regression to calculate the contribution of marketing expenses to gross profit and revealed marketing as the key factor which determines business companies' profitability. Similarly, Panigyrakis, Kapareliotis, &Ventoura, (2009) attempted to find out the influence of marketing actions on profitability of the Greek firms and contended that the merchandises are made known to customers through marketing actions. Preceding authors confirm marketing expenses as an important aspect that increases sales and contributes to increasing companies' profitability. Furthermore, a research study by Mulchandani, Mulchandani, and Attri (2019) on the effectiveness of advertising of the Indian financial institutions using Koyck model and 33 banks having 462 observations confirmed the significance of advertising activities on company performance. Assessing the impact of advertising on firm performance, Mulchandani, Mulchandani, and Attri contend that positive changes are realized with increased efforts in advertising company products. Correspondingly, Al-Nimer, and Yousef (2015) studied the impact of marketing tactics on the medical corporations of Jordan employing simple linear regression analysis.

The data analyzed was taken from the financial reports of the medical companies of Jordan. The authors' findings reveal marketing expenses showing a positive relationship with medical companies in Jordan. Due to the statistical impact of marketing expenses on medical companies' profitability, Al-Nimer and Yousef's study suggest that all means should be used to make sure that the medical companies invest in marketing to improve their companies' sales and profitability. Konak, (2015) studying the effects of marketing expenditures on the performance of BIST Textiles in Turkey revealed a vital positive relationship between marketing expenses and firm performance. Similarly, the latest literature that was conducted in Saudi Arabia employing regression analysis and multiple correlation revealed an opposite relationship between marketing expenses and firm profitability (Sharma & Husain, 2015). The explanatory variables applied were wages and workers' benefits expenses ratio, salaries, marketing expenses and dealers' commission and advertising expenses, while gross operating profit was used as a response variable. Unlike the findings of the study by Sharma & Husain, (2015) which is the inverse relationship between marketing expenses and telecom firms' profitability, the study by Totok (2018) on the contribution of the marketing expense to the profitability of a Telecommunication Company in the Philippines revealed that marketing expense had a significant and positive influence on company sales which in turn increased company profit margin. This means that the efforts to increase products' marketing increases products' awareness to the customers and consumers and in turn increase sales and profitability if product quality meets consumers' needs. The study by Hossain and Islam (2019) who examined the effect of advertising expenses and sales incentives on financial performance in Bangladesh found advertising expense to have an inverse relationship with financial performance. This implies that the more the advertisement is done, the more the company's decrease in financial performance. This can happen when the company has no competent personnel in marketing and sales of its products or when the quality of its products is too poor to be advertised or sold to improve company performance. The study on the contribution of marketing expenses to telecommunication company's profitability in Indonesia by Haryanto & Retnaningrum, (2020) using return on equity (ROE), return on assets (ROA), profit margin on sales (PM on sales), and break-even point (BEP) as proxies of profitability revealed marketing expenses asa significant factor in any Indonesian telecommunication business firm. The study by Mousa, Nosratabadi, Sagiand and Mosavi, (2021) revealed that the more the company invests in marketing, the more the firm value or firm values increase. Rehman, Shaikh and Sattar (2015) findings suggest that effective investment in marketing expenditure stabilizes company's prices in the marketplace. This means that with an advertisement, the products are made known to customers and consumers.

Also, while marketing the product, companies get to know their competitors' ability in the market and design marketing strategies to maintain or increase their market share. By doing so, sales and profitability are expected to increase. The study by Luo and de Jong, (2012) was later revealed by Totok (2018) indicating that reduction in advertising expense reduces company business returns. Okyere, Agyapong and Nyarku (2011) study on the effect of marketing communications on the sales performance of Vodafone in Ghana elucidates that the increase in advertisements and promotion of company products increase company sales. These results and his fellow scholars are similar to Abbas' (2012) study in Sudan on the effect of advertising on sales that found advertising activities to have a positive association with company sales. Similarly, the study of Chen (2020) on commercial banks in the US revealed that increasing marketing tasks by commercial banks increases their profitability. Rehman, Shaikh and Sattar (2015) concur with the findings of Chen by adding that increasing advertising, sales commission, and incentives can realize greater returns to the company and the study by Riaz, Furqan and Sidique (2015) add that marketing activities can attract customers and consumers' attention convincing them to buy. The reviewed literature reveals the importance of marketing expenses in improving company sales and ultimately company profitability. Weber, (2002) contends that marketing expenses include costs involved in developing products, services to the customers, public relations, advertising, sales promotion and selling and distribution. This is what is considered in this study as marketing expenses. Study by Sehar and Ali (2022) r suggested that spending on marketing could even increase market share and increase firm profitability and that companies dealing with research and development without considering advertising of the products would not have better profitability. This implies that new brands must be marketed to the consumers to increase sales and profitability (Cavenaile, & Roldan, 2019). The issue of the influence that marketing expenses has on companies' profitability is also a subject of interest in Africa. For instance, in the research by Agbeja, Adelakun, Akinyemi, (2015) in Nigeria, marketing expenses is revealed as a necessary expenditure to increase business company profitability. The scholars used regression analysis to examine the relationship between advertising and company profitability applying SPSS. The scholars also suggest that while it is very important for every business company to advertise their goods, they should also be careful in their spending on marketing their products. Furthermore, the study by Abdullahi (2014) in Nigeria assessed the profitability and the income of the bottling firm affected by the expenses on three years' products advertisement.

The researcher used quantitative methods and correlational research design to analyse the collected data. The study recommendation was that marketing expenses should be included as one of the tactics if the bottling companies are to improve their profitability. The study by Aghara, Nwaizugbo, Oparah, and Ifeanyichukwu, (2018) recommended to the Breweries companies in Nigeria to make use of sales promotion as a strategy to increase sales and profitability. In Tanzania, Wangwe *et al*. (2014) studying the issues facing manufacturing companies in Tanzania suggest that besides making sure the manufacturing firms in Tanzania come up with outputs that meet consumers' demands, marketing them to increase market share is inevitable. Likewise, Mbura, & Sekela, (2020) study on promotional strategies and performance of commercial banks in Tanzania indicated advertising of the products as one of the vital ways of making these financial institutions flourish. Even though some studies on the influence of marketing expenses and company profitability were from the same industry, their findings were different, which could be due to their geographical, environmental, economic status and market (Sarma& Hussain, 2015; Totok, 2018). This implies that not every study can be generalized elsewhere, even if it is done in the same industry as manufacturing or finance. This is a fact that calls for further research in different geographical and economical settings, like Tanzania. The literature reviewed has revealed a very impressive impact of marketing expenses on several business performance. However, they did not look at the influence of marketing expenses on listed manufacturing companies' profitability explained by DuPont analysis, while the study by Birim *et al*. (2022) suggest that without spending on marketing the products, companies will realize low sales and decreased profitability. For several business companies, it is marketing activities that can make the products known to the market and help the manufacturers to come up with new inventions and brands needed by consumers (Hassan, &Muniyat, 2018). However, some manufacturing companies in this study have not seen the importance of this item, while others are doing so because they did not set the budget for marketing their products for several years as indicated in their financial reports (Tanzania Tea Packers [TATEPA] 2005-2018) and Tanzania Oxygen limited [TOL] 2005-2018). Evidence show that not all business companies in Tanzania embrace marketing activities (Mwanyama,2020). Since there is hardly a literature that examined the influence of marketing expenses on profitability of LMCs explained by DuPont analysis and in particular, Tanzania, this study therefore, aims at finding out the influence of marketing expenses on profitability of the listed manufacturing companies in Tanzania guided by marketing mix theory and therefore hypothesizes that:

$H_{1:}$ *Marketing expenses have a positive and significant influence on the profitability of listed manufacturing companies in Tanzania*

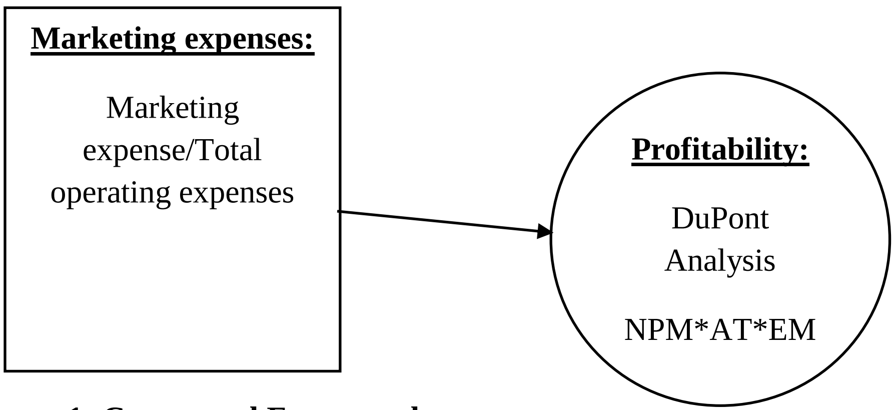

Figure 1: Conceptual Framework
Source: Author, (2018)

Conceptual Framework
According to the conceptual framework, marketing expenses are indicated to have a direct relationship with company profitability. The conceptual idea is that companies will increase their sales and increase their profitability if they consider spending on marketing their products.

Methodology
According to Utia *et al*. (2018) an explanatory research design is suitable where the researcher tries to explicate how the phenomenon works by finding

the primary factors that bring a change in it. In which case, there is no independent variable manipulation. This study adopted an explanatory research design to analyze the influence of marketing expenses on the profitability of LMCs in the DSE. The population was all six listed manufacturing companies. Due to the small sample size, this study used observations instead and therefore cross-sectional from the year 2005 to 2018 inclusive of each of the six listed manufacturing companies, namely; Tanzania Oxygen, Simba Cement, Twiga Cement, TATEPA, Tanzania Cigarette and Tanzania Breweries LTD, hence making a total of 84 cross-sectionals or observations (6 companies x 14 fourteen financial statements years) = 84 cross sectionals).

Because of panels, a census approach was used to incorporate all six LMCs. Data was collected from annual audited financial reports of listed manufacturing companies listed on DSE. The independent variable used in this study was marketing expenses as a percent of total operating expenses and the DuPont analysis to explain company profitability. The variables' data were extracted from the financial statements of these LMCs' websites. The data produced valid results because they were extracted from companies published audited financial statements. Since marketing expenses did influence companies' profitability, then, internal validity was verified. This study was therefore explanatory that sought to establish the relationship between marketing expenses and profitability of the LMCs in DSE, Tanzania.

Results

Descriptive statistics

Table1: Descriptive Statistics

STATISTICS	DUPONT	MKEXP
Mean	0.183452	0.387500
Median	0.265000	0.365000
Maximum	0.970000	0.840000
Minimum	-3.400000	0.000000
Std. Dev.	0.575463	0.196787
Skewness	-4.901355	0.401566
Kurtosis	29.86674	2.122172
Observations	84	84

Source: EViews output (2022)

Table 1 shows the summary statistics for all the variables, both dependent and independent variables. The central tendencies such as; mean, median and model were shown. Similarly, maximum and minimum values for the data set were also shown. The measures of dispersion were shown using standard deviation, which shows how far each of the data sets is from the average mean value of each variable. The normality of the data set was also shown such as skewness which measures the degree of asymmetry of the series. Since the acceptable value of skewness fall between -3 and +3, the data set seems to be normally skewed as the skew value nears 0 for each variable. The kurtosis for the data is also observed as 2.122 which is less than 3, which is Platykurtic type, while only one variable showed the kurtosis value of 29.86 which is greater than 3 and it is leptokurtic implying that one value was disproportionate in the sample.

Table 2: Correlation Analysis

Variables	Dupont	Mkexp
DUPONT	1	0.1007
MKEXP	0.1007	1

Source: EViews output (2022)

Table 2 shows the simple correlations between the variables. The results showed that marketing expenses had a positive relationship with profitability by 0.1007 units. This means that a one-unit increase in marketing expenses leads to 0.1007 increase in profitability (DuPont).

Panel Data Analysis

Pooled Ordinary Least Squared

The study investigated the relationship between the independent variable marketing expenses and the dependent variable DuPont.

Table 3: Pooled OLS results

Dependent Variable: DuPont				
Variable	**Coefficient**	**Std. Error**	**t-Statistic**	**Prob.**
C	0.069291	0.139464	0.496839	0.6206
MKEXP	**0.294609**	0.321292	0.916952	0.3619

Source: EViews estimates (2022)

The derived model becomes: DuPont= f (MKEXP)

DuPont= 0. 069291+ 0.294609* MKEXP …. (1)

From the equation (1) and Table 3, it is clearly depicted that, the model predicts that for a one unit increase in independent variable marketing expenses the dependent variable DuPont will increase by 0.294609 holdings other factors being constant although the results showed the probability value was 0.3619 which was not statistically significant since p>5%.

Fixed Effect Model

The difference in intercept is due to difference in features of entities, the relationship can be developed for the dependent variables and independent variables. The results are as follows:

Table 4: Fixed Effect Model
Dependent Variable: DUPONT

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-0.070863	0.237007	-0.298991	0.7658
MKEXP	0.656298	0.593274	1.106231	0.2721

Source: EViews estimates (2022)

The derived model becomes: DUPONT = f (MKEXP)

DUPONT = -0.0708 + 0.656298 * MKEXP ……… (2)

From equation (2) and Table 4, it is clearly observed that for a one unit decrease in independent variable marketing expenses, the dependent variable DuPont will increase by 0.656298 units holding other expenses constant. Similarly, the probability value is not statistically significant as p>5% confidence level, the model showed the inverse relationship between marketing expenses and DuPont.

Likelihood Ratio Test

To test which model to use between Pooled OLS and the fixed effect model, the fixed effect likelihood ratio test was used. The hypothesis states that Ho: Pooled OLS is appropriate/ better while H1: the Fixed effect model is appropriate/ better. Table 5 shows the test. Note, If P value is less than 0.05 reject Ho, and conclude that fixed effect is appropriate model.

Table 5: Likelihood Ratio Test

Effects Test	Statistic	d.f.	Prob.
Cross-section F	3.586902	(6,76)	0.0035
Cross-section Chi-square	20.944446	6	0.0019

Source: EViews estimates (2022)

Table 5 shows the cross section fixed effects; the probability value is 0.0035< 5% significant level, which means that reject Ho is rejected in favor of H1. Therefore, the fixed effect model is appropriate, and F.E is used for interpretation and ignore pooled OLS.

Random Effect Model

For the case of Random Effect Model, the difference is done to randomness in sampling from larger universe. The relationship between the dependent and independent variables is assumed to possess randomness in its intercept.

Table 6: Random Effect Coefficient

Dependent Variable: DUPONT

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-0.000734	0.220974	-0.003321	0.9974
MKEXP	**0.481428**	**0.456041**	**1.055668**	**0.2942**

Source: EViews estimates (2022)

The model equation becomes:

DUPONT = -0. 000734 + 0. 481428* MKEXP +error… (3)

From equation (3) and Table 6, it is clearly depicted that the model predicts that for a one unit decrease in independent variable marketing expenses the dependent variable DuPont will increase by 0. 481428 holding other factors constant. Although the probability value is not statistically significant at 5% confidence level as indicated by *P*=0.2942, the model shows the negative relationship between the variables.

Hausman Test

The test used to compare which model to use between fixed effect and random effect models is known as the Hausman test. The hypothesis for Hausman test is Ho: Random variable model is appropriate or better, whist H1 if the fixed effect model is appropriate or better.

Table 7: Cross-section Random Effects

Test Summary	Chi-Sq. Statistic	Chi-Sq. d.f.	Prob.
Cross-section random	0.212356	1	0.6449

Source: EViews estimates (2022)

Table 7 shows the Cross-section random effects and probability value is 0. 6449> 5% significant level, the H1 is accepted and reject Ho. This means that Fixed effect model is better or appropriate than the random effect model. Therefore, the analysis is based on fixed effect model and not on the random effect model.

Discussion

This study examined the influence of marketing expenses on the profitability of the listed manufacturing companies in Tanzania. The study used the percentage of markteting expenses on total operating expenses as the independent variable and DuPont analysis representing companies' profitability as the responding variable. The results of the analysis as revealed in Tables 2 to 4, marketing expenses are disclosed as having a negative relationship with company profitability. The result of this study using DuPont as a response variable concurs with the studies by Hossain & Islam (2019) who revealed advertising expenses inversely affecting profitability, and Sharma & Hussein (2015) whose results showed marketing expenses having an inverse relationship with profitability. This implies that marketing expenses can drain the liquid asset if the quality of the products is poor and are not sellable and the company keeps on increasing spending, but there is no increase in sales. Therefore, at a certain point, companies need to reduce marketing expenditures in order to increase profitability. This result may also mean that the products are high class and do not need much spending in advertising to increase sales. There are other studies that had different results from this one, like the study done by Rehman, Shaikh, and Sattar (2015) who found out that increasing advertising, sales commission, and incentives can realize greater returns to the company. Totok (2018) revealed that marketing expenses had a significant and positive influence on company sales which in turn increased company profit margin. However, the difference between the reviewed literature and this study is that this research used DuPont analysis to explain company profitability while the reviewed ones used different variables like gross operating profit, break-even-point, and gross profit margin. Using DuPont, there is an ability to see how effective the companies are in using their assets to make sales and lastly, they can see how much leveraged their companies are, whether financed by debt or equity (Kijewska, 2016). Using the DuPont model instead of the un-disaggregated ROE helps companies to find out the strategy to be used, whether income strategy, asset turnover strategy, or leverage strategy (Kijewska, 2016). This is a different methodology that adds contribution to the stock of knowledge. The other studies did not research on how the marketing expenses influenced the LMCs' profitability but looked at bottling companies, breweries, and financial institutions to mention a few.

Conclusion, Implications and Recommendations

This study adopted the explanatory research design to quantitatively examine the influence of marketing expenses on LMCs' profitability and analyzed the data with the help of EViews software. This current study concludes that while some listed manufacturing companies in Tanzania did not budget for marketing expenses but the others budgeted for the item aiming at improving their profitability. The results showed an insignificant inverse relationship. The inverse relationship implies that manufacturing companies do not need to spend much on marketing expenses to increase customers, market share and profitability but may need to keep up with the quality of their products to continue their existence in the market. However, this study was limited to LMCs, and the same study can be done incorporating all other listed companies in Tanzania meaning listed and non-listed companies.

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Appendix:

COMPANY	YEAR	MKEXP	DUPONT
TATEPA	2005	0.8	-0.26
TATEPA	2006	0.84	0.26
TATEPA	2007	0.44	-0.08
TATEPA	2008	0.63	0.97
TATEPA	2009	0.31	-0.11
TATEPA	2010	0.31	0
TATEPA	2011	0.31	-0.16
TATEPA	2012	0.36	0.09
TATEPA	2013	0.4	0.1
TATEPA	2014	0.41	-3
TATEPA	2015	0.4	-3.4
TATEPA	2016	0.34	0.13
TATEPA	2017	0.34	0.27
TATEPA	2018	0.37	-0.12
Tanga Cemented (SIMBA)	2005	0.26	0.3
Tanga Cemented (SIMBA)	2006	0.27	0.47
Tanga Cemented (SIMBA)	2007	0.3	0.49
Tanga Cemented (SIMBA)	2008	0.32	0.51
Tanga Cemented (SIMBA)	2009	0.25	0.33
Tanga Cemented (SIMBA)	2010	0.24	0.3
Tanga Cemented (SIMBA)	2011	0.39	0.19
Tanga Cemented (SIMBA)	2012	0.45	0.26
Tanga Cemented (SIMBA)	2013	0.47	0.18
Tanga Cemented (SIMBA)	2014	0.55	0.15
Tanga Cemented (SIMBA)	2015	0.42	0.05
Tanga Cemented (SIMBA)	2016	0.5	0.02
Tanga Cemented (SIMBA)	2017	0.14	-0.17
Tanga Cemented (SIMBA)	2018	0	-0.07
Tanzania Oxygen (TOL)	2005	0.2	-0.01
Tanzania Oxygen (TOL)	2006	0.15	0.03
Tanzania Oxygen (TOL)	2007	0.14	0.07
Tanzania Oxygen (TOL)	2008	0.15	0.09
Tanzania Oxygen (TOL)	2009	0.15	-0.16
Tanzania Oxygen (TOL)	2010	0.22	0.95

COMPANY	YEAR	MKEXP	DUPONT
Tanzania Oxygen (TOL)	2011	0.17	0.07
Tanzania Oxygen (TOL)	2012	0.2	0.36
Tanzania Oxygen (TOL)	2013	0.18	0.22
Tanzania Oxygen (TOL)	2014	0.26	0.2
Tanzania Oxygen (TOL)	2015	0.26	0.18
Tanzania Oxygen (TOL)	2016	0.25	0.17
Tanzania Oxygen (TOL)	2017	0.2	0.12
Tanzania Oxygen (TOL)	2018	0.22	0.13
Tanzania Breweries (TBL)	2005	0.63	0.46
Tanzania Breweries (TBL)	2006	0.61	0.53
Tanzania Breweries (TBL)	2007	0.66	0.54
Tanzania Breweries (TBL)	2008	0.68	0.54
Tanzania Breweries (TBL)	2009	0.69	0.49
Tanzania Breweries (TBL)	2010	0.71	0.43
Tanzania Breweries (TBL)	2011	0.67	0.37
Tanzania Breweries (TBL)	2012	0.69	0.4
Tanzania Breweries (TBL)	2013	0.72	0.35
Tanzania Breweries (TBL)	2014	0.72	0.38
Tanzania Breweries (TBL)	2015	0.75	0.34
Tanzania Breweries (TBL)	2016	0.65	0.37
Tanzania Breweries (TBL)	2017	0.63	0.25
Tanzania Breweries (TBL)	2018	0.66	0.17
Tanzania Cigarette (TCC)	2005	0.45	0.4
Tanzania Cigarette (TCC)	2006	0.48	0.33
Tanzania Cigarette (TCC)	2007	0.5	0.4
Tanzania Cigarette (TCC)	2008	0.54	0.52
Tanzania Cigarette (TCC)	2009	0.47	0.51
Tanzania Cigarette (TCC)	2010	0.48	0.29
Tanzania Cigarette (TCC)	2011	0.45	0.47
Tanzania Cigarette (TCC)	2012	0.46	0.52
Tanzania Cigarette (TCC)	2013	0.42	0.5
Tanzania Cigarette (TCC)	2014	0.47	0.35
Tanzania Cigarette (TCC)	2015	0.43	0.37
Tanzania Cigarette (TCC)	2016	0.57	0.48

COMPANY	YEAR	MKEXP	DUPONT
Tanzania Cigarette (TCC)	2017	0.52	0.25
Tanzania Cigarette (TCC)	2018	0.52	0.25
TWIGA, Cement	2005	0.2	0.42
TWIGA, Cement	2006	0.15	0.37
TWIGA, Cement	2007	0.14	0.39
TWIGA, Cement	2008	0.15	0.34
TWIGA, Cement	2009	0.15	0.35
TWIGA, Cement	2010	0.22	0.3
TWIGA, Cement	2011	0.17	0.28
TWIGA, Cement	2012	0.2	0.29
TWIGA, Cement	2013	0.18	0.17
TWIGA, Cement	2014	0.26	0.24
TWIGA, Cement	2015	0.26	0.25
TWIGA, Cement	2016	0.25	0.19
TWIGA, Cement	2017	0.2	0.19
TWIGA, Cement	2018	0.22	0.25

Source: Listed Manufacture companies Website 2018

Implication of Using Electronic Fiscal Devices on Audit Effectiveness among Small Business Owners of Arusha – Tanzania

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ABSTRACT

This study evaluated the use of Electronic Fiscal Devices among small business owners based in Arusha City Council – Tanzania. The focus was on the impact of the rate of using Electronic Fiscal Devices on the perceived effectiveness of the audit process. In addition, the study evaluated the impact of demographic variables, that is, the age of respondents, gender, level of education and business experience on the rate of using Electronic Fiscal Devices. Given the constant advocacy of the Tanzania Revenue Authority on the benefits of EFD uses in auditing, it was necessary to validate their assumptions based on the perception of users. In its approach, the study used mixed methods. The sample had 279 respondents. Data analysis was through descriptive and inferential statistics such as ordinal regression and the One-Way ANOVA. Results showed that the age, gender and business experience were not good determinants of the rate of EFD use. The level of education was a good determinant, but, with a reversal impact. Also, the rate of EFD uses among small business owners did not showed its perceived impact on the audit effectiveness. The study concludes that the observed reversal impact of education is a sign that people with a good level of education, may be using their knowledge to facilitate tax evasion. In addition, it concludes that factors other than the rate of EFD use are important to enhance the perception of small business owners on audit effectiveness. The study recommends the increase of EFD use advocacy by the revenue authority. Also, it recommends further studies to factors other than the rate of EFD uses, so as to determine the perception of taxpayers on audit effectiveness.

Keywords: *EFD, Electronic Fiscal Devices, Tanzania, Audit effectiveness, ICT in taxation*

INTRODUCTION

Governments all over the world depend on different sources of funding to meet their administrative and developmental obligations (Mwakalobo, 2015). Some of these sources are internal and some of them come from external sources such as grants and loans. A good example of internal sources of revenue includes; tax, different fee, fines and penalties. According to Chimilila (2018) and Naibei and Siringi (2011), internal sources of income are important to ensure that the country becomes financially independent. This financial independence enables a country to plan its operation without depending on the support from external sources; external sources of funding come at the liberty of the funding entity. According to Bruce-Twum (2014), effective audit unlocks the challenge of poor tax collection because it provides a true and fair view of the business and its processes. Ultimately, this impacts the amount of revenue from internal sources. According to Edogbanya and Sule (2013) the following factors affect audit effectiveness: the competency of the auditor and the level of independence exercised by the auditor.

Also, the study by Savić et al., (2015) highlighted that corruption is another factor which can affect audit effectiveness in taxation. Apparently, corruption decreases when relevant audit data are obtained transparently (Thomas, 2012; Chimilila, 2018). In this case, the use of electronic devices is ideal in ensuring that data are available for an open audit process (Naibei & Siringi, 2011). For over 10 years, the Government of Tanzania has invested effort in the use of Electronic Fiscal Devices (EFD) so as to increase the availability of business data for tax auditing (Chege et al., 2015; Government of Tanzania, 2012). Like in other technological changes, the implementation process was characterised by a rejection from some users. Some of the reasons for technology rejection are the initial costs, the difficulties of use and even technology breakdown (Chimilila, 2018; Pillay et al., 2020). In some cases, users rejected the use so as to create an environment for tax avoidance. Nonetheless, the Government of Tanzania pressed with this project because of the knowledge of its importance. In the current context, there are limited empirical evidence of the impact of the use of Electronic Fiscal Devices on the audit effectiveness. For example, the study by Pillay et al., (2020) focused on the impact of the fear of punishment on the use of Electronic Fiscal Devices, while that of Eilu (2018) and Chegeet al., (2015) focused on the adoption of Electronic Fiscal Devices and its use in VAT collection, respectively. Because of this reason, the current study determines the impact of the use of Electronic Fiscal Devices on the audit effectiveness. Also, it determines the impact of demographic variables on the use of Electronic Fiscal Devices.

Literature

The study by Bangumet al., (2018) defines tax audit as the examination of tax returns by the revenue authority. The purpose is to verify that business income and tax deductions are accurate. For the tax audit to be effective, it is expected to be timely, while enabling the taxpayer, consultants and the revenue authority to have a true copy of information for tax estimation (Chege et al., 2015). This part of the literature presents both theoretical and empirical literature on the use of technology and effectiveness in tax and other administrative processes.

Theory of the Study

The Technology Acceptance Model (TAM) is perhaps the most discussed model associated with technology use (Chen et al., 2012). In the third version of the Technology Acceptance Model, four variables are at the centre of the model: the perceived usefulness, the ease of use, the intention to use the technology and the use behaviour (Venkatesh & Bala, 2008). In all these variables, the perceived usefulness of the technology is at the centre of the current study. In fact, the current study determines the technology usefulness in terms of bringing effectiveness in tax auditing. Therefore, the word technology usefulness is equivalent to the usefulness for effective auditing in taxation. The technology under discussion is the Electronic Fiscal Device. Given the current context of the Technology Acceptance Model, the variables tested, in the current study against the audit effectiveness i.e., technology usefulness were not considered by the model. For example, the third version of the Technology Acceptance Model did not consider demographic variables such as; the age, gender, business experience and level of education in its analysis. In addition, the model did not test the impact of the rate of use, on the perceived usefulness. This is the reason why the current study accommodates the use rate in understanding whether it defines the perceived usefulness which in this study is also referred to as audit effectiveness.

Uses of Electronic Fiscal Devices and its Impact on Audit Effectiveness

Electronic Fiscal Devices are designed for use in business so as to manage sales. The device has a signature which confirms the issuance of a genuine receipt after a business transaction. A copy of every transaction is stored in a local memory and a remote server (Naibei & Siringi, 2011; Government of Tanzania, 2012). The business owner uses the local memory while the revenue authority uses the copy submitted to the server for reference. The availability of the same copy of information to the taxpayer and the revenue authority is expected to prevent conflicts due to data difference during tax audit (Savić et al., 2015). In addition, the use of Electronic Fiscal Devices reduces the time it takes in securing tax information for auditing purpose (Kira, 2016). Evidences from previous studies show the increase of revenue collection in Tanzania since the roll-out of Electronic Fiscal Devices. However, this increase is not necessarily confirming the effectiveness of Electronic Fiscal Devices in tax auditing. In addition, most studies such as Eilu (2018),Chegeet al., (2015), and Pillayet al., (2020) concentrated on the impact of EFD on VAT registered businesses, or areas other than audit effectiveness. The interest of this study was to determine whether the rate of using Electronic Fiscal Devices impacts the perceived audit effectiveness during taxation process. This leads to hypothesis one, presented below.

Hypotheses 1: The use of Electronic Fiscal Devices does not impact audit effectiveness in taxation

Demographic Variables and the Rate of using EFD

Past studies have shown that some demographic variables relates with the rate of using a given technology. For example, the study by Lubua and Pretorius (2018), ascertained that demographic variables are useful in understanding human behaviour. Also, the study by Cascio and Montealegre (2016) suggested the age to impact the use of Information Technologies, with the young being fast learners. Accordingly, Cai and Du (2017), observed that men engage more in the use of technologies than their counterpart. Likewise, Venkatesh and Bala (2008) observed the user experience to have an impact on the attitude toward the use with technology. Collectively, evidence shows demographic variables to have a role in understanding user behaviours with the use of information systems. Nevertheless, the position of these studies is generic; therefore, there is a need of understanding the same observation as it applies in understanding the use behaviour of users of Electronic Fiscal Devices. Because of this reason, the study tested the categorical relationship that exists between demographic variables such as; the age, gender, business experience and level of education and the rate of using EFDs. The hypothesis is stated below.

Hypothesis 2: Demographic variables do not have a significant relationship with the rate of using EFDs

Methodology

This study used mixed methods. The quantitative approach was used in testing hypotheses, while the qualitative approach (interview) was used to offer additional information to statistical patterns observed after analysis. Overall, the study was objective in nature. This objectivity is important to allow generalisation to other settings with characteristics similar to those of the current sample. In order to obtain its data, the study used the survey strategy, as recommended by Ball (2019) and Taherdoost (2018) for quantitative studies. This strategy allows the collection of data to a large sample, within a short period of time. In order to qualify for quantitative analysis, the study formulated hypothetical statements which are discussed in the next second subsection. The study tested these statements so as to determine its position, with regard to these statements. Other elements of this study, which explains the research strategy, are explained in the remaining part of this section.

Research Area

This study was conducted to small business owners based in Arusha Region, in Tanzania. Arusha is situated in the northern part of Tanzania, within 3.3869^0 S and 36.6830^0 E. Traditionally, Arusha is the gateway of top safari destinations in Africa, because it is situated between Mount Kilimanjaro, Mount Meru and prominent parks such as Manyara, Tarangire, Ngorongoro and Serengeti. Also, other citizens are engaging in economic activities such as none tourism business, mining and subsistence farming. Within the Tanzania Revenue Authority, Arusha is among top performing regions in tax collection (Tanzania Revenue Authority, 2021). Therefore, Arusha was chosen as the case for study because of its economic potential and the mixed structure of taxpayers. Knowing that business owners are in different categories, the current study focused on small business owners because of their reluctance to voluntary compliance in regard to the use of EFDs (Pillay et al., 2020).

Sampling

The population of this study included taxpayers of the Arusha tax region, who are in the category of small business owners. Regardless of the potential of having an outstanding contribution to the national income, most of small businesses are reported to avoid using Electronic Fiscal Devices (EFDs), which would provide data for relevant estimation of tax (Chege et al., 2015; Pillay et al., 2020). The sampling frame of this study included small business owners who visited the Tanzanian Revenue Authority (Arusha) in the month of March, 2019; in total, there were 1000 members of this category. In addition, the study used systematic random sampling to obtain the sample; this sampling approach is relevant for quantitative studies (Omona, 2013). The sample size was 279. According to Krejcie and Morgan (1970), the minimum of 278 respondents is required for this sampling frame. In addition, the study interviewed three Heads of Sections, at the Tanzania Revenue Authority, Arusha Office. The purpose was to obtain explanations on the trend observed from taxpayers responses. On the other hand, the study interviewed officers working within the EFD unit, to understand the reasons for the none use of EFD machines. In total, they were three officers who were interviewed.

Data Collection and Analysis

The study collected quantitative data through a structured questionnaire. The method is relevant in studies which follow scientific procedures because it provides a defined set of responses which prevent outliers (Omona, 2013). Table 1 presents the variables, scale and the information extracted from each question. Overall, the following are the variables included in the analysis- age category, gender, level of education, work experience, the rate of EFD use, and the perceived audit effectiveness.

Table 1: Key Variables of the Study

Variable	Information Measured	Scale
Gender	The gender category	Categorical data
Age	The age group of the respondent	Likert scale
Level of Education	The acquired level of education	Likert scale
The rate of using EFD	It measures the perceived percent which respondents uses EFD in business	Likert scale
The audit effectiveness	It measures the extent which the respondent perceives the tax audit exercise as effective	Likert scale

On the other hand, the study used different techniques to analyse data. First, the study used descriptive statistics such as; frequencies, percent and mean to provide required explanations about variables under analysis. Accordingly, the study used the ordinal regression model in determining the impact of demographic variables on the rate of using Electronic Fiscal Devices. In addition, the same model was used in determining the impact of the rate of using Electronic Fiscal Devices on the perceived audit effectiveness. The model is suitable because, in all cases, the dependent variable is ordinal in nature. According to Gutierrez, Perez-Ortiz, Sanchez-Monedero, Fernandez-Navarro and Hervas-Martınez (2018) ordinal regression qualifies for ordinal output variables.

Validity and Reliability

The study conducted the validity analysis to ensure that data presented adequately address the problem in hand. First, the study used the face validity approach so as to ascertain that the questionnaire provided the right content to the problem addressed as recommended by Taherdoost (2018). The study accomplished the face validity through the use of two academic experts in the area of taxation, and one in the area of information systems; the three experts determined whether the questionnaire captured the right set of data needed to respond to hypotheses. Further to this, the study used exploratory factor analysis to test the validity of data captured through the questionnaire. The study observed the Kaiser-Meyyer-Olkin measure of sampling adequacy as 0.831; the minimum acceptable threshold was 0.6 (Taherdoost, 2018; Zamanzadeh, et al., 2015). In testing the reliability of the questionnaire, the study used the Cronbach Alpha. In all items the observed Cronbach Alpha was 0.841, which offer an acceptable reliability value. Details on these analyses are in Table 2 and Table 3.

Table 2: Reliability test by Cronbach Alpha

Cronbach Alpha	**Cronbach Alpha Based on Standardised Items**	**Number of Items**
.841	0.793	5

Table 3: Validity Testing by Explanatory Factor Analysis

Kaiser-Meyyer-Olkin measure of sampling adequacy	Component Matrix (Principal component analysis)	Number of items in the questionnaire
0.831	All factors had above 0.3	5

Results

This section presents the results of the study. These results are in two key parts. The first part presents the impact of demographic variables on the rate of using Electronic Fiscal Devices, and the second part presents results on the impact of using Electronic Fiscal Devices on audit effectiveness. Overall, the discussion follows after the presentation and interpretation of results. Since the rate of using Electronic Fiscal Devices is the main output variable of this study, its analysis is presented along this introduction. According to Table 4, the rate of using Electronic Fiscal Devices was categorised in five key levels. The levels are below 20%, between 20% and 40%, between 40% and 60%, between 60% and 80% and above 80%. If this scale was to be defined to a Likert scale of between very high and very low use, only 45% of respondents would fit into high and very high category of use. This percent of use is low and do not support the intention of the government to have a self-sustainable economy based on internally generated revenue. The study conducted the interview to understand this characterisation of results. The results suggested two key reasons – frequent breakdown of Electronic Fiscal Devices and the effort by traders to avoid large tax liabilities.

Table 4: The Rate of EFD Use

Scale	Frequency	Percent
Above 80% of use (Very high)	56	20%
Between 60% and 80% of use (High)	71	25%
Between 40% and 60% of use (Moderate)	63	23%
Between 20% and 40% of use (Low)	75	27%
Below 20% of use (Very low)	14	5%
Overall	279	100%

The Impact of Demographic Variables on the Use of Electronic Fiscal Devices

This part presents results on the impact of demographic variables towards the rate of using Electronic Fiscal Devices. The following are the key demographic variables included in the discussion - gender, education, business experience, and the age of respondents. The descriptive results of these variables are between Table 5,7, 9,11 and 13. Details on the results for each variable follows next.

i.) The Age of Respondents

Table 5, presents results about the age of respondents. The categories of this variable are the age between 18 and 30 years, 31 and 40 years, 41 and 50 years, and 51 years and above. Results showed that most small business owners were under 40 years. This is equivalent to 69.5% of all. These were people in their early business career. They were the future of business in Tanzania. Very few, that is, 6.1% were 51 years old and above.

Table 5: The Age of Respondents

Scale	Frequency	Percent
18-30	98	35.1%
31-40	96	34.4%
41-50	68	24.4%
51 and above	17	6.1%
Total	**279**	**100%**

In addition, this part of the study determined the position of the *hypotheses* which suggested that the age of respondents did not impact the rate of using Electronic Fiscal Devices. The analysis used ordinal regression, because the output variable was ordinal in nature. According to results presented in Table 6, the model fitting information suggests that the p-value was 0.040. The p-value is less than the maximum threshold, which is 0.050. This observation suggests that ordinal regression equation is suitable for this relationship. On the other hand, the study observed the Nagelkerke Pseudo r-square as 0.053 (5.3%). This value is further interpreted through the p-values for each age category. In all cases, the p-values were above the maximum threshold. Because of this information, the age category of respondents did not cause a change in the rate of using Electronic Fiscal Devices among small business owners.

Table 6: Ordinal Regression Information for Age and the Rate of using EFD

Model fitting (p-value)	Pseudo r-square	Parameter estimates p-values for age categories			
		18-30 years	18-30 years	18-30 years	18-30 years
0.002	0.053	0.380	0.400	0.280	Ref. value

ii.) Gender

Gender is another demographic variable included in this study. According to Table 7, the sample had 62% of respondents who were female. Male respondents were 38%. Since the data collection process followed scientific processes, it is evident that there were more women engaging in small businesses compared to male.

Table 7:The Gender of Respondents

Scale	Frequency	Percent
Female	173	62%
Male	106	38%
Total	**279**	**100%**

In addition, the study conducted the analysis to determine the position of the *null hypothesis* which said that the gender of small business owners did not determine the rate of using Electronic Fiscal Devices. Evidence in Table 8 shows that the model fitting information p-value is 0.434. The p-value exceeded the maximum threshold. Because of this reason the association does not fit to the equation. In addition, the Nagelkerke r-square value was 0.002, the value was very low, suggesting an equivalent impact of the gender of respondents on the rate of using Electronic Fiscal Devices. Furthermore, the parameter estimate value is 0.432, larger than the threshold. This value suggests that changes in gender did not impact the rate of using Electronic Fiscal Devices. These findings confirm the position of the null hypothesis.

Table 8: Ordinal Regression Information for Gender and the Rate of Using EFD

Model fitting (p-value)	Pseudo r-square	Parameter estimates p-values for gender categories	
		Female	Male
0.434	*0.002*	*0.432*	Ref. value

iii.) Business Experience

Business experience is another demographic variable thought to be important in determining the rate of using Electronic Fiscal Devices among small business owners. Its descriptive results presented in Table 9 showed that only 19% of respondents had an experience beyond 6 years. This percent is low when compared with those who did not have such an experience.

Table 9: Business Experience

Scale	Frequency	Mean
2 years and below	148	53%
Between 3 and 5 years	78	28%
6 years and above	53	19%
Total	**279**	**100%**

Furthermore, the study used ordinal regression to test the null hypothesis which suggested that business experience does not determine the rate of using Electronic Fiscal Devices. Results of this analysis are in Table 10. Based on these results, the p-value for the model fitting information was 0.458. With this information, the two models did not fit well into the equation. In addition, the Nagelkerke r-square was 0.006, which was very low. On the other hand, the parameter estimated of the variable suggests all the p-value to be above the maximum threshold. Collectively, the information from analysis shows that changes to the business experience does not impact the rate of using Electronic Fiscal Device in business. Both experienced and none experienced small business owners had a common rate of using Electronic Fiscal Devices.

Table 10: Ordinal Regression Information for Business Experience and the Rate of Using EFD

Model fitting (p-value)	Pseudo r-square	Parameter estimates p-values for business experience		
		2 years or below	*3-5 years*	*6 years or above*
0.458	*0.006*	*0.265*	*0.274*	*Ref. value*

iv.) Education

Education is the last variable in this series of demographic characteristics explored by the current study. The information in Table 11 suggests that only 39.5% of all respondents had a college education. The majority of respondents had primary and secondary education. Besides, the group Mean is 2.2, which is inclined to the secondary education and below. Additional mean results are as shown in Table 13.

Table 11: The Level of Education

Scale	Frequency	Percent
Primary Education	79	28.3%
Secondary Education	90	32.2%
Certificate or Diploma	88	31.5%
Degree and above	22	8%
Total	**279**	**100%**

Furthermore, the study used ordinal regression to determine the impact of the level of education on the rate of using Electronic Fiscal Devices. This was to be fulfilled so as to test the null *hypothesis* suggesting that the level of education does not impact the rate of using Electronic Fiscal Devices. Based on Table 12, the model fitting p-value was 0.040, which was lower than the threshold. With this p-value, the equation fits well to provided data. Accordingly, the Nagelkerke r-square value is 0.031, which is equal to 3.1% of change. A reference to parameter estimates showed a change from those with a Bachelor Degree towards those with a primary level of education. The parameter estimate p-value was at the lowest level among those with primary education. Also, it was below the threshold. Therefore, the level of education impacted the rate of using Electronic Fiscal Devices. The null hypothesis suggesting that the level of education does not impact the rate of use was rejected.

Table 12: Ordinal Regression Information for Levels of Education and the Rate of Using EFD

Model fitting (p-value)	Pseudo r-square	Parameter estimates p-values for levels of education			
		Primary	Secondary	Cert/Dip	Degree/Above
0.040	0.031	0.029	0.064	0.423	Ref. Value

On the same variable, the study determined the descriptive information explaining the type of the impact. In this case, the study used the mean value between the two variables – education and the rate of using Electronic Fiscal Devices. Based on results presented in Table 13, the rate of use mean, increased with the decrease of the level of education. Graduates with college education were more likely to avoid using Electronic Fiscal Devices in their business.

Table 13: Education Level and Rate of EFD Use Mean

Level of Education	Mean	N
Primary Education	2.91	79
Secondary Education	2.82	90
Certificate or Diploma	2.53	88
Degree and above	2.27	22
Total	**2.71**	**279**

The Perceived Impact of the Rate of Using Electronic Fiscal Devices on Tax Audit Effectiveness

This subsection tested the *hypothesis*, which stated that the rate of using Electronic Fiscal Devices does not significantly impact the perceived tax-audit effectiveness among small business owners. In the first part on analysis, the study determined the descriptive information of the extent which respondents perceived Electronic Fiscal Devices as useful in tax audit processes. Based on results presented in Figure 1, it is evident that the majority of respondents were convinced that the use of Electronic Fiscal Devices supports the tax audit process. The observation was represented by 54.2%. Equally, findings showed that a reasonable percent i.e. 45.8% of the respondents was not fully comfortable with the support of EFDs in the audit process. According to Bangum et al (2018), this percent requires the revenue authority to step-up awareness creation efforts to enable all taxpayers to enjoy benefits of using Electronic Fiscal Devices in the audit process. Furthermore, the study tested the null hypothesis suggesting no significant impact was exerted by the use of EFDs on the audit effectiveness. The study used ordinal regression model.

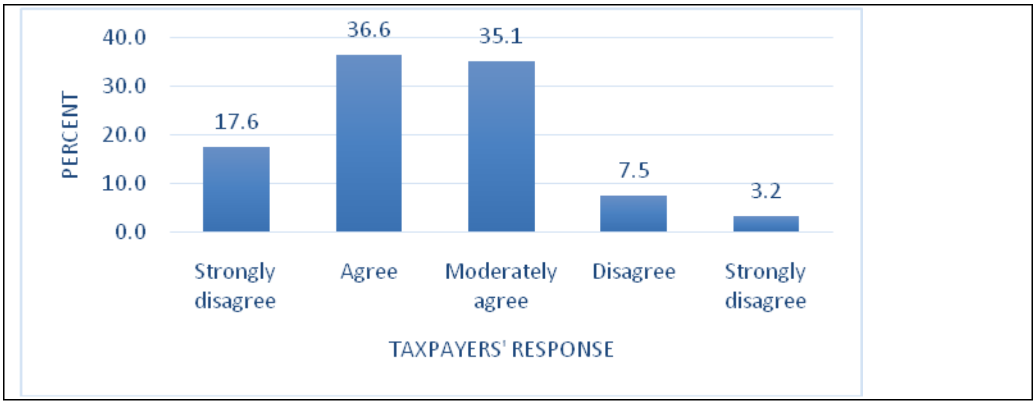

Figure 1: Electronic Fiscal Devices Support Tax Audit Process

Based on results of the ordinal regression presented in Table 14, the current set of data does not fit into the ordinal regression model. The p-value for the model fitting information was 0.186, which was higher than the threshold (0.05). Further to this, the Nagelkerke r-square value is 0.026 (2.6%), which was very low. Since all parameter estimates suggests the p-value above 0.05, this analysis confirms that the rate of using Electronic Fiscal Devices did not impact the perceived audit effectiveness. Therefore, the study confirms the *null hypothesis*.

Table 14: The Impact of Rate of EFD Use on Audit Effectiveness

Model fitting (p-value)	Pseudo r-square	Parameter estimates p-values for levels of education				
		80% >	60%-80%	40%-60%	20%-40%	< 20%
0.186	*0.026*	*0.143*	*0.268*	*0.079*	*0.692*	Ref. value

Discussion of Results

This study had three key elements defining its results. In the first element, the study provided descriptive information on the rate of using Electronic Fiscal Devices among eligible small business owners. Surprisingly, the study learned that the rate of using EFD was still low within this group of business owners. The study by Eilu (2018) and Pillay et al., (2020) had similar observations. Reasons reported to affect the rate of use included usability problems, the high cost of Electronic Fiscal Devices, poor network connection, lack of adequate training on the use, and lack of technical support. These challenges were supported by Bangum, Ginting and Iskandar (2018). In addition, the study by Kira (2016) reported other challenges such as the failure by businesses to report challenges, the lack of motivation among business owners, and the lack of trust in EFD among small business owners. In addition, the study found out that except for the level of education, other demographic variables such as; the age, gender and business experience did not support the use. This observation is supported by Pillay el al., (2020), and Lubua (2022). Accordingly, it was surprising to notice that business owners with primary and secondary education had a higher rate of using Electronic Fiscal Devices than those with a college education. This observation means that education was used as a tool to facilitate both tax avoidance and evasion. This position is in agreement with the study of Bangum, Ginting, and Iskandar (2018), and that of Ali, Fjeldstad and Sjursen (2020). Accordingly, it was surprising to notice that the rate of using Electronic Fiscal Devices did not impact the perception of users on its ability to enhance audit effectiveness. Apparently, audit effectiveness was one of the benefits advocated by the Tanzania Revenue Authority that came with the use of Electronic Fiscal Devices (Tanzania Revenue Authority, 2021). Since the study by Lyimo and Makilully (2022), and that of Savić, Dragojlović, Vujošević, Arsić and Martić (2015) advocated that the use of Electronic Fiscal Devices improved the taxation process, it was surprising to notice that the rate of use did not impact the perceived audit of effectiveness. Arguably, it was enough to think that the rate of use determined the amount of information available for processing; therefore, other factors such as the competency of the auditor and time availability played a role as observed by Chege, Kiragu, Lagat, and Muthoni (2015).

Conclusion and Recommendations

Conclusively, the age, gender and experience of respondents were not good determinants of the rate of using Electronic Fiscal Devices. Also, the rate of EFD use did not impact audit effectiveness.

Recommendations

Based on results of this study, factors other than the rate of using Electronic Fiscal Devices impacted the audit effectiveness in Tanzania. Because of this reason, the current study makes the following recommendations:

i. To researchers: since tax compliance is still low, researchers are to study other factors determining tax audit effectiveness. Also, researchers are advised to extend this study to other parts of Tanzania;
ii. To tax auditors: Auditors must complement data from EFDs with other sources so as to improve audit effectiveness;
iii. The revenue authority must increase awareness effort so that businesses can improve the EFD use. Most people within this category neglect the use, even though they own the device. This affects revenue collection and the ability of the government to generate its income for national developments.

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Effects of Board Processes on Board Roles Performance among Selected Savings and Credit Cooperative Societies in Tanzania

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ABSTRACT

This paper examines the effect of board processes on efforts norms, cognitive conflict, and use of skills and knowledge on the board's performance in monitoring, resource provision and strategic roles in SACCOS in Tanzania. The social exchange theory provided theoretical guidance. A cross-sectional design with a mixed-methods approach was used. Data were collected using a questionnaire administered to 198 board chairpersons and an interview with nine key informants from SACCOS managers and cooperative officers. Data were analysed through multiple linear regression and thematic analysis. The results revealed a strong and significant relationship between effort norms and board roles' performance in monitoring, resource provision, and strategic roles. The results further indicated a positive and significant relationship between the application of skills and the knowledge of board members, coupled with their ability to monitor and provide the board with essential resources. The results further revealed that cognitive conflict negatively influenced board members' ability to play strategic roles. Moreover, no significant relationship was found out between cognitive conflict and board roles in monitoring or resource provision. Effort norms and the Use of board members' skills and knowledge significantly predicted board role performance. Therefore, the study recommends that the board chairperson encourage a participatory culture to ensure that board members exert enough effort into and apply their skills and knowledge in fulfilling their roles. Furthermore[1], SACCOS members should elect board members based on their skills, knowledge, and ability to work and collaborate constructively and respectfully with other members.

Keywords: *Board Processes, Board Roles Performance, Savings and Credit Cooperative Societies, Tanzania*

INTRODUCTION

Boards serve as a building block that foster the governance of savings and credit cooperative societies (SACCOS) through monitoring, strategic direction settings, and provision of resources (Guerrero, Lapalme, Herrbach, & Séguin, 2017; Hakelius, 2018). The board is a central element of a corporate governance system. The board of directors overseeing the management at the organisation's apexand ensures they conduct their affairs ethically and legally (Jones, Money & Swoboda, 2017). Having a board is mandatory; however, having an effective one is crucial (Guerrero et al., 2017). Ssekiziyivu, Mwesigwa, Bananuka, & Namusobya (2018) reported that the primary challenge faced by SACCOS in African countries is the effective performance of their boards. For instance, in Tanzania, SACCOS are legally required to have a board for governing the SACCOS as outlined in the laws and regulations. But still, SACCOS continue to struggle with unsatisfactory long-term survival rates (Magumula & Ndiege, 2019).

The demise of SACCOS creates disappointment and disharmony among SACCOS members and raises questions about the competency and effectiveness of these boards regarding their performance. Assessing the performance of the boards can be challenging due to confidentiality and limited access to the board (Jansen, 2021). This led to most previous studies on SACCOS boards to examine the relationship between board characteristics and financial performance as a proxy for evaluating board performance (Ghosh & Ansari, 2018; Hakelius, 2018; Munene et al., 2020; Reddy & Locke, 2014; Unda et al., 2017). Board characteristics rely on past data alone; they do not provide insight into what happens within the board (Kassim & Manaf, 2013). This leads to a lack of understanding of board behavioural processes and group interactions that determine board performance (Pastra, 2017). Board process behaviour links inputs and outputs, which could influence the effective execution of board role performance (Heemskerk, 2019). However, previous studies neglect the processes that link inputs and outputs, specifically the impact of board processes on the performance of board roles (Minichilli et al., 2015).Then currently, the board processes and role performance have gained ground in scholarly discourse (Jansen, 2021). Different scholars have tended to underscore the importance of investigating board processes and their bearing on the execution of board roles (Jansen, 2021; Heemskerk, 2019). This invite to go beyond board characteristics and require opening the “black box” of what boards do and how they carry out their roles. Board processes cover conduct aspects, dealing with how their members (as a collective) interact, collaborate and communicate during their preparations, participation, critical discussion, and exchange of information based on their assigned roles (Hongjin Zhu, 2014). Subsequently, the concise and researchable factors presented by Forbes and Milliken (1999) have offered the most promising avenue for evaluating the process behaviour aspect of board members. These factors constitute the primary building block in understanding the behaviour perspective of board members regarding their board's performance. Forbes and Milliken (1999) suggested that board processes entail efforts norms, cognitive conflicts, and the use of skills and knowledge that are more likely to affect the ability of the SACCOS board to perform their functions. Different previous studies have examined the boards' processes on their role performance, but these studies have mainly been limited to the evaluation of a few firms from developed countries, such as manufacturing firms (Minichilli et al., 2012; Zona & Zattoni, 2007), listed firms (Bailey & Peck, 2011; Farquhar, 2011; Jansen, 2021; Mande, 2013; Pastra, 2017), and secondary schools (Heemskerk et al., 2015). Consequently, none has explored these aspects in the SACCOS context and more so in emerging countries such as Tanzania.

Additionally, findings from previous studies were unclear and inconsistent because of varying behavioural determinants of board members depending on the nature of the firm under examination. For instance, the influence of cognitive conflicts on the board's role performance have been often non-significant (Jansen, 2021), negative (Minichilli et al., 2012) or even positive (Heemskerk et al., 2015). Consequently, the results cannot be generalised to SACCOS, given their cooperative nature as a members-based non-profit financial institution that abides by cooperative principles (Favalli et al., 2020; Zivkovic, 2015). Notably, SACCOS are governed by members through elected boards and use a democratic control system of one-member-one-vote in decision-making (Bijman et al., 2013, 2014; McKillop & Wilson, 2015). Since SACCOS board members are elected from the membership, they have a triple set of rights as owners, users and beneficiaries (Bijman et al., 2014; Hakelius & Hansson, 2016). The nature of the SACCOS boards may lead to behaviour variances of their board members in doing their work relative to directors of investor-owned firms. In this regard, the insufficiency of empirical studies investigating board processes and their potential contribution to board role performance in SACCOS constitute another knowledge gap. Therefore, this study aims to fill this research gap by examining the board processes and their effect on the board's performance, which remained untested in the SACCOS context and emerging countries, including Tanzania. Zatton et al. (2015) suggest that board members collaborate to boost board performance and collective knowledge base. Examining the relationship between board process and board role performance can help SACCOS board chairpersons and board members to grasp their behaviour and learn how to manage themselves to boost their capacity to fulfil their roles. Similarly, the relationship is additive and enriches the existing literature on boards and SACCOS, particularly in Tanzania, a developing country's context.

Literature Review

Board Processes

The board process refers to the board members' behaviour in the decision-making practice, which affects their ability to perform their roles (Heemskerk, 2019; Pastra, 2017). The decision-making process involves board members collectively preparing for the board and participating in intensive discussion and communication through exchanging information (Bailey & Peck, 2011). Board interactions and decision-making are critical in determining the board's performance. Forbes and Milliken (1999) have identified three factors in board processes that can influence board task performance: cognitive conflict, efforts norms, and the use of knowledge and skills. It is noted that cognitive conflict, efforts norms, and the use of knowledge and skills are essential aspects of the board processes (Forbes and Milliken, 1999). These aspects can be linked to the social exchange theory. The theory suggests that parties (individuals or groups) enter into and maintain exchange relationships with others, expecting that doing so will be worthwhile (Homans, 1958). Thus, the board members (as a group) in the SACCOS are attracted to a fair relationship with the perceived value of the resources exchanged and the fairness of the exchange. Similarly, the theory in the context of the SACCOS presupposes that board members' interactions affect the quality of their relationship and their ability to work together effectively (Pastra, 2017). Hence, the board processes regarding effort norms, cognitive conflicts, and the use of skills and knowledge can influence board role performance. This study, therefore, uses Social exchange theory (Homans, 1958) in explaining the relationship between board processes and board role performance in SACCOS.

Boards' Roles Performance

Board performance refers to the ability of board members to play their board roles (Judge & Talaulicar, 2017). Judge & Talaulicar(2017) have proposed three categories of board roles namely;monitoring, resource provision, and strategic direction setting. The monitoring role is derived from the agency theory, which emphasises that the board is responsible for monitoring the agents' actions to ensure that they act in the best interests of the owners and the organization as a whole (Jensen & Meckling, 1976). Also, board undertakings within monitoring roles comprise supervising the performance of the management, monitoring and controlling financial performance through the evaluation of budgets versus the actual, reviewing expenditures and ensuring value for money, in addition to following up on the outcomes of the management decisions (Zatton, 2015; Nalukenge, 2020). Resource provision roles are grounded in assumptions drawn from the resource dependency theory, which claims that a firm's survival depends on the ability to access environmental resources (Pfeffer & Salancik, 2003). Board members provide expertise as resources to link the organisation with external stakeholders and manage external interdependency. Such resource provisions by board members help to lessen dependency and control uncertainties which serve as a boundary spanner and improve legitimacy (Hillman & Dalziel, 2003). Activities in resource provision roles also cover how board members apply their expertise to advice, counsel the management, and create networks with different stakeholders. Finally, the board's strategic role involves formulating strategic planning, reviewing strategic proposals, and supporting the implementation of strategies and decision-making to attain organisational goals for long-term survival and sustainability (Judge & Talaulicar, 2017). The strategic role is derived from resource dependence theory, which strongly emphasizes that boards provide a firm's management with important strategic planning and advice and may contribute to strategic decision-making.

Hypothesis Development

Effort Norms and Board’s Roles Performance

Efforts norms refer to group-level constructed expectations of the group's shared belief at individual resource levels regarding time, energy, skills and commitment invested in the board’s roles (task) (Forbes & Milliken, 1999). In this regard, effort norms seek to address each board member's effort level in a group (board) of interdependent individuals in preparing and engaging in the board’s endeavours (Zona & Zattoni, 2007). When board members devote ample time to prepare themselves, it may result in active engagement and collaboration in the board meetings. Thus, such commitment could generate much-needed information for supporting quality decision-making and enhancing the effective execution of the board’s roles (Namoga, 2011). From social exchange theory, it can be argued that when board members perceive that other members are not matching their efforts, they may feel that the exchange of resources is unfair, leading to lower levels of commitment among board members, thus affecting board role performance. On the other hand, when board members think that others match their efforts, they may be more committed, resulting in the board roles' performance. Strong effort norms among board members can also translate into intensive interaction in debating strategic issues and scrutinising management proposals, reports and their performances. Scrutiny of management reports and analysis fosters the monitoring role (Nalukenge, 2020). Meanwhile, the active participation of board members in discussions and during meetings facilitates strategic and resource provision roles (Puyvelde *et al.*, 2018). Also, evidence from empirical studies supports the view that the higher efforts norms on the board significantly raise contributions to strategic settings, resource provision, and monitoring of management (Minichilli *et al.*, 2012; Zattoni *et al.*, 2015). Studies also indicate that the time and preparation board members devote to their boards considerably differ among firms (Zattoni *et al.*, 2015). These differences lead to a variance in the board's ability to perform their respective roles. In this regard, Kleanthous (2017)affirmed significant differences in time, energy, skills, and commitment that SACCOS board members dedicate to their respective boards. And yet, limited studies have focused on evaluating the performance of effort norms on board roles in SACCOS. Thus, we hypothesise:

H1a: Effort norms are positively related to board monitoring role performance.

H1b: Effort norms positively relate to board resource provision role performance.

H1c: Effort norms are positively related to board strategic role performance.

Cognitive Conflict and Board Roles Performance

Cognitive conflict refers to task-related variations in judgment among group members (Forbes & Milliken, 1999; Jansen, 2021). Cognitive conflict often emerges in disagreements on the tasks' content, particularly when board members present divergent views, ideas, or opinions, leading to judgment differentials. Cognitive conflict also ignites a debate among board members on their alternative view points and making critical analyses that could better the resultant decisions (Zattoni et al., 2015). Moreover, cognitive conflict could remind the management that the board actively monitors issues in the firm, leading them to work in the owners' interest (Adi et al., 2022). Social exchange theory suggests that conflicts can be disruptive, leading to more thorough and creative decision-making processes if managed effectively. When board members feel their opinions are respected and valued, they may be more committed to participating in the discussion, resulting in better board performance.Cognitive conflict also accords board members an opportunity to articulate their views, which could generate more valuable information for the firm, hence reducing the transactional cost of dealings with environmental uncertainties and enhancing the resource provision role (Ogbechie, 2012; Pastra, 2017). Moreover, disagreements align with better advice and quality decisions, may induce consideration and careful evaluation of available alternatives. Cognitive conflicts are also increasingly becoming strategic choices and options as the board members evaluate them carefully and opt for the best decision to smoothen the execution of the board's strategic roles(Barroso-Castro et al., 2017).

Overall, mixed empirical evidence exists on the cognitive conflict and the board's role performance between firms. For example, cognitive conflict tends to have a positive relationship with the board's role performance in monitoring and resource provision roles(Bailey & Peck, 2011; Farquhar, 2011; Heemskerk et al., 2015; Zona & Zattoni, 2007) and strategic roles (Barroso-Castro et al., 2017; Zattoni *et al.*, 2015). Conversely, Minichilli et al. (2012) found a negative relationship between cognitive conflict and board role performance. On their part, Heemskerk (2019) and Jansen (2021) did not find any link between cognitive conflict and the board's role performance. Likewise, the nature of tasks expected in SACCOS boards requires board members to participate in cognitive discussions to reach the best decision-making option. However, excessive cognitive conflict on the board can be detrimental since it can trigger the rise of negative emotions among board members; thus, it can undermine the quality of the decision and, as a result, hamper the board's roles (Heemskerk et al., 2017; Kerwin et al., 2011). Therefore, we hypothesise as follows:

H2a: Cognitive conflict is positively related to the board-monitoring role.

H2b: Cognitive conflict positively affects the board resource provision role.

H2c: Cognitive conflict is positively related to the board's strategic role.

Application of Knowledge and Skills and Board's Roles Performance

For the boards to perform their roles effectively, they need board members equipped with skills and knowledge to execute their respective board's roles (Bailey & Peck, 2011; Bužavaitė & Korsakienė, 2021). The use of knowledge and skills refers to how board members effectively leverage their collective knowledge and skills to support board roles (Forbes & Milliken, 1999). Such application of knowledge and skills pertains to how they contribute to the firm's well-being in a coordinated manner (Bankewitz, 2018). Evidentially, the board requires the aggressive use of the board members' knowledge and skills to benefit group decisions(Bankewitz, 2016). After all, using skills and knowledge can minimise losses and enhance collective learning among board members (Bužavaitė & Korsakienė, 2021). When board members utilize their expertise and knowledge to inform board discussions and decisions, it can lead to better-informed decisions and improved board task performance. From the social exchange theory, when board members feel that their skills and knowledge are being utilized effectively, they may be more committed and perform better in their board roles. Conversely, when board members feel their skills and knowledge are not being utilized, they may disengage and perform poorly in their roles. In addition, knowledge and skills are essential in implementing the board's roles when directors are heavily interdependent and share mutual responsibilities for the board's performance (Bužavaitė & Korsakienė, 2021).

Moreover, applying knowledge and skills is an essential criterion of board performance since it allows for a clear division of roles and responsibilities based on each board member's competency, facilitating information flow between board members (Bankewitz, 2016). Previous studies by Bankewitz (2016),Farquhar (2011), Heemskerk et al. (2017), Minichilli et al. (2012), and Zattoni et al. (2015) found the greater use of knowledge and skills positively associated with the board's roles performance. Even though knowledgeable and skilled board members are essential assets for the board, they sometimes cannot guarantee the use of their expertise to implement board roles because of a possibility of "social loafing" within the board, whereby directors fail to apply their skills and knowledge in executing board roles (Heemskerk et al., 2015). In this regard, an effective board demands active use and integration of the board members' skills and knowledge to inform and enrich the board's decisions. To effectively fulfil their resource provision and strategy roles, these boards should combine their competencies in different functional areas and apply them accordingly and appropriately to address other issues (Forbes & Milliken, 1999). Hence, it is hypothesised that:

H3a: Use of knowledge and skills positively correlates with monitoring role performance.

H3b: Use of knowledge and skills positively correlates with the resource provision role performance.

H3c: Use of knowledge and skills positively correlates with strategic role performance.

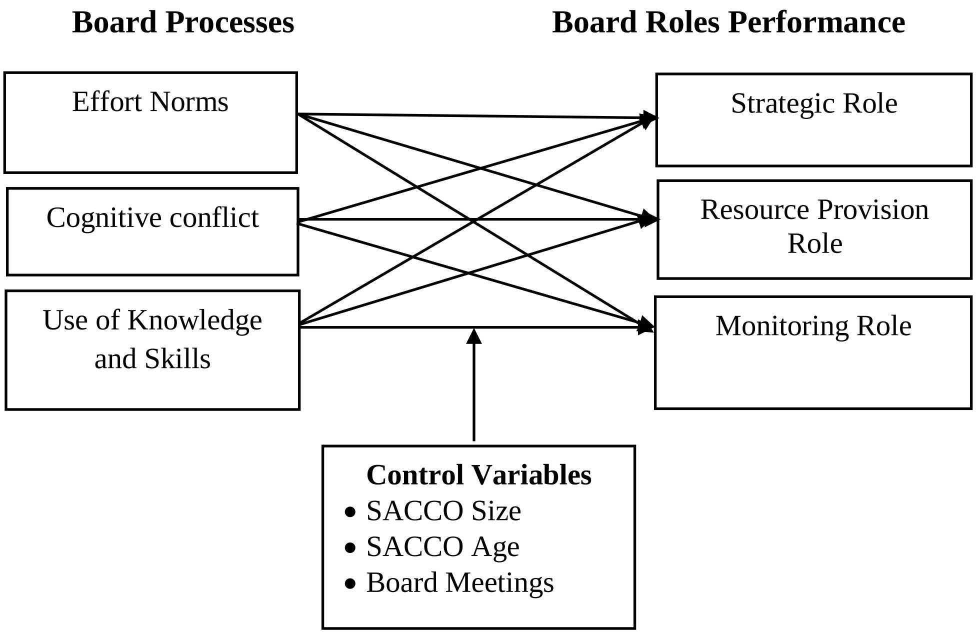

Figure 1: Conceptual Framework

Methodology

The research design for this study is a cross-section survey requiring data collection at one point in time. This design helps to control the conditions of the study by capturing the present state, facilitating a snapshot of a large population, and allowing for generalisation of findings (Saunders, Lewis and Thornhill, 2012). A mixed research approach allowed qualitative and quantitative data to inform the study in solving the research problem (Creswell, 2009). The quantitative data tested the relationship between board process and board role performance in accordance with the hypotheses. In contrast, qualitative data complemented quantitative data to enhance the validity of the study findings. The study focused on SACCOS drawn from Arusha and Dar es Salaam since the Regions were highly concentrated, with 579 active SACCOS in Tanzania (TCDC, 2019). In addition, the study applied the Yamane (1967) formula to calculate the sample size of 236 SACCOS. The sample size was proportionate to Dar es Salaam and Arusha. A simple random probability sampling technique was used to choose SACCOS in each region, giving each SACCOS an equal chance of being selected. Questionnaires were sent to 236 SACCOS, however only 198 (83.8%) SACCOS were fully responsive and completed the questionnaires for the study. This responsive and usage rate was sufficient since Mugenda and Mugenda (1999) propose a response rate above 70% as acceptable for generalisation. At the same time, purposive sampling, as the non-probability technique, was used to select the study area, board chairperson and nine key informants from SACCOS managers and cooperative officers.

Source and Data Collection

The study adopted a mixed-methods approach, whereas data were collected from primary and secondary sources from SACCOS as a targeted population. Primary data for the board processes and roles were collected from the board chairperson through the closed-ended survey questionnaire. Moreover, the qualitative primary was collected from key informants using an interview guide kit for triangulation. In contrast, secondary data for board meetings, SACCOS size and age were collected from the audited financial reports. Primary data were collected from January to March 2020. Board chairpersons filled out questionnaires, one for each SACCOS, on behalf of the whole board since board governance studies are usually based on a single respondent to avoid inconsistency in information on the same issue (Zhang, 2010).

The selection of board chairpersons is purposive due to their position in power, authority and presumed knowledge of the SACCOS they serve. Moreover, the chairperson is responsible for giving directions to board members on processes. Previous studies by Barroso-Castro et al. (2017) and Jansen (2021)had similarly collected board information from one board member to represent the whole board.The questions in the questionnaire were assessed based on a five-point Likert scale ranging from 1 to 5, where 1= strongly disagree, 2= disagree, 3= undecided, 4= agree, and 5= strongly agree. In confirming that the questionnaire measures the intended variables for the objectives, the study used Cronbach's Alpha test to determine such reliability. Cronbach's alpha test from 0.7 and above is accepted because it signifies the attainment of internal consistency reliability(Fornell & Larcker, 1981). A pre-test and a pilot study were also conducted before the main survey to test the reliability of the study's questionnaire. On the other hand, the researchers interviewed nine (9) key informants, comprising seven (7) SACCOS managers and two (2) cooperative officers (COs). The selection of key informants was purposive, considering their expertise and experiences in SACCOS boards. The researchers also considered ethical procedures to safeguard the participants' interests, privacy and dignity (Bryman, 2016).

Dependent Variables

The monitoring role was measured by board members' ability to monitor society's activities and assess management performance (Nalukenge, 2020).

The monitoring role was measured by the statements, which asked how to monitor the SACCOS management. The resource provision role refers to board members' ability to bring various vital resources regarding skills and experiences to the board and society (Mori, 2014). There were questions on the resource provision role measuring how board members could bring their expertise in networking their SACCOS with other stakeholders and advising on different fields to benefit the SACCOS. The strategic role measures board members' ability to formulate strategies and set review guidelines for strategic implementation towards achieving the society's mission and goals. The strategic roles asked how the board members developed the strategies and guided the performance. These roles were measured using statements adapted and modified from Balta (2008), Barroso-castro *et al.* (2017), Kamardin & Haron (2011b), Mori (2014), Ogbechie (2012) and Balta (2008).

Independent Variables

Board processes, as independent variables, fall under cognitive conflict, effort norms, and use of knowledge and skill, as hypothesised earlier, measured using a five-point Likert scale. The *cognitive conflict* concerns task-oriented discussions and judgement for implementing board roles. The variable asked how much task-related discussion on agreements and disagreements emerges in meetings. *Efforts norms* refer to the extent to which board members are actively engaged in executing their roles. The *use of knowledge and skills* determined the extent to which board members apply their skills and expertise in performing board roles. The questions on board processes variables were adapted and modified following the suggestions from Zattoni et al. (2015), Heemskerk et al. (2015), Minichilli et al. (2012), and Forbes and Milliken (1999).

Control Variables

Variations in firms' specific characteristics in SACCOS prompted the study to embrace firms size, firm age, and board meetings as control variables like previous studies (see, for example, Bankewitz, 2018; Barroso-Castro et al., 2017;Heemskerk et al., 2015; Puyvelde et al., 2018). SACCOS' age refers to how long it has been in operation. The study measured SACCOS' size based on the value of total assets, but their values were in a wide range and thus were transformed into a natural logarithm to normalise their distribution. Taking the natural logarithm allows for a more effective data analysis by compressing the data into a more manageable scale and making it easier to interpret and understand. Moreover, large SACCOS generally have recourse to economies of scale to optimise their resources, resulting in better execution of the board's roles. Finally, the number of meetings conducted annually measures total board meetings.

Data Analysis

Quantitative data were analysed in three phases. The first phase focused on factor analysis using principal component analysis to group the Likert scale items into their respective scale, as Pallant (2020) recommended. The study only accepted components extracted from PCA with commonalities greater than 0.5. The remaining factors were scaled and formulated into one continuous variable for monitoring, resource provision and strategic roles. Second, the independent, dependent and control variables were subjected to descriptive analysis by determining each variable's mean, median, standard deviation, minimum, maximum, skewness and kurtosis. Third, the study used inferential statistics based on multiple regression. Prior to conducting the regression models, the data for this study underwent diagnostic assumption tests, including assessments for normality and multicollinearity. These tests were performed to ensure that the data adhered to the necessary requirements for regression analysis. Multiple regression analyses were conducted with two blocks (1 and 2) to evaluate the proposed relationship in the hypotheses. In Block 1, we regressed control variables on each board role performance in separate regressions. The models are specified as follows:

$$BPi = \propto + \beta_1(lnSSize)_i + \beta_2(SAge)_i + \beta_3(Bmeet)_i + \varepsilon_i$$

Where BPi is the board's performance in monitoring, strategic i, and resource i for a firm. i *is* firms' observations, $lnSSize$ is SACCOS size, SAge is SACCOS age, and B meet is board meetings. In Block 2, we regressed each board process (cognitive conflict, efforts and use of knowledge and skills) and control variables on each board role performance (monitoring, resource provision and strategic roles) in separate regressions. Hence the following regression model:

$$BPi = \propto + \beta_1(CC)_i + \beta_2(EN)_i + \beta_3(SK)_i + \beta_6(lnSSize)_i + \beta_5(SAge)_i + \beta_4(Bmeet)_i + \varepsilon_i$$

Where CC is cognitive conflict, EN is efforts and norms, SK is the use of skills and knowledge, $lnSSize$ is SACCOS size, SAge is SACCOS age, and

Bmeet is board meetings. On the other hand, qualitative data were analyzed through thematic analysis adopted from Braun and Clarke (2006), which involves six steps. Such steps include becoming familiar with the data, generating initial codes, searching for the themes, reviewing themes, defining and naming the themes and producing the report relating to the importance, relevance, and relation to the theories and study objectives (Braun and Clarke, 2006). The constructed themes and sub-themes were considered to study the effects of board processes behavior and board roles performance in the SACCOS.

Findings and Discussions

Exploratory Factor Analysis, Validity and Reliability

The study used the principle component and Cronbach's alpha (α) to evaluate the validity and reliability of the scales as a measure of the board's process (cognitive conflict, efforts norms, and use of skills and knowledge) and board roles in strategic direction, resource, and monitoring. For the validity test, the study extracted an exploratory factor analysis (EFA) on the dataset using the principle component analysis, specifically the Varimax with Kaiser Normalization, to determine whether each construct's scales in the boards' process and roles conveyed the same factor. In this regard, only components extracted from PCA with commonalities greater than 0.5 were acceptable to achieve this objective. Moreover, before performing the PCA for the scales, the assessment for suitability of the data for factor analysis based on sample size adequacy was done through Kaise-Meyer-Olkin (KMO) and the strength of the relationship between variables was assessed through Bartlett tests of sphericity. KMO values from 0.7 and above are acceptable (Pallant, 2020).

In contrast, in Bartlett's test, a significant value less than 0.05 signifies that the data does not result in an identity matrix and, therefore, is approximately multivariate normal and acceptable for further analysis (Pallant, 2020). The results in Table 1 showed that the value of the KMO was 0.884 for board process and 0.801 for board roles performance, while Bartlett's test of sphericity reached statistical significance ($p<0.000$). Thus, the data was deemed appropriate for factor analysis. After confirming the suitability of the sample for factor analysis, the construct validity of board processes and roles were assessed by examining parameters such as factor loadings. The cutoff value of 0.5 for factor loadings that are commonly recommended was considered (Pallant, 2020). The EFA results showed that the factor loadings obtained from board processes ranged from 0.584 to 0.968. Three factors were identified that satisfied these criteria and they have named efforts norms, cognitive conflict and use of skills and knowledge, respectively. Similarly, EFA results for board roles performance ranged from 0.558 to 0.820 and three factors were found to meet these requirements, and they were named monitoring, resource provision and strategic roles, respectively. The study measured the factors' reliability using Cronbach's alpha to determine the internal consistency of each item. The results show that all the items registered scored above 0.7. As such, Cronbach's alpha coefficients in both board processes and roles met Nunnally's criterion, which suggests that the suitable coefficient range from 0.7 and above, demonstrating that the data used in this study were reliable (Fornell & Larcker, 1981). Table 1 represents questions used in the board processes and board roles parallel to the factor loadings of each statement and reliability results obtained after following EFA procedures championed by previous scholars (see Pallant, 2020).

Table 1: Factor Loadings and Cronbach Alpha for Board Process and Roles Scales

Statements	***Factor loadings***	**Cronbach α**
Cognitive conflict		0.860
The atmosphere on the board encourages their disagreements and concerns when issues are presented to the board	0.968	
The board reached collectively shared decisions openly and candidly.	0.732	
Board members respect different points of view from others	0.584	
Different opinions or views on the board focus on issues rather than individuals	0.744	
Conflicts and disagreements on the board during the decision-making process	0.776	
Efforts and norms		0.788
Board members are available when needed	0.826	
Board members carefully scrutinize the information provided by management	0.668	
Board members inspect the other relevant issues concerning the organization from the supervisory committee	0.788	
Board members participate actively with critical questions during meetings	0.876	
Board members devote time to carry out board roles	0.896	
Use of knowledge and skills		0.941
Members of this board know each other's areas of expertise	0.903	
Most knowledgeable members generally influence decision-making during a discussion	0.864	

Task delegation on this board represents a match between knowledge and responsibilities	0.935	
Board makes the best use of board members' knowledge and skills	0.931	
Monitoring role		0.888
The extent to which board members:		
Monitors managers in decision making	0.8049	
Analyses budget allocation against actual performance	0.8209	
Reviews SACCOS performance against the strategic plan	0.6572	
Evaluates managers' performance annually	0.6251	
Makes sure financial reports are audited by external	0.6882	
Analyses the expenditures against value for money	0.6268	
Appoints board members to oversee the activities of the society	0.7708	
Monitors the implementation of their decisions	0.7647	
Makes sure management complies with the ACT, regulations	0.7109	
Monitors managers in decision making	0.8049	
Resource provision role		0.889
The extent to which board members:		
Advise the SACCOS on investment issues	0.5589	
Provide support in obtaining knowledge and information	0.7784	
Apply their skills and knowledge to accomplish board tasks	0.8024	
Support the SACCOS to increase its legitimacy in the marketplace	0.7876	
Play advisory role on management issues	0.7764	
Play advisory role on accounting Issues	0.6961	
Skills and expertise help the SACCOS to reduce its environmental uncertainties	0.6865	
Actively search for relevant information before board meetings	0.6931	
Contribute to building networks	0.7511	
Strategic role		0.863
The extent to which board members:		
Review strategic proposals that are formed by managers	0.6406	
Review strategic financial options	0.5677	
Form strategic decisions with the management	0.6182	
Make strategic decisions separately from SACCOS management	0.5637	
Review the effectiveness of risk management as an integral part of strategic planning	0.6398	
Are involved in the formulation of strategic planning and policies	0.6118	

Source (Field data, 2020)

Descriptive Statistics

Respondents' statistics showed that 25 (12.7%) board chairpersons were female, whereas 173 (87.3%) were male. In all, 56 per cent of the respondents were in the 40-60 age bracket. Table 4.2 presents the descriptive statistics for the board's roles, processes, and control variables of Tanzania's SACCOS. The results also show the mean for monitoring roles of 3.611 and 4.287 for resource provision. The implication is that most board members believed their roles were to monitor the SACCOS and provide various resources such as skills, networking and advice. On the other hand, the mean of the strategic role was 2.962, indicating that board members were neutral on their strategic roles. Regarding the board processes, the mean value of effort norms was 4.35, and for the use of skills and knowledge, it was 4.757. In other words, board members strongly believed that their behaviour was based on effort norms and the use of skills and knowledge to smoothen the execution of board roles.

Table 2: Summary of Descriptive Statistics

Variable	Obs	Mean	Std. Dev	Min	Max	Skewness	Kurtosis
Dependent variables							
Monitoring	198	3.611	0.742	1.0	5.0	-0.028	-0.482
Resource provision	198	4.287	0.957	1.111	5.0	-0.495	-0.524
Strategic	198	2.962	0.653	1.181	5.0	0.084	-0.003
Independent variables							
Effort norms	198	4.352	0.830	1.4	5.0	-0.257	-0.648
Cognitive conflict	198	3.045	0.835	1.0	5.0	-0.174	-0.335
Use of skills and knowledge	198	4.757	1.135	1.0	5.0	-1.626	1.528
Control variables							
Ln SACCO size	198	19.716	1.356	16.4	23.03	0.079	-0.232
SACCOS Age (#)	198	14.227	9.910	3.0	51	1.605	3.033
Board Meeting (#)	198	6.588	1.747	4.0	12	0.803	0.669

Source: (Field Data, 2020)

Regression Results

Before running regression, assumptions were tested, with a normal curve used to check for the normality of the dependent variables of data used. The curve was approximately normal (see appendix I). An alternative crosscheck was done through skewness and kurtosis. According to Ahmed (2011), normally distributed data must have zero skewness with an accepted range of -1.0 and +1 and -3.0 to +3.0 for kurtosis. The skewness ranged from -1.6 to 1.6, and the kurtosis ranged from -0.5 to 3; these ranges were within the acceptable range. Furthermore, the study undertook the variance inflation factor (VIF) tests to check for possible multicollinearity among the variables. According to Hair et al. (2021), the values should not exceed a threshold of 5. In this study, all the values were below the suggested threshold; thus, the multicollinearity level within the data set be tolerated, as Table 3 demonstrates. The developed hypotheses were tested using multiple linear regression analysis presented in blocks 1 and Block 2. Block 1, shown in Table 3, includes Models 1, 2 and 3 were used to measure the control variables, and Block 2 represent model 4, 5 and 6 in Table 4, which combines independent variables of board processes (cognitive conflict, effort norms and use of skills and knowledge) and control variables.

Checking the results of R Square values in block 1, it was realized that control variables were contributed to model 1 (Monitoring role) by 10%, model 2 (Resource provision role) by 18% and model 3 (Strategic role) by 14%. At the same time, R square in block 2, models 4 (Monitoring role), Model 5 (Resource provision role), and Model 6 (Strategic role) were raised to 48%, 32% and 21%, respectively. Therefore, R Square changes were used to tell that board processes (cognitive conflict, effort norms and use of skills and knowledge) which explained additional variance in predicting the board roles performance when the SACCOS age, SACCOS size and board meetings were controlled; thus, there is the necessity of measuring the relationship between variables. Furthermore, the F-statistic is significant in all constructs, implying that the data used were appropriate for regression analysis.

Table 3: Regression Results for Control Variables and Board Roles Performance (Block 1)

	Monitoring (Model 1)			Resource Provision (Model 2)			Strategic (Model 3)		
Model	**Unstandardized Coefficients** B	Std. Error	**Sig. (p-values)**	**Unstandardized Coefficients** B	Std. Error	**Sig. (p-values)**	**Unstandardized Coefficients** B	Std. Error	**Sig. (p-values)**
(Constant)	-3.267	1.020	0.002***	-0.571	1.028	0.805	-0.571	1.049	0.587
SACCOS Size	0.159	0.052	0.002***	0.000	0.051	0.182	0.000	0.052	0.997
SACCOS age	-0.021	0.007	0.002***	0.000	0.007	0.948	0.010	0.007	0.158
Board Meetings	0.065	0.392	0.100*	0.162	0.039	0.000***	0.104	0.040	0.011***
R-squared	0.102			0.188			0.148		
Adjusted R^2	0.188			0.174			0.133		
F- Statistics	7.35			6.26			3.23		
RSME	0.955			0.962			0.982		
Observations	198			198			198		

Note: ****, **, and * represent significance levels at 1%, 5%, and 10%.*

Source: (Field data, 2020)

The regression analysis results in block 1, as presented in Table 3, demonstrate a strong positive and statistically significant relationship between board meetings and monitoring (β =0.065, p<0.1), resource provision (β =0.162, p<0.01) and strategic roles performances (β =0.104, p<0.01). It also showed a positive relationship between SACCOS size and monitoring role (β =0.159, p<0.01). In contrast, the findings indicated that SACCOS age was negatively associated with the monitoring role (β =-0.021, p<0.01). Moreover, Table 4 shows the regression results in block 2, which indicates that efforts norms are strongly positive and significantly related to all three board roles, namely; monitoring (β = 0.363, p<0.01), resource provision (β =0.036, p<0.01) and strategic role (β =0.230, p<0.01) therefore, supporting hypothesis H1a, H1b, and H1c. Moreover, the results indicated that cognitive conflict had a negative and significant influence on strategic roles (β =-0.222, p<0.01) while having a negative insignificant on monitoring and resource provision roles; hence hypothesis H2c were accepted. Finally, the use of skills and knowledge has been shown to have a positive relationship with monitoring (β =0.458, $p<0.01$) and resource provision (β =0.058, $p<0.01$) roles; thus, H3a, H3b were supported. Concerning control variables, SACCOS age has a negative relationship with the monitoring role (β =-0.018, $p<0.01$). In contrast, board meeting had a positive and significant influence on monitoring (β =0.066, $p<0.1$), resource provision (β =0.093, $p<0.01$) and strategic (β =0.071, $p<0.1$) roles.

Table 4: Regression Results for Board Processes and Board Roles Performance (Block 2)

	Monitoring Role (Model 4)			Resource Provision Role (Model 5)			Strategic Role (Model 6)				
Model	**unstandardized Coefficients**		**Sig. (p-values**	**unstandardized Coefficients**		**Sig. (p-values**	**unstandardized Coefficients**		**Sig. (p-values**	**Collinearity Statistics**	
	B	Std. Error		B	Std. Error		B	Std. Error		**Tolerance**	**VIF**
(Constant)	-1.380	0.799	0.086*	0.356	0.914	0.697	-0.427	1.047	0.684	0.000	0.000
SACCOS Size	0.048	0.040	0.231	-0.052	0.045	0.252	0.001	0.052	0.978	0.934	1.070
SACCOS age	-0.018	0.005	0.007***	0.002	0.006	0.837	0.011	0.007	0.127	0.982	1.019
Board Meetings	0.066	0.031	0.036*	0.093	0.036	0.010***	0.071	0.041	0.084*	0.916	1.092
Cognitive conflict	-0.072	0.054	0.184	-0.485	0.065	0.583	-0.222	0.075	0.002***	0.938	1.066
Efforts Norms	0.363	0.057	0.001***	0.036	0.062	0.000***	0.230	0.071	0.001***	0.925	1.081
Use of Skills and Knowledge	0.458	0.051	0.001***	0.106	0.058	0.071*	0.230	0.067	0.172	0.955	1.047
R-squared	0.482			0.322			0.208				
Adjusted R^2	0.466			0.301			0.179				
F- Statistics	29.67			15.12			13.83				
RSME	0.731			0.836			0.958				
Mean VIF											1.06
Observations	198			198			198				

Note: ****, **, and * represent significance levels at 1%, 5%, and 10%.*
Source (Field data, 2020)

Discussion

Efforts Norms, and Board Role Performance

Results in Table 4 revealed that effort norms are positive and significantly related to board performance regarding monitoring, resource, and strategic roles. The results implied that the higher the efforts norms on the devotion of time, preparation and participation of SACCOS board members, the more effective their contribution to and coordination to monitoring, resource provision, and strategic roles. In contrast to other boards made up of members from different organizations who are not necessarily owners, the SACCOS board members were also owners, users, and beneficiaries, so this setup could improve their sense of teamwork when preparing for and participating in activities, as well as the execution of their respective roles (Jones et al., 2017).

Similarly, since SACCOS board members primarily come from the same working areas, they could readily convene on time as needed for the board, for example, employee-based SACCOS, which might increase their on-time follow-ups and commitment, which may result in improving the board's role performance. Also, the opinions of the majority of interviewees implied that board members felt a sense of ownership, which motivated them to exert greater effort by allocating more time to studying various management reports. Reviewing reports enables them to actively participate in meetings and enhance the effectiveness of their board positions by providing sound advice, monitoring, and quality strategic decisions for their SACCOS. One interviewee explained this by saying:

> *"...SACCOS board members, as the owners, mostly have sincere efforts in scrutinizing the information from the management resulting in getting to know their managers well and learning how to monitor their operations to achieve SACCOS members' interests…." (Cooperative officer, Jan 2021)*

These results are in line with previous studies findings by Barroso-Castro et al. (2017), Bailey and Peck (2011), Heemskerk et al. (2015), Minichilli et al. (2012), which suggests that effort norms behaviour tends to foster collaboration among board members to improve the efficient performance of board roles. The findings, however, contradict those of Van Ees et al. (2008), who found no connection between effort norms and board task performance. This study's results also support the social exchange theory, which postulates that the positive relationship between effort norms and board role performance is caused by the perceived value of the resources exchanged and the fairness of the exchange, which results in higher commitments among board members. In turn, effort norms can improve board monitoring by enhancing board member scrutiny of management reports or suggestions, which results in improved performance monitoring roles. Similarly, effort norms boost commitment and active involvement in meetings, increasing the effectiveness of resource provision, with board members working together to identify and secure resources needed to fulfil their strategic board roles.

Cognitive Conflict and Board's Role Performance

The results in Table 4 show that the coefficient of cognitive conflicts is negative, significant with strategic roles, and insignificant with monitoring and resource provision roles. Results also suggest task conflict in the SACCOS board has reduced the ability to implement strategic roles. A possible explanation for the significant negative relationship could be the habit of SACCOS board members toward open discussion. After all, SACCOS board members are all owners with equal rights to vote and make decisions (Zivkovic, 2015). Equal voting rights for board members may lead to more open debate. However, this situation might also trigger negative emotions during decision-making among board members, as each member might want their ideas to be ideal enough to offset the positive sound effects of their discussions.

This situation may impair their conversations and, sometimes, lead to destructive conflicting viewpoints, making other members unwilling to be involved in open dialogue that could affect the execution of the strategic role. The results are similar to the suggestions from Zona and Zattoni (2007) that intensive cognitive conflict leads to negative emotions among group members, as results offsetting its positive effects on the group's task performance. The findings also support the social exchange theory, which holds that a breakdown in board member perceptions of an unequal resource exchange is to blame for the negative association between cognitive conflicts and strategic roles. Sometimes cognitive conflicts can give the impression that board members are in competition with one another, which can lead to hoarding the pursuit of personal goals at the expense of the board's overall strategic goals, disappointing resource exchange, and having a detrimental effect on strategic roles.

Use of Skills and Knowledge and Board Role Performance

Results in Table 4 further show that the use of skill and knowledge has a positive and significant relationship with the monitoring and resource provision roles but is positively insignificant with the strategic role. Implicitly, using board members' expertise increases the board's ability to monitor resource provision. Using skills and knowledge can also lead to a clear division of tasks between directors, which is more likely to coordinate practical working teams that could enhance the effective execution of monitoring and resource provision roles. Applying skills and knowledge is also more likely to improve the quality of advice in addition to monitoring management operations by assessing the execution of board decisions on both financial and non-financial activities. Similarly, most interviewees confirmed that board members who used their skills and knowledge helped to minimise process losses by identifying problems and solving them professionally and on time, hence leading to effective board role performance. In addition, the interviewees supported the use of skills and knowledge from knowledgeable board members, mainly financial, because they contributed much to monitoring and advising on financial issues in SACCOS. They cited an example of using financial knowledge in credit committees as part of the board, which brought efficiency in approving and maintaining the quality of loans. One manager said:

> *"….Board members who use their skills and knowledge are beneficial in making the board strong in monitoring the management of SACCOS and giving the right advice; this leads to the board's effectiveness... (SACCOS Manager, January 2021)."*

These results are consistent with earlier findings by Farquhar (2011), Heemskerk et al. (2017), Pastra (2017), Zattoni et al. (2012), and Zona and Zattoni (2007), which showed that the board's ability to carry out its assigned tasks is increased by applying board members' skills and expertise. Furthermore, the study's regression and thematic analysis findings support the social exchange theory that the positive relationship between the use of skills and knowledge and board roles is due to the perceived value of the resources exchanged, leading to higher levels of effectiveness in board monitoring and resource provision roles. Using skills and knowledge can affect board monitoring and resource provision in several ways. For instance, a board member with financial expertise may provide valuable guidance and support to other members in financial matters because of better monitoring role performance. Similarly, they can lead to more effective resource provision, as board members can better identify and secure the resources needed to achieve the board's strategic goals.

Control Variables

Table 4 further illustrates that regarding control variables, SACCOS age, the results indicate a significant negative relationship with the monitoring role. At the same time, no evidence was obtained on the resource provision and strategic roles. The findings implied that, as SACCOS aged, the execution of monitoring roles suffered. In this regard, older SACCOS board members assumed that the management was already familiar with their functions and what was expected of them. As a result, managers of the old SACCOS could override all the board's decisions and pursue their interests, a practice that could render the monitoring roles unattainable. As such, the study results are consistent with Machold et al. (2011), who found that the firm's age negatively affected the board’s roles. Moreover, the study findings showed that board meetings positively were correlated with the board’s role performance. Regular board meetings could motivate board members to prepare for discussions and evaluations of different options to engender better monitoring mechanisms and offer sound advice and decisions. Spending time on conversations and evaluations could also compel board members to apply their skills and knowledge to execute their roles effectively and efficiently. Moreover, frequent meetings can make board members participate in enforcing agreed-upon activities. The study findings also support the expectations of Elad et al. (2018), Paul (2017) and Lipton and Lorsch (1992) regarding the essential nature of frequent board meetings in enabling the execution of board roles.

Conclusion and Implications

Conclusion

This study investigated the relationship between the board process and board roles performance of SACCOS in the Arusha and Dar es Salaam regions of Tanzania. The results provide empirical evidence that the higher the devotion of board members' efforts norms, the greater the execution of their monitoring, resource provision, and strategic roles. Moreover, effective and efficient application of board members' skills and knowledge matters in executing monitoring and resource provision roles played a pivotal facilitative role. Finally, cognitive conflict negatively contributed to strategic role performance, but no evidence was obtained in monitoring and resource roles. Thus, the results support the view that effort norms and the use of skills and knowledge are essential predictors of the board's role performance. The variables are primary predictors because they transform a collection of board members into a team with shared knowledge, enabling them to function collaboratively to boost the execution of their board roles.

Practical and Policy Implications

The results reveal that efforts norms and using board members' skills and knowledge are critical to a board's performance in the SACCOS. The study recommends that SACCOS members, during elections of board members, should consider the candidates with specific competencies, skills, knowledge, and ability to work effectively as part of a team and collaborate respectfully to support the board's role performance. This helps to ensure that board members are well diverse and can bring different viewpoints and innovative ideas to the boardroom, leading to better decision-making and board performance. The study further suggests that promoting board member capacity building through training opportunities and knowledge sharing among board members is essential. Capacity building also helps the board members stay updated and be aware of the latest best practices and trends in the SACCOS field, which can apply to organisations for better decision-making and performance. Encouraging board members to continue to grow their skills and knowledge by attending training programs that would enable them to contribute more effectively to board discussions and decision-making can do this.

Furthermore, due to the positive association between the use of directors' skills and the board's performance, thus, SACCOS has to promote a culture of information sharing and collaboration. Board members should be encouraged to share their expertise and learn from each other. In this case, the board chairperson must promote a participatory culture among board members. Such a participatory culture can encourage board members to engage in open discussions and raise their spirits of using skills and knowledge to find the best alternatives leading to board performance. For policy implication, the overall efforts norms, and the use of skills and knowledge are critical to effective board performance; thus, as a regulator, Tanzania Cooperative Development Commission (TCDC) should design the board performance evaluation system. Board performance evaluation can include evaluating the use of skills and knowledge of board members and their contribution to board performance. Evaluating board performance can help identify areas for improvement and ensure that the board is operating effectively through board members utilizing their efforts, skills and knowledge to support the execution of their roles to reach the set goals.

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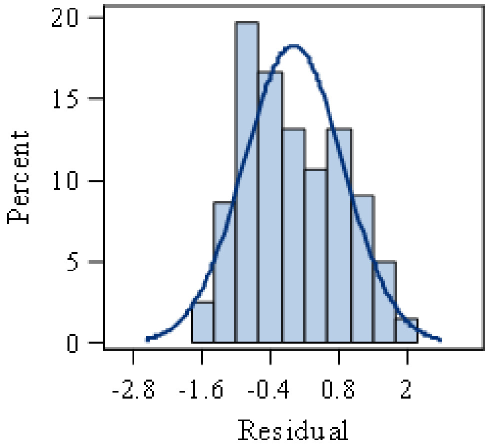
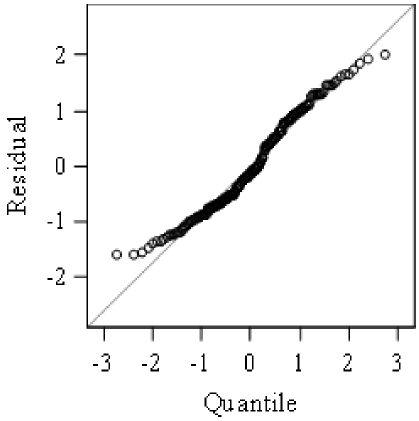
Appendix I: Diagnostic Test for Normality Test

Monitoring Roles

1. **Normality Test checked by Histogram**

   To assess the normality of a dataset, one commonly used method is to perform a graphical check by plotting the standardized residual values on a histogram along with a fitted normal curve.



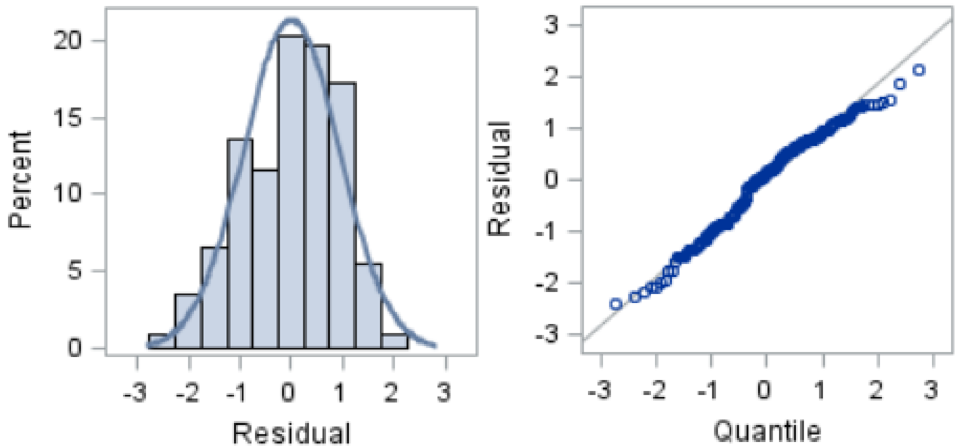


2. **Statistical Test for Normality**

	Kolmogorov-Smirnov			**Shapiro-Wilk**		
	Statistic	df	Sig.	Statistic	df	Sig.
Standardized residual	0.0484	198	>0.0757	0.0646	198	>0.0973

Resource Provision Role

1. Normality Test checked by Histogram

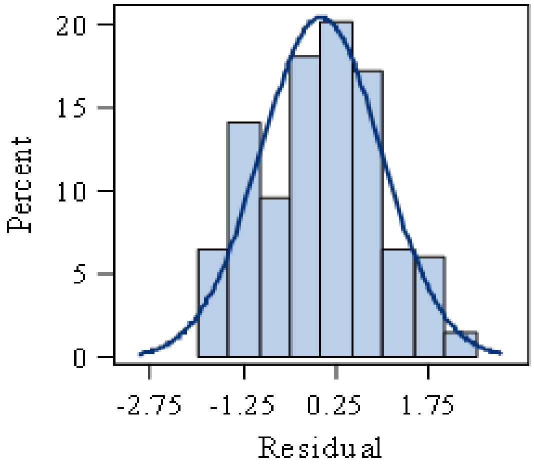


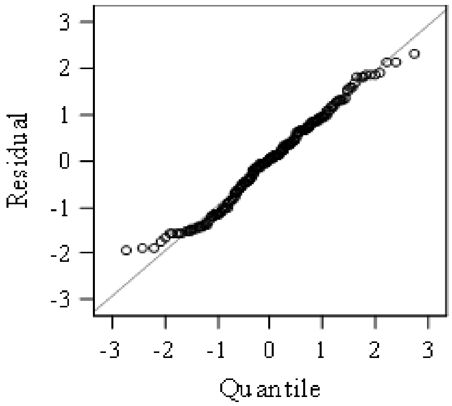
2. Statistical Test for Normality

	Kolmogorov-Smirnov			Shapiro-Wilk		
	Statistic	df	Sig.	Statistic	df	Sig.
Standardized residual	0.0822	198	>0.1313	0.0515	198	>0.1252

Strategic Role

1. Normality Test checked by Histogram





2. Statistical Test for Normality

	Kolmogorov-Smirnov			Shapiro-Wilk		
	Statistic	df	Sig.	Statistic	df	Sig.
Standardized residual	0.0467	198	>0.1123	0.056361	198	>0.0732

Influence of Duration of Coopetition on the Profitability of Micro and Small Enterprises: A Case of Tanzania Handicraft Industry

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ABSTRACT

The objective of this study was to investigate the influence of the duration of coopetition on the profitability of MSEs in the handicraft industry operating in Arusha, Tanzania. It employed the theories of coopetition and resource dependence as theoretical frameworks. Data collected by survey approach were quantitatively analysed using the moderated Multiple Linear Regression (MLR) model to test the hypotheses. The results demonstrated that the duration of coopetition positively and significantly influenced the MSE's profitability before and after moderation. The resource interdependence showed a statistically significant moderating influence on strength of the relationship between the duration of coopetition and MSEs' profitability. The results mean that more profitability is assured if the firms coopete for an extended period and that resource interdependence increases the coopetition propensity of the firms. It is recommended that longitudinal studies be done on the handicraft industry in both urban and rural setting to see if similar results would be obtained with those of cross-sectional studies. In addition, more empirical data from industry-specific MSEs other than handicrafts would substantiate the findings and would add to the coopetition theory's knowledge and understanding.

Keywords: *Duration of Coopetition, Handicraft, Micro and Small Enterprises, Profitability Resource Interdependence*

INTRODUCTION

One of the major drivers of the economy in any country is small and medium enterprises (SMEs) which account for nearly 95% of all businesses in different countries (Appiah *et al*., 2018). They contribute to about 30% of the Gross Domestic Product (GDP) and absorb over 60% of all employees in developed economies (Woźniak *et al*., 2019) while in developing economies like most countries in Africa, they contribute over 60% and 70% of the GDP and total employment respectively (Zafar and Mustafa, 2017), and generate almost 80% of all employment (Santos, 2015). In Tanzania, SMEs generate over 50% of their GDP (Argidius, 2017;Nkwabi and Mboya, 2019). This illustrates that SMEs are one of the most important economic drivers worldwide (Ghalke *et al*., 2018). In Tanzania, like many developing nations, Micro and Small Enterprises (MSEs) make up the bulk of SMEs (Argidius, 2017; Granata *et al*., 2018; and Mzomwe and Mutarubukwa, 2015). According to (Feela, 2020), around 97 percent of these MSEs are not profitable, owing to the global economic crisis, a lack of government and business development assistance, inadequate management, and competition from medium and larger enterprises in the industry.

While each form of SME influences individuals, society, and the country's economy (Wayan *et al*., 2021), the handicrafts industry is particularly important in developing economies since it is both pro-poor and utilizes the homestead economy (Tambwe, 2017). According to research, the handicraft industry is badly affected by a lack of external support as well as stiff competition from medium and larger firms (Yasa *et al*., 2017); which retard their performance and growth (Tambwe, 2017). Feela (2020) asserts that economic crises, a lack of support, unskilled staff, and intense competition not only accounted for MSEs' poor performance but were also major drivers behind businesses' desire to pool resources together to counter large corporations' dominance in the competitive market. In the current shifting market landscapes, the cooperation of competing enterprises may be the only successful survival strategy remaining for most enterprises, according to Cygler *et al*. (2018). Cooperation between competing firms is termed coopetition, which can be horizontal (competing and cooperating on the same activities, in the same market, and/or for the same product) or vertical (rival firms involved in a supplier-retailer relationship for a specific product and market). Horizontal or vertical coopetition may help a company's innovativeness, market position, and profitability (Feela, 2020). Beata (2012) argued that for competing firms’ cooperation to provide value in a certain value-chain sector, time must be a factor. However, the effectiveness of coopetition as a strategy for a company's sustainable growth and the connection between the duration of coopetition and advantages in sales and logistics were both examined by Cygler *et al*. (2018). This relationship is traditionally termed as a strategic alliance, a specific form of coopetition which, according to Cygler *et al*. (2018), is often unstable and transient agreement. There is inherent friction within the coopetition which is a function of time and has a detrimental impact on the productivity and financial success of the coopeting businesses, according to Cygler *et al*. (2018). The inherent friction in coopetition may also be caused by the power imbalance between the firms, which is caused by resource interdependence. According to Chai *et al*. (2019) and Fredrich *et al*. (2019), one of the antecedents and drivers of coopetition is resource interdependence. Inter firm resource interdependence has a positive influence on the level of inter firm collaboration (Chai *et al*., 2019), and hence can moderate the influence of the duration of coopetition on the firm’s profitability. The handicraft industry's coopetition in emerging nations received little attention. No empirical investigations have been conducted to determine how the time component of coopetition affects the profitability of the involved MSEs and how this effect is moderated by resource interdependence. The findings of this study need to be supported by more empirical evidence from industry-specific examples, such as handicrafts since this would help one to grasp and further understanding of the coopetition theory. The study focused on handicrafts MSEs in Arusha city centre Tanzania. This was done so since it is one of the top three cities in Tanzania with the most significant density of handicrafts and sales marketplaces compared to areas along tourism routes (Synovate, 2012). Arusha is one of the hubs of tourism in Tanzania and a key hub in the northern tourism circuit where the handicraft industry is flourishing (Charles, 2019).

Literature Review

The study on the influence of coopetition duration on handcraft MSE profitability focused on competing handicraft enterprises that cooperate for a certain duration to get enough market share for their crafts to profit. Cygler et al. (2018) proposed that the duration of a coopetition affects profitability since coopetition is founded on trust, future uncertainty, and competing partner impulses. The firms are forced to cooperate since they are unsure about what the future holds for them. Whether coopetition is short-term or not depends on how much the parties' interests clash (Cygler *et al*., 2018). The study showed that the sort of advantages provided to the cooperating firms was correlated to the length of the coopetitive relationship in various sectors of the firm's operations. Extant research suggested that when small and big enterprises interact, the small one favours long-term ties more than the large one (Gomes-casseres, 1997). The small business does this to improve its reputation, address resource investment obligations, and boost market security. The findings suggested that the longer the length of coopetition in sales, distribution, and logistics between coopeting enterprises, the more profitable the involved firm becomes. In this research, resource dependence theory (RDT) and the theory of coopetition (TOC) were used as theoretical frameworks. The two theories contributed to the theoretical understanding of the duration of coopetition as a variable that influences MSEs' profitability and resource interdependence as the variable that moderates the influence. The same theories were used in the development of the study's conceptual framework.

The Theory of Coopetition (TOC)

The TOC is thought to originate back in the 1980s when Raymond John Noorda first coined the coopetition concept(Bouncken *et al*., 2015). The theory was developed by Brandenburger and Nalebuff (1995)from the game theory platform. Coopetition is built on the value proposition that cooperation is value creation, whereas competition is value appropriation (Bengtsson and Kock, 2000; Brandenburger and Nalebuff, 1996). The foundation of coopetition's value proposition is the value-net framework where players in the business are the suppliers, substitutors (traditionally called competitors), complementors, and customers (Brandenburger and Nalebuff, 1995,1996). Complementors and competitors may be defined differently on either the supplier side or the customer side of the valuenet. Cooperative and competitive attributes work simultaneously to produce the fundamental performance benefits of coopetition.

Coopetition has the simultaneity of competition and cooperation occurrence, paradoxical nature of co-opetition, value creation intention, and value appropriation goal as the main constructs (Bengtsson and Raza-ullah, 2017; Gnyawali and Charleton, 2018). These constructs yield two main variables: coopetition in value creation and profitability in value appropriation(Mufutau *et al*., 2021; Santoso *et al*., 2020). The TOC presents a theoretical model that implies that coopetition will add more value and produce better results when it operates for a length of time than when it operates for a short duration (Cygler*et al*., 2018) and where cooperation and competitiveness models operate independently (Robert *et al*., 2018). Therefore, the duration of coopetition is an independent variable whereas profitability is a dependent variable, a value appropriation outcome (Bapuji *et al*., 2017). The trust between coopeting firms builds with coopetition duration, which results in each enterprise getting more access to and better exploitation of resources from another which improves market efficiency, and assures high profitability, among other things (Bouncken *et al*., 2015;Cygler *et al*., 2018). As the duration of coopetition increases, the focus shifts from the threat posed by the competitors to the customers' demands. The competitor is no longer perceived as a liability in the relationship but as a complement or and a co-value producer to bring in more customers, resulting in increased profitability (Cygler *et al.*, 2018). With coopetition time, the customers appreciate the firm's products more when the customer has the competitor's products rather than when the customer has the firm's products alone(Brandenburger and Nalebuff, 1996). The duration of coopetition, therefore, contributes to the profitability among the players(Beata, 2012; Cygler*et al*., 2018). In the context of this study, MSEs use the experience and mutual trust gained with time in the cooperative aspect of coopetition to gain access to critical resources to win more consumers and sell more products at better prices. The competitive aspect of coopetition is critical for avoiding complacency and maintaining a culture of creative friction among the firms involved.

Resource Dependence Theory (RDT)

The RDT investigates bilateral resource exchange for power through mutual reliance and power imbalance between two participants, as well as a circumstance in which bilaterally connected actors have power over a third-party actor due to dependency. In the first situation, RDT conceptualizes a way for actors to exchange and share resource and use them to obtain power that can be used to influence one another. In the second situation, the RDT conceptualizes a way for actors to exchange and share resource and use them to obtain power that can be used to influence third-party actors (Casciaro and Piskorski, 2005). According to the RDT, an organization's performance is determined by its capacity to acquire and control essential external resource (Pfeffer and Salancik, 1978) as well as control the market for its products (Davis and Cobb, 2009). RDT describes how the mutuality and interdependence of enterprises affect the operations of organizations (Frączkiewicz-Wronka and Szymaniec, 2012). The RDT emphasizes the strategic resource management strategies used to achieve power by exploiting the relationship's reliance and uncertainty (Jen-Yin *et al*., 2017). The RDT proposes a balance of power between the actors (in our context, coopetitors) to better achieve equity of resource sharing in the relationship (coopetition). Brandenburger and Nalebuff (1996) claimed that complementors and competitors play interchangeably by sharing the resource to create value large enough to benefit all by bringing in more customers. Therefore, the use of RDT becomes necessary at this point since resource interdependence is a variable in the RDT that influences the way firms interact, in our context, the coopetition, and sets the power balance. Therefore, RDT, which was proposed by Pfeffer and Salancik and refined by Casciaro and Piskorski (1978), can be used to explore moderation processes in the influence that the duration of coopetition has on profitability (van den Broek *et al*., 2018) because coopetition is more cooperative when enterprises' resources leverage power among them.

Development of Hypotheses

A recent study on the effect of coopetition duration on a firm's performance concluded that the duration of the coopetitive relationship in particular areas of the firm's activities is related to the type of benefits to the coopeting partners (Cygler *et al*., 2018).The literature lacks empirical studies to determine how the duration factor of coopetition affects the profitability of MSEs. Cygler *et al*. (2018) went further to study the viability of coopetition as a strategy for a firm's profitability, and the relationship that exists between the duration of coopetition and benefits in sales and logistics. The results indicated that coopetition was a viable strategy for the firm to develop sustainably and that coopeting firm's profitability increased with the increased duration of coopetition in sales, distribution and logistics activities. This study assessed the influence of the duration of coopetition on the profitability of an MSE, and so the hypothesis tested was:

H_1: The duration of MSEs' coopetition positively influences their profitability.

Resource interdependence was considered one of the antecedents and drivers of coopetition, as mentioned in theoretical development. Interfirm resource interdependence was thought to have a positive influence on the duration of coopetition, according to Chai *et al*. (2019). The interdependence of resources is assumed to have a moderating influence on the way the duration of coopetition influences profitability, because the duration of coopetition increases trust, reduces the uncertainty of the future, and mitigates the conflicting tendencies of the partners. As a result, hypothesis $H_2$was developed.

H_2: The level of influence of the duration of MSEs' coopetition on their profitability is positively moderated by the resource interdependence among them.

Conceptual Framework

The theory of coopetition (TOC) and the resource dependence theory (RDT) are employed as theoretical frameworks in this study. The two theories aided in the formulation of the study's conceptual framework and the theoretical knowledge of the variables assumed to influence MSE profitability and how the influence is moderated. A conceptual framework was created as a model to direct hypothesis testing after studying the literature and formulating hypotheses. As a result, Figure 1 shows the relationships in terms of the tested hypotheses.

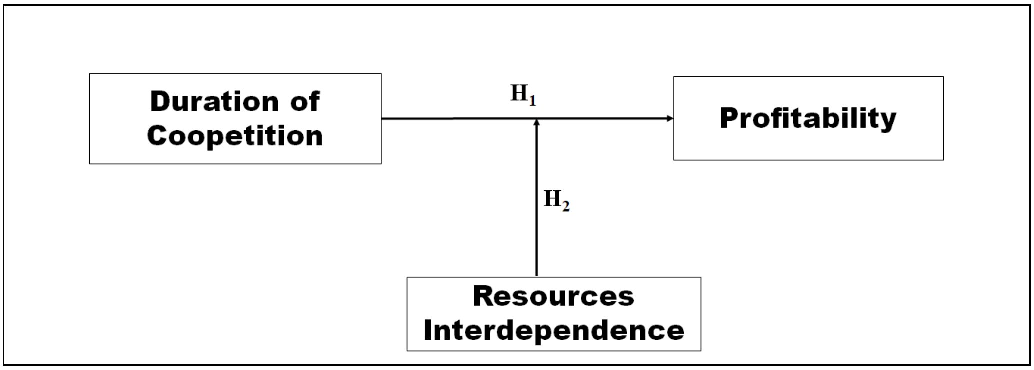

Figure 1. Conceptual Framework

Methodology

Sampling and Data Collection

The sampling space consisted of 45 recognised handcraft markets in three clusters with 297 MSEs. These MSEs sold home décors, fashion accessories, or both home décors and fashion accessories to the local and or the export market, or both local and export markets. The sample size was arrived at by Yamane's formula that factors in the confidence level of 95% (the significance level = 0.05) for the maximum variability in a population (Uakarn *et al*., 2021).

The sample size, ***n***, was calculated as:

$$n = \frac{N}{1 + Ne^2}$$

The calculated sample size was 175; however, only 159 people responded (91% response rate). The Clusters consisted of Open Markets, Curio Shops, and tourist hotels' duty-free shops. Within the clusters, MSEs congregated and transacted business together in the marketplaces. A representative sampling technique was employed to pick both the market and the MSEs in the market to form the study sample. This study took a quantitative, cross-sectional survey approach. A structured questionnaire was used to collect data for variables under the study. Independent variables in the study were duration of coopetition (DuratX) and resource interdependence (ResM), and the dependent variable was profitability (ProftY). The variables were measured using the average value of indicator scores. The DuratX indicators were the duration of MSEs in business, the duration of MSEs in collaboration, and the extent to which the duration of collaboration helped the MSEs both to deal with goods delivery to the customers and increase customer base. The ResM indicators were the extent to which the MSE gained the product development know-how, the market knowledge, and marketing and sales techniques from the competitor. The ProftY indicators were the extent to which the MSE sold more volumes of goods, improved the variety of goods sold, cut costs in operation, and improved business performance. All indicators were measured in 5-point Likert that progressed from the weakest support of the premise (represented by 1) to the strongest endorsement of the premise (represented by 5). For each variable, the indicators were averaged out to get a variable value for analysis. According to Creswell (2016), the questionnaire consisting of closed-ended questions is appropriate for the respondents to be able to reply quickly. All items in the same questionnaire had to have the same Likert-like scale grading so that measurements could be compared easily (Simms *et al*., 2019).

Outliers and Missing Data

Data cleaning for outliers was performed through winsorization, the process where outliers are replaced with either the largest or second smallest value in the observation (Kwak and Kim, 2017). The boxplot was generated to check for outliers for each variable. One outlier was detected in the moderating variable ResM, and was winsorised to be equal to the second smallest value in the observation. Part of the reason why the outliers were not there in other variables was that trained enumerators were employed to collect the data from the respondents. Complete case analysis was used to manage missing data since the sample size was well above 30 (Kang, 2013, Kwak and Kim, 2017). No missing data were observed when running frequency checks for all the variables. All 159 cases were valid.

Reliability of the Research Instrument

Cronbach's alpha was used to test and measure the internal consistency between variables in the scale (Taber, 2018). This test was used to explore the level of reliability of all the constructs across all the questions that were administered to the respondents. The average values of the 5-point Likert points were employed for all variables. The precaution was taken to ensure that all questions were in a positive direction, and the general rule is that if Cronbach's alpha (α)> .700, the internal consistency between variables in the scale is generally good. The Cronbach's Alpha values test results for all variables are shown in Table1 which shows "Cronbach's α if Item Deleted" for all indicators in each variable. The results indicate that Cronbach's value in α all cases if the item deleted is greater than .700 (Cronbach's alpha (α) > .700).

Table 1: Item-Total Statistics

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
DuratX				
COOP_22	9.15	9.939	.630	.765
COOP_23	10.35	9.456	.769	.702
COOP_24	9.43	9.310	.727	.718
COOP_25	10.14	10.606	.438	.860
ResM				
COOP_29	6.27	5.224	.942	.863
COOP_30	7.18	6.289	.761	.991
COOP_31	6.27	5.224	.942	.863
ProftY				
COOP_26	6.11	7.329	.876	.929
COOP_27	6.05	6.605	.941	.880
COOP_28	6.24	8.373	.860	.946

The profitability of the MSE (ProftY) was the dependent variable in this study, whereas the duration of coopetition (DuratX) and resource interdependence (ResM) were the independent variables.

Data Analysis

The nature of the data variability and its associations were explored using descriptive and inferential statistical approaches. The parameters for the target population and the relationship between the variables were established using inferential statistical analysis. Here, the moderated multiple linear regression analysis model that had the following general structures were used:

Moderated Model:

$$Y = \alpha_0 + \alpha_1.X + + \alpha_2.M + \alpha_3.X*M$$

Where:

Y - The dependent variable – Profitability.

X – The independent variables -Duration of coopetition (Durat$X$)

M - The moderator - Resource interdependence (ReM)

$\alpha_1, \alpha_2,$ and α_3 -The regression coefficients that measure changes in the dependent variable, Y, with a unit change in independent variables X, M, and $X*M$ respectively.

α_0 - The Profitability when coopetition is zero.

(Mira *et al*., 2016; Wineaster, 2017).

MLR Assumption Testing

Then MLR assumptions checked were the linearity between the dependent variable and each of the independent variables, the normality of variable distributions of residues, and the homoscedasticity of the variances of error terms (Williams *et al*., 2013).

Linearity Assumption

The linearity assessment was done to ensure a linear relationship between the dependent and independent variables (Osborne and Waters, 2002; Williams *et al*., 2013). It entailed partial regressions of MSE's profitability on the duration of coopetition. The residuals of the independent and dependent variables were checked during regression. The summary of the linearity assumptions for all variables is in Table 2.

Table 2: Summary: Linearity Assumption Test for All Variable

	The Profitability (DV) Regressed with	Partial Regression		Partial Correlation	Significant Values
		Constant	Beta Value	Coefficients	
1	DuratX	+1.185	+0.595	$R^2 = .355$	$p = .001$
2	ResM	-0.139	-0.049	$R^2 = .002$	$p = .543$

Source: Field Data (2021)

The regression coefficients and correlation coefficient of determination for the regression of profitability on the duration of coopetition were statistically significant. The linearity assumption was not violated.

Normality Test

A normality test was performed to check the normal distribution of the residuals of the regression; the errors between observed and predicted values (Wu and Leung, 2017). The test produced both Q-Q plots of the studentized residual values and the numerical values of the Kolmogorov-Smirnov goodness of fit test (sig. value test). From Table 3, the Kolmogorov-Smirnov goodness of fit test (sig. value test) is .004. The p-value shows that the normality assumption is not violated ($p < .05$).

Table 3: Tests of Normality

	Kolmogorov-Smirnov[a]			Shapiro-Wilk		
	Statistic	df	Sig.	Statistic	df	Sig.
Unstandardized Residual	.088	159	.004	.977	159	.008

a. Lilliefors Significance Correction

Source: Field Data (2021)

Multicollinearity

Multicollinearity exists when the regression model's two or more independent variables are highly correlated. The variance inflation factor (VIF) test was run to assess the Collinearity Statistics, and the results are in Table 4(Williams *et al*., 2013).

Table 4: Coefficients[a] and Collinearity Statistics

		Unstandardized Coefficients		Standardized Coefficients			Collinearity Statistics	
Model		B	Std. Error	Beta	t	Sig.	Tolerance	VIF
1	(Constant)	-0.097	.242		-.403	.687		
	DuratX	0.197	.061	0.197	3.237	.001	.634	1.578
	ResM	-0.139	0.228	-0.049	-0.610	.543		

[a]Dependent Variable: Profitability of the MSE

The results indicated that VIF across the independent variables was less than 10, and $p < .001$, so the multicollinearity was not significant (McClelland *et al*., 2017). According to McClelland *et al*., checking the moderating variable may not be necessary when running the moderated multiple regression analysis, so the VIF index was ignored in this analysis.

The Homoscedasticity

The homoscedasticity of the variances of error terms means the equality of the variances of error terms across the values of the independent variables. The Breusch-Pagan Test of heteroscedasticity was used (Halunga *et al*., 2017). For the sample size (N) = 159 and the number of predictors (P) = 3, the R^2 value was .0229, and the Breusch-Pagan test for heteroscedasticity was 4.601 (Chi-Square df = 2,156). The significance level was p = .3307 (Null hypothesis, H_0: homoscedasticity exists). The decision criterion is: If the p-value of the test is less than some significance level ($\alpha = .05$), the null hypothesis is reject and presume that heteroscedasticity is present in the regression model (Halunga *et al*., 2017). Since this p-value is not less than .05, one fails to reject the null hypothesis. Consequently, we expect that homoscedasticity was present. To avoid multicollinearity induced by the primary independent and interactive variables, centred interactive variables were employed (McClelland *et al*., 2017). This study evaluated how the interacting factors affected the independent variable's predictive abilities. The hierarchical regression model was used when working with an independent and a possible moderating variable. Therefore, hierarchical regression analysis of ProftY on DuratX, the centeredResM, and the centered ResM*ResM was performed.

Findings

According to the descriptive analysis, no handicraft MSE in the research region had over 35 employees, and approximately 79% of all MSEs had fewer than 5 employees. The handcraft/curio cluster had the most handicraft MSEs, with almost half of all handicraft MSEs, followed by the open markets cluster with 30.2%. About 62% of the MSEs surveyed marketed both home décor and fashion accessories, with less than 20% focusing solely on one of the two categories. According to the study, 57.2% of all MSEs concentrated only on the local market and did not export, while 39% serviced both the domestic and export markets. The percentage of MSEs that focused on exporting was fairly small (about 4%). When the links between MSE attributes in the sample were examined, it was observed that 51.6% of MSEs in the open markets and 35.2% of MSEs in the handcraft/curio clusters, respectively, sold products in the domestic market. The art centre duty-free shops were the largest cluster selling handcrafts in the export market (about 83.3% of MSEs).

According to the findings, about 58.6% and 61.3% of all MSEs sold only home décor products and only fashion accessories in domestic markets, respectively. About 37.9% and 35.5% of all MSEs sold only home décor products and only fashion accessories in both domestic and export markets. The independent and dependent variables were cross-tabulated, and it was shown that approximately 36.5% of all MSEs that were involved in coopetition had no noticeable profitability, 35.2% of all MSEs with low to high coopetition achieved moderate to high profitability, and 27% of all MSEs with moderate to very high coopetition achieved high to very high profitability. When investigating the length of the time that the business has been in operation, about 66% of all the MSEs in the clusters have been in operation for more than 5 years. Out of these, two-thirds of them have been in operation for more than 7 years. The analysis indicated that about 55.3% of all MSEs either frequently or very frequently repeated coopetition. Upon regressing the frequency of collaboration on the intensity of repeated collaboration, it was clear that the frequency of collaboration accounted for about 84.9% of the intensity of collaboration if other factors were kept constant (R^2= .849).

The Association of Duration of Coopetition (DuratX) and Different Attributes of the MSEs

The relationship between Duration of Coopetition and MSE cluster type revealed that 37.5%, 66.7%, and 61.1% of all MSEs in the open markets, handcraft/curio shop, and art centre/duty-free shop clusters respectively had been in coopetition for more than 3 years. When analysing the period of coopetition and the product category, it was observed that 58.6% and 45.2% of all MSEs selling exclusively home décor and fashion accessories were coopeting for more than 3 years, respectively. About 69.9% of MSEs offering both home décor and fashion accessories coopeted with one another in the same time. The analysis of the duration of coopetition and the market type also indicated that about 53.9%, 66.9%, and 59,6% of all the MSEs serving the domestic market only, the export market only, and both domestic and export markets were engaged in coopetition for more than 3 years. The findings revealed that MSEs of all ages were cooperating at varying degrees with one another. About 51% of all MSEs studied coopeted for three to seven years, whereas 43.4% of all MSES studied coopetition for less than three years. When the duration of coopetition was compared to the size of the MSE, it was discovered that 52.4% of all MSEs with less than 5 employees coopeted with each other for 3 or more years, and 76% of all MSEs with 7 to 22 employees coopeted with each other for the same time. About 62.5% of all MSEs with employees aged 22 to 35 had coopetition with one another for 3 or more years.

The Moderation Effect of Resources Interdependence Among MSEs (ResM) on the Influence of DuratX on ProftY

The hierarchical regression analysis of ProftY on CentredDuratX, CentredResM, and then on CentredDuratX*centredResM was performed. The objective was to check the moderating effect of centredResM on the influence of the duration of MSEs' coopetition their profitability. The hypothesis tested were:

> *H_1: The duration of MSEs' coopetition positively influences their profitability.*
>
> *H_2: The level of influence of the duration of MSEs' coopetition on their profitability is positively moderated by the resource interdependence among them.*

MLR analysis was done to test these hypotheses after centering the variables and introducing the interacting term, centred DuratX_4*centredResM. The multicollinearity caused by the primary independent and interactive variables was avoided by centering the independent and interactive variables. The results are as depicted in Table 6. After MLR analysis of ProftY on CentredDuratX, CentredResM, and CentredDuratX*CentredResM (Table 5), the moderation term was not statistically significant ($p = .743$), and the interacting term was not statistically significant in influencing the coefficient of the independent variable ($p = .853$).

Table 5: Regression Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	t	Sig.
1	(Constant)	2.981	.076		39.166	.000
	CenteredX	.582	.049	.690	11.838	.000
	CenteredM	.027	.166	.010	.164	.870
2	(Constant)	2.980	.071		41.841	.000
	CenteredX	.319	.064	.320	4.985	.000
	CenteredM	.051	.156	.018	.328	.743
	CenteredX*Centered ResM	-.021	.111	-.010	-.185	.853

a. Dependent Variable: Profitability of the MSE

The correlation between ProftY, DuratX, and ResM was also analyzed (Table 6). ProftY and DuratX exhibited a positive, strong, and statistically significant correlation (Model 1). The R^2 change was .073, and the correlation improved from $R^2 = .474$ to $R^2 = .548$, and the effect was significant ($p < .001$).

Table 6: Model Summary

Model	R	R^2	Adjusted R^2	Std. Error of the Estimate	Change Statistics ΔR^2	ΔF	df1	df2	Sig. ΔF
1	.689[a]	.474	.468	.960	.474	70.419	2	156	.000
2	.740[b]	.548	.536	.896	.073	12.497	2	154	.000

a. Predictors: (Constant), CenteredM, CenteredX
b. Predictors: (Constant), CenteredM, CenteredX, CenteredX*CentredM
Source: Field Data (2021)

Based on this analysis, the moderated regression equation before the entry of the interacting term (Model 1) is:

ProftY = 2.981+ .690 CentredDuratX + .010CentredResM, t(2,157) = 11.838 and $p < .001$ for the basic independent variable.
After the entry of the interacting term (Model 2), the moderated equation is:

ProftY = 2.980+ .320CentredDuratX + .018centredResM - .010CenteredX*CentredM, t(3,157) = 4.985 and $p < .001$ for the basic independent variable.

Discussion

The purpose of this study was to assess the influence of the duration of coopetition on the profitability of micro and small enterprises in the handicraft industry and to assess whether the resource interdependence moderates the influence of coopetition duration on the MSE profitability.

The Influence of the MSEs' Duration of Coopetition (DuratX) on MSE's Profitability (ProftY), Hypothesis H_1

Descriptive statistics showed that almost all MSEs in open markets and handcraft/curio stores clusters have been in coopetition for five to ten years. About two-thirds of all MSEs that were exclusively selling home décor and fashion accessories were coopeting for less than five years. Very few MSEs were coopeting for five years or longer. Almost all the MSEs involved in the export market were engaged in coopetition for more than five years while only about three-quarters of the MSEs serving the local market were involved in coopetition during the same time. The data indicated that the duration of coopetition was longer with larger MSEs than with smaller ones. The findings revealed that MSEs of all ages were cooperating at varying degrees with one another. These results agree with Broekel (2012) that the age of MSEs and their duration of collaboration improves the intensity and efficiency of cooperation.

Linear regression analysis was used to test the hypothesis H_1that:

> *The duration of MSEs' coopetition positively influences the MSE's profitability.*

Results in Table 7 showed that the correlation coefficient of determination, $R^2 = .468$, and the regression equation at $t(2,157) = 11.838$ and $p < .001$ for the basic independent variable was found as:

ProftY = 2.981+ .690 CentredDuratX + .010CentredResM. This analysis revealed that ProftY increases by 0.690 for every unit increase in CentredDuratX, and the effect was statistically significant. The coefficient of the moderator term was not statistically significant in influencing the profitability of the MSE ($p = .870$). If other variables are kept constant, 46.8% ($R^2 = .468$) of the variance in ProftY can be accounted forby DuratX. The influence was statistically significant at a 95% confidence interval. This observation is important since, according to Guimarães *et al*. (2021), coopetition is a long-term strategy for MSEs' profitability and growth. The results were in agreement with Beata (2012) and Cygler *et al*. (2018) that the duration of coopetition contributes to profitability among the players. With this, it can be concluded that the duration of MSEs' coopetition positively influences the MSE's profitability, and hypothesis H_1 is accepted.

The Moderation Effect of Resource Interdependence Among MSEs (ResM) on the Influence of Duration of Coopetition (DuratX) on Profitability (ProftY): Hypotheses H_2

After the entry of the interacting term (Table 5 and Model 2 in Table 6), the moderated equation is:

ProftY = 2.980+.320CentredDuratX + .018centredResM - .010CenteredX*CentredM, $t(3,157) = 4.985$ and $p < .001$ for the basic independent variable.

The moderation hypothesis H_2 that was tested asserted as follows:

> *The level of influence of the duration of MSEs' coopetition on the MSE's profitability is positively moderated by the resource interdependence among MSEs*

This analysis reveals that ProftY increases by 0.320 for every unit increase in CentredDuratX, and the effect was statistically significant although the regression coefficients of moderator and the interacting terms were not statistically significant ($p = .743$and $p = .853$ respectively). The regression coefficient of the basic independent variable was significantly moderated from .690 to .320. The correlation coefficients of determination between ProftY and the independent variables before and after the entry of interacting terms were also analysed (Table 6). The R^2 change was .073, and correlation coefficient of determination improved from $R^2 = .474$ to $R^2 = .548$. The change caused by the moderator and the interacting term was about 15%, and it was statistically significant ($p < .001$). So, hypothesis H_2which states that the level of influence of the duration of MSEs' coopetition on their profitability was positively moderated by the resource interdependence among them was accepted.

Conclusion and Recommendations

The purpose of this research was to better understand horizontal coopetition among micro and small firms in the post-production phase of business, where the duration of MSE coopetition in the handicraft industry was thought to impact MSE profitability. Within the scope of this study's constraints, it can be inferred that the duration of coopetition had a positive and statistically significant impact on MSE profitability. It was also expected that resource dependency between coopeting MSEs would mitigate the effect of coopetition duration on the profitability of the MSE. According to the study, the impact of moderation was visible and statistically significant. This study led to a better knowledge of the post-production coopetition dynamics at the firm. The research added to a better understanding of how post-production coopetition influences MSE profitability and the development of a framework for identifying post-production coopetition's impact on MSE profitability. These empirical findings, which are based on coopetition theory and resource dependency theory, provides a foundation for post-production coopetition research in the future. The study emphasizes the relevance of coopetition research being linked with other theoretical frameworks, as well as the valuable insights that may be gained as a result of doing so. According to the study, MSE attributes such as cluster type, principal product type sold, markets served, firm size, and firm age all influenced the length of coopetition. More research on the factors that influence the degree of cooperation is needed. This study was limited to one city in one developing country, with the hope of being generalized to other cities and developing economies. More empirical data from industry-specific scenarios, as well as data from other environmental settings, is recommended to support the conclusions of this study, as it would add to deeper awareness and knowledge of the coopetition theory.

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Effect of Subjective Norm on Consumers' Purchase Intention Towards Counterfeit Apparel Products: Does Level of Formal Education Matter?

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ABSTRACT

This study investigated the moderating effect of the level of formal education on the subjective norm and purchase intention of consumers towards counterfeit apparel products in Tanzania. The study utilized a survey strategy during data collection and involved 315 respondents as a sample size. The researcher employed Structural Equation modeling technique using AMOS software for data analysis. The results indicated that subjective norm had a positive and significant effect on purchase intention of counterfeit apparel. The results showed no statistical differences between subjective norm and purchase intention of counterfeit apparel products in less and high levels of formal education consumers. The study concluded that subjective norm is the key predictor of consumers' purchase intention of counterfeit apparel products. The study also concluded that the level of formal education had no moderating effect on the relationship between subjective norm and purchase intention counterfeit apparel. Thus, the study recommends that future researchers to consider other predictors and moderating variables to investigate consumers purchase intention of counterfeit apparel products in different settings.

Keyword: Counterfeit Apparel products, Formal Education, Subjective Norm, Purchase Intention.

INTRODUCTION

Counterfeit products have caused drastic challenges around world which retard economic growth (Khan, Fazili & Bashir, 2021; Lu, 2013; Ndofirepi, Chuchu, Maziriri & Nyagadza, 2022; Samaddar & Menon, 2021). Nowadays it's very hard to distinguish between original products from counterfeit products because the copies of the products are seriously occupied in all the markets (Bupalan, Rahim, Ahmi, Rahman, 2019). Counterfeit products regardless of product category are manufactured with low quality but they are frequently purchased by different people in the societies (Ashraf, 2021). The purchase behaviour of consumers towards counterfeit products is usually influenced by different factors including internal (attitude and perceived behaviour control) and external factors (subjective norm) whereby these factors attested to cause effect on counterfeits purchase intention (Bhatia, 2018). Subjective norm being the only external variable from theory of Reasoned Action (TRA) has not given a considerable attention as to why it affects purchase intention. There is a limited literature on subjective norm than other factors influencing purchase intention of counterfeit products (Sharma, Chan, Davcik, Ueno, 2022).

Subjective norm (SN) expresses social pressure whereby a person feels in relation to the decisions to choose whether to perform or not to perform a certain behavior (Hasan & Suciarto, 2020). It's a social pressure that forces an individual to have purchase intention of counterfeit products. Consumers are usually consulting referent groups (peer groups, friends and family) before they decide what to purchase **(**Abdullah & Yu, 2019). Additionally, subjective norm can affect consumers' purchase intention of counterfeit products (Bhatia, 2018; Chiu & Leng 2021; De Matos *et al.*, 2007; Penz & Stottinger, 2005). If the behaviour of purchasing counterfeits is agreed by family and friends, the consumers are more expected to engage in purchasing counterfeits. On the contrary, when the behaviour is not agreed by family and friends, the consumers is less expected to be involved in such kind of behaviour, especially when the product category is prominent (Budiman, 2014; Tseng, 2021). However, the influence of subjective norm to purchase intention is still debatable as previous researchers reported mixed findings (Sharma, *et al.*, 2022). Thus, this is a call to carry out similar researches so as to expand knowledge on association between subjective norm and purchase intention of CPs. Based on the facts that income, age, gender (demographic variables) have been widely involved in moderating relationship between subjective norm and purchase intention, thus the focus is now given to education (formal education). According to Bhatia (2018), formal education is an important factor when assessing subjective and purchase intention of counterfeits. In purchasing process, consumers who are educated are interested to quality, trust, ethics and reputation (Moepswa, 2016). The means of people to judge ethical and unethical behaviour is generally influenced with the level of formal education (Sharma, *et al.,* 2022). Study conducted by Lwesya (2017) purported that less educated consumers are more exposed to purchase of counterfeits since they can't figure out the effects of such purchasing. Therefore, this study employed level of formal education (moderating variable) to strengthen the relationship between subjective norm and purchase intention in explaining consumers' willingness to buy Counterfeit Apparel in Tanzania context similar to the recommendations by Bhatia (2018) and Harun, Mahmud, Othman, Ali & Ismail (2020). The market of Tanzania is flooded with various counterfeit products whereas the counterfeit apparel products are reported to be many as compared to other categories of counterfeits (Confederation of Tanzanian Industries, 2020 & Mniwasa, 2022). Nonetheless, there has been limited research conducted in Tanzania on how subjective norm affects the purchase intention of CPs (Lwesya, 2017; Mushi & Noor, 2016). Literature on the link between subjective norm and purchase intention of counterfeit apparel would be beneficial in the Tanzania's efforts to address the counterfeit purchase problem (Fair Competition Commission- FCC, 2021). This is based on the facts that the majority of researches have concentrated on other internal factors with less concentration on external factor such as subjective norm of consumers (Budiman, 2014 & Garas, 2023). The rest of this article is structured into sections that cover empirical literature on this topic, followed by the development of hypotheses, a description of the research methodology used, analysis of the data and the study findings. Finally, the paper concludes with recommendations, limitations of the study, and suggestions for future research.

Literature Review

This section reviews different previous studies on subjective norm, purchase intention of counterfeit and formal education relationship resulted in formulating two (2) hypotheses to be tested during data analysis. The section presents a conceptual framework showing the variables involved in this study and provides the definitions of key terms as follows:

Subjective Norm

Subjective norm is being defined as a social pressure people feel with their decisions to choose whether to perform or not to perform certain behaviors (Hasan & Suciarto, 2020). According to Sharma *et al.*, 2022, subjective norm refers to perception of individual whereby people who are significant to her or him think she or he should or should not perform the behaviour in question. In regard to counterfeit business, significant others may influence individuals to purchase counterfeits only if they concur with purchase decisions. Significant others are people such as peers, family members and friends who may influence individual's purchasing decisions (Jain, 2018)

Purchase Intention

Purchase intention is similar to behavioural intention emanated from Theory of Reasoned Action- TRA (Fishbein & Ajzen, 1975 and TPB (Ajzen, 1991) perceived as motivational factors influencing a certain behaviour, thus the stronger the intention to conduct the behaviour, the more possibility of the behaviour to be conducted (Sharma *et al.*, 2022). According to Dodd & Supa (2011), purchase intention is the willingness of the consumer to purchase a product. Moon *et al.,* (2018) purported that purchase intention has been broadly used in many studies of consumer behaviour. Thus, this study adopted the definition of Dodd & Supp (2011) as it fits with the current study and it has clear and simple meaning.

Formal Education

According to Trommsdorff & Dasen (2001) formal education is a logical instruction in general knowledge and skills given by specialists within specified time and place. Formal education is process of increasing wellbeing of individuals by gaining of both cognitive and non-cognitive skills (Glewwe & Lambert 2010). According to Tulula (2012), formal education refers to the numbers of years an individual has spent in school. UNESCO (2016) contented that education is the process of learning and gaining knowledge, values, beliefs and skills by coaching, teaching, mentoring and training. The definition provided by Tulula (2012) is going to be applied in this study because it matches with nature of study whereby there is need to divided the responses base on their formal education level during multi-group moderation analysis.

Relationship between Subjective Norm and Purchase Intention of Counterfeit Apparel

Past studies conducted by different researchers on relationship between subjective norm and purchase intention of counterfeits provided contradictory findings. Hwai-Hui & Tu (2011) revealed that the relationship between subjective and purchase intention of counterfeits is positive and significant. The findings are similar to the arguments reported by Jain *et al. (*2020) that a subjective norm (social pressure) has positive relationship with purchase intentions. Moreover, the findings are in line with Kim & Karpova (2010), Jain *et al.,* 2020), Molina-Castillo, Penz & Stöttinger (2021) who reported positive and significant association between subjective norm and purchase intentions of counterfeits. On the other hand, Chiu *et al.* (2014), Chiu & Leng (2016), de Matos *et al*. (2007), Kim & Karpova (2016), Penz & Stottinger (2005) have found significant relationship between a subjective norm and purchase intentions of counterfeits. Fernandes (2013) has shown consistent positive association result of subjective norm on purchase intention of pirated software in Taiwan. However, Chang (1998) in Hong Kong reported that subjective norms do not influence purchase intention of counterfeits.

Similarly, the study conducted by Ang, Peng, Elison, & Siok (2001) in Singapore found negative correlation between subjective norms and purchase intention of counterfeits. The findings are consistent with Lu (2013), Bupalan *et al. (*2019) and Hasan & Suciarto (2020) who indicated that subjective norm is insignificantly related to purchase intention of counterfeits. These study findings are therefore concentrated to Asia and Europe context so other studies should also consider Africa context in order to extend the literature. Furthermore, in Tanzania, a research study carried out by Mushi and Noor (2016) examined how consumers perceived their intention to purchase counterfeits. The findings indicated a negative relationship between subjective norms and purchase intention of counterfeit products.

The results were similar to the results of Nandonde (2022) that social pressure had insignificant results with the purchase of counterfeit mobile phones in developing countries including Tanzania. However, the study's findings reported by Mushi (2020) indicated that there is a positive correlation between consumer purchase behavior and subjective norm of illegally copied music CDs in Tanzania. Hence, it is essential to carry out an extensive scientific investigation into the purchase intention of consumers towards counterfeits of different products in Tanzania to generate a reliable body of empirical literature on the subject. Nevertheless, this study considered subjective norm as an antecedent of counterfeit purchase intention. Thus, it was hypothesized that subjective norm influences purchase intention. Explicitly, the present study has developed the following hypothesis:

H1: There is a positive and significant relationship between subjective norm and purchase intention of counterfeit apparel product

The Relationship between Subjective Norm and Purchase Intention under moderation of Formal Education

Previous researches on purchase intention of counterfeits have identified several factors that can influence the purchase intention. Despite its significance, there has been a lack of attention given to the influence of formal education level on the link between subjective norm and purchase intention of counterfeits (Faria, 2013; Sharma *et al.,* 2022). According to Moepswa (2016), formal education level has indirect effect on correlation between subjective norm and purchase intention of counterfeits. This means that the higher the level of formal education of consumers (with bachelor, masters and doctorate degree), the lower the relationship between subjective norm and purchase intention of counterfeit products. Significant others such as friends and peer groups with similar education level can influence on each other about their judgments and planned behavioral intentions towards purchasing of counterfeits (Sharma *et al*, 2022). Therefore, the relationship between subjective norm and purchase intention of counterfeits products thought to be stronger in less level of formal education consumers compared to the high level of the formal education consumers. A study conducted by Bian & Mounthno (2011) reported social influence (subjective norm) in low level of formal education was among the determinant connected with less purchase intention of counterfeit products while subjective norm of consumers with high level of formal education had positive correlation on high intention to purchase counterfeits. The findings are in line with the findings of Riquelme, Abbas & Rios (2012) that social influence of the younger consumers with low levels of education purchase few counterfeit products in Hong Kong. Regarding the conflicting findings of formal education level on subjective norm and purchase intention of counterfeits and scarcity literatures, there is possibility to carry out more researches on the moderating role that formal education has in this phenomenon. Therefore, based on the preceding arguments, it is acceptable to propose that there is a significant relationship between subjective norm and purchase intention of counterfeit apparel in consumers with less level of formal education compared to consumers with high level of formal education. Consequently, the following hypothesis is put forth:

H2: The positive relationship between subjective norm and purchase intention of counterfeit apparel is stronger in less level of formal educated consumers than in high level of formal educated consumers.

Conceptual Framework

This study proposed a conceptual framework (Figure1) indicating three variables and two hypotheses. The three variables include subjective norm as an independent variable, purchase intention as a dependent variable and level of formal education as a moderating variable.

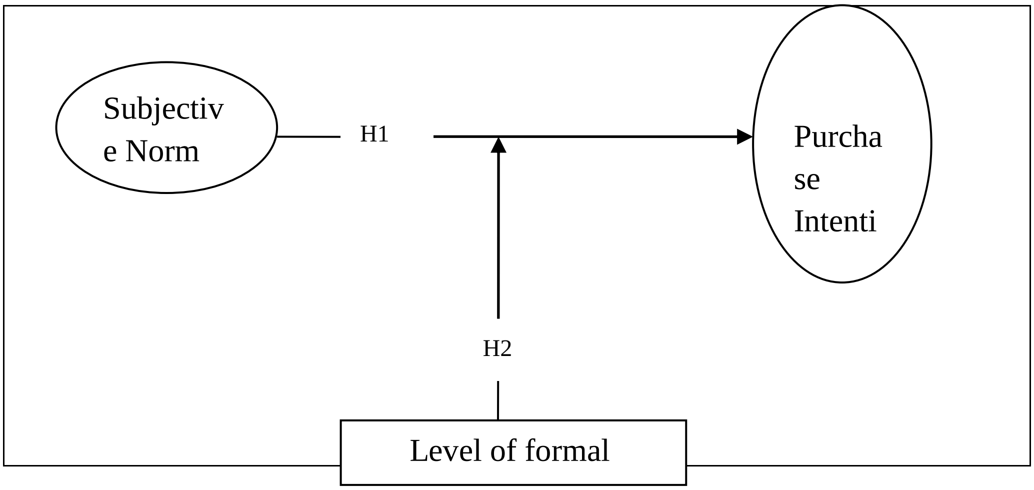

Figure 1: Conceptual Framework

Methodology

The study adopted quantitative research methodology and used explanatory research design because it focused in explaining the causal effect relationship between variables as related to the study phenomena.

Targeted Population and Area of the Study

The population of this study involved apparel products consumers. The sampling frame was 462 streets and 915806 households found in Tanzania, major commercial city of Dar es Salaam Region. (Tanzania National Bureau of Statistics-NBS, 2022). The reasons of choosing this area is Dar es Salaam has been reported to receive 80 per cent of all counterfeits via Dar es salaam port and around sixty per cent remained within Dar es Salaam markets (Confederation of Tanzania Industries-CTI, 2020).

Sampling Procedure and Design

Multistage and systematic random sampling techniques were employed to collect primary data using 315 heads of households as respondents. Researcher used both multistage and systematic random sampling techniques as probabilistic sampling procedures because they were linked to quantitative study methodology (Saunders, Lewis, & Thornhill, 2019). The multistage random sampling was used because it divided the population in different stages such as; wards, streets and households from the five districts of the Dar es Salaam. In this study, the primary sampling units were streets obtained by employing systematic random sampling with probability proportional to size sampling. The number of households was used as the measure of the size whereby one household provided one respondent. Thus, the 462 streets were distributed in proportion to the number of streets in each district as shown in Table1. As a result, the streets in each district were allocated proportionally using the formula the following formual:

$$n_j = nM_j / \sum_{j=1}^{J} M_j$$

Whereby;
n= is the sample size
MJ = total number of households in a street
Source: Bankier (1998)

Table 1: Streets and Households by District

District	Allocation		
	Proportional Households	Power Allocation	Streets
Ilala	79	64	5
Kigamboni	12	60	3
Kinondoni	69	63	4
Temeke	93	65	5
Ubungo	62	63	4
Total	**315**	**315**	**21**

The selection of 21 streets was done by systematic random sampling where researcher calculated a random number and systematic interval of the selected households in order to identify all 21 streets. During the field, the boundaries of the selected streets were identified followed by listing the names head of the households' heads from one corner of the street. The total number of listed households was written in a prepared template with a 15 fixed number of households selected using systematic random sampling. The reason of using 15 numbers of households is based on the facts that are normally used by many Tanzania Demographic Housing Surveys as produced valid results, reduce cost and save time. In executing systematic random sampling, the systematic interval was obtained by taking the total number of the households listed in each street, dividing 15 number of fixed household. Consequently, the starting point was obtained by multiply obtained interval with 0.5 which was the number taken to be less than one

(1) so as to avoid biasness. The selection of households is indicated in appendix 1 whereby one household provided one respondent.

Data Collection and Measurement of Variables

A self-administered questionnaire was a technique used to collect primary data from the field. The questionnaire was an ideal tool in this study based on the quantitative nature (Saunders *et al.*, 2019). According to Kothari (2019), questionnaire enhances the collection of data from respondents in scattered locations. Another reason of using questionnaire in the current study was to collect adequate insights in a simple way than other tools. A total of 315 structured questionnaires which with closed- ended questions were distributed to the selected respondents to gather the required information. In this study, all the variables were measured by previous scales from various sources as indicated in Table 2. A seven-point Likert scale was involved in measuring different variables' items of subjective norms and purchase intention. The seven Likert scale was chosen because it has been used in many consumer behaviour studies producing valid results (Lu, 2013). Subjective norm was measured by seven items whereas purchase intention was measured by four items on seven-point scale. The responses on seven-point scale were started from strongly disagree to strongly agree. Besides that, formal education level was measured by two items through categorical scale to provide data for multi-group moderation analysis. Moreover, as per recommendation of Hair *et al.* (2010) nominal scale was utilized to measure information of respondents to express demographic descriptive statistics.

Table 2: Measurement Variables of the Study

Variable	No. of Items	Code	Measurement Items	Measurement	Sources
Subjective Norms	7	SN	SN1=Admire SN2=Approve SN3=Recommendation SN4=Good impression SN5=Belonging SN6=Think as a choice SN7= Identification	Seven-point scale 1= strongly disagree 4= Neutral 7=Strongly Agree	Cheng et al., (2011), Chiu & Leng (2016), de Matos *et al.*, (2007), & Lu (2013)
Purchase Intention	4	PI	PI1=Think as a choice PI2=Consideration PI3=Recommendation PI4=Plan to purchase	Seven-point scale 1= strongly disagree 4= Neutral 7 = Strongly Agree	Bhatia (2018), de Matos *et al.*, (2007), Rizwan *et al.*, (2014), & Stumpf *et al.*, (2011)
Level of the formal Education	2	LFE	LFE1=1year to 13years LFE2=14years and above	Categorical scale 1= low LFE 2= high LFE	Moepswa (2016), & Tulula (2012)

Data Analysis

IBM Statistical Package for Social Scientists version 22 facilitated data analysis. The data analysis process included descriptive, inferential analysis and multi-group moderation analysis. During the analysis, IBM Amos version 23 was utilized for Confirmatory Factor Analysis (CFA) and Structural Equation Modeling (SEM). SEM analysis included measurement model which test for variables' validity and reliability. SEM also involved structural model for examining formulated hypotheses of the study. SEM technique was considered in the analysis since it had ability to appraise the estimation of errors within the parameters compared to other analytical techniques. SEM analysis was also utilized because the study involved relationships between latent and observed variables.

Study Results

Preliminary Results

The researcher cross checked the data to ensure the absence of missing data and outliers in order to end up with valid conclusion. Missing data were found in a completely random style at 3 questionnaires. Based on the facts that, the missing data were few completely random and few in numbers, the deletion of three questionnaires using list-wise approach was used in order to remain with complete data. On the other hand, outliers for each variable were examined by using SPSS version twenty-two (22) to create box plots. There were neither circles nor asterisk shapes found inside the box plots thus indicating absence of outliers in all variables. Furthermore, normality assumption was tested to make sure data produce ideal results. Normality was checked by examining skewness and kurtosis values, thus the values for skewness and kurtosis for all variables were pinpointed. The results indicated that all the values ranged from -2 to +2 for all variables suggests a normal distribution pattern for all variables. The researcher purposely did not consider testing other SEM assumptions such as multicollinearity, linearity and homoscedasticity because there was only one independent variable (subjective norm) that influenced the dependent variable purchase intention, thus, there were no inter-correlations between independent variables (Kline, 2011).

Distribution of Respondents by Education Results

The researcher was interested more with respondents' formal education statistics than other demographic statistics as it was later on used in multi-group moderation to produce valid discussion and conclusion. The results of formal education indicated that majority of the respondents completed secondary education account for 40% followed by 24.8% respondents who had bachelor degree as shown in Table 3. This implied that the sample is composed of respondents with different levels of formal education which is evident of collection of relevant information. Therefore, it could be concluded that respondents were knowledgeable to provide the appropriate responses.

Table 3: Demographic Statistics for Level of Formal Education

Level of Education	Frequency	Per cent
Non- formal education	1	.3
Primary	52	17.4
Secondary	121	40.6
Diploma	36	12.1
First degree	74	24.8
Masters degree	13	4.4
PhD degree	1	.3
Total	**298**	**100.0**

Measurement Model Analysis

The parameters were measured by maximum likelihood estimation method using Amos version twenty three. Maximum likelihood estimation method is efficient and very flexible method to use leading to good mode fit (Hair *et al.*, 2010). It's often reliable method to employ in a normal distribution of the data. This study invloved testing of various fit indices from all the categories of fit indices to enhance the good fit of the model(Kumar, 2015). The results of CMIN/DF = 2.39, GFI = 0.95, AGFI = 0.92, RMSEA = 0.07, CFI = 0.99 and TLI = 0.98 implies good model fit as based on the fit indices cut-off points such as for CMIN/DF ≤ 3, GFI >0.90, AGIF>0.90, RMSEA<0.08, CF>0.90 and TLI>0.90 (Awang, 2011) as shown in figure 2.

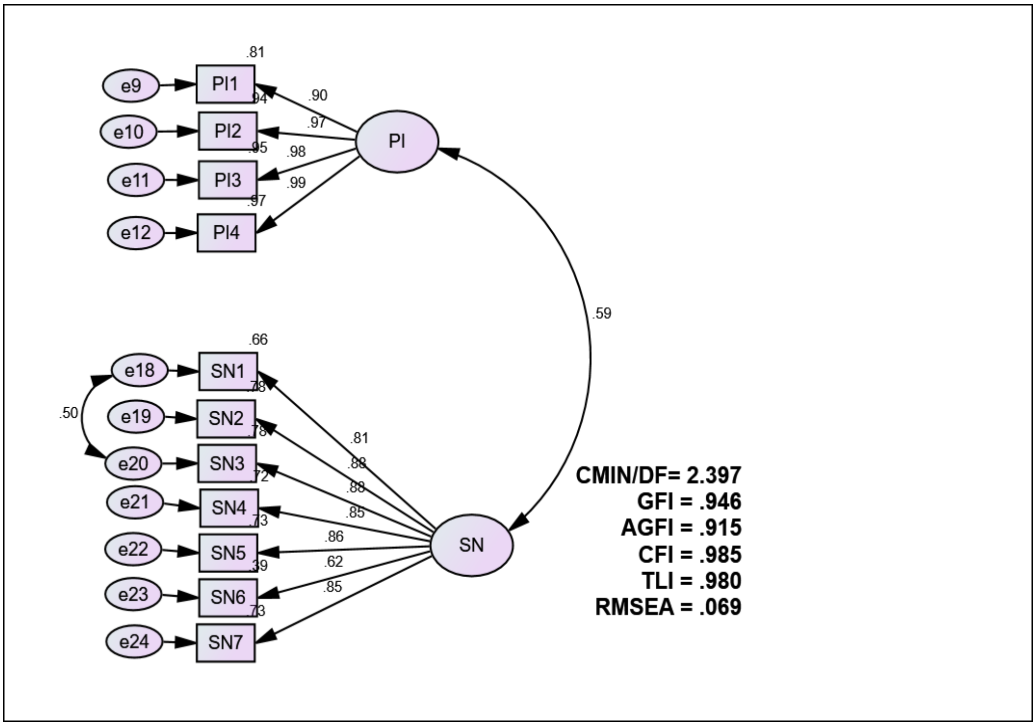

Figure2: Measurement Model

Reliability

The scale test for reliability examined internal consistency by employing value of Cronbach's Alpha. The Cronbach's Alpha values were over 0.7, demonstrating that internal consistency was achieved. Subsequently, Composite Reliability (CR) values was used to check the reliability of latent variables. CR value higher of more than 0.5 is more significant and value of CR of 0.6 and more is satisfactory in research (Tabachnick & Fidell, 2013). The results of this study has shown value of CR to be more than 0.5 as seen in Table 4, affirming measurement items were reliable thus measured what they were needed to measure hence internal consistency was realized.

Convergent Validity

The convergent validity was measured by Average Variance Extracted (AVE). Awang (2011) formula was used to calculate AVE for every construct in the Microsoft excel. The AVE values of all variables achieved the required value of 0.5, indicating that convergent validity was adequately achieved as indicated in Table 4.

Table 4: Reliability and Convergent Validity

Construct	Cronbach's alpha value	Composite Reliability (CR)	Average Variance Extracted (AVE)
Subjective Norm (SN)	0.937	0.936835	0.68193
Purchase Intention (PI)	0.977	0.979501	0.92285

Discriminant Validity

The comparison of square root of Average Variance Extracted (AVE) and correlation of latent constructs is a good approach applied to measure the discriminant validity (Fornell-Lacker, 1981). Therefore, the current study employed the suggested approach. The estimate of AVE seemed to be higher than the squared correlation estimates of the latent constructs, indicating the achievement of discriminant validity based on Awang (2011) suggestions. Table 5 presents results of AVE square roots and squared correlation estimates.

Table 5: Discriminant Validity

Construct	Subjective Norm (SN)	Purchase Intention (PI)
Subjective Norm (SN)	**0.825791**	
Purchase Intention (PI)	**.453**	**0.979501**

The Structural Model

The structural model analysis was performed through IBM Amos 23 utilizing the maximum likelihood estimate to examine model fit indices and significance level of stated hypotheses. Prior testing the study hypotheses, the structural model was checked to ensure fitness of the model to the data. The results of fit indices were CMIN/DF = 2.34, GFI = 0.95, AGFI = 0.92, RMSEA = 0.07, CFI = 0.99 and TLI = 0.98 shown in figure 3 which fall within the normal ranges provided by Awang (2011) thus indicating that structural model fits to the collected data.

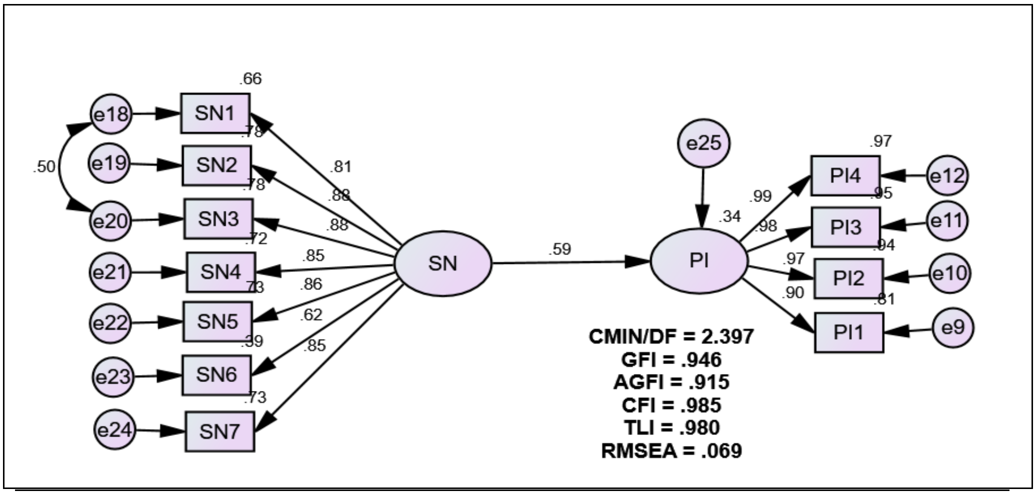

Figure 3: Structural Model

Hypothesis Testing Results

The structural model was done to test the formulated hypothesis of the current study where the link between subjective norm and purchase intention were examined. The relationship between the variables in the stated hypothesis was examined by checking standardized path coefficients value (γ) and significant level (p-value). This study applied the values of $p < 0.05$ and $\gamma \geq 0.2$ as recommended by Hox and Bechger (2014) to analyse the hypothesis. The results indicated positive and significant relationship between subjective norm and purchase intention of counterfeit apparel with $\gamma = 0.59$ and $p < 0.05$) as shown in Table 6 thus H1 was supported.

Table 6: Results for Hypothesis Testing

Path			Estimate	S.E.	C.R.	P	Standardized Estimate
PI	<---	SN	.661	.065	10.145	***	.586
SN1	<---	SN	1.000				.810
SN3	<---	SN	1.109	.043	25.647	***	.884
SN4	<---	SN	1.050	.061	17.188	***	.846
SN5	<---	SN	1.054	.060	17.467	***	.855
SN7	<---	SN	1.053	.060	17.450	***	.855
SN6	<---	SN	.774	.067	11.468	***	.622
SN2	<---	SN	1.095	.060	18.223	***	.880

Multi-group Moderation Results

The primary step in the multi-group analysis was to divide the data into two groups depending on the moderating variable which was the level of formal education (LFE). The LFE variable was created in the IBM SPSS by employing transform menu under decode into a different variable. Thus, LFE variable utilized a categorical scale that was 1year to 13 years was coded as 1 for less-educated group and 14years and above coded as 2 for highly educated group as shown in Table 7.

Table 7: Descriptive Statistics for the Grouping Variable – Level of Formal Education

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Less Educated	162	54.4	54.4	54.4
	Highly Educated	136	45.6	45.6	100.0
	Total	**298**	**100.0**	**100.0**	

Moderation Hypothesis Testing

In multi-group moderation analysis, the chi-square difference test results have shown no difference between less and high levels of formal education groups of consumers because both groups had significant results at $p < 0.05$ as shown in Table 8. The standardized estimate for less level of formal education group was 0.159 while that of high-level formal education group was 0.465. This indicated that the standardized estimates for the two groups had significant results suggesting absences of moderation in the relationship between subjective norm and purchase intention of counterfeit apparel. Therefore, H2 was not supported based on the fact that the two groups indicated the same significant results.

Table 8: Results for Hypothesis Testing in Moderation Analysis

	Standardized Estimate	P	Result
Less Level of Formal Education	.159	***	Significant at p= 0.016
High Level of Formal Education	.465	***	Significant at p=0.000

Discussion of the Results

This study examined the effect of subjective norm on purchase intention of counterfeit apparel. The findings reveled that subjective norm had a positive and significant effect on purchase intention. This entailed that the more the subjective norm the stronger the purchase intention implying that purchase intention increased with subjective norm. The findings were consistent with findings of Ajzen (1991) who concluded positive and significant effect of subjective norm on behavioural intention. Similarly, Chiu & Leng (2016), Jain *et al.*, (2020) and Molina-Castillo *et al.* (2021) confirmed that subjective norm was positive and significantly linked to purchase intention of counterfeits. This suggests that good impression, admiration, belonging, recommendation, identification, approve and think as a choice were good indicators of subjective norm causing strong purchase intention of counterfeits because they possesed significant role to purchase intention (Chiu & Leng, 2016). Subjective norm as a social influence from referent groups (peer groups, friends and family) influence strong purchase intention to consumers.

Generally, if consumers are not involved in social groups, there is either a little or no completely consumers' purchase intention of counterfeits (de Matos *et al*., 2007; Chui & Leng, 2016; Sharma *et al.*, 2022). The reasons behind this are that consumers interact with each other, copy behaviour and lifestyles from referent groups and they also look for recognition. Similarly, referent people may provide strong influence on purchase intention of counterfeit apparel because people want to make positive impression to others. The finding of this study is different with the previous findings of Lu (2013), because of samples differences whereby present study used a sample that involved variety of demographic characteristics as compared to the sample of university students used by Lu (2013). However, other past researchers (Bupalan *et al.,* 2019; Hasan & Suciarto 2020) have also revealed inconsistent findings that subjective norm was not related to purchase intention of counterfeit. The findings are the same as that of Mushi & Noor (2016) and Nandonde (2022) who investigated perception of consumers in intention to purchase counterfeit in Tanzania and confirmed the negative relationship between subjective norm and purchase intention of counterfeit. This suggests that population involved in that particular study had no social pressure from referent groups such as family, peer groups and friends in their purchasing decisions. Therefore, the negative findings obtained from the aforementioned previous scholars are in line with Ajzen (1991) that the factors influencing behavioural intention may vary depending on product category and context. In a multi-group moderation analysis, the study also found positive and significant relationship between subjective norm and purchase intention of counterfeit apparel in both less and high level of formal education groups. Thus, there is no statistical difference of significance level and direction in relationship between subjective norm and purchase intention for both groups of consumers. This implies that consumers with less level of formal education hold the same subjective norm to influence intention to purchase counterfeit apparel as consumers with high level of formal education. This finding diverged from the previous studies of Bian & Mounthno (2011); Riquelme, Abbas & Rios (2012) and Tulula (2012) that relationship of subjective norm and purchase intention of counterfeit is negative and insignificant in consumers with high level of formal education and significant in consumers with less level of formal education because social influence in consumers with less level of formal education could be very powerful (Lu, 2013). Another reason to explain this diverged finding is that, there is a high possibility that respondents had hidden their subjective norm (social influence) regarding the positive and negative feelings towards purchase intention of counterfeit apparel because they thought that feelings may be controlled (Khan, Razzaque & Hazrul, 2017). Therefore, subjective norm of all groups of consumers despite of level of formal education could affect purchase intention of counterfeit apparel.

Conclusion and Recommendations

From the findings of this study, it can be concluded that subjective norm had a positive and significant effect on purchase intention of counterfeit apparel. The greater the influence of subjective norm, the more likely it was for consumers to have a strong intention to purchase counterfeit apparel. Hence, the subjective norm was an important factor that influenced consumers' intention to buy counterfeit apparel. The study also found out that the relationship between subjective norm and purchase intention of counterfeit apparel was not influenced by the level of formal education. This was because multi-group moderation results showed positive and significant outcomes in both groups of less and high level of formal education consumers. These findings contradict previous scholars' propositions which indicated differences in the level of formal education based on the subjective norm and purchase intention of counterfeits. Therefore, this study contributed new and important information to the existing research in the field of consumer behaviour particularly purchase intention of counterfeit apparel. The findings also has helped to fill gaps and expand on previous findings by incorporating the moderating effect of the level of formal education on the relationship between subjective norm and purchase intention of counterfeit apparel. Moreover, the study made recommendations to market players and the genuine producers of apparel to consider subjective norm as one of the factors that influenced consumers purchase intention of counterfeit apparel. The consideration may help them to develop anti-counterfeiting promotions, strategies and educational campaigns in reducing purchase intention of counterfeits apparel.

Limitations and Areas for Future Research

This study pointed out some limitations that could be sources for future researches. The study was based on one factor which is subjective norm to assess purchase intention of counterfeit apparel under moderating role of level of formal education. The study proposes that future studies should consider other factors to increase an understanding of the factors and expand the literature on consumer behavior. However, the study involved quantitative methodology approach to examine the relationship between subjective norm and consumers' purchase intention. Therefore, future study should use qualitative methodology to make a deep investigation of the phenomena.

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District	Ward	Street	Household Listed	Household Selected	Select interval	1	2		4	5	6	7	8	9	10	11	12	13	14	15
Ilala	Buguruni	Malapa	72	15	4.8	2	7	12	17	22	27	32	37	42	47	52	57	62	67	72
	Kimanga	Darajani	46	15	3.1	2	5	8	11	14	17	21	24	27	30	33	36	39	42	45
	Kivule	Matangi	66	15	4.4	2	6	10	14	18	22	26	30	34	38	42	44	48	52	56
	Segerea	Segerea	42	15	2.8	1	4	7	10	13	16	18	21	24	27	30	33	36	39	42
	Vingunguti	Kombo	48	15	3.2	2	5	8	11	14	17	20	23	26	29	32	35	38	41	44
Kigamboni	Tuangom	Mzinga I	139	15	9.3	5	14	23	32	41	50	59	68	77	86	95	104	113	122	131
	Tuangom	MzingaII	63	15	4.2	2	6	10	14	18	22	26	30	34	38	42	44	48	52	56
	Kisarawe II	Kisarawe II	48	15	3	2	5	8	11	14	17	20	23	26	29	32	35	38	41	44
Kinondoni	Kigogo	Kigogo Mwajun	58	15	3.9	2	6	10	14	18	22	26	30	34	38	42	44	48	52	56
	Kijitonyama	Kijitonyama	61	15	4.1	2	6	10	14	18	22	26	30	34	38	42	44	48	52	56
	Makongo	Makongo Juu	47	15	3.1	2	5	8	11	14	17	20	23	26	29	32	35	38	41	44
	Mwananyamala	Msisiri A	50	15	3.3	2	5	8	11	14	17	20	23	26	29	32	35	38	41	44
Temeke	Azimio	Mtongani	34	15	2.3	1	3	5	7	9	11	13	15	17	19	21	23	25	27	29
	Kijichi	Mtoni Kijichi	24	15	1.6	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
	Mbagala kuu	Mbagala Kuu	49	15	3.3	2	5	8	11	14	17	20	23	26	29	32	35	38	41	44
	Mianzini	Mianzini	21	15	1.4	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
	Mtoni	Bustani	46	15	3.1	2	5	8	11	14	17	21	24	27	30	33	36	39	42	45
Ubungo	Kimara	Golani	27	15	1.8	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
	Mabibo	Matokeo	44	15	2.9	2	5	8	11	14	17	20	23	26	29	32	35	38	41	44
	Msigani	Kwa Yusuph	45	15	3	2	5	8	11	14	17	20	23	26	29	32	35	38	41	44
	Masenze	Kilimani	57	15	3.8	2	6	10	14	18	22	26	30	34	38	42	44	48	52	56

Relationship between Cost Leadership Strategy and Organizational Performance of Kilimanjaro International Leather Industries Company Limited, Tanzania

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ABSTRACT

Due to increased competition which is brought about by liberalization and deregulation, organizations are faced with greater demands to be flexible, responsive and efficient in order to be more competitive. As a result of this, organizations are faced with a lot of challenges in their effort to remain competitive in the market. This study intended to probe the relationship between cost leadership strategy and organizational performance at Kilimanjaro International Leather Industries Company Limited in Moshi Municipal, Tanzania as the case study. In doing this, the study adopted quantitative research design. The sample size for this study was 353 out of 3000 total employees, managers and corporate clients at Kilimanjaro International Leather Industries Company Limited. Simple random sampling technique was custom made within the choice of key informants. The coded data was examined by using descriptive statistics and regression analysis where an alternative hypothesis was accepted. This was completed with the aid of statistical package for social sciences version 20. Therefore, findings vindicated that cost leadership strategy plays significant role in deciding organizational performance. The study concludes that cost leadership strategy has direct relationship to organizational performances. Based on the findings, the study recommended that the manufacturing firms adopt cost leadership strategy as it had been found to have a positive significant effect on performance.

Key words: *Competitive Advantage, Cost Leadership Strategy, Organization Performance, Kilimanjaro International Leather Industries Company Limited.*

INTRODUCTION

Every business should acquire a strategy that allows it to attain a competitive advantage in the marketplace. That choice of the strategy is based on the strengths and weaknesses of the company's products and the position it wants to have in the minds of its customer (Woodruff *et al.* 2018). The best strategy is the one that hold the company's strengths for the greatest profits and the highest return on investment (Woodruff *et al.* 2018). According to Peterdy (2022), competitive advantage refers to the ways that a company can produce goods or deliver services better than its competitors. It allows a company to achieve superior margins and generate value for the company and its shareholders. According to Porter (1985) competitive strategy refers to how a firm intends to compete in a given business. Further, Porter (1985) has shown that competitive strategy is a plan that set up a profitable and sustainable competitive position opposed to the five forces that drive industry competition: threat of new entrants, bargaining power of suppliers, bargaining power of buyers, rivalry among competitors and threat of new substitutes.

It begins with how a company can acquire a competitive advantage through different ways of competing (Porter, 1980). Some competitive strategy typologies start in the strategic management literature. Amid the most common and widely used typologies for studying various aspects of organizational behavior are those advocated by Ansoff (1965), Miles and Snow (1978) and Porter (1980). Ansoff (1965) established four different strategies that direct product-market growth namely; market penetration, market development, product development and diversification. Porter (1980, 1985) identified three generic competitive strategy typologies namely; low cost leadership, differentiation and focus. From the differentiation and low-cost perspective, Porter (1980) contends that firms can view their product-market decisions in terms of how the organization creates or add value to customers. From the focus perspective, this may depend on how firms define their scope of operations that is, the scope of market coverage. Cost leadership strategy is an integrated set of action taken to produce goods or services with features that are acceptable to customers at the lowest cost, relative to that of competitors (Sirmon, Hitt, Ireland & Gilbert, 2011). Mohammadzadeh *et al*, 2019 cited that, cost leadership strategy allows manufacturing industry to have the competitive edge over its contender in winning the market in the competitive business environments. According to handbook of research on contemporary approaches in management and organizational strategy by Dogru (2019), organizational performance is considered the process of organizations economic development that facilitates organizations to be in line with the organizations existing human resources professional development. Organizational performance, (2022) comprises the actual output or results of an organization as measured against its intended outputs or goals and objectives”. Organization performance breaks down into three operational terms including financial/economical performance (e.g. profits, sales, return on investment); operational performance (e.g. customer satisfaction and loyalty, the firm social capital, and competitive edge derived from capabilities and resources); and human capital performance (e.g. employee engagement, culture, development and internal promotion opportunities). For the reason of this study, some points from financial and operational performance will form the basis of performance measurement of the Kilimanjaro International Leather Company Limited in, Tanzania. The competitive strategy consider on the effects of industry structure on organizational performance. Firms draw up their strategic position by finding the greatest defensive position against competitive forces, by shake the balance of the forces to increase the company’s position, and by choosing a strategy for competitive balance prior to opponents’ movement (Kipley & Lewis, 2009). In this view, the strategic positioning of a firm reflects the firm’s ability to generate competitive advantage. According to Reilly and Brown, (2009), a company can either position itself to deflect the effect of the competitive forces in the industry i.e .defensive strategy through investing in technology that will lower production costs or through increased advertising and creating a strong brand; or it will use its strengths to affect the competitive forces in the industry i.e. offensive strategy.

Both, the defensive and offensive competitive strategies can incorporate low cost and differentiation strategy. The competitive strategy view maintains that resources are the results obtained from the implementation of strategy and/or purchase from the environment (Porter, 1991). However, resources cannot achieve an independent status in relation to firm performance. The importance of resources is understood only in conjunction with the capability of those resources to support the strategy pursued or the fitness of those resources for a particular industry structure (Spanos & Lioukas, 2001). In the year 2017, Parastatal Pensions Fund (PPF) now Public Service Social Security Fund (PSSSF) and Prisons Corporation Sole (PCS) jointly formed a company known as Kilimanjaro International Leather Industries Company Limited (KLICL) with a purpose of investing in establishing the modern leather industrial project, and to make and sell different types of high quality leather shoes and leather products designed to best fit customer needs. This modern industrial project is one of its kinds in eastern, central and southern Africa and is cited as a model of modern leather industries in Tanzania and in south Saharan countries. The project is well equipped with high technological equipment and modern machines that cover the whole leather industry. They focus on exporting more than 40% of its production to international markets, and 60% to be sold in the local market. Kilimanjaro International Leather Industries Company Limited (KLICL) is committed to transforming the leather sector by adding value to the skins and hides as well as the leather and leather finished products, hence increasing the value chain and creates employment, thereby increasing tax base to the government. The Kilimanjaro International Leather Industries Company Limited (KLICL) is investing in skills development and good use of technology i.e. Italian shoe technology to increase productivity design, quality standards, supply chain and products diversification. The Kilimanjaro International Leather Industries Company Limited (KLICL) use e-commerce in exploring the local, regional and international market. They believe it is time for all of us collectively to start using homemade quality products made by Kilimanjaro International Leather Industries Company Limited (klicl.co.tz). This firm is however expected to play a critical role in propelling the country's economy in line with the aspirations of Tanzania Development Vision2025 whereby the aim is to achieve good quality and good life for all; to achieve good governance and the rule of law; and to build a strong and resilient economy that can effectively withstand global competition. This is an indication that there is a large potential to improve Tanzania's competitiveness in the region. Results from other parts of the global indicate that formulating a suitable strategy will provide a superior performance (Jarzabkowski and Balogun, 2009; Whittington et al., 2011).

Literature Review

Theoretical Literature Review

The study was guided by Porter Generic Strategies Model. Porter Generic Strategies Model refers to the methods that businesses take in order to remain competitive (Capsim, 2015). Michael Porter in 1980 was the primary one who introduced generic strategies and planned that by using them organization are able to do competitive benefits. These were overall cost leadership, differentiation, and market niche or focus. In accordance with Porter (1985), firms are ensuing any of the 3 generic methods namely; cost leadership strategy, differentiation and focus strategy can win excessive corporate performance and competitive advantage. Porter (1980) however, argued that implementation of low cost and differentiation strategies require different investments in resources, control procedure, leadership, culture, organizational structure and incentive systems. Powell (1995) concedes that Porter's framework of generic methods is naturally bind to corporate performance. Once toss concentration on cost leadership, Porter revealed that, the firm that determine to become the lowest-cost producers in connect business are frequently cited as those coming to a cost leadership strategy. Cost leadership strategy is an integrated set of action taken to produce goods or services with features that are acceptable to customers at the lowest cost, relative to that of competitors (Sirmon, Hitt, Ireland & Gilbert, 2011). Porter (1980) explained that the successful company applies cost leadership strategy to reduce cost, lower value and overhead management, analysis and development and advertisement among others to realize an occasional value position. He more theorizes that low-priced position provides a firm defense against contention from competitors, as a result of its lower prices mean that it will still earn returns when its competitors have competed away their profits through contention. Companies adopting cost leadership strategy attempt to be the lowest priced producers within the markets. If a firm is able to do and sustain overall cost leadership, then it will be associated with higher than average entertainer in its business. Thus, companies that pursue a cost leadership strategy are expected to be related to higher production potency. Nevertheless, this model underpins the relationship between cost leadership strategy and organizational performance (Porter, 1980). Porter has presented many ideas and models that have become important in strategic management. However, low cost leadership is attached to a drawback which is less customer loyalty (Yakhlef, 2001). Proportional low prices will result in making a negative view towards the quality of the product in the mindset of the customers (Roger, 2009). Such low prices will gain competitive advantage and increase market share (Porter, 1980).

Empirical Literature Review

Hhary & Mboma (2020) determined the effects of Cost Leadership Strategy on Performance of Pharmaceutical Industry: a case study of Zenufa Laboratories Tanzania Limited. The study was descriptive based on quantitative research approach carried out through census whereby 92 staff member in nine departments from Zenufa Laboratories Tanzania Limited filled in the questionnaires as an instrument of primary data collection. The findings revealed that the cost leadership had positive effects on the performance of Zenufa Laboratories Tanzania Limited, which imply that increase in the cost leadership strategies improves the performance of pharmaceutical industry. It was recommended that the pharmaceutical industry managers got to implement the cost leadership strategies since cost leadership were found to be a key determinanton the performance of pharmaceutical industry. However, the study uses small sample sizes and thus findings cannot be generalized to large populations. Nyandara, Ngacho & Yambo (2017) dictates the effects of resource allocation on the performance of South Nyanza Sugar Company Limited, Kenya. The element was found to have high effects on the performance. Excellence in it might have guided the greater performance. It was major for the firm to adjust its procedures of allocating resources so as to allow the execution of strategic plans successful. Government policies and regulations as moderating variables played a noteworthy role in the application of strategic plans. For instance, depletion in taxes on agricultural inputs and refined sugar importantly enlarge the competitiveness of sugar factories in both the domestic and foreign markets and allow the government to collect taxes to improve the living standards of their people. In their recommendations, the gap seen that there is a need for monitoring system for all allocations. Prinka, Bansal & Surya (2019) investigate the effects of Marketing Strategies on Organizational Performance; A Study of Nigeria Bottling Company Kaduna, including Production strategy, pricing strategy, promotion strategy and place strategy, that eventually influences Marketing strategies on performance. Marketing strategy has been a focus of organizations and a tool for attaining overall firm performance. This study contributes to the existing studies of marketing strategy by supporting a relationship between marketing strategy factors and overall firm performance. Deduction from existing literature enabled a construction of a conceptual model that explains overall firm performance. Promotion, pricing, distribution, and product standardization and adaptation have an impact on sales, customer and financial performance of the firms.

The study suggests that the impact is mediated by marketing strategy implementation success. Alan (2018) examined the effect of cost management on financial performance of manufacturing firms in Kampala from which Britannia Allied Industries Limited was used as a case study. The research also capitalized on three objectives which requires to determining the effect of material costing, labor costing and overhead costing on financial performance. The study employed stratified, simple random and purposive sampling techniques to draw representative samples and a sample size of 60 respondents was determined from a population of 65 members using Slovenes formula. Closes-ended questionnaires with five-point like11 scale were used to obtain response. The findings of the study revealed that there is a significant effect between cost management and financial performance. Finally, the researcher suggested some recommendations which included sourcing for cheaper & high-quality materials, employing an integrated material costing system that traces materials from the point of making orders to when goods are dispersed for use in production, employing experienced labor, discharging unproductive labor, and apportioning overheads to production among others. To flee from all above literature reviews the current study choose to know what is the relationship between cost leadership strategy and organizational performance hence making it reasonable to propose the first hypothesis as:

H1: *there is direct and significant relationship between cost leadership strategy and organizational performance.*

Conceptual Framework

After reviewing the literature and formulated hypotheses, a conceptual framework for this study was constructed as a model to guide hypothesis testing. Hence figure 1 presents the relationships in terms of hypotheses that were tested.

Independent Variables **Dependent Variables**

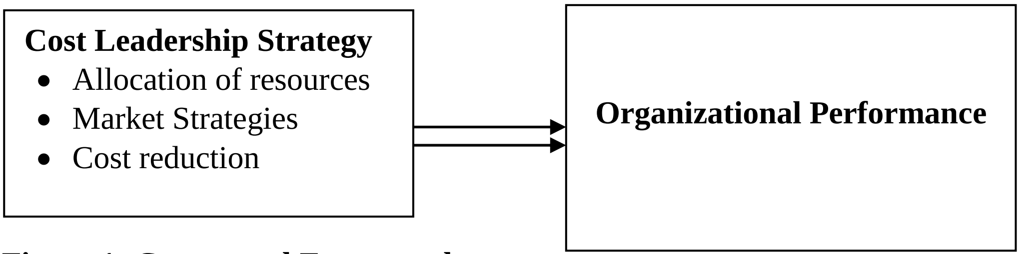

Figure 1: Conceptual Framework
Source: Author's Construct (2022*)*

Research Methodology

Sampling and Data Collection

To test the relationship between cost leadership strategy and organizational performance at Kilimanjaro International Leather Industries Company Limited in Moshi Municipal, the study adopted quantitative research design. However, Simple random sampling technique was custom made within the choice of key informants. The data was gathered once over a period of one month from a sample of 353 respondents out of 3000 total population of employees, managers and corporate clients of Kilimanjaro International Leather Industries Company Limited. Structured questionnaire was used as a tool for data collection.

Data Analysis

The IBM SPSS Statistics version 20 was used in the descriptive analysis of the demographic information of the respondents. Secondly, Pearson's correlation was further used to indicate positive correlation between the input and the output variable and further regression analysis to explain the nature of relationship between the dependent and independent variables. F-statistics was also used as a measure of the model goodness of fit.

Measurements of Variables

Cost leadership strategy**:** was weighted depending on 15 items that is; employees in the organization are well trained; the company has invested on modern machines; the company has enough capital to compete with the other companies in the market; the company is minimizing waste and lead to higher productivity; the company purchases quality raw materials; the company have effective means of promotion; the marketing strategies help to increase product awareness; the price company offers is affordable to the customers; the good business strategy helps to determine the right time and place for marketing; does the product fulfill a need or provide a unique experience; the use of modern technology has reduced cost of production; the good business strategy helps to determine the right time and place for marketing; the company buys in bulk to reduce cost; the company is very strict on wastage of material; and the company has cut on overheads costs such as HR to reduce cost. The five-point Likert type scale ranging from one (Strongly agree) to five (Strongly Disagree) was used. The test-retest reliability also was used to measure the reliability of the research methods.

Organizational Performance: was measured by several variables that included: improve customer satisfaction; sales increasing; profit gain and overall performance. The Cronbach Alpha was 0.9 which showed sufficient inner reliability of the scale and the pilot study was undertaken to confirm the validity of the instruments used. Questionnaires were administered throughout the pilot study and necessary changes were accommodated and instruments were refined then prepared for data collection. Informants responded to these items on a 5-point scale ranging from strongly agree (1) to strongly disagree (5).

Findings and Discussion

Participants' Profile

Findings indicated that around 70.3% of respondents were male while 29.7% of the respondents were female. These results implied that the population of study was characterized by higher proportion of the male than the female. The researcher ranged four groups of age scale categories such as; 20-29, 30-39, 40-49 and above 50. The results showed that the age of 20-29 was 47.3%, 30-39 were 42.5%, 40-49 were 9.9% and 50 to above be 0.3%. These results implied that, majority of respondents age ranged between 20-29 and were the ones who were highly involved in this study than other groups of ages. It was further observed that the major part of respondents had secondary level of education with 58.4%, followed by certificate level of education with 16.9%, diploma level of education with 16.7%, while degree level of education were 7.1% and post graduate degree was 0.8%. This result entailed that, all respondents holding secondary level of education and above was more active and readier to answer the questionnaires given and they were easy to be reached. The respondents were needed to indicate their experience where the study findings indicated that majority 42.2% indicated that their experience was between 6 to 10 years and 48.2% of the respondents were between 0 to 5 years of experience. Analysis of findings also indicated that 9.6% of the respondents were between 11 to 20 years of experience. The working experiences of the respondents involved in this study represented the true sample size.

Descriptive Analysis for Cost Leadership Strategy

The study findings depicted that majority of the respondents, 66.6% agreed that employees in the organization were well trained. The company had invested on modern machines since majority 44.8% agreed. Moreover, the Company had enough capital to compete with the other companies in the market as shown by 49.6% who agreed on the same. Majority of the respondents agreed that the company minimizing waste and lead to higher productivity by mean of 1.98 while 41.1% agreed. In addition, the study findings showed that majority 43.3% agreed that the company purchases quality raw materials in the market while majority 49% agreed that Company had effective means of promotions as a strategy on the organization performance.

Further, 56.7% agreed that their market strategies helped them to increase product awareness and 42.5% agreed that the price company offers was affordable to the customers. The Business strategy helped to determine the right time and place for marketing as accounted for by 39.7% who reported that. Moreover, 43.1% of the respondents agreed that products fulfill a need or provide a unique experience and 45.6% agreed that the use of modern technology had reduced cost of production. Further, 43.9% agreed that the company buys raw materials in bulk to reduce cost while 49.9% agreed that the company was very strict on wastage of materials and 34.8% agreed that the company reduces promotion cost. Finally, 45.9% agreed that the company had cut on overheads costs such as; HR to reduce cost. Table 1 presents the descriptive statistic for this factor.

Table 1: Descriptive Statistics for Cost Leadership Strategy

Statement		SD	D	N	A	SA	Total	Mean
Employees in the organization are well trained	Frequency	3	15	44	235	56	353	2.07
	Percentage	.8	4.2	12.5	66.6	15.9	100	
The company has invested on modern machines	Frequency	4	15	21	158	155	353	1.73
	Percentage	1.1	4.2	5.9	44.8	43.9	100	
The company has enough capital to compete with other companies in the market	Frequency	-	2	101	175	75	353	2.08
	Percentage	-	.6	28.6	49.6	21.2	100	
The company was minimizing waste which led to higher productivity	Frequency	-	45	33	145	130	353	1.98
	Percentage	-	12.7	9.3	41.1	36.8	100	
The company purchased quality raw materials	Frequency	9	2	18	153	171	353	1.65
	Percentage	2.5	.6	5.1	43.3	48.4	100	
Company had effective means of promotions as a strategy on the organization performance	Frequency	-	-	10	173	170	353	1.55
	Percentage	-	-	2.8	49.0	48.0	100	
The market strategies help to increase product awareness	Frequency	-	-	10	200	143	353	1.62
	Percentage	-	-	2.8	56.7	40.5	100	
The price company offered was affordable to the customers	Frequency	-	-	88	150	115	353	1.92
	Percentage	-	-	24.9	42.5	32.6	100	
Business strategy helped to determine the right time and place for marketing	Frequency	-	29	89	140	95	353	2.15
	Percentage	-	8.2	25.2	39.7	26.9	100	
The products fulfilled a need or provide a unique experience	Frequency	-	1	38	152	162	353	1.65
	Percentage	-	.3	10.8	43.1	45.9	100	

The use of modern technology had reduced cost of production	Frequency	2	2	25	161	163	353	1.63
	Percentage	.6	.6	7.1	45.6	46.2	100	
The company bought raw materials in bulk to reduce cost	Frequency	1	9	17	155	171	353	1.62
	Percentage	.3	2.5	4.8	43.9	48.4	100	
The company was very strictly on wastage of materials	Frequency	-	34	89	176	54	353	2.29
	Percentage	-	9.6	25.2	49.9	15.3	100	
The company reduced promotion cost	Frequency	14	63	24	123	129	353	2.18
	Percentage	4.0	17.8	6.8	34.8	36.5	100	
The company had cut on overheads costs such as HR to reduce cost	Frequency	-	5	23	162	163	353	1.63
	Percentage	-	1.4	6.5	45.9	46.2	100	

***Key**: SD=strongly disagree D=Disagree N=Neutral A=Agree SA= strongly agree, Total (frequency & Percentage) and Mean.*

Descriptive Analysis for Firm Performance

The study findings showed that majority 45.6% reported that their organization had improved on customer satisfaction. Secondly, majority or 41.1% of the respondents further reported that their sales increases, while 66.6% reported that their profit for the last five years was better. On overall majority 51.1% reported that their firms overall performance was better.

Table 2: Descriptive Analysis for Firm Performance

Statement		**SD**	**D**	**N**	**A**	**SA**	**Total**	**Mean**
Improving Customer satisfaction	Frequency	2	2	25	161	163	353	1.6374
	Percentage	0.6	0.6	7.1	45.6	46.2	100	
Sales increase	Frequency	-	45	33	145	130	353	1.9802
	Percentage	-	12.7	9.3	41.1	36.8	100	
Profit gain	Frequency	3	15	44	235	56	353	2.0765
	Percentage	0.8	4.2	12.5	66.6	15.9	100	

***Key**: SD=strongly disagree D=Disagree N=Neutral A=Agree SA= strongly agree, Total (frequency & Percentage) and Mean*

Correlation Analysis Results

The result from correlation analysis showed that there was a significant positive relationship between cost leadership strategy (CLS= 0.663, p value = 0.000) and organization performance. Therefore, an increase in cost leadership strategy leads to an increase in organization performance.

Table 3: Correlation Analysis Results

		CLS	OP
CLS	Pearson Correlation	1	.663**
	Sig. (2-tailed)		.000
	N	353	353
OP	Pearson Correlation	.663**	1
	Sig. (2-tailed)	.000	
	N	353	353

**. Correlation is significant at the 0.01 level (2-tailed).

Key: CLS=Cost Leadership strategy, OP=Organizational Performance

Regression Analysis

H_a: Cost leadership strategy has significant relation with organizational performance.

Cost Leadership and Organizational Performance Model Summary

The coefficient of determination (R squared) of 0.440 showed that 44.0% of Kilimanjaro International Leather Industries Company Limited performance had positive relationship with cost leadership strategy. The adjusted R square of 43.8% depicts that cost leadership strategy in exclusion of the constant variable explained the change in firm performance by 43.8% the remaining percentage can be explained by other factors excluded from the model. The R showed the correlation coefficient of the effects of cost leadership strategy, an R =0.663 showed that there was a positive relationship between cost leadership strategy and organizational performance. The standard error of estimate (1.09) showed the average deviation of the independent variables from the line of best fit.

Table 4: Cost Leadership and Organizational Performance Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.663[a]	.440	.438	1.09598

a. Predictors: (Constant), Cost leadership strategy

b. Dependent Variable: Organizational performance

Cost Leadership Strategy and Manufacturing Organizational Performance ANOVA

The F statistics was used as a test for the model goodness of fit, in Table 5 below (F=275.857, p value =0.000) shows that there was a significant relationship between cost leadership strategy and organizational performance.

ANOVA[a]

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	331.349	1	331.349	275.857	.000[b]
	Residual	421.608	351	1.201		
	Total	752.958	352			

a. Dependent Variable: Organizational performance

b. Predictors: (Constant), Cost leadership strategy

Cost Leadership Strategy and Organizational Performance Regression Weights

The study findings depicted that cost leadership strategy had significant relationship with organizational performance at Kilimanjaro International Leather Industries Company Limited whereby (β=0.663 and p value=0.000). Therefore, a unit increase in cost leadership strategy leads to an increase in organizational performance by 0.180. Therefore, it can be concluded that cost leadership strategy had a significant relation on organizational performance in Kilimanjaro International Leather Industries Company Limited.

Table 6: Cost Leadership Strategy and Firm Performance Regression Weights

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	.688	.307		2.241	.026
	CLS	.180	.011	.663	16.609	.000

a. Dependent Variable: Organizational performance

Discussion of the Findings

The objective of this paper was to investigate the relationship between cost leadership strategy and organizational performance at Kilimanjaro International Leather Industries Company Limited. The empirical evidence from this study inferred that cost leadership had significant relation with organizational performance of Kilimanjaro International Leather Industries Company Limited where the result from correlation analysis showed that there was a significant positive relationship between cost leadership strategy (CLS= 0.663, p value = 0.000) and organizational performance This was due to the fact that when the P value was less than or equal to the significance level, thus the null hypothesis must rejected and the data would statistically be significant. These results implied that allocation of resources, marketing strategy and cost reduction plays a really vital role in crucial organizational performance. These findings are consistent with findings from (Nyandara, Ngacho & Yambo (2017), Prinka, Bansal & Surya (2019), Alan (2018), Hhary & Mboma (2020).

Conclusion and Recommendations

The results of this study therefore provides a valuable reference for top manufacturing companies in Tanzania in terms of implementing cost leadership strategy as this would help them achieve competiveness and sustainable performance. Based on the findings, the study recommends that the manufacturing firms must adopt cost leadership strategy as it had been found to have a positive significant effect on performance. In addition, the managers of these firms should consider pursuit of the other strategies namely; differentiation and focus. Differentiation strategy is a type of competitive strategy which involves on making your products or services different from and more attractive than those of your competitors: uniqueness; and focus strategy is a type of competitive strategy that emphasizes concentration on a specific regional market or buyer group's niche. Similarly, while the objective of this study was successfully accomplished, several areas remain unclear and require to be addressed by future research. For instance there is need to strengthen this study via a longitudinal study and compare the performance of different levels of businesses i.e. small enterprises, medium enterprises and large enterprises over a period of time since this study was conducted on a short span of time and establish whether there is any difference in performance of these businesses.

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Amalgamated Theory of Microfinance, Microcredit and Empowerment

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ABSTRACT

This study examined the application of microfinance, microcredit and empowerment variables in Microfinance Institutions (MFI) studies. The study also evaluated the application of microfinance theory, microcredit theory and empowerment theory to determine if a single theory unifies the concepts of microfinance, microcredit and empowerment. The paper used a systematic literature review methodology and analysed 56 articles to substantiate the theories and their related variables. The review showed that most studies used the terms microfinance and microcredit interchangeably. Moreover, the study exposed that scholars link microfinance and microcredit to various forms of empowerment. The assessment further revealed that there were scant studies that have assessed how microfinance and microcredit influenced all empowerment categories. Moreover, studies have not integrated microfinance, microcredit and empowerment into one theory. As a result, this study proposes a unified theory that incorporates microfinance, microcredit and empowerment concepts.

Keywords: *Microfinance theory, Microcredit theory, Empowerment theory, Microfinance Institutions*

INTRODUCTION

Microfinance and microcredit are essential tools for empowerment (Rahman, 2022; Al-Shami et al., 2018). However, there needs to be a theory integrating the three variables. A single theory combining the three concepts could expose the power of microfinance and microcredits on empowerment. Microfinance provides financial services such as; microinsurance, microcredit, microsavings and remittance to poor and excluded individuals. Microfinance also offers non-financial services such as; training, market linkages, health, wellness and social support (Awaworyi, 2014; Gupta & Sharma, 2021). Microcredit is a small loan targeted at poor rural and urban individuals who cannot access formal and regulated financial services (Gutiérrez-Nieto & Serrano-Cinca, 2019). Among microfinance services, microcredit is the most popular (Al-Shamiet al., 2021). Microfinance services empower women, youth, disabled people and the elderly (Kevcla & Magali, 2022). Empowerment theory describes the application of resources to improve an individual's livelihood. Hence, microfinance services empower the disadvantaged and excluded. Organisations that offer microfinance services are called microfinance institutions (MFIs). Savings organisations, construction societies, savings and credit cooperative societies/credit unions, Non-governmental organisations, insurance companies and commercial banks are examples of MFIs (Fouillet et al., 2013). The provision of small loans by MFIs is simple. It does not follow formal loan appraisal procedures such as assessing creditworthiness and collateral. Individual and group are the major MFI lending models. Group lending is more common among MFIs than individual lending (Said et al., 2019).

MFI studies focus on the different variables such as; the application of MFI services, livelihood, poverty, empowerment, performance, efficiency, sustainability, outreach and loan repayment (Gutiérrez-Nieto & Serrano-Cinca, 2019). Many scholars have revealed that MFIs influence poverty alleviation positively (Miled et al., 2015; Gupta & Sharma, 2021). Metrine (2019) revealed that microcredit enormously reduced poverty among self-help MFI group participants in Kisumu, Kenya. Kevela and Magali (2022) revealed that microcredit positively influenced female-headed households' economic, social-cultural and political empowerment in Njombe Region-Tanzania. Furthermore, Haldar and Stiglitz (2014) demonstrated that microfinance lending overcomes capital constraints for the poor in India. Mersland (2005) bared that access to microcredit improved livelihood of people with disabilities in developing countries. The microfinance scholars articulate that Muhammad Yunus is the one who established microfinance and the microcredit theory in 1983 (Haque, 2012). Microfinance theory suggests that giving the poor access to financial services promotes economic growth and reduces poverty. The microcredit theory asserts that providing a small loan to the poor improves their economic conditions. Microcredit theory promoted Muhammad Yunus to receive the Nobel Peace Prize in 2006(Agyemang et al., 2019). Haque (2012) argued that the development of the microcredit theory was manifested when Mohammad Yunus initiated the Grameen Bank, which provided financial services for the poor. The achievements of the Grameen Bank promoted the establishment of various microcredit programmes in Bangladesh and globally. From then on, microcredit programmes were recognised as essential tools for alleviating poverty. The use of group lending at Grameen Bank is regarded as the foundation of modern microfinance. Group lending is a prerequisite for the Grameen Bank. Grameen bank borrowers are divided into groups of 5–10 people. The Grameen Bank's group lending practice replaces the collateral and gathers borrowers of the same economic status, those living closer, but discourages individuals with blood ties. These conditions promote higher loan repayment rates (Haldar & Stiglitz, 2014). Scholars associate microfinance and microcredit theories with the role they play in improving livelihood, reducing poverty and empowering the poor and disadvantaged population. Microfinance theory elucidates the role of microfinance in assisting the poor and excluded. The poor, particularly in Third World countries, were previously denied access to formal financial services (Gutiérrez-Nieto & Serrano-Cinca, 2019).

Therefore, microfinance theory was initiated to overcome the challenges of capital inaccessibility and perpetual poverty for the poor in Third World countries (Khandakar & Danopoulos, 2004). The microfinance theory encourages the poor' access to capital for promoting productivity, income generation, the growth of microenterprises and the acquisition of assets (Awaworyi, 2014). Moreover, the theory explains how microfinance fosters investment and asset accumulation. The microfinance theory mitigates the effects of sickness, poor production and inaccessibility of social services (Lensink & Pham, 2008; Fouillet et al., 2013; Kevcla & Magali, 2022). Microcredit theory expresses how the poor benefit from microloans provided by MFIs. The microloans promote social performance, particularly the accessibility of education, clean water, health and women empowerment (Shakir et al., 2021). Microcredit theory delineates how local communities access funds for operating self-employment activities. The theory explains how the marginalised and the poor borrow small loans to support their livelihoods. Microcredit theory promotes collectivism and sustainable development (Yunus, 2007). Karlan and Zinman (2011) associate microcredit theory with small loans ranging from 100-500 United State Dollars given to businessmen and women to fight poverty. A loan also promotes entrepreneurship and the economy (Partal & Gönel, 2020). Though microfinance theory uses several MFI services to improve livelihoods, microcredit is considered a principle tool (Mader, 2016). This is why scholars claim the existence of the microcredit theory. Agyemang et al. (2019) confirmed the application of the microcredit theory to poultry keepers in Ghana. The study portrayed that small farmers preferred microcredits over large farmers. The findings further demonstrated that farmers' microsavings, level of schooling, experience in farming, knowledge of machinery, technology and gender (being female) positively influenced microcredit borrowing. Hence, the microcredit theory was better explained by smallholder farmers than by larger farmers. The study affirmed that microcredit theory is associated with providing a small loan to a poor population. Studies such as those by Mayoux (2005), Al-Shami et al. (2018), Amran and Mwasiaji (2019), Debnath et al. (2019), Singh (2021), Akter et al. (2021), Maganga (2021), Kevela and Magali (2022), Ali et al. (2022), Baskaran et al. (2022) and Rahman (2022) have used microfinance and microcredit theory to confirm the role of microfinance and microcredit on clients' empowerment and livelihood improvement. Nonetheless, the studies do not explicitly articulate the variables of microfinance and microcredit theories. Scholars only link the theory with the functions of microfinance and microcredit in fostering the production and availability of social services such as; assets, income, health, education and the empowerment of the disadvantaged groups.

Empowerment is the process by which an individual or group gains the power to influence events or outcomes (Foster-Fishman et al., 1998; Huis et al., 2017). Empowerment helps people gain essential skills for solving problems and making decisions. Empowerment occurs when individuals critically understand their environment and gain control of their resources and lives (Rappaport, 1987). Julian Rappaport established empowerment theory in 1984. According to Rappaport (1984), empowerment is associated with individual competencies, strengths, natural assistive systems and proactive actions to foster social or policy change. Rappaport (1984) viewed empowerment as a process in which communities, organisations and people control their lives. According to Foster-Fishman et al. (1998), empowerment is observed at the individual, organisational and community levels. At an individual level, empowerment is achieved through gaining resources, accessing efforts and understanding the sociopolitical environment. At the organisational level, empowerment is attained through organisational structures and processes that promote continuous improvements in achieving organisational goals. At the community level, empowerment is realised when collective efforts among community members promote life quality (Foster-Fishman et al., 1998). Empowerment theory identifies capabilities, explores environmental effects on social difficulties, provides opportunities and develops knowledge and skills. The theory articulates that activities, actions or structures enhance empowerment (Rappaport, 1984). The empowerment theory comprises both processes and outcomes (Zimmerman, 1995). Empowered outcomes describe the effects an individual, organisation or community must follow to be empowered. For the individual, the empowerment consequences may be reflected through applying skills gained, self-control and preemptive conduct. At the organisational level, empowerment may be realised through joining organisational networks, effectively acquiring resources and policy influence. At the community level, empowerment manifests through promoting diversity, coalitions and the accessibility of community resources (Zimmerman, 2000). Therefore, empowerment theory claims that empowerment is achieved when resources and opportunities are accessible. Also, when individuals participate in decision-making and when self-efficacy and a supportive social-physical environment are created. Moreover, empowerment is achieved when resources, training and education opportunities are provided and when an individual critical consciousness is enhanced (Turner & Maschi, 2015; Ranabahu & Tanima, 2022; Abebe & Kegne, 2023). MFI empowerment studies examine a wide range of variables, such as individuals, organizations, communities and broader aspects. Empowerment dimensions also include; economic, social, cultural, psychological, political, interpersonal and legal variables (Malhotra et al., 2002).

Some authors regard each variable as an independent theory. Therefore, the psychological empowerment theory is based on psychological aspects of empowerment, such as self-efficacy, self-esteem and control over one's life (Kratzer & Kato, 2013). The sociological theory of empowerment examines social and structural factors that contribute to empowerment, such as educational opportunities, availability of resources and access to opportunities (Ranabahu & Tanima, 2022). Empowering communities by building individuals' and groups' capacity is a key component of community empowerment theory (Huis et al., 2017). Organisational empowerment theory explains how organisations empower individuals by providing various opportunities (Abebe & Kegne, 2023). Economic empowerment theory describes how individuals and communities access livelihood improvement opportunities such as training, employment and financial services (Rahman, 2022). Mayoux (2005) developed feminist empowerment theory to explain how empowerment should consider gender differences. Scholars use feminist empowerment theory to address gender inequality and foster women's empowerment. According to the theory, women must have the tools and resources to overcome unequal power dynamics. The feminist empowerment theory promotes women's self-esteem, confidence, assertiveness, education, training and economic opportunities for women (Turner & Maschi, 2015). Some scholars call the empowerment theory women's empowerment theory

(Grabe, 2012). This is because women are more targeted for empowerment than other disadvantaged groups. Huis et al. (2017) classified empowerment into three stages: micro, middle and macro contexts. The first context occurs when actions and beliefs foster individual empowerment. At the middle level, the interpretation of individual actions and beliefs by others is essential for empowerment to occur. Moreover, to attain a macro level of empowerment, society must interpret individuals' beliefs and actions (Huis et al., 2017). Ideally, all three levels should be practiced to promote the empowerment of any group in the community. The lack of empirical testing of the empowerment constructs has restricted adequate understanding of the theory (Zimmerman et al., 1992). This study assessed the application of microfinance, microcredit and empowerment variables in MFI studies. Moreover, the studies assessed the application of microfinance theory, microcredit theory and empowerment theory to ascertain if there is a single theory that integrates the concepts of microfinance, microcredit and empowerment.

Methods

A systematic literature review was applied to extract articles from databases. The systematic literature review (SLR) identifies, selects and critically appraises studies to answer a formulated question (Rudnicka & Owen, 2012). The articles were retrieved from Google Scholar, Taylor & Francis, Emerald and Sage Publishers to address the research objectives. Google Scholar contains many articles and sometimes other databases confirm articles retrieved from Google Scholar (Gutiérrez-Nieto & Serrano-Cinca, 2019). The Sage database was used because it consistently publishes microfinance articles (Gupta & Sharma, 2021). Taylor and Francis and Emerald are reputable publishers that publish detailed articles (Levinson & Amar, 1999). The search process consisted of three phases. In the first phase, the researcher typed "Microfinance theory," "microcredit theory," "empowerment theory," "microfinance and empowerment theory," "empowerment theory" and "microfinance institutions" in each database. Initial searches for microfinance, microcredit and empowerment theories yielded 1,370 results in Google Scholar, 46 in Emerald, 25 in Taylor and Francis and 12 in Sage publishers. During the second search process, the researcher excluded essays, books, duplicate articles, theses, dissertations, reports and articles written in languages other than English. In the second step, 125 results were gathered from Google Scholar, 25 from Emerald, 16 from Taylor & Francis and 7 from Sage databases. Finally, only articles that included microfinance theory, microcredit theory, empowerment theory, or combinations of these theories were selected for review. The final screening yielded 53 articles from Google Scholar, 2 from Emerald and 1 from Taylor and Francis. Sage's database did not contain any articles that met the inclusion criteria. This technique was also applied by Pham et al. (2022). Therefore, the study analysed 56 articles. Based on Gupta and Sharma (2021), only articles published in English from the finance, humanities, development, economics, and social science fields were taken for the final review. The study also consulted only rigorous, peer-reviewed articles that contained microfinance, microcredit and empowerment theories. A manual search process and content analysis were applied to classify the variables of microfinance, microcredits and empowerment theories into themes. The themes of the study were the application of microfinance, microcredit and empowerment variables in MFI studies and the application of microfinance theory, microcredit theory and empowerment theory in MFI studies.

Results and Discussion

The study assessed the application of microfinance, microcredit and empowerment variables to ascertain if there was a single theory that integrates the concepts of microfinance, microcredit and empowerment.

Application of Microfinance, Microcredit and Empowerment Variables in MFI Studies

Most microfinance studies delineate the role of microfinance in empowerment. The studies contextualise empowerment at personal, community and broader levels. Likewise, interpersonal, economic, social-cultural, psychological, political and legal aspects are used to categorize empowerment dimensions (Malhotra et al., 2002). Most scholars have assessed the role of microcredit and microfinance on social and economic empowerment variables. For instance, Rahman (2022), Al-Shami et al. (2018) and Li et al. (2011) showed that microcredits promoted economic empowerment, particularly income increases in Bangladesh, Malaysia and China. Scholars further uncover that microcredit promoted social empowerment in decision-making, mobility, self-efficacy, self-esteem, autonomy and violence reduction in China, Ghana and Bangladesh (Li et al., 2011; Norwood, 2014; Debnath et al., 2019; Rahman, 2022). The review of the literature exposes that scanty studies have assessed the role of microcredits and microfinance on interpersonal, political and legal empowerment (Ali et al., 2022; Debnath et al., 2019; Kevela & Magali, 2022). Scholars assert that microcredit has played an eminent role in empowering the disadvantaged group of the population. Disadvantaged groups comprise of women, youth, elders and people with disabilities. Even so, the studies concentrate more on women's empowerment. Ilavbarhe and Izekor (2022) revealed that microcredit increased women’s savings and income in Nigeria. Al-Shami et al. (2018) found out that microcredit increased women’s monthly income and households’ expenditure in Malaysia. It also fostered household mobility and decision-making. Norwood

(2014) articulated that microcredits in Ghana fostered autonomy for women with high levels of education, small wealth and long borrowing experience. The findings further revealed that long borrowing experiences and a small number of children reduced the violence and promoted reproductive control for women borrowers. In Bangladesh, microcredit promoted legal awareness and decision-making for women (Debnath et al., 2019). Rahman (2022) revealed that microcredit activities in rural Bangladesh improved women's income, decision-making and reduced domestic violence. Li et al. (2011) confirmed that microcredit had positive and significant influence on economic, social and legal empowerment in China. Ali et al. (2022) reported that microfinance empowered women economically, socially and interpersonally in Djibouti. Baskaran et al. (2022) established that microfinance promoted clients' education, children marriage, investment, savings and the power for making decisions in Myanmar. Akter et al. (2021) revealed that MFIs promoted economic decision-making, household dynamism, mobility, property ownership, social and political awareness for women in Bangladesh. Rehman et al. (2020) revealed that women microfinance clients in Pakistan improved their purchase decisions. Chale and Medard (2020) uncovered that community banks empowered women economically in Tanzania. Lubis (2020) linked psychological empowerment theory and the role of youth locus of control to explain their financial conduct.

The study disclosed that youth with an internal locus controlled their behaviour well than those with an external locus. However, the study linked psychological empowerment theory with locus of control and not with empowerment variables. Moreover, this was a non-microfinance study. Some studies deny the role of microfinance and microcredit in enhancing empowerment. Basumatary et al. (2022) found out that the microcredit programme did not empower women in India. The empowerment was measured by time used for wages and non-market activities. Al-Shami et al. (2021) portrayed that although microcredit fostered entrepreneurship and income generation, it did not promote decision-making in Arabian countries such as; Yemen because of the patriarchal system's dominance. Busingye and Kazooba (2018) exposed microcredit influenced insignificantly income and domestic purchases for Ugandan MFI clients. Awaworyi (2014), through a meta-analysis, found out that neither MFIs promoted the growth of microenterprises nor poverty alleviation. Nonetheless, the study found positive and weak influences of MFIs on asset acquisition. Parwez and Patel (2022), through a systematic review, argued that even though microfinance has not completely empowered women; there is some positive evidence that manifests in its potential. The literature indicates that microfinance or microcredit may not necessarily promote all categories of empowerment.

However, no study examined all of the variables of empowerment in a single study. Scholars such as Agyemang et al. (2020) named microfinance institutions as microcredit institutions. It should be noticed that microcredit institutions do not offer only microcredit but other services such as; savings, microinsurance and remittance. The microfinance also offers to non-financial services including training, market linkages, health, wellness and social support. Therefore, most authors use the terms "microfinance” and "microcredits” interchangeably. Hence, sometimes microfinance scholars regard microcredit and microfinance services as microcredit theory and microfinance theory respectively. However, most scholars concentrate more on the role of microcredits in empowerment, livelihood and poverty reduction than on the role of other microfinance services. The study concludes that microfinance theory covers microcredit theory because microcredit is part of microfinance. Scholars are indifferent when ascertaining the role of microfinance and microcredit on empowerment. The majority of the scholars (such as Debnath et al. (2019), Rehman et al. (2020), Rapando et al. (2021), Ali et al. (2022), Rahman (2022), Ilavbarhe and Izekor (2022) agree that microfinance and microcredit have promoted empowerment. However, some scholars such as; Awaworyi (2014), Busingye and Kazooba, (2018), Al-Shami et al. (2021), Basumatary et al., (2022), Parwez and Patel (2022) have reported a negative influence of microfinance and microcredit on livelihood improvement or empowerment This study revealed that no study has included all variables of empowerment in one study. Hence, the study perceives that introducing microfinance or microcredit is associated with at least one type of empowerment, if not all.

Application of Microfinance theory, Microcredit theory and Empowerment Theory in MFI Studies

Scholars who use the concept of microfinance claim to use the microfinance theory, while the microcredit theory is applied when the concept of microcredit is used. The findings from the literature disclose that there are needs to be a clearly stated theory of microfinance or microcredit. However, most scholars regard microfinance or microcredit as a theory when they explain how microfinance services reduce poverty, improve livelihood or empower the disadvantaged. Microcredit theory assumes that microcredit has a positive livelihood or empowerment impact on the poor and disadvantaged communities in the population. Microfinance theory expresses how the services offered by microfinance are used mostly to improve livelihood, empower clients and reduce poverty. Microfinance scholars use the empowerment theory to assess how microfinance services are used as resources to promote client empowerment. Therefore, microfinance scholars link microfinance services and empowerment variables. Omondi and Jagongo

(2018) assessed the role of financial services on the performance of youth SMEs in Kenya. The study revealed that microcredits, savings and financial skills training promoted positive performance of youth Small and Medium Enterprises (SMEs). The study proclaimed to use the women's empowerment theory. However, the study concentrated on the role of MFI on performance and not empowerment. Similarly, Rapando et al. (2021) assessed how Bunge Savings and Credit Cooperative Societies economically empowered youth. The findings disclosed that only microcredit promoted youth empowerment. The authors contended using the empowerment theory, even though it concentrated only on the economic empowerment variable. Hameed (2019) asserted that women's vulnerability restrained the MFI clients in Pakistan to realize the Mayoux’s feminist empowerment theory. However, the study concentrated on the vulnerable factors that discourage the empowerment of women. The study assessed how economic, environmental, political and health-vulnerable factors moderated microfinance institutions and women-empowerment. Therefore, the concentration was on vulnerability and not the role of MFIs in women's empowerment. Bharti (2021) asserted that cooperative MFIs are the sources of denied resource access and power gaining and hence are essential components of the empowerment theory. However, only the economic empowerment variable was covered and the linkage between microfinance and empowerment theory was unclear.

Omeje et al. (2021) linked the empowerment theory with Nigeria's youth empowerment and entrepreneurship growth. The study argued that entrepreneurship development programmes helped to develop skills, acquire assets and motivate youths, thereby empowering them. Again, this is among many studies that applied the empowerment theory beyond the scope of microfinance. Ranabahu and Tanima (2022) asserted that though MFIs services promote entrepreneurship and empowerment, they are sometimes sources of exclusion and discrimination for women. Full empowerment is not achieved in this case because MFI services lead to segregation. The study claimed to use microfinance theory, although the theory's variables were not explicitly articulated. Mayoux (2005) linked savings and microcredits with women's economic, social and political empowerment. This is widely known as Mayoux’s feminist empowerment theory. The study considered gender equality as a vital variable that promoted women's empowerment through microfinance. However, the theory did not cover interpersonal and legal variables. Moreover, the study focused more on the role of microfinance in eliminating gender inequality and did not confirm the variables of the empowerment theory. Using Mayoux's feminist theory of empowerment, Akula and Singh (2021) suggested that MFI credit, insurance and savings services promoted entrepreneurship and women's empowerment during the COVID-19 pandemic. Nevertheless, the study focused only on how microfinance promoted decision-making; other empowerment variables were not captured. Many microfinance studies integrate either microcredit or microfinance variables with empowerment variables. However, the studies usually use either microfinance theory, microcredit theory or empowerment theory. In this case, they fail to link well the role of microfinance or microcredit on empowerment. Kevela and Magali (2022) noted this problem and claimed to use microcredit empowerment theory to assess the role of microcredits on the economic, social- cultural and political empowerment of female headed households in Tanzania. Despite the study's claim to use the microcredit empowerment theory, the statement of theory and its variables were not stipulated. The study interprets this as a microfinance scholars' attempt to propose an integrated theory of microfinance, microcredit and empowerment. Many MFI scholars who link microfinance, microcredit and empowerment theory, they do not expose explicitly the variables of the theories. For instance, Amran and Mwasiaji (2019) demonstrated that the accessibility of financial services and knowledge promoted small-scale enterprises' performance in Kenya. The study claimed to apply the women's empowerment theory to examine how financial services empowered women.

The women's empowerment theory was linked to interest rates, financial self-sustainability, financial services and poverty alleviation. The role of MFIs in promoting gender equality and human rights for women was regarded as a vital aspect of feminist empowerment theory. Despite the study using the empowerment theory, to link the microfinance services and performance of women-owned SMEs, it did not explicitly depict the variables of the empowerment theory. Maganga (2021), using an empowerment theory, found out that village savings and loan associations (VSLAs) increased the economic and social welfare of women clients in Malawi. However, nothing was reported on the role of empowerment theory in the livelihood improvement of the women MFI clients. This is one of the many studies that linked microfinance and microcredit theory with empowerment theory without recognizing them. The literature review shows that, despite many microfinance and microcredit studies that have applied the empowerment variables, not all studies have stipulated whether they have applied the empowerment theory. Moreover, the analysis revealed that some MFI studies (such as Drolet, 2011; Omeje et al., 2020; Ilavbarhe & Izekor, 2022) have used empowerment variables, while others have not (such as Haldar & Stiglitz, 2014; Amran & Mwasiaji, 2019; Ranabahu & Tanima, 2022). Moreover, scholars have unveiled that the MFIs have promoted livelihood improvements in income, expenditure, savings, asset acquisition, investment, production, education, health services and housing for their clients. Most studies consider women's empowerment, while few targets other disadvantaged groups, such as youth or physically challenged people. Since no study has applied all the empowerment variables, the study concludes that it is impossible to introduce microfinance or microcredit without realizing any empowerment for MFI clients. The literature exposes that MFI empowerment studies cover diverse variables classified into individual, organisational, community and broader levels. The variables are also categorized into economic, social-cultural, psychological, political, interpersonal and legal dimensions. However, the analysis reveals that despite many studies concentrating on economic and social empowerment, none have applied all empowerment variables. Furthermore, the study reveals that microfinance studies that assessed the role of microfinance and microcredit on empowerment or livelihood improvement have applied both microfinance and empowerment theory, though they have not stated so. The analysis reveals that none of the studies have provided the assertion of the microfinance-microcredit-empowerment theory. Therefore, this study proposes the assertion of the microfinance-microcredit-empowerment theory, which is written as follows:

"*Offering microfinance or microcredit services to the poor or disadvantaged group of the population is associated with a particular type of empowerment. It can be on an individual, organisational, community or broader level. Empowerment may also be classified into economic, social-cultural, psychological, political, interpersonal and legal contexts*".

The analysis reveals that microcredit or microfinance services are the resources to foster empowerment. Nonetheless, it is inadequate for microfinance theory or microcredit theory to explain the influence of microfinance or microcredit on clients' livelihood improvement or empowerment without integrating it with empowerment theory. Therefore, this study proposed the amalgamated microfinance-microcredit-empowerment theory to embrace the variables of microfinance, microcredit and empowerment.

Conclusion

The findings exposed that most scholars demonstrated various types of empowerment brought about by microcredit and microfinance. The study further found out the positive and negative impacts brought by microfinance. However, the review indicated that no studies have assessed all types of empowerment variables, and no theory has integrated the concepts of microcredit, microfinance and empowerment. The literature review also demonstrated that microcredit/microfinance promotes at least one category of empowerment if not all. For instance, it can promote social empowerment but not economic or other empowerment categories. Therefore, the study proposed a single amalgamated theory that explains the role of microfinance and microcredit on empowerment: "Microfinance-Microcredit-Empowerment Theory." The contribution of this study was based on a theoretical perspective. Mainly, the study contributed to microfinance theory, microcredit theory and empowerment theory by suggesting a single theory that embraces microfinance, microcredit and empowerment concepts. The study guides scholars in the microfinance field to apply one theory that integrates the concepts of microfinance, microcredit and empowerment. Most of the previous microfinance scholars had independently applied microfinance theory, micro credit theory or empowerment theory, which made them unable to capture the three concepts explicitly. The major study's limitation was based on using the systematic literature review approach. Through this methodology, relevant articles might have been skipped.

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Differences in the Intention of Customers to Switch Commercial Banks in Dar es Salaam: A Case of Tanzania Postal Bank and National Bank of Commerce

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ABSTRACT
The purpose of this study was to identify whether commercial banks customers in Tanzania had the intentions of switching banks services and examine the differences in their intentions to switch banks. The study sample included; customers banking with Tanzania Postal Bank Plc and those banking with the National Bank of Commerce in Dar es Salaam Region. Data was collected using self-administered questionnaires. Multistage sampling was employed to generate 188 respondents for the study. Descriptive statistics and an independent t-test were used to analyze the collected information. The results demonstrated that half of all the TPB Bank customers had higher intentions of switching banks than NBC customers. Additionally, the results also found out no significant differences in the intention to switch banks among commercial bank customers. This implied that bankers need to ensure that they deliver the desired services to their customers to reduce the intentions of the switchers because this would have an impact on the actual switching behaviour.

Keywords: *bank services, customer switching behaviour, commercial banks services, Tanzania*

INTRODUCTION

It is acknowledged that customer switching behaviour in the banking industry is a universal phenomenon across the globe. Thorsten *et al.* (2021) indicated that one-quarter of banking customers are planning to switch banks. In Europe, 25% of people had switched banks every three to five years (Norrestad, 2021). Statistics in different countries indicates that customer switching behaviour in the banking sector is increasing day after day. For example, over 700 thousand customers in the UK have shifted from one bank to another in 2020 (Statista, 2021). In Australia, over 2.8 million customers have shifted from one bank to another in 2019 (Australia Banking Association, 2021). In the USA, over 49% of the total banking customers have switched their banking services from one service provider to another (Marketing Charts Online News, 2021). In the context of Africa, issues of customer switching behaviour in the banking sector have been reported. For example, 83% of South African bank customers have switched their banking services from their primary banks to others (BSG, 2017). Similar issues were also reported in Zimbabwe, whereby an average of 9% per cent of bank customers intended to switch banks.

The situation got worse in 2017 when customers switching intentions rose to 11% and rose to 21% in 2018 (Munatsi & Zhuwau, 2019). In the context of Tanzania, banking has also been facing issues of customer switching behaviours. Factors such as interest rate on loans, cost of bank transactions and unfair charges were reported to be among the significant factors influencing switching behaviour in commercial banks in the country (Nzowa *et al.,* 2020). The tendency of customers to switch banks is linked with the introduction of reforms in the financial sector in the 1990s. The reform has caused the flourishing of financial institutions where commercial banks constituted the largest proportion of all banks in Tanzania (Ally, 2013). As a result, Tanzania has started to witness an increasing number of commercial banks. In 2019, about 39 fully licensed commercial banks in Tanzania were launched (BOT, 2019). The banking industry in the country comprises of both local and international banks operating under high competition. This competition has offered opportunities for customers to switch between banks searching for the best services. According to Tanzania Postal Bank (TPB), Strategic Plan of 2020, TPB experienced an increasing in the number of customers to 1,251,573 by the end of 2020 from 1,186,333 in 2017. The increase was a result of customers shifting from other commercial banks. A similar trend was also seen in NBC, whereby by the end of 2020 the bank had 1,246,296 from 1,130,122 reported in 2018 (NBC Annual Report, 2020). In commercial banks, customer switching behaviour is one of the serious problems. The tendency of customers to move from one commercial bank to the other comes with a cost (Msoka & Msoka, 2014). The costs include loss of customers & sales (Aurier & Mejia, 2017), reduced market share, impaired profitability, and increasing operational costs (Bansal & Taylor, 2002). Losing customers also affects future earnings (Sathish *et al.*, 2011). It adds five times more cost to the organization to acquire a new customer than to retain the existing ones (Mittal & Lassar, 1988). New customers require a grace period to become profitable (Athanassopoulos *et al.*, 2011). Also, when customers switch from one bank to another, they tend to communicate negatively about their former service providers (Keaveney, 1995). Hence, understanding the factors affecting customer switching behaviour is important for the banking sector to stay competitive since switching behaviour has become a serious problem in the marketing of services (Vyas & Raitani, 2014). Due to the complex nature of this problem, several studies have been done to examine factors influencing banking customers from shifting between banks. The findings from those studies indicated that reputation, competition, effective advertising and distance were the key factors influencing customers from shifting banks (Clemes *et al.*, 2010; Bugyei, 2019).

Other factors reported included interest rates & quality (Pirzada *et al.*, 2014), satisfaction, trust, commitment, core service preferences (Kaur *et al.*, 2014), bank costs, bank products & customer participation (Anton, 2018), compliance with shariah, price and service failure (Rama, 2017; Siswanto *et al.*, 2020), financial sustainability (Sharmin, 2017), customer confidence, awareness (Riptiono *et al.*, 2020), price and services offered by banks also influenced customers from switching banks (Zakiy, 2019). On top of that, financial literacy and faith to use the internet were reported to be the crucial factors influencing customers to switch banks (Callari *et al.*, 2018), lower banking fees (Antoni *et al.*, 2018), attractiveness, the convenience of bank location and inability to respond to system failure (Nyarko, 2015) were also reported to be key determinants of customer switching behaviour in the banking sector. Most existing studies have not been conducted in Tanzania despite extensive research work, making the analysis relevant. Those done in Tanzania employed qualitative techniques in the analysis (Murungu, 2013), while others employed Man-Whitney to analyze focused customer satisfaction with banking services using a case of Cooperative and Rural Development Bank (Mkoma, 2014). All of these studies did not address differences in the intention of customers to switch banks. Studies that addressed the differences in the intention of customers to switch banks are limited. One among those studies include a work by Farah (2017b), which was done to reveal differences between British and Spanish consumers on the merger between banks in Scotland. Subramaniam and Ramchandran (2012) examined differences in switching behaviour among Malaysia's three largest ethnic group customers. While, Asnawi and Safitri (2020) examined customer switching behaviour in Malaysian banks, taking into account customer differences in gender and education. Therefore, knowledge regarding differences in customers' intentions to switch banks in Tanzania is needed to bridge the knowledge gap. The foundation of this study was guided by the theory of planned behaviour (TPB). Although TPB has been used by Olsson and Gall (2012) and Chukwuemeka and Godswill (2017), and Farah (2017a) in addressing banking customers switching behaviours, none of those studies had examined differences in the intentions of commercial bank customers from switching commercial banks. Therefore, this study will bridge this knowledge gap. This study is very important because currently, Tanzania has 39 fully-fledged commercial banks (BOT, 2019). Since the investment process has been simplified, there is a possibility of more commercial banks being introduced in the country. Therefore, a study on the intention of customers to switch banks is very important because customer switching behaviour is likely to occur when the intention to switch is high (Farah, 2017a).

Therefore, TPB and NBC need to make sure that they satisfy their customers to control the actual switching behaviour. According to Gerrard and Cunningham (2004), if a customer is not satisfied with the bank services, s/he will switch to get the desired service. Customer switching behaviour is a very serious problem to banks because it affects the ability of banks to retain their customers which lead to a loss of revenue (Keramati *et al.*, 2010), market share & profit margin (Yi & Gong, 2013) and ads cost of attracting new customers (Lai & Zeng, 2014). Therefore, if customer switching intention is managed then banks will not incur the cost of attracting new customers. Also, an understanding of the differences in the intention to switch banks will help banks to predict future financial losses or gains from one bank to another. Therefore, the study's findings may help commercial banks develop strategies to retain potential customers and reduce those with the intention of switching banks. Policymakers can use the findings to develop friendly investment policies & regulations to attract more investors in the financial institutions that offer the desired quality services to customers as this would help banks to reduce the intention of customers to switch service providers. This study also intended to add knowledge on customer switching behaviour in the banking sector since there were limited studies in Tanzania.

Theoretical Literature Review

The Theory of Planned Behaviour (TPB)

TPB is an extension of the Theory of Reasoned Action (TRA). Ajzen developed this theory in 1991 to predict one's behaviour. It states that individuals’ behaviours' are explained by one behavioural intention. The behavioural intention is explained jointly by individual attitude toward behaviour (favourable or unfavourable), subjective norms (beliefs or perception of social pressures to perform or not to perform the behaviour) and perceived behaviour control (the perceived difficulty or ease of performing the behaviour). TPB has been criticized because it assumes that one's attitude is partially influencing behavioural intention. Furthermore, TPB main focus is on rational reasoning; however, it ignores the role played by an individual's sub consciousness and feelings (Sniehotta *et al.,* 2014). It also ignores other important factors such as unconscious motives as well as spontaneous moments. TPB also ignores the role played by an individual's motivation and past behaviour (Lam & Hsu, 2004) in explaining the actual behaviour. Also, factors such as lack of behavioural resources and limited opportunities may affect ones' attitude; hence, individual behaviour may be affected. Despite these criticisms, this theory has been extensively used by Olsson and Gall (2012), Chukwuemeka and Godswill (2017) and Farah (2017a) to predict customers switching behaviour in the banking sector, although, its applicability on assessing intentions of customers to switch banks has been limited.

This theory is relevant because the foundation of understanding ones' intention can be traced back to TPB. One of the key variables in TPB is the intention to perform a certain behaviour (Ajzen, 1991). In the context of this study, it is predicted that customers intention to switch banks might be different because of the differences in the way they perceive the quality of services, or due to the way the bank performs. The proposed framework for the study may not utilize all the variables in TPB but it is intending to reveal whether there are significant differences in the intention of customers to switch banks. Assessment of this study becomes valid since most of the existing customer switching studies in the banking sector have focused on identifying factors influencing customer switching behaviour (Marungu, 2013; Vlas & Raitani 2013; Kaur *et al.,* 2014; Mahapatra & Kumar (2017); Al Ghammari & Ahmed, 2017; Ceesay, 2017; Chukwuemeka & Godswill, 2017; Agarwal, 2019). Very few studies have addressed differences in the intention of switching banks in countries such as Malaysia (Subramaniam & Ramachandran, 2012) Asnawi & Safitri, 2020) or in Scotland (Farah, 2017b). A study that examines the subject matter in the context of Tanzania is lacking.

Empirical Literature

Customer switching behaviour is one of the serious issues of concern to service providers (Vyas & Raitani, 2014). Customers do switch service providers for reasons such as; pricing, inconvenience, core failures, personal reactions to service failures, service encounter failures, competitor attractiveness, personal reactions to service failures, ethical problems and spontaneous switching (Keaveney, 1995). Financial institutions are the one of the sectors that have been affected by customer switching tendencies. As a result, financial institutions are continuously bearing the burden of losing customers. Studies have indicated that nowadays customers are not willing to stay with a bank that does not satisfy their needs, they are more likely to switch to those that satisfies their desires (Gerrard & Cunningham, 2004). Furthermore, technological changes have offered power for customers to be knowledgeable regarding banking services, thereby easing the switching process (Clemes *et al.*, 2010). The changes have equipped customers about competitors offerings, risks associated with switching and advantages associated with moving from one financial institution to the other (Laksamana *et al.*, 2013). Due to complex nature of customer switching behaviour, several studies have been done in that area. The overall findings have indicated that quality of service (Mkoma, 2014; Chukwuemeka & Godswill, 2017), price, reputation, advertising (Agarwal, 2019), interest rates (Pirzada *et al.*, 2014), communication (Mahapatra & Kumar, 2017), competition, customer commitment & involvement (Vlas & Raitani, 2014) and bank distance (Marungu, 2013) were among the key factors explaining customer switching behaviour in the banking sector.

This implies that bankers need to be aware that customers are not homogeneous; they put value on different things. Therefore, maintaining reputation or offering competitive rates alone may not control the switching behaviour in the banking sector. Assessment of customers' intention to switch banks can offer important information to bankers so that they can develop proper strategies to control it before the actual switching behaviour happens. In the banking sector, issues of customer intentions have been covered by Kaur, Sharma and Mahajan (2014), Abdullah et al., (2016), Al Ghammari and Ahmed (2017), Thaichon et al. (2017) and Ceesay (2017). In their studies, it was found out that satisfaction; trust, commitment and core service preference were significant predictors of customers' intention to switch banks (Kaur *et al.*, 2014). Other factors such as; customer service, service failure response, advertisement, credibility & customer value (Thaichon *et al.*, 2017), quality of services, celebrity endorsement, corporate image, and satisfaction (Ceesay, 2017) were also reported to be crucial in predicting customer intention to switch banks. The finding implies that the factors influencing customer intention and those influencing the actual switching behaviour are the same. Therefore, bankers need to make sure that they are controlling those with high switching intention by providing services that meet their expectation, because dissatisfied customers are more likely to switch service providers (Sharma & Adlakha, 2017). In Islamic banking, customers were found to behave quite differently compared to those in other banks. More than half of the customers had no intention to switch banks (Al Ghammari & Ahmed, 2017) even if the banks offer returns to depositors (Abdullah *et al.,* 2016). The finding sends a message to the banking sector that there are loyal customers out there but retaining them can be possible if the banks continue to offer what they promised without compromising the quality of services. Therefore, continuous assessment on intention to switch banks become valid. Since intention to commit a certain behaviour differs among individuals, several studies have managed to examine differences in customer switching behaviour in the banking sector. Some of the studies have tried to determine whether the switching behavoir can be explained by the demographic factors. The literature confirms that gender and education had significant impact in explaining differences in customer switching behaviour (Asnawi & Safitri, 2020). On top of that culture was reported to play an important role in explaining customer switching behaviour. For example, individualistic customers are more likely to switch banks than collectivist customers (Farah, 2017b).

In the same vein, Subramaniam and Ramachandran (2012) examined differences in the switching behaviour among the three largest ethnic groups in Malaysia. Differences in their switching behaviours were explained by price and reputation while other factors such as service quality, involuntary actions, distance, cost were not significant predictors. This implies that there are differences in their switching behaviour among bank customers. This can be better expained by their demographic profiles. Such information can be used to segment bank customers. Therefore, the decision to introduce bank close to the customers' location may not control customers decision to switch service providers, but the switching behaviour may be accelerated as a result of ones' cultural values. Despite the existing researches on differences in the switching behaviour among banking customers, those studies focused on the actual switching behaviour and not the intention to switch banks. The existing studies were based in Malaysia (e.g., Subramaniam & Ramachandran (2012; Asnawi & Safitri, 2020). Studies that examined differences in the intention to switch banks in Tanzania are missing. Therefore, this study intends to shed light on the subject matter as this will bridge the existing knowledge gap.

Methodology

The positivist philosophical underpinning guided this study. The target population for this study was all customers of TPB and NBC. NBC Bank Ltd had 1,246,296 customers by December 2020 (NBC Annual Report, 2020). TPB bank Strategic Plan of 2020 indicated that TPB bank Plc had 1,251,573 customers as of December 2020. Therefore, the total population for the study was 2,497,869 customers. In the contest of this study, a customer is an individual pursuing banking service with TPB bank Plc or NBC. The two banks were selected because the data from their banks indicated that they experienced more customer switching behaviour compared to other banks. TPB Plc was selected because it was one of the oldest banks as it was started in 1925 as Tanganyika Post Office. Also, the bank had 48 fully-fledged branches and 36 mini branches all over Tanzania. It dealt with loan products, cash collections for other banks such as; Citi Bank, Standard Chartered & Higher learning Student Board (HELSB), offered money transfer services, had partnership with M-Pesa, Airtel Money, Tigo Pesa, Ezy Pesa and Halotel money. It also dealt with international money transfers via western union (The Citizen, 2021). NBC was also selected because it was one of the banks in the country with five decades of experience. The bank had 51 branches and over 250 ATMs across the country. It offerred retail, business, and corporate and investment banking services (National Bank of Commerce, nd). However, the focus of this study was the number of customers in a selected commercial bank and not the number of bank accounts one had.

The study was conducted in Dar es Salaam city; hence customers found in commercial banks (TPB and NBC) in Temeke, Ilala and Kinondoni Municipalities were involved in the study to generate true sample representative. Dar es Salaam was selected because there were 39 licensed commercial banks (BOT, 2019) and the head offices for the selected banks were located in Dar es Salaam, hence it was easy to get as many respondents as possible. Dar es Salaam was also the fastest growing city and largest commercial hub of Tanzania (Jonathan, 2019), thus the cash inflow in the city was estimated to be high so was the number of customers performing banking services in the commercial banks. A total of 188 respondents (92 from TPB & 96 from NBC) were approached randomly in the selected banks and asked to participate in the study. The reason why 188 respondents were selected was based on the fact that a t-test could be performed even with a small sample, i.e. $n \leq 30$ (Bedre, 2021). Also, the Shapiro Wilk Test was appropriate when the sample size was <50 (Mishra *et al.*, 2019); hence a selected sample size was appropriate for the study. Before the analysis, the assumption of outliers was performed using Skewness and Kurtosis test. The results indicated that all values were within the recommended range of ±2.5, as Hair *et al.* (2014) indicated. Shapiro-Wilks Test was performed to see if the data followed a normal distribution. Bedre (2021) reports that the t-test is robust to the assumption of normality and homogeneity of variance when the sample size is large (i.e., $n=\geq 30$). The multistage sampling design was adopted to generate the required sample for the study. Multistage sampling technique has been used in banking studies. For example, Abduh (2014) employed it to assess the withdrawal behaviour of Malaysian Islamic Bank customers, Maiyak (2011) used it to determine banks' selection and preference in Nigerian retail banking while Namahoot and Laohavichien (2018) used it to examine the intentions to use internet banking. Therefore, this justified why such a technique was adopted in this study. In the process of obtaining the sample, first, the stratified sampling design was undertaken. The sample was divided into two groups (NBC and TPB). Secondly, simple random sampling was used to select samples from the three locations (Ilala, Temeke and Kinondoni). This technique was employed to avoid creating bias, and all the respondents had an equal chance of being picked. Data for the study were collected using a closed-ended questionnaire. Survey had three main sections whereby the first part was covered by the demographic characteristics of the respondents. This section had two questions. Part two covered information related to customer switching behaviour. This part had also one question and the last part was covered by questions related to customer switching intention. This part had two questions.

Measurement of Variables

Customer switching intentions were measured using items such as "my likelihood of moving to another bank has always been pre-occupied my thinking", "I intend to switch from this bank few years to come" using a 7 point Likert scale ranging from 1(Extremely unlikely to 7(Extremely likely). The scale was borrowed from Anton *et al.*, (2007) and Murad (2011). Furthermore, customers were also asked whether they had shifted from banks before.

Results

Results from descriptive statistics indicated that 54.3% of the total respondents at TPB bank were males while 45.7% were females. On similar lines, 75% of the total respondents at NBC bank were males, while 25% were females. Furthermore, 33.7% of the total respondents at TPB bank had O-level and A-level education, while 4.2% of the total respondents at NBC bank had O- level and A-level education. The findings also reported that 10.9% of the total respondents at TPB bank had certificate education while 6.3% of the respondents at NBC bank had certificate education. It was also reported that 54.4% and 89.7% of the total respondents had diplomas, bachelor and masters degrees at TPB bank and NBC bank, respectively. Table 1 summarizes the respondent's profiles in both banks.

Table 1: Demographic characteristics of respondents

Bank	TPB (f)	TPB (%)	NBC (f)	NBC (%)
Gender:				
Male	50	54.3	72	75.0
Female	42	45.7	24	25.0
Education:				
O-level	18	19.6	2	2.1
A-level	13	14.1	2	2.1
Certificate	10	10.9	6	6.3
Diploma	14	15.2	26	27.1
Bachelor	32	34.8	54	56.3
Masters	5	5.4	6	6.3

Reliability and Validity

Statistical Package for Social Science (SPSS) Version 23 was used to help the analysis. Internal consistency was tested using Cronbach alpha values. The results indicated that the items were reliable since the Cronbach alpha was above 0.7, as Nunally (1978) suggested. Before the actual data collection, the survey tool was piloted to 15 commercial bank customers to ensure that the items were reliable. The tool was amended to ensure that there was no missing or incomplete information. Content validity was ensured since customer switching behaviour items were borrowed from Anton *et al.*, (2007) and Murad (2011), making the items valid. Convergent validity was examined using AVE. The results indicated that the AVE value exceeded 0.50, as Fornell and Lacker (1991) recommended. Table 2 presents validity and reliability results.

Table 3: Validity and Reliability Results

	AVE	Cronbach alpha	N
Customer Switching intentions	0.643	0.782	2

In this study, respondents were asked whether they had switched banks, and the result revealed that 66.3% of the total respondents at TPB bank had, at one time or the other shifted from one bank to another. Similar findings were indicated whereby 61.5% of the respondents from NBC bank had ever shifted from one bank to another. A summary of the findings is presented in Table 4.

Table 4: Descriptive Statistics: Customer Switching Behaviours

Item	Bank	Response	Frequency	Percentage
Whether a respondent has ever shifted from one bank to another bank	TPB	Yes	61	66.3
		No	31	33.7
	NBC	Yes	59	61.5
		Yes	37	38.5

An independent t-test was used to analyze differences in the intention to switch banks. Before performing independent t-test analysis, the Shapiro Wilk test was performed to assess data normality. The results indicated that the value under the Shapiro-Wilk column is 0.540, was greater than 0.05 as recommended by Ahad (2011); hence the data was normally distributed. The results are summarized in Table 5. Skewness and Kurtosis were performed to assess if there were outliers. The findings of this study indicated that no outlier was detected as the value of skewness was -0.533 while Kurtosis was 1.340. The results indicated in Table 5 showed that the values were within the recommended range of ±2.5, as suggested by Hair *et al*., (2014).

Table 5: Normality, Skewness & Kurtosis Tests

Kolmogorov-Smirnov[a]			Shapiro-Wilk			Skewness & Kurtosis Test			
Statistic	df	Sig.	Statistic	df	Sig.	Skewness	Std. Error	Kurtosis	Std. Error
.127	188	.190	.911	188	.540	-.533	.427	1.340	.833

Homogeneity of variance was tested using Levenes' Test, and it was revealed that the Levene value was 0.207, which was greater than the recommended value of 0.05 (Field (2009). Table 6 summarizes the homogeneity of variance results. Table 6: Homogeneity of variance Test.

Table 6: Homogeneity of Variance Test

	Test of Homogeneity of Variance				
Variable		Levene Statistic	df1	df2	Sig.
Customer Intentions to switch banks	Based on Mean	1.600	1	186	.207
	Based on Median	1.622	1	186	.204
	Based on Median and with adjusted df	1.622	1	184.854	.204
	Based on trimmed mean	1.582	1	186	.210

Group Statistics Results

The findings of group statistics established that NBC bank customers had lower intention scores (M =4.7668, SD=0.15353) than those of TPB Bank Plc (M= 4.7780, SD= 0.17257). These findings implied that TPB Bank customers had slightly higher intentions to switch banks than NBC bank. The findings of group statistics are depicted in Table 7.

Table 7: Group Statistics

	Bank	N	Mean	Std. Deviation	Std. Error Mean
Customer intentions to switch bank	NBC Bank Ltd	96	4.7668	.15353	.01567
	TPB Bank Plc	92	4.7780	.17257	.01799

Independent t-Test Results

Independent t-test indicates that on average, intentions of customers to switch banks were greater to TPB Bank Plc (M=4.7780; SE=.07799) than to NBC (M=4.7668; SE=.01567), although the difference was not significant t (186) = -.468, *p*>.05 and the effect size was small r = 0.12. This finding denotes that there were no significant differences between customers' intention to switch banks at NBC bank and TPB bank. Table 8 summarizes the independent t-test.

Table 8: Independent Samples Test

		Levene's Test for Equality of Variances		**t-test for Equality of Means**						
		F	Sig.	t	df	Sig. (2-tailed	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference	
									Lower	Upper
Customer intention to switch bank	Equal variances assumed	1.600	.207	-.468	186	.640	-.01115	.02380	-.05810	.03580
	Equal variances not assumed			-.467	181.420	.641	-.01115	.02386	-.05822	.03593

Discussion of Findings

Intention to Switch Banks

The overall findings of this study revealed that over 50% of all the TPB Bank Plc customers had higher intentions of switching banks compared to NBC customers. The findings of this study were not surprising since TPB Bank Plc did not perform well in 2019 hence leading management to change the logo to reflect a new image to improve its services to meet and reach more low-income customers from all regions in the country (Ngowi, 2021). Due to those problems, it was justified for TPB Bank Plc to experience customer switching behaviour than NBC. On the other hand, NBC is one of the commercial banks performing well for five decades. Quality customer services offered to its customers had outshined its image. They made it possible to be awarded for being a corporate bank of the year in 2005, the best local bank in Africa in 2009, 18 super brands in 2017 and best financial institution that supports SMEs and the best financial institution after BOT in 2018 (National Bank of Commerce, n.d.). This implies that being the oldest bank doesn't guarantee quality service. TPB Bank Plc had a lot to prove when it comes to service quality to its customers. This was very important because the banks' new strategic vision of 2020-2025 focuses on expanding its clientele to serve more traditional customers and attract corporate customers (TPB Bank Plc, 2019). Changing its logo would have not justified anything if it failed to improve customer services.

Differences in the Intentions to Switch Banks

The result founded no significant differences in customers' intention to switch banks. The results further had shown that the effect of customer switching intention in two commercial banks had a small effect i.e., $r = 0.2$ (Cohen, 1988). This implied that the difference between the two group means was less than 0.2 standard deviations, thus the difference was negligible. The finding of this study was contrary to the findings found by Subramaniam and Ramachandran (2012) and Farah (2017b). In their studies, they had found out differences in the intentions to switch banks. The differences were revealed in terms of gender and education (Asnawi & Safitri, 2020), price & convenience (Subramaniam & Ramachandran, 2012) and culture (Farah, 2017b). The fact that the effect was trivial had practical implications to financial institutions. This implied that financial institutions needed to pull up their services, making sure they offered the best services to their customers.

This was important because service quality was positively influencing customers from switching banks (Vyas & Raitani, 2013; Kaur, Sharma, & Mahajan, 2014; Pirzada *et al.*, 2014; Rama, 2017; Thaichon *et al.*, 2017; Ceesay, 2017; Chukwuemeka & Godswill, 2017; Mahapatra & Kumar, 2017; Sharma & Adlakha, 2017; Rama, 2017; Agarwal, 2019; Zakiy, 2019). Furthermore, service quality had an impact on customer satisfaction which in the end affectedcustomer loyalty. Therefore, offering good quality service might have helped commercial banks to retain loyal customers because loyal customers were unlikely to switch banks (Mkoma, 2014; Hossain & Ahmed, 2018).

Conclusions and Implications of the Study

The main conclusion is taken from the study is that there were no significant differences in terms of the intention to switch banks among commercial bank customers. This implied that it was unwise to assume commercial banks customers were homogeneous; hence the financial institutions should take note of that matter and ensure that they delivered the desired services to their customers. Furthermore, the results showed that TPB Bank customers had more intention to switch banks compared to NBC customers; hence the findings of this study offered an insight for the bank to deliver the desired services so that it can retain its customers and improve its financial stability. NBC also needed to maintain the quality services offered to its customers if it wished to maintain loyal customers because loyal customers were unlikely to switch banks.

Managerial Implication

Overall, the study aimed at highlighting the intentions of customer switching behavior in commercial banks in Tanzania and to identify whether there was a significant difference in customers switching behaviors. The overall findings showed that customers had intentions of switching banks in Tanzania. Therefore, TPB and NBC marketers needed to make sure that they delivered the best services to avoid experiencing customer switching behaviors. Losing customers had a serious impact on firms' future financial earnings (Lopez *et al.*,2006), as well as the brand image. Switching behavior also adds a cost of attracting new customers. Therefore, the management of NBC and TPB Banks needed to take note of this finding and make decisive steps to offer the desired services to maintain the existing customers but deliver superb services to attract new potential customers. Furthermore, this study founded no significant differences in the intention to switch banks among NBC and TPB customers. Although, customers were revealed to have the intention of switching banks the effect of switching behaviour was small. This finding sends a clear message to bankers that TPB Bank needed to make sure that they satisfied their customers since they showed to have a greater intention of switching to other commercial banks. Policymakers can make use of these findings to design user-friendly investment policies to encourage financial institutions to offer the desired services to their customers. This might help to avoid switching behaviours hence future financial sustainability of the banks can be attained. Theoretically, TPB was found to be an important theory in the understanding of banking customers' behaviours and had been utilized in the previous studies to reveal the factors influencing customer switching behaviour in banks. This study used TPB to reveal differences in the intention to switch banks in Tanzania. The finding of the study had shown no significant differences in the intention to switch banks. This might have no significant impact on the actual behaviour to switch banks. Therefore, these findings were in favour of TPB, since the theory assumed that the actual behaviour was affected by ones' intention.

Limitations and Areas for Further Research

Although this study offered an understanding of the customer switching behaviour in commercial banks, this study focused on two commercial banks (TPB Bank Plc and NBC), limiting the study's generalization to specific areas. Future studies should focus on addressing the same issue by comparing more than two commercial banks, because in that way; the study findings can be validated. Additionally, this study did not account for the number of bank accounts that customers own but the tendency of customers to switch from one commercial bank to the other. Therefore, future studies could compare customer switching behaviour of those who own one account to those who own multiple bank accounts and see whether similar findings can be reached. Furthermore, intention to switch banks was measured using two items only. Therefore, future studies could examine similar variables using different items and see whether the current findings could be replicated elsewhere. Also, this study was limited to intention to switch commercial banks; therefore, future studies could be done on the actual switching behaviour to observe the impact of the switching behaviour over a long period using longitudinal study. A longitudinal study can reveal the effective strategies to assist commercial banks in stopping losing their potential customers in the future. While this study offerred insight into the intention of customer switching behaviour in commercial banks, each commercial bank needs to start conducting annual customer surveys on this subject matter so as to come up with new potential factors that might influence customers from switching banks in the future. This information can help them reveal the potential threats to the financial stability of the financial institutions; hence appropriate solutions can be developed. Methodologically, the previous studies employed PLS, multiple linear regression and qualitative techniques to analyze their data; while the current study employed an independent t-test. Although an independent t-test was the appropriate data analysis method, this method was not free from errors. Whenever the test was conducted, there was a possibility of committing a type 1 error. Therefore, future studies can be done using ANOVA, since this technique takes into account this type of errors. Although TPB theory had been extensively used in switching behaviour studies, its applicability in the context of Tanzania was limited. This study used it to reveal differences in the intention to switch banks. Therefore, only the intention to switch bank variable was drawn from the theory other studies could utilize all the variables in the theory and identify differences in each path. Such information could be used by bankers to know which path had a significant impact on the actual switching behaviour.

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Effects of Maintaining Social Distancing on Travel Intentions during Covid-19: Practical Implications to Tanzania's Tourism Sector

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ABSTRACT

Although social distancing rule seem to be the effective measure to reduce the spread of the virus pandemic related diseases, the effectiveness of this rule varied country wise. The main focus of the current study was to analyze studies that have been done addressing relationship between social distancing and visitor's travel intention during COVID-19 and to come up with a practical implication to Tanzania tourism sector. This was a desk review study and only full-length articles published in academic journals, mainly in tourism and hospitality were used. Data for this study was generated from three main tourism database search engines as EBSCOhost, science direct, and Google scholar using keywords such as "social distancing" "tourism" "COVID-19" "intention to travel" "hospitality". The search retrieved a total of 7 articles. It was reported that perceptions of COVID-19 and the use of non-pharmaceutical intervention did not have an impact on behavioral intention. Individual desire was proved to have a positive effect on behavioral intention. Furthermore, the behavioral intention was negatively influenced by the affective risk and peoples' emotions. During virus pandemic related diseases Tanzania need to emphasize on the use of technology and seat blocking strategy in transport sector to make sure that social distancing rule is fully maintained.

Keywords: *Covid-19 pandemic, COVID-19, Social Distancing, Travel Intention, Tourism sector*

INTRODUCTION

COVID-19 is believed to be originated in Wuhan city in China (Yu, Xu & Shang, 2020). The fastest daily spread of the coronavirus became one of the serious public concerns across the globe. On January 30, 2020, the World Health Organization (WHO) announced a global public health critical issue to be looked at closely. Furthermore, WHO announced to the world that the epidemic was a serious health emergency (Middleton, Martin-Moreno & Barros, 2020). The seriousness of the epidemic was reflected in the data released by WHO. It was reported that there were 198 million confirmed cases of COVID-19, out of that 4.22 million died (WHO, 2021). This data implied that a good portion of the working population across the globe was wasted because of COVID 19 virus and this affected the performance of most of the economic sectors including tourism.

Initially, the impact of COVID-19 on the tourism industry was underestimated by the United Nations World Tourism Organization (UNWTO) that the pandemic would have led to a 2-3% reduction in international travel. However, in less than a month the estimates were adjusted to a 20-30% reduction (Gössling, Scott, & Hall, 2020). Furthermore, the world experienced a drop in international tourist arrivals to 78% causing a loss of US$ 1.2 trillion in export revenues from the tourism industry. Additionally, 120 million direct jobs in the tourism sector were affected almost seven times the impact of September 11 and the downfall of the biggest commercial twin tower in history (UNWTO, 2020). Travel restrictions made by the governments affected touristic activities significantly. Most of the countries experienced financial loss because of the cancellation of flights and hotel reservations. To control the spread of the virus, governments were forced to impose travel bans to control the spread of the virus (Gössling, Scott, & Hall, 2020). Other localized measures were adopted including airing special programs in media such as; TVs, Radio, and social media teaching citizens how to wash hands and proper masks wearing. Themo-scanners were also used to measure human body temperature to detect whether an individual was experiencing high fever or not. While all of these measures were still used to combat the spread of the virus, medical researchers were still struggling day and night to develop vaccine and drugs to combat the virus (Le, *et al.*, 2020) hence a decision of maintaining reasonable social space was thought to be an important solution to significantly reduce the spread of COVID-19 within the society (Sen-Crowe, McKenney, & Elkbuli, 2020). The decision of maintaining hygiene and social distancing rule was seen as one of the effective localized measures to control the spread of the virus than relying only on travel ban measures

(Chinazzi, *et al.*, 2020). The social distancing rule which was also referred to as "lockdown" or "physical distancing" or "non-pharmaceutical interventions" had been adopted by most governments to limit human interactions at close distances. On 30th January 2020 WHO recommended people to maintain at least 1 meter away from each other to reduce the risk of getting infected or infecting others. This rule somehow proved to be the best technique in reducing the fastest spread of the virus and hence managed to reduce deaths in some countries. Italy and Spain were examples of the countries that managed to control death cases after maintaining social distancing rule (Sen-Crowe, McKenney, & Elkbuli, 2020). Due to the positive impact of this rule, a good number of researchers saw the need to address its importance as one of the measures in limiting the spread of COVID-19 virus. Jarvis, *et al*. (2020) examined the effectiveness of physical distancing on the transmission of COVID-19 in the UK. In Italy, Atangana (2020) used a mathematical model to address the effect of social distancing measures on the spread of the virus. Although different countries adopted social distancing rules, their effectiveness varied among countries. The literature has indicated that it took 1 to 4 weeks for the country to determine the effectiveness of social distancing measures on the recovery of confirmed COVID-19 cases.

The data showed that it took 1.5 weeks for Germany to recover after maintaining social distancing. France took 2 weeks, Spain and China took 2.5 weeks, while Italy took 3.5 weeks. Other countries such as the U.K and the U.S took 4 weeks to recover after maintaining the social distancing rule (Thu, Ngoc, & Hai, 2020). This data implied that although social distancing could be a crucial measure to manage the spread of COVID-19, its effectiveness depended on guiding institutions, policymakers, political leaders, and public health leaders (Lewnard & Lo, 2020). Just like other countries in the world, Tanzania was also hit by COVID-19 in 2020. The impact of the outbreak affected most of the economic sectors in the country. It was predicted that Tanzania experienced a decline of the economy to 2.5% in 2020 from the 6.9% growth in 2019. On the national scale, the pandemic was expected to push 500,000 Tanzanians below the poverty line especially those employed in the informal sector (World Bank, Press release June 8, 2020). The tourism sector was affected as other economic sectors in the country. For example, the number of international visitors' arrivals dropped to 400,000 in 2020 from 1,527,230 received in 2019 (Kingwangala, 2020). Furthermore, it was estimated that the revenues generated from the tourism sector would have gone down by 80% (World Bank, Press release June 8, 2020). Same as in other countries, the Ministry of Natural Resources and Tourism in Tanzania took several measures to control the spread of the virus. Some of the measures which were instituted included the closure of Tanzania borders on

25th March 2020 to limit movements of flights, maintaining hygiene level by installing sanitizer in all of the public areas, educating people to wash their hands and wear masks when they were in public areas, and maintaining social distancing (Masebo, 2020). The Ministry of Natural Resources and Tourism (MNRT) in collaborating with stakeholders developed national standard operating procedures to manage the spread of the virus in the tourism business operations (SOPs) by offering health and safety issues to all tour operators in the country. The Ministry persuaded tourism entities to appoint and train a COVID-19 Liaison Officer to coordinate and create awareness to stakeholders. Furthermore, most of the visited tourist destinations such as; Serengeti, Kilimanjaro, Tarangire National Parks, and Ngorongoro Crater were equipped with emergency health care facilities to assist travelers in case of emergency. Additionally, airport staff working at Abeid Amani Karume Airport (ZIA), Julius Nyerere International Airport (JNIA) as well as Kilimanjaro International Airport (KIA) received training on how to maintain safety measures when offering services to arriving and departing travelers. Furthermore, travelers coming from outside the country were requested to quarantine themselves for 14 days in some of the selected hotels (The Citizen, 2020). Additionally, the Ministry of Health, Community Development, Gender, Elderly, and Children requested all the travelers to submit a negative COVID-19 certificate showing they were free from the virus (Kara, 2022).

Travelers were also requested to dispose of their used masks in the dustbins allocated at the airports (Kara, 2022). In June 2020, the former Minister of Natural Resources and Tourism in Tanzania, Dr. Hamisi Kigwangala announced that the country was ready to accommodate tourists from different parts of the world (Mwananchi Digital, 2nd June, 2020). President John Magufuli also added that the country was free from COVID-19 and advised the responsible ministries to allow social and economic activities to resume their normal operations like before the pandemic. Despite the unpleasant atmosphere caused by COVID-19, the tourism sector managed to bounce back. The Tanzanian border was opened to allow flights to land and bring tourists to various attractions as long as the safety measures were kept intact. Tanzania witnessed an increase in the number of international flights landing in the country. For example, Kilimanjaro (KLM) has increased its trips from 3 to 4 trips, 3 to 12 trips were reported by Qatar Airways and 3 to 14 trips were reported by Ethiopian Airlines. Other airlines resumed their business including Emirates Airline, Fly Dubai, Kenya Airways, Rwanda Air, Swiss Air, and Turkish Airline. Among the early tourist sites to receive visitors was Serengeti National park (Mwananchi Digital, 2nd June 2020,). Surprisingly, Tanzania was among the few countries in the world to be awarded a safe travel stamp by the World Travel and Tourism Council (WTTC) on 11th

August 2020 (Kingwangala, 2020) while most of the countries in the world were still suffering from COVID-19. The stamp implied that Tanzania was adhering to the international and national standard operating process and other procedures in making sure that tourists were protected against COVID-19. Receiving a safe travel stamp was not the only surprise that Tanzania enjoyed. From June 2020, the country witnessed an overflow of international tourists compared to April and May 2020. Ngorongoro Conservation Area alone received 1,972 tourists (89.8%) increment compared to 202 tourists received in April 2020. Tanzania National Parks hosted 3,666 tourists (85.9%) increment compared to 517 tourists received in April 2020 (Kingwangala, 2020). In 2020, Tanzania hosted more than 800 international tourists who traveled to Zanzibar (KTV Online News, 9 January 2020). Despite, the positive growth in the tourism sector in Tanzania, after the country was declared COVID-19 free, Tanzania was still insisting on maintaining social distancing rules and taking all the necessary precautions to maintain safety guidelines as instructed by WHO. The decision to maintain social distancing seem to be valid because most of the countries including the U.S, India, Brazil, Germany, Iran, Mexico, Argentina, Russia, and others in Africa were still suffering from COVID-19.

In the process of implementing the social distancing rule, Tanzania National Parks Association (TANAPA) and Ngorongoro National Parks requested Tanzania car dealers to renovate some of the travel and tour cars to make sure that the social distance rule is abided among travelers (Kara, 2022). The Tanzania Airport management, on the other hand, requested travelers to maintain social distance while at the lounge, on arrival, or when they leave the airports (Online News, 2021). Travelers were also requested to adopt a social distancing rule all the time when they are in the country to reduce the widespread of the virus (Online News, 2021). While the advantages of the social distancing rule in controlling the spread of COVID-19 were well-acknowledged, the unknown was the implications of the social distancing rule on visitor's travel intention in Tanzania. Studies addressing the implications of social distancing on visitor's travel intention in the context of tourism were limited. The existing studies have either addressed issues related to COVID-19 and intention to travel alone while others have addressed issues of social distancing in service sectors such as; hotel, entertainment, airlines, and restaurants. Evidently, studies which address the implications of social distancing during COVID-19 on intention to travel altogether are lacking. On the other hand, the theory of planned behavior (TPB) advocated by Ajzen in 1991 has been used for understanding the impacts of tourists perceptions during COVID-19 as well as on post-COVID-19 travel behaviors (Li, Nguyen, & Coca-Stefaniak, 2020). However, TPB remains silent on linking social distancing rule on visitors’ intention to travel.

The existing studies that have employed TPB in addressing COVID-19 and travel intentions focused on addressing travel intentions of domestic travelers during COVID-19 in India (Das & Tiwari, 2020). Others have gone far and developed a methodology for the early detection of reactivation of tourist markets to control the spread of COVID-19 in Spain (Gallego & Font, 2020) while, Kement, *et al.* (2020) addressed the desires and behavioral intentions of tourists during COVID-19 by linking it with the perception of using non-pharmaceutical interventions (NPI) intention in Turkey. Bae and Chang (2020) examined the effect of COVID-19 risk perception on behavioral intention towards 'untact tourism in South Korea. Studies that address the impact of COVID-19 pandemic and social distancing rule are very few because this was a new area of study (Gunay & Kurtulmus, 2020). Therefore, this study intends to bridge this obvious existing knowledge gap.

Motivation for Conducting this Study

Social distancing measure was reported to have effects on activity participation (De Vos, 2020). A good number of people were facing temporary unemployment because of the directives from their governments to work from home. As a result, most of the leisure activities were canceled and people were forced to stay at home. This means that the tourism industry was affected by this decision. People were afraid to travel around the world for leisure. Surprisingly, Tanzania did not implement total lockdown strategy as was practiced in other African countries such as; Kenya, Uganda and South Africa, and instead, people were told to take precautions such as; maintaining social distancing, body steaming, washing hands, and wear masks whenever they were in public areas (Voa News, 2020). Even though Tanzania was able to host more than 800 international travelers as reported by KTV Online News, 9 January 2020, but most of them were from the United Kingdom, Italy, Germany, China, Australia, South Africa, and India (National Bureau of Statistics, 2018). This implies that the primary source market come from countries which were highly affected by the corona virus. Furthermore, over 85% of all the travelers came for leisure and holidays and they traveled with their friends and families followed by those who traveled with spouse and children.

Therefore, there is a possibility that most of the travelers would want to take part in tourism activities together with their family members. How would the social distancing rule work for travelers who are traveling with their family and friends or those traveling with their spouses and children? It seems that because of these scenarios, there was a possibility of visitors to change travel behavior and in the end, Tanzania's tourism sector would have sufferred. Secondly, no one knows the dynamics of pandemics such as COVID-19.

Therefore, necessary precautions were needed so that the tourism industry could be prepared to develop proper ways to make social distancing rules effective. Travelers need to be educated on the advantages of maintaining social distancing as this measure can protect travelers from getting the virus more easily (WHO, 2020). Third, the findings of this study would help service providers such as travel agents to develop packages that would accommodate few people who can enjoy leisure but still maintain social distance. In the same line, hoteliers can also raise accommodation rates to host few numbers of travelers during pandemic such as COVID-19 and transport officers should also make sure that public transports, as well as tour cars, are designed to allow travelers to sit apart to maintain social distance.

Methodology

The main focus of this study was to review and analyze studies that have been done addressing the effects of social distancing measures on visitor's travel intention during COVID-19. The main aim of the study was to identify the focus of the published academic journal articles that addressed issues related to social distancing and visitors travel intention during COVID-19 and come up with the implications of the study findings to the tourism industry in Tanzania. This implied that literature was reviewed from the author's interpretation than from the concepts point of view. This method was appropriate in the current study because issues regarding social distancing and travel intention during COVID-19 were a new field of study (Gunay & Kurtulmus, 2020). Additionally, this method helps a researcher to draw the intended meaning of the concepts from the researchers' original idea. The researcher reviewed the existing academic published articles in the area of social distancing and travel intentions during COVID-19. This was a desk review literature study. In this study, only full-length articles published in academic journals, mainly in tourism and hospitality were included. Conference articles, book reviews, abstracts, as well as conference proceedings were excluded from the analysis because of their limited if any, contributions to the existing knowledge.

However, information from WHO country reports, reports from international exit survey, news reports (both online and TV), information from books and country statistical data from the national bureau of statistics, Ministry of Natural Resources and Tourism, budget reports on tourism, and COVID-19 were used to provide information for the study. Three main tourism database search engines such as EBSCOhost, science direct, and Google scholar were used to download the reviewed articles. These databases are the largest and most popular online search engine databases used in tourism and hospitality studies (Buhalis & Law, 2008). In the process of searching for articles, the researcher used several keywords to search for the articles, words such as "social distancing" "tourism" "COVID-19" "intention to travel" "hospitality" were used separately and at times a combination of words was employed to generate the relevant articles for the study. Additionally, references cited in the published articles were also traced to examine their relevance in the study. The decision to include an article for the analysis was primarily based on its relevance to the theme of the study (i.e., social distancing, COVID-19, and intention to travel in tourism and hospitality). The search retrieved a total of 7 articles. Then, each article was critically reviewed thrice by the researcher to justify its inclusion and to ensure its accuracy and objectivity. These articles were considered relevant for the analysis in the current study (see Appendix 1). The reason why there are few published articles in the area is due to the fact that issue of COVID-19 is new and it has started being addressed recently, this was why there were few articles on the topic under investigation as pointed out by Gunay and Kurtulmus (2020). Content analysis was employed to analyze content and concepts in the studies. The analysis was done manually since the generated articles were too few. This technique is a common data analysis method in the social sciences (Berg, 2009). This method involves a careful, detailed, systematic assessment and interpretation of a particular body of material to identify patterns, themes, biases, and meanings. The advantage of employing this method is that if done properly, it offers replication of outcomes (Duriau, Reger, & Pfarrer, 2007), it is flexible (Duriau, Reger, & Pfarrer, 2007). This technique allows different levels of analyses to be performed by using qualitative or quantitative approaches (Duriau, Reger, & Pfarrer, 2007). Appendix 1 presents the summary of all the relevant reviewed works of literature for this study. In the following section, the key findings of the existing literature were critically analyzed. In the end, the study offers the contributions of the study and provides practical implications to Tanzania's tourism sector.

Literature Review

Social Distancing

This is a reasonable social/physical distance that one individual needs to distance himself/herself from others. The social distancing rule was a measure adopted by different countries to control the spread of the COVID-19 virus. This measure reduces interaction between individuals to slow down the transmission of the virus (De Vos, 2020). For this measure to work individuals need to maintain sufficient distance. WHO (2020) recommended individuals to maintain at least a distance of 3.3 feet away from one another. Social distancing measure covered the closing of public places as well as avoiding of mass gatherings (Nguyen, *et al.*, 2020). In this study, the social distancing rule means travelers need to maintain a physical distance of at least 3.3 feet (100 cm) away from one another when intending to travel to Tanzania for leisure activities.

Theoretical Literature: Theory of Planned Behavior (TPB)

This theory originated in the field of social psychology. This theory is based on concepts such as beliefs, attitudes, norms, perceptions, and behavior (Ajzen, 1991). This theory explains the relationship between consumers' beliefs, attitudes, intentions and the actual behaviors. The theory asserts that behavior is categorized into three groups namely; behavioral, normative and control beliefs. Behavioral beliefs involved the consequences of the target behavior as well as evaluations of those beliefs (outcome evaluations). Normative beliefs are the beliefs that originated from the expectations of family or friends while, control beliefs are beliefs that might impede the actual consumer behavior. The theory adds that behavioral beliefs usually determine individual attitudes towards the behavior and normative beliefs have a tendency to include social pressure (subjective norms) and in the end, control beliefs influence the evaluation of the overall perceived behavioral control. In this theory, behavioral intention is seen as an antecedent of the actual behavior. Behavioral intention is explained by attitude, perceived behavioral control and subjective norms.

In TPB, attitude refers to positive or negative evaluation of an individuals' behavior in question. Subjective norms deal with what others think of a given behavior. On the other hand, behavioral control appreciates those individuals' positive attitudes, or intentions which do not necessarily lead to an action. The central theme of TPB relies on intention which deals with all the motivational factors of an individual to perform a certain behaviour. Behavioral intention involves an individual's motivation to perform a certain behavior. This factor is seen as an antecedent to individual's action. The last variable in TPB is called behavior. This variable is usually predicted from the behavioral intention. Although, TPB is one among the basic theories in predicting ones' intention, this theory has been criticized by different researchers because some believe that there may be no perfect link between intention and the actual behavior (Ajzen & Fishbein, 1980). Furthermore, this theory does not consider the targeted behavior precisely because a visitor may intend to visit a certain activity at a destination rather than the destination itself. Additionally, it is believed that attitude partially determines intention and the latter is the predictor of the actual individual behavior. Also, the causal relations among TPB constructs are yet to be proven (Armitage & Conner, 1998). Despite some criticism raised against TPB, this theory remains to be the foundation for understanding an individual's actual behavior. Although the theory originates from the field of social science, it is accepted as a valid theory in the testing of individual behavioral intentions. Most of the extensive studies have applied this theory and, in the end,, it was concluded that intention and behavior can be predicted by taking into account one's attitudes, beliefs, subjective norms, and perceived behavioral control (Ajzen, 1991; Armitage & Conner, 1998). Apart from psychology studies, TPB has extensively been used in different fields of study including tourism.

COVID-19 and Social Distancing in Tourism

The rapid spread of the virus, the increased number of confirmed COVID-19 cases and deaths, and the lack of enough vaccine forced most of the governments and health known authorities such as WHO to opt for the strict measure to control the spread of the virus. One of the measures used was maintaining social distancing. Some of the ways to implement social distancing included society lockdown, travel, and movement restrictions, as well as the closure of and cancelation of public events including conferences, education establishments, airports, and other social gatherings (Ebrahim, *et al*., 2020). By the end of March 2020, most of the countries in the world had implemented some kind of travel restrictions ranging from full or partial mandatory quarantines to few-week lockdowns. To control the spread of the virus some of the countries including Tanzania decided to limit people from participating in various activities by maintaining stay-at-home requests, closing businesses, conferences, educational establishments, and canceling social events.

Evidently, the world witnessed cancelations of leisure trips as a result of the pandemic. Evidence from the existing literature reported that 48% of US travelers canceled their trips completely and 43% changed their plans. Furthermore, 66% of them reported that the pandemic made them postpone their trips for six months (Longwoods International, 2020). As if this was not enough, we also witnessed the closure of restaurants, cafés as well as entertainment areas. The closure of some businesses affected the performance of some of the restaurants, hotels, and motels. For example, in the US the hotel industry lost 50 % of revenue because of the lowest recorded occupancy rate (38 %) during COVID-19 (Shin & Kang, 2020). Similar findings were also reported by Goodell and Huynh (2020) that during COVID-19 restaurants, hotels and motels experienced negative abnormal returns, while, medical and pharmaceutical sectors enjoyed positive returns (Goodell & Huynh, 2020). Entertainment and airline industries were also reported to be affected by the pandemic as the returns from these industries fluctuate. The gradual deterioration of the hotel industry seemed to be caused by the social distancing rule (Gunay & Kurtulmus, 2020). On the positive side, the social distancing rule has been able to reduce the transmission of COVID-19 (Yezli & Khan, 2020). For example, it was reported that it takes 1-4 weeks since the adoption of social distancing measures until the number of cases started to drop (Thu, Ngoc, & Hai, 2020), in some countries such as the US it took 16-20 days for the cases to drop by 9.1% (Courtemanche, *et al*., 2020). Furthermore, the implementation of a moderate social distancing rule in the US was expecting to save about 1.7 Million lives (Greenstone & Nigam, 2020). Gunay and Kurtulmus (2020) also found out that the pandemic not only brought negative consequences to the tourism and hospitality industry but rather were able to create the opportunity for service providers such as restaurants and airlines to make use of the technology in offering services to customers. During this pandemic, technology seems to be the right way to go in offering services to travelers. The hotel industry could make use of the innovation in technology as this can bring back the industry after it has been badly hit by the pandemic (Shin & Kang, 2020). With proper technology in place accommodation establishments will be able to minimize perceived health risk as issues by making sure that bookings can be done online, cleaning facilities are done via technology. Implementing technology can also help to reduce guest-hotel employers' interactions (Kussmann, 2020), and in the end, health risks for hotel customers can be effectively managed. Though it is known that the social distancing rule is one of the ways to control the spread of the virus between infected persons and non-infected persons (Wilder-Smith & Freedman, 2020), its implementation can have negative implications for individuals.

It is reported that social distancing affects social norms, the economy as well as the psychological wellbeing of society (Yezli & Khan, 2020). The situation of physically distancing people from social connections can have negative psychological effects such as depression, anxiety, sleep disturbance, fatigue, confusion, and anger which in the end may lead to frustration, fears as well as stigma (Brooks, et al., 2020). On the other hand, those individuals who are forced to stay away from their loved ones may get bored, frustrated as well as developing mood swings which lead to anxiety and stress (Venkatesh & Edirappuli, 2020). When an individual is confined in a defined space (home), people may experience family conflict and domestic violence (Kanter & Kuczynski, 2020). Furthermore, it is reported that after one month of social distancing, negative moods may start to develop, but after 50 days of practicing social distancing people may start being anxious and if this continues the situation may become worse in long run hence may develop persistent negative moods which may become a health concern issue (Zolnikov & Furio, 2020). Additionally, maintaining social distancing rule affects people who heavily need the support of others during the pandemic.

The effectiveness of the social distancing rule in controlling the spread of the virus differed among countries (Thu, Ngoc, & Hai, 2020). Sometimes, it was more challenging to implement this rule due to the urbanization process and the nature of a destination. The Kingdom of Saudi Arabia, for instance, tried to adopt social distancing rules but it was challenging to them due to its nature being a religious state and its urbanization. Maintaining social distance was not easy hence the country was forced to temporarily cancel religious gatherings ("Umra"), closing mosques, entertainment as well as educational establishments (Yezli & Khan, 2020). Social distancing literature concluded that all measures ranged from travel bans, social distancing to complete lockdown were effective in maintaining the spread of the virus, however, a combination of physical distancing measures can be effective if implemented early but other measures such as stay at home and full lockdown can be more effective to be adopted when there are uncontrolled outbreaks (Koh, Naing, & Wong, 2020).

Discussion

Despite extensive efforts taken globally to limit the spread of the virus using various containment measures such as stay at home, quarantine, and maintaining social distancing, the incidence of COVID-19 caused deaths over 4.22 million people worldwide as of 2nd August 2020 (Worldometer, 2021). This data may be underestimated since the world was experiencing more waves of COVID-19 viruses. Since the world is still doing researches looking for the effective vaccine or medicine to cure the virus, most of the governments including Tanzania were taking health guidance from WHO to ensure that people were safe. Frequent hand wash, wearing of masks, steaming inhalation using local herbs were among crucial measures done to control the spread of the virus. These measures were done hand in hand with the social distancing rule. In maintaining social distancing rule in the transport sector, the airline industry adopted a middle seat blocking policy to allow passengers to seat away from each other (Salari, *et al*., 2020).

This lesson can also be used by the Tanzania transport providers such as airlines, public transport owners as well as marine transport providers to make sure that the middle blocking seat rule is maintained as this measure could be effective in making sure that the virus infection is contained. Tour operators in Tanzania have started adjusting their tour cars to support social distancing rules, which allowed travelers to sit apart from each other hence, the viral infection could be controlled. However, with the social distancing rule in place, it would be difficult to accommodate a lot of travelers at once. Therefore, tour operators could decide to purchase more cars to accommodate many travelers or might decide to increase the price of car hiring to offset the revenue that would have been generated before the pandemic. In accommodation establishments, literature has documented that for hotels to work effectively during the pandemic, technology could be used. Cleanliness, hotel booking as well as communication between hotel customers and employees could be done via technology (Shin & Kang, 2020). A similar lesson could be taken to Tanzania accommodation establishments. Technology could be installed in various hotels, motels, and campsites making sure that there was less contact between the customer and the service provider. Though, this process could be challenging since the additional cost could be borne to the service providers in the installation of new technology. Service providers could increase the price of accommodation to compensate for the additional cost for the installation of new technology. This technique could have helped service providers to recover the cost of technology installation but also could be used as a strategy to accommodate fewer travelers in one hotel or motel. It is acknowledged that tourism offer traveler's opportunities to go out and have leisure time with family and friends. However, the social distancing rule demands people to maintain a reasonable social space (approximately 3.3 feet) among people and limit social interactions. This rule is going contrary to what tourism entails. It is reported that social distancing has had an impact on individuals' activity participation in the end it could negatively affect subjective well-being (De Vos, *et al*., 2013). Due to the social distancing rule, people were no longer having a lot of options when it came to leisure activities. People were deprived of the opportunity to take leisure trips or taking part in leisure activities such as tourism, and this might have impacted their intention to travel to various tourist destinations. It was reported that during COVID-19 fewer people travelled and were forced to take short recreational trips by car (De Vos, 2020). The reduced travel demand by travelers resulted in a decrease in revenue in most of the tourist destinations but might have an impact on individual well-being.

In Tanzania, most international travelers prefer wildlife safari as one of their preferred tourist activities (National Bureau of Statistics, 2018). Therefore, destination managers working in wildlife areas need to make sure that social distancing rule is maintained whenever they host visitors. In other tourist attraction areas such as museums, beach areas, mountains and nature reserved areas social distancing measure needs to be practiced at all time. However, the challenge of implementing that rule in tourist attraction areas is because most of the visitors arrived in Tanzania came with family and friends while others with their spouses and children (National Bureau of Statistics, 2018) hence, there was a possibility that they would want to take part in different activities with their family members or friends. Although it is recognized that leisure activities play an important role in maintaining individual well-being, the social distancing rule may limit an individual from getting leisure pleasure they deserved with their beloved ones as they would have to maintain social distance (approximately 3.3 feet) when taking part in leisure activities. This may imply visitor's intention to visit tourist destinations in the future. In 2021, Tanzania reported to have 21 death cases as a result of COVID-19 since the eruption of the pandemic (Worldometer, 2021) but the lowest number of deaths doesn't mean nothing should be done to make sure that Tanzania was not isolating herself from developing coping mechanisms to accommodate visitors during pandemic period. Tanzania can take advantage of lower number of death cases and uses such information to promote the country as a safe destination for visitors as this strategy might increase the number of arrivals. The advantage of using such information during the pandemic is because the literature highlights that the number of visits decreased with the increasing number of COVID-19 confirmed cases (Elsayeh, 2020). For the promotional materials to be successfully designed, tourism stakeholders in the country including travel agents, tour operators, hoteliers, restaurant owners, transport officers as well as destination managers need to work together to make sure that marketing activities were designed to position Tanzania as a safe destination for all visitors. In the same line, Tanzania could also take lessons from Korea where 'untact tourism' (consumption of tourism products with minimal face-to-face interactions) could be applied. This would help service providers to offer services with minimal face-to-face contact with customers. Special packages can be developed by the service providers to accommodate few travelers. For instance, hotel owners could promote their establishments based on the capacity to host few travelers enough to maintain social distancing. Transport owners can promote their services by customizing passenger's seat to attract few people. Promotion activities of this caliber may attract a significant number of visitors as people are terrified by the current status of the pandemic.

Conclusion

Most countries including France, Venezuela, Argentina, the Philippines, the United Arab Emirates, Portugal among others implemented travel ban because of COVID-19. Countries such as Tanzania could make use of the social distancing rule in making sure that visitors were not getting infected with virus related diseases. Since some of the visitors were always enthusiastic and optimistic that virus related diseases were temporary and sooner than later travellers would continue to enjoy leisure trips like they used to do before the pandemic (Elsayeh, 2020), this information is very important to tourism service providers in Tanzania. Some travelers were enthusiastic and ready to take flights during the last quarter of 2020 (Gallego

& Font, 2020). Therefore, Tanzania tourism service providers had to take this information seriously because of initial preparation in making sure that the environment was ready to host travelers after virus pandemic. The Government needs to make sure that they reduce tax for the tour operators in order for them to place more cars suitable to accommodate few travelers during this pandemic or in case of another pandemic emergency. Furthermore, hoteliers, restaurants, and historical site managers should invest in technology to allow visitors to have the best quality service with minimal customer-employee physical contacts. Although, the decision to socially distance people leads to a negative impact on individual social norms, the psychological wellbeing of the society (Yezli & Khan, 2020) and ends up causing depression, anxiety, sleep disturbance, fatigue, confusion, anger, and frustration (Brooks, *et al.*, 2020). Tanzania tourism sector can make sure that tour operators/travel agents are developing packages for physical activities. This package might help visitors to improve their physical wellbeing. Tanzania tourism industry via Tanzania Tourist Board together with other stakeholders such as hoteliers, transport owners as well as destination managers could make use of the data that the country has less number of confirmed death cases; on top of that the country has an official stamp that declares that the country is free from COVID-19. This slogan can be used together with Tanzania's unforgettable campaign to market Tanzania as a safe tourist destination to all travelers. Promotional materials need to show that leisure activities could be pursued while visitors are maintaining social distancing.

Limitations and Areas for Further Studies

This was a literature review study hence the analysis was done via critically reviewing the existing literature on the relationship between social distancing on visitor's intention to travel during the COVID-19 pandemic. The findings of this study could not be generalized outside the context of Tanzania. However, other researchers might decide to conduct a qualitative study to extend this study. Data from qualitative study might reveal visitors true emotions on the how their travel intention was affected by maintaining social distancing. Secondly, most of the reviewed literature on this area was focused on able-bodied travelers and not disabled travelers. Disabled travelers were the most vulnerable group and they need the support of others in their entire lifetime.

Therefore, how will the social distancing rule work for wheelchair users, the blind, deaf or senior travelers? To what extent would the disabled traveler be able to maintain social distancing rules? Therefore, future study needs to dwell on people with disabilities and see to what extent the social distancing rule works and to what extent this rule affects their travel intention.

Additionally, this was a cross-sectional study design; therefore it was done at one point in time. Future studies could be done using the longitudinal study as this would help to compare the effects of social distancing on visitor's travel intention during the first and third phases of the COVID-19. This assessment would be able to reveal the change of travel intentions over some time.

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Appendix 1: Related works of literature on Social Distancing and Travel Intention during COVID-19

S/N	Author(s) & Year	Aim of the study	The focus of the study	Main findings
1	Kement, *et al*. (2020)	Addresses the desires and behavioral intentions of tourists and the perception of non-pharmaceutical intervention (NP1) during the COVID-19 era	Turkey	A perception of COVID-19 significantly and positively affects NPI and negatively affects desires. Perception of COVID-19 and NPI did not have an impact on behavioral intention but the desire was proved to have a positive effect on behavioral intention.
2	Bae and Chang (2020)	Effects of COVID-19 risk perception on behavioral intention towards untact tourism	South Korea	Affective risk perception negatively influences behavioral intention. The attitude was found to be an important mediator between affective risk perception and behavioral intention
3	Das and Tiwari (2020)	Examined travel intentions of 484 international and 566 domestic travelers during COVID-19 Pandemic using Bayesian and extended model of goal-directed behavior	India	Attitude, subjective norm, perceived behavioral control have a positive influence on emotions and anticipated emotions have a negative influence on travelers' intention through their desire to travel. Perceived severity of COVID-19 indirectly influenced travel intention through a willingness to adopt NPI.

4	Gunay and Kurtulmus (2020)	Impact of COVID-19, social distancing on USA service sector (hotel, entertainment, and restaurant)	USA	COVID-19 has affected the entertainment and airline industry. The gradual deterioration of the hotel industry was due to social distancing measures.
5	Shin and Kang (2020)	Impact of expected interaction and expected cleanliness on the perceived risk in hotel booking intention	USA	Perceived health risk mediates the relationship between expected interaction and hotel booking intention
6	De Vos (2020)	Impact of implications of social distancing on daily travel patterns	Not mentioned	Social distancing affect well-being negatively
7	Salarie, *et al*. (2020)	Proposed a mixed-integer programming model to assign passengers to seats on an airplane in a manner to allow social distancing among them	European countries	It was recommended that airlines should maintain a middle seat blocking policy to allow the passenger to seat while maintaining social distancing.

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