

**ASSESSMENT OF FACTORS AFFECTING INDUSTRIAL DEVELOPMENT  
IN TANZANIA, THE CASE STUDY OF MIKOCHEMI COCA-COLA  
INDUSTRY**

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**A DISSERTATION SUBMITTED IN PARTIAL FULFILMENT FOR THE  
REQUIREMENTS OF THE DEGREE OF MASTER OF HUMAN  
RESOURCE MANAGEMENT OF THE OPEN UNIVERSITY OF  
TANZANIA**

**2019**

### CERTIFICATION

The undersigned certifies that he has read and hereby recommends for acceptance by The Open University of Tanzania, a dissertation entitled; "Assessment of Factors Affecting Industrial Development In Tanzania, The Case Study of Mikocheni Coca-Cola Industry", in partial fulfilment of the requirement for the degree of Master of Human Resource Management of the Open University of Tanzania.

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í í í í í í í í í í í í í .

Date

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## DECLARATION

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Signature

í í í í í í í í í í ..

Date

## **DEDICATION**

I dedicate this work to my family.

## **ACKNOWLEDGEMENT**

This study was conducted for the award of Masters Degree in Human Resource Management at the Open University of Tanzania. Its conduct was preceded by theoretical studies which were undertaken through distance learning model of study. Generally speaking the study was successfully completed through contributions of myself, respondents and the study supervisor's assistance. With that I have many debts to acknowledge and appreciate the faculty contribution through its research directives and the course coordinator. I am also kindly conveying a lot of thanks to respondents whom cooperated with me during data collection. Suffice to say that were effective enablers on the availability of field data.

Once again more thanks goes to the study supervisor for being humble and kindly guiding me in completing this study. In fact I joined the Open University of Tanzania with very little research knowledge and skills but with my desire to learn and my supervisor's interest in providing advising me I was able to catch up, understand and follow the University's research guidelines, I learned a lot and eventually been able to conduct this study with progressive and practical centered recommendations. Indeed, the findings of this study are useful in the process of making Tanzania an industrialized and economically developed country.

Lastly, I appreciate the support of my peer students and my family in the completion of this study as well as not forgetting to convey best wishes and long live to my study supervisor, Dr. Saganga whom sometimes devoted his private time to make my study succeed.

## **ABSTRACT**

Tanzania has been striving for economic development through industrialization since regained her independence in 1961 but the achievements have been so slow despite of the country been rich of natural resources and internal markets. Such slowly industrial development is an indicator that there are factors which may be contributing to slow and poor industrial growth. Taking that into account, the conduct of this study on the assessment of factors affecting industrial development in Tanzania was an appropriate. To achieve the study, Coca Cola industry in Tanzania was taken as the case due to its competitiveness. The objectives of the study were to identify factors affecting the Coca Cola Industry competitiveness, to examine factors affecting industrial development in Tanzania and to determine challenges of industrial growth in Tanzania. To provide answers to these objectives, the study design was exploratory study. Both secondary and primary data were used in completing the study. The methods of data collection were face to face interview and mailed questionnaires. Sampling technique was Purposive and the sample size was determined based on saturation point of view. The findings of the study revealed that under industrial development in Tanzania is caused by partial assessment of different factors such as technology, conflicting industrial policies, improper management of Research and Development, lack of political and ministerial collective efforts, isolation of private sectors participation in national industrial development programmes, poor marketing, improper management of natural resources and raw materials. Taking these into account, the study immensely commended that if such factors will be in depth assessed, Tanzania is capable of being industrialized State like any other country in the world.

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## **CHAPTER ONE**

### **INTRODUCTION**

This study is concerned with the assessment of factors affecting industrial development in Tanzania. Industrial development encompasses different types of industries including chemicals, edible goods, aerial commodities, marine and ground moving vessels such as boats, ships and aircrafts and vehicles production. These varieties of products require in depth assessment of different industrial factors.

The term factor is taken into consideration as defined by Zikmund (2007) who define factor assessment as a type of analysis aimed to discern the underlying dimensions or regularity in phenomenon. Thus a factor is an element with influence to a particular result or situation. Appleby (1994), him define assessment as an analytical process of making judgment about something against evidence of an individual's competence while Horn (2016) define development as the gradual growth of something so that it becomes more advanced or stronger.

Taking into account of the above descriptions, suffice to say that industrial development in Tanzania refers to the process of making the industrial sector more advanced through introducing new industries or improving the available industries by investing new technology in order to increase their efficiency. It requires a clear understanding of the background of industrial growth in Tanzania, statement of the research problem, research objectives, research questions, relevance of the study and the study organization. This understanding is briefly discussed in the subsequent paragraphs.

### **1.1 Background of the Study**

World history indicates that from the late eighteenth to the second half of the twentieth century, European economic growth has been closely associated with the relative growth of industrial activity called "industrialization (Kemp 2013)". Before eighteenth century Europe was not industrialized. It was just as Tanzania today but through strategic analysis of different factors such as Research and Development, human capital, transfer of technology and effective use of natural resources, industrialization was possible and become a main driving force for economic growth and good living standards of people in Europe.

Industrialization in Europe, America and Asia has been used by Tanzania as a benchmark for industrial development since it regained her independence in 1961 but its industrial sector continued to operate poorly and slowly due to most foreign investors preferred to invest in Kenya because of the availability of better administrative infrastructures. Msami and Wangwe (2017) highlight that during colonialism up to the mid of 1960s industrialization in Tanzania was driven in private sectors. In 1967 to 1980s shifted to state driven to present.

Before the First World War, German colonizers established a company in mainland Tanzania named German East African Company. Its exports were twice as much as those of British East Africa which operated in the neighboring British colony of Kenya. The second and first world war posed a significant number of constraints so that, the German East African company performance suffered from political and financial crises to the extent that could not produce any more for external markets in comparison with the British in Kenya and Uganda. As a consequence of policies

under British colonial reign of power in 1961, industrial productions were focused on primary commodities. There were manufacturing industries which among were productive factories of drinks, agro-processing, and consumables such as Coca Cola, East African Breweries, Tanganyika Packers, British American Tobacco, Metal Box and Bata shoes which were under foreign ownership and largely produced for urban consumption and for export while small scale catered for rural markets.

In principle, long time poorly and slowly operation of industries in Tanzania while has land, people, leadership and rich of natural resources is a problem which emanates and developed from many factors such as corruption, lack of technology, lack of collective political will, lack of Research and Development, lack of innovative culture, lack of patriotism, poor administrative infrastructures etc. Tanzanians are involved in this problem related to slow pace of industrial development since they regained independence in 1961. Indeed poor and slow industrial development is a persistent problem to Tanzania hinders improved living standard of Tanzanians and facilitates external countries to continue exploiting Tanzanians natural resources.

## **1.2 Conceptual Framework of the Study**

Industrial development involves the application of pure and social science laws, principles and theories. For instance, production of sea boats requires floatation law application while Equity theory is useful in motivation of employees at work place. It is also influenced by different factors as independent variables while itself been a dependent variable. For example: Marketing and Research affects industrial development. This means marketing is independent variable to the industry's



production and supply. Similarly Research as a source of invention and discoveries of new markets, products, technology etcetera (etc.), it affects industrial development. These literatures justified the guidance of pure and social science theories in completing this study.

### **1.3 Statement of the Research Problem**

Industrial development in Tanzania has been the national vision since independence in 1961 but has not been attained yet until this moment despite of the country having fertile land, people, leadership and richness in natural resources. This poorly and slow industrial development is an indicator that there must be internal and external factors hindering industrial development in the country. For example, Tanzania produces cotton yet imports clothes. It also has gold minerals and large scale of cattle keeping yet imports gold chains and leather shoes. This life style is a problem that affects individuals, groups and the public at large. Many studies done on industrial growth in Tanzania reported challenges to be hindering industrial growth rather than factors.

In short, challenges are cross cutting difficulties which arises from partial analyzed factors. For example: the complexity of advertisement and promotion is a challenge that arises when advertisement and promotion factor is not well analyzed. Lack of Research and Development is also a challenge while Research and Development is a factor. This technical difference between a challenge (difficult) and a factor (cause/influence) marks the gap between the previous studies reviewed and this study which is focused on the assessment of factors.

Evidently, Moses (2004) in his journal on the performance of textile sector in Tanzania highlighted that, from year 2002 to 2004 a total of 50 textile industries were intended to be established in Tanzania but only 23 reported by the Ministry of Industries and Trade to be established. This indicates that there are factors which affected the intended 50 industries to start operating as desired. It also justifies the importance of conducting this study.

#### **1.4 General Objective**

To assess factors affecting Industrial Development in Tanzania.

#### **1.5 Specific Objectives**

- i. To identify factors affecting Coca Cola Industry competitiveness.
- ii. To examine factors affecting industrial development in Tanzania.
- iii. To determine challenges to be faced by Tanzania in industrial growth.

#### **1.6 General Research Question**

What are the factors affecting industrial development in Tanzania?

#### **1.7 Specific Research Questions**

- i. What are the factors affecting Coca Cola industry competitiveness?
- ii. What are the factors affecting industrial development in Tanzania?
- iii. What are the challenges of industrial development in Tanzania?

#### **1.8 Relevance of the Research**

This study is politically, economically, socially and cultural relevant as highlighted in the subsequent paragraphs:

### **1.8.1 Political Importance of the Study**

This study generates information which can assist political decision makers to reach consensus and collective political will towards industrial development, national interest and political conflict management. It also serves as a source of information for industrial policy and taxation reviews.

### **1.8.2 Economic Importance of the Study**

Industrial development is a source for improved standards of living, peace and harmony and national economic growth. One factors affecting industrial development are addressed, Tanzania will have industries which will generate employment and improved telecommunication systems for human daily life uses.

### **1.8.3 Social Importance of the Study**

The findings of this study will facilitate the growth of national economy which in other hands will enable the Government to build public social services such as schools, health centre, changing the public mind set towards national unity and so on.

## **1.9 Organization of the Study**

After Chapter one (the introduction of the study), the remaining parts of the study are structured in Chapters as follows; chapter two is about the literature review, chapter three is about the study methodology, chapter four is all about data analysis and presentation and culminates with chapter five which is all about the conclusion and recommendations. The recommendations are focused to different institutions and ministries because industrial development can only be achieved through

collective national efforts. In addition, preface and attachments are also included however not key issues of the study are rather than been supplementary knowledge.

## **CHAPTER TWO**

### **LITERATURE REVIEW**

This chapter reviews different literatures on industrial revolution in Great Britain, industrial development in German, industrial development in Japan, the back ground and challenges of industrial development in Tanzania, the possibility of Tanzania becoming an industrialized State in comparison with some African countries such as Ethiopia, Kenya and Uganda, the impact of globalization on industrial development in developing countries and then culminates with an identification of research gaps. Its aim is to broaden the knowledge through what others have researched, their implications and gaps in relation to the topic under research,

#### **2.1 Industrial Revolution in Great Britain**

Allen (2009), reveals that Industrial Revolution has taken in four phases since 1770 to present and started in Great Britain and eventually spread to other countries in Northern and Western Europe especially France and Germany and the United States. Before industrial revolution in Great Britain, British people just worked on agricultural activities like farming and keeping a few animals to provide meat, eggs, milk, etc for survival. Through industrialization, lives of people changed in terms of life style, work methods, clothing, eating, funny doings, education systems, life span and so on.

It also provided the country's technological and innovative advancements which accelerated constructions and building of steam engines, railroads, cars, modern appliances, and computers. Through industrialization Great Britain achieved technological supremacy over the rest countries of the world especially in

shipbuilding, navigation and metal works, and henceforth dominated the world trade in Asia, Africa and America. It also made the rest of the world to become more dependent and suppliers of raw materials, such as cotton, oil, rubber, sugarcane coffee, fruits and so on.

The second phase came in 1880s to 1950s at which Eastern and Southern Europe and Asia in particular Russia, Japan, Australia and New Zealand moved to industrial growth. At this juncture Great Britain and the other previously industrialized countries became highly urbanized and global producers of goods such as shoes, motor vehicles, glasses, steam powered machinery systems. Briefly, craft industries, such as shoemaking, glassmaking, textile, food products, engineering assembly line, automobile factories, airplane factories and academic institutions for production of public service providers such as teachers, waiters, accountants, lawyers, police, and clerks were predominant. Industrialized countries typically controlled the world trade and natural resources of less developed countries.

The third and fourth industrial revolution phase started in year 1960s to present. It is at this period of time. the "Asian Tigers" (Hong Kong, Singapore, Taiwan, South Korea) rapidly industrialized by taking advantage of their educated and cheap labor to export inexpensive manufactured goods to the West. Other countries in Asia and America such as China, India, Brazil, Chile, and Argentina began to develop key economic sectors for global export. Among the remarkable vents in this phase are the move to global free trade, robots, invention of the computer and unmanned aircrafts and vehicles. The poorest nations have not become wealthy competitive in the global market. And the wealth gap between more developed and less developed

countries in the world has increased.

### **2.1.1 The British Government Support on Industrial Revolution**

Ashton (1997) state that the Government Policies in Great Britain encouraged property and commerce innovation and the spread of global trade. It also created patent laws that allowed inventors to benefit financially from the intellectual property of their inventions. From the economic security point of view, the British government also encouraged the Navy expansion in order to protect global trade and granting monopolies of other financial incentives to companies so that would explore the world to find resources. On the world trade, Great Britain provided European countries access to raw materials and a market for goods. It also increased wealth that could then be loaned by banks to finance more industrial expansion in an upward spiral of economic growth. Healthcare and Medicines projects were funded in order to develop a kind of technology for the manufacturing of medicines that could speed up patient access to new drugs and treatments ready for work.

### **2.1.2 Challenges of Industrial Revolution in Great Britain**

Charles M. (2000), states that there are many challenges emanated from industrial growth in Great Britain. These are such as lack of cotton because Great Britain did not grow cotton plants due to its cold climate. Because of that, it imported cotton from abroad such as Africa, India and the Southern United States. Other challenges were the industrial participants' ability to use new technology rather than human muscle, the Government was forced by the environment to work with businesses and academics to identify the industrial key result areas such as having leading research bases and the possibility of sustaining a large and fast growing global market.

Environmental pollution and the complexity of inventions of robotics and artificial intelligence projects for industrial productivity and public services maintenance, hurdles in the extraction of the offshore energy, nuclear energy, space and deep mining, complexity in product design for global markets, rapid population increase, epidemics and child labor were also challenges to industrial growth in Great Britain.

### **2.1.3 Deduction/Lesson Learnt from Great Britain Industrial Revolution Review**

The lesson to be learnt from industrial development in Great Britain is that industrial growth is artificial and there is no industrialized country with absolutely adequate industrial raw materials internally available. Some raw materials must be imported. Industrial development is also supposed to be a national collective strategy as we see the British Government incorporated business makers and academicians in identifying the industrial key result areas and dealing with some challenges.

## **2.2 Industrial Development in German**

Drehle (2011), states that before 1850 Germany lagged behind the leaders in industrial development, Britain, France and Belgium. However, the country had considerable assets such as highly skilled labor force, good education systems, strong work ethics, good standards of living and sound protectionist strategies. By midcentury, the German states were catching up, and by 1900 Germany was a world leader in industrialization, along with Britain and the United States. The beginning of the industrial revolution in Germany came in the textile industry, and was facilitated by eliminating tariff barriers. The takeoff stage of economic development came with the railway revolution in the 1840s, which opened up new markets for



local products, created a pool of middle managers, increased the demand for engineers, architects and skilled machinists, and stimulated investments in coal and iron.

### **2.2.1 Government and Banks Support on Industrial Development in German**

German banks played central roles in financing German industry. Different banks formed cartels in different industries. Cartel contracts were accepted as legal and binding by German courts although they were held to be illegal in Britain and the United States. The government also played a powerful role in the industrialization of the German Empire by supporting not only heavy industry but also crafts and trades because it wanted to maintain prosperity in all parts of the empire. Even where the national government did not act, the highly autonomous regional and local governments supported their own industries. Each state tried to be as self-sufficient as possible.

Despite the several ups and downs of prosperity and depression that marked the first decades of the German Empire, the ultimate wealth of the empire proved immense. German aristocrats, landowners, bankers, and producers created what might be termed the first German economic miracle, the turn of the century surge in German industry and commerce during which bankers, industrialists, mercantilists, the military and the monarchy joined forces. To facilitate personnel transport, transportation of raw materials and goods, commercial railway was constructed.

### **2.2.2 Contribution of Railway in Industrial Growth in German**

German trunk lines did link the major cities and each German state was responsible

for the lines within its own borders in 1840s. Initially, German lacked a technological base at which was necessitated to import the engineering and hardware from Britain, but quickly learned the skills needed to operate and expand the railways.

In many cities, the new railway shops were the centers of technological awareness and training, so that by 1850, Germany was self sufficient in meeting the demands of railroad construction, and the railways were a major impetus for the growth of the new steel industry. Advantages of the railway system were as a means of national defense due to its facilitation of troops concentration, distribution and direction of the army, improvement of the culture as citizen could move from one place to another and product transportation was tenable and brought talent, knowledge and skill of every kind readily to market. It also secured the community against scarcity of goods which could cause excessive fluctuation of commodities for human need such as canned food stuffs prices.

### **2.2.3 Agricultural and Chemicals Research Shift towards Industrial Growth**

Kemp T. (2013), states that farmers quickly abandoned traditional, inefficient practices for modern new methods, including use of new fertilizers and new tools. The knowledge and tools gained from the intensive farming of sugar and other root crops made Germany the most efficient agricultural producer in Europe by 1914. Based on its leadership in chemical research in the universities and industrial laboratories, Germany became dominant in the world's chemical industry in the late 19th century. Big businesses led the way in the production and distribution of artificial dyes leading German to monopolize the global chemicals market by 1914.

German also became Europe's leading steel producing nations in the late 19th century.

#### **2.2.4 Challenges of Industrial Revolution in German**

Unexpectedly Germany plunged into World War 1 in 1914 to 1918. It rapidly mobilized its civilian economy for the war effort. The economy suffered under the British blockade, which cut off supplies. The war and the treaty were followed by the hyper-inflation in the early 1920s that wreaked havoc on Germany's social structure and political stability. During that inflation, the value of the nation's currency collapsed.

The Great Depression struck Germany hard, starting in late 1929. There were no new American loans. Unemployment increased, especially in larger cities, fueling extremism, violence and the political spectrum was weakened. Germany also paid about one-eighth of its war reparations when they were suspended in 1932 by the Lausanne Conference of 1932. The failure of major banks in Germany and Austria in 1931 worsened the worldwide banking crisis. In addition, Germany was among the countries most severely affected by the great depression because its recovery and rationalization of major industries was financed by unsustainable foreign lending.

During the Hitler era in 1933 to 1945, the economy developed a hothouse prosperity supported with high government subsidies to those sectors that tended to give Germany military power and economic independence from the global economy. During the war itself the German economy was sustained by the exploitation of conquered territories and people. Physical capitals in the occupied territories were

destroyed by the war, insufficient reinvestment and maintenance whereas the industrial capacity of Germany increased substantially until the end of the war despite heavy bombing. However, much of this capacity was useless after the war because it specialized in armament production. With the loss of the war, the country entered into the period by which Germany lay in ruins and the society had to be rebuilt from scratch (Zero Hour).

Indeed, several years after World War II were years of bitter penury for the Germans. Seven million forced laborers left for their own land, but about 14 million Germans came in from the East, living for years in dismal camps. It took nearly a decade for all the German prisoners of war to return. In the West, farm production fell, food supplies were cut off from eastern Germany by the Soviets and food shipments extorted from conquered lands ended. The standard of living fell and food was always in short supply. High inflation made savings and debts lose ninety nine percent of their value, while the black market distorted the economy. After 1950, Germany overtook Britain in comparative productivity levels for the whole economy, primarily as a result of trends in services rather than trends in industry. This achievement was aided by a sharp increase in human and physical capital accumulation, a pro-growth government policy, and the effective utilization of the education sector to create a more productive work force.

Germany had a high rate of unemployment before the Industrial Revolution. Sometime people wouldn't have money to eat and starve to death. After the industrial revolution the chemical industry and electrical industry became the most advanced in the world. By 1850 they had constructed half as much as Britain and

twice as much as France. It also enacted a trade policy that aimed to cancel all imports, such as foodstuffs, that could be replaced with domestic substitutes or raw materials for the consumer-oriented industries. Only imports of iron ore and similar items were considered necessary because a main aim of the government was to strengthen the production capacity of military products.

#### **2.2.5 Deduction / Lesson Learnt from German Industrial Growth Review**

German has faced many challenges including the First and Second World Wars within the periods of her industrialization but yet has been industrialized. The wars challenge has also been suffered by Tanzania. In 1978 to 1979, Tanzania went in war against Uganda which greatly affected her economic development. The Government had to spend much money for war, suspend all national development programs including industrial development but concentrate on victory in war. Apart from that war it was also in the front line for liberation of Africa which also divided the decision makers' concentration. The war environment used by corrupt individuals capital for personal gain which affected national integrity and patriotism mindset of some indigenous, sourced escalation and persistent of corruption and weak economy in Tanzania.

The strategy taken by German to enact a trade policy that prohibited importation of all internally available commodities and industrial raw materials in order to protect internal market has also been advocated by the Government of Tanzania but not much effectively. The reasons why not effectively may reflect from lack of public awareness on industrialization, inability of internal industries to supply the internal demand in a satisfactory manner, the mindset of liking external made commodities

rather than homemade, some imported goods been cheaper than homemade while homemade goods produced through internal raw materials and same technology. In comparison some challenges and strategies taken by German towards her industrial growth can be practiced in Tanzania though some may not work well due to geographical differences between Tanzania and German. A distinctive difference between German and Tanzania is that, Tanzania is richer in landmass and raw materials than German. Taking that into account Tanzania can become industrialized provided will identify her industrial key result areas and priorities.

### **2.3 Industrial Development in Japan**

Kankesu J. (2016) states that, in the mid of 1700s to 1810, Japan's productivity, technology and industrial infrastructure were clearly inferior to that of nations such as Great Britain, France, Germany and United States. These achievements threatened Japan militarily, economically, technologically and necessitated Japanese to open their mindset and step on competitive industrialization strategies. Because of that strong impetus and pressure from abroad, Japan initially channeled its efforts into its military so that had to be prepared to fight and retain her independence and eventually expand at the expense of weaker nations.

By 1920, Japan was sufficiently industrialized through mobilization of its civil service and people to catch up in economic productivity, technology and industrial infrastructure which effectively raised income and proved to be a dynamic force of continuous economic development transformation. Literally, Japan became the first non-western country to succeed at industrializing and ranking equally with Western Powers.

### **2.3.1 Factors Contributed to Industrial Development in Japan**

There are so many factors that may have enabled Japan to catch up rapidly with the Western. Just to mention a few are political stability and unity, agricultural growth (expansion of farmable land), construction of communications networks, integration of national economy, increased commodity production, including a large number of local specialties, development of commerce and finance banking systems. Others are official promotion of industries, especially at the level of local governments, the spread of education through government schools. Japanese nationalism built traditions superiority and national cohesion, the growth of the agricultural sector helped to make possible textile industrial manufacturing as well as farmers paying the taxes that created revenues to the government which used for construction of railways, roads, telegraph networks and shipping lines across much of the nation in order to enable market expansion.

The government tax policies were reviewed, political power was centralized and the government was also modernized into a centralized imperial government with limited parliamentary rule, and the parliament could advise government, but ultimate authority was given to the emperor, constitution was created and Japan incorporated business leaders into its industrial government structure. And close supervision on the type of reforms was highly administered in order to achieve the goals, presence of a large number of scholars, scientists and entrepreneurs trained inside the country, the Japanese people kept perfectly up to date with technological and social developments in the West, and as soon as they got their chance, wasted no time using their knowledge and learning from others.

### **2.3.2 Strategies Taken by Japan at the Moment**

Jane C. and Rebecca P. (2015) reveal that, Japanese overall strategies to include maintaining various Research and Development funding, building sustainable industrial academia with Government collaboration, promote the use of new technology in public sectors and to promote entrepreneurial activities and venture by private sectors. Others are to enhance its industrial competitiveness; Japan is engaged in a 2025 year cohesive innovation program at all levels academia, government, and industry. This strategy advocate that for the country to become a truly innovative society, the national policies and corporate strategies must be internationally credible, science based, not precedent based and the assessments, reasoning, and valuation of public vs. private investments and cost effectiveness must be documented.

Japanese Government is encouraging innovation as a remedy for poor productivity. It focuses on deregulation to assist small businesses and to make better use of information technology. It is also in fingertips that, innovation does not mean technological invention and renovation only, but a broad social transformation brought through the results of ideas, discoveries, creation of new social systems and values. Japan's policies to achieve innovation include; using global environmental issues as an engine for economic growth and international contributions, doubling investments for education, reforming universities. increasing investments in science and technology, reviewing regulations and social systems with the aim of promoting innovation, establishing mechanisms within the government to drive Japan as an innovation oriented nation, investing in people intellectual capital because it is



people who think, plan, and execute, and finally diversifying production locations and negotiating free trade agreements.

Heinz (2003), reveals that Japanese industries have a "Quality Circle" which is a group of employees that meets regularly to analyze problems affecting the achievement of the mission desired by the organization, derive possible solutions to the problems and make recommendation to the Board of Directors on how to solve such problems. It can be made a permanent feature of the organization which continuously oversees the improvement, development, attitudinal changes and team work to the organization.

### **2.3.3 Industrial Challenges in Japan**

Mitao M. (1999), state that the problem with an industrial development in Japan is that it has a really tiny land area with limited natural resources which make it rely on importation, and Japan's response to outside pressure was more direct than that of Russia due to being threatened by Westerns, Russia and China, crowded cities, harmonization of the government policies, corporate law, accounting law, and taxation effects in industrial profitability and competitiveness. Levels of air pollution rose during the Industrial Revolution, sparking the first modern environmental laws to be passed in the mid of 19th century. It is also recorded that the origins of the environmental movement lay in the response to increasing levels of smoke pollution in the atmosphere during the Industrial Revolution.

### **2.3.4 Deduction / Lesson Learnt from Japan Industrial Growth Review**

Although Japan went through different difficulties including war, her national integrity and cohesion remained stable. This is a bit different from Tanzania. In that

after independence Tanzania used to be politically cohesive but as days went on, patriotism has been deteriorating especially from 1995 to 2015 years. In these periods of time industrialization remained the national program but its implementation was ineffective probably due to corruption and incompatible laws. At the moment the Government in power of Tanzania is focused on construction of telecommunication networks, education, national unity but not yet shortlisted its industrial strategies in priorities. Of course together with all efforts been taken, short listing of the industries to start with in relation with the local and global market demand is essential.

Japan started industrialization through the Military. Its aim was first to protect from external invasion because once invaded no industrial development program could prevail at all. The Government of Tanzania is currently investing much on the contribution of the military towards industrial development. Indeed, the military has more considerable level of obedience to orders and instruction implementation. Implementation is their first concern rather than their rights and this is what differentiates the military with other institutions. The probable pitfall of the Government of Tanzania is struggling for just industrial development rather than declaring a national economic war in which every Tanzanian has to contribute in one way or another as did in the war against Uganda. At the moment the struggle for industrial development is left to the Government stand alone and the public been a watcher rather than participating as did in the Kagera War.

#### **2.4 Industrial Revolution in China**

Kueh (2016), indicates that China has a glorious past in its scientific achievements

today but it was not able to turn it into economic growth as the West did. If we look at Europe and China in the 19<sup>th</sup> century, Europe advanced at breathtaking speed through building rail networks, steamships and factories. By the early 20th century, China looked like it was going to be completely occupied by imperialist powers. The reasons of industrial revolution starting in Europe rather than China reflected from several factors such as cultural and political factors.

In Europe, no one ever succeeded to unify Europe. There were continuous competition and threats among European countries. The French worried about the English, English worried about the Spanish, the Spanish worried about the Turks and so on. Thus kept everybody on their toes, which is something that economists immediately recognized as the competitive model. From the political perspective, democracy was limited in China compared to Europe. People in China could not criticize the Government decision in any means whilst was possible in Europe because it was fragmented. With this functional conflict, Europe created a competitive world that encouraged intellectual innovation in many things including astronomy, chemistry, medicine, mathematics, philosophy and eventually filtered down to textiles etc.

Low wages, foreign investment and open markets have made China the manufacturing powerful house of the world. Recently, has embarked on automating its manufacturing sector as quickly as possible and in the end of year 2018 accounted for a third position of all robots installed worldwide. It is not hanged up on fears that robots will wipe out the human race like the Japanese and the rest of its Asian neighbors may think.

#### **2.4.1 The Move of China to Industrial Development**

Wen (2016) highlight that, the initial strategies for China industrialization campaign were to maintain political stability at all costs, focus on the grassroots bottom-up reforms starting with agriculture instead of financial sector, and promote rural industries despite their primitive technologies. Other strategies were the use of internally manufactured goods and exchange of natural resources with technology from abroad that identified to provide enormous government buildup. By so doing, it moved up the industrial ladder from light to heavy industries, from labor-to capital-intensive production, from manufacturing to financial capitalism, and from a high-saving state to a consumables welfare state.

#### **2.4.2 Challenges Ahead on China Industrialization**

Industrialization in China has picked up both positives of Western development and negatives as well such as rampant corruption and organized crime, unprecedented pollution and environmental destruction, rising divorce and suicide rates, widespread business fraud and scandals, markets full of "lemons" and low-quality goods, pervasive asset bubbles, rising income inequality and class discrimination, frequent industrial accidents, etc.

Other distinctive challenges are ability to build a total social safety, finishing social and economic reforms in the health care and education sectors, finishing rural urbanization and agricultural modernization, establishing modern financial infrastructure and regulatory institutions as in Great Britain and the United States, and establishing a modern legal system as in Hong Kong and Singapore.

### **3.4.3 China's Path to Fourth Industrial Revolution**

In 1978 to 1988 electronic industrialization has been at high pick towards national economic growth. Through a number of village firms, village peasant workers grew to nearly one hundred million by 1988, and farmers' aggregate wage income increased twelve times. Because of such phenomenal growth in the supply of basic consumer goods, China ended its shortage in centrally planned economies, characterized by the rationing of meat, other food, clothes and other basic consumer goods by the mid-1980s and simultaneously solved its food security problem.

Furthermore in 1988 to 1998, industrialization in China was featured by mass production of labor-intensive light consumer goods across China's rural and urban areas. During this period, China became the world's largest producer and exporter of textiles, the largest producer and importer of cotton, and the largest producer and exporter of furniture and toys. Rural enterprises continued their hyper growth, and their workers reached 30 percent of China's entire rural labor force and village industrial output grew.

At this period of time there was rapid and enormous expanding domestic market for intermediate goods, machinery and transportation, a big surge in the consumption and production of coal, steel, cement, chemical fibers, machine tools, highways, bridges, tunnels, ships, etc. In totality, 2.6 million miles of public roads were constructed, including more than seventy thousand miles of express highways which was forty six percent more than in the United States. Twenty-eight provinces out of thirty had high speed trains which equal to fifty percent more than the total for the rest of the world.

#### **2.4.4 Deduction/ Lesson Learnt from China Industrial Growth**

The above review indicates that cultural and political factors were among the sources of industrial revolution starting in Europe rather than China. Politically Europe was not unified and henceforth there were continuous competition and threats among European countries. The French worried about the English, English worried about the Spanish, the Spanish worried about the Turks and so on. Thus kept everybody on their toes, which is something that economists immediately recognized as the competitive model.

In China, a cultural perspective has been a predominant factor for industrial growth. People in China could not negatively criticize the Government decision in any means whilst was possible in Europe. Through nationalism and patriotism China regarded industrial and economic development as a total national war. Because of that skilled people and Government employees accepted low wages in order to allow the Government to invest on economic growth projects for the benefits of all. The Government also in its concern capitalized on foreign investment and open markets which eventually have made China become the manufacturing powerful house of the world.

In the recent past years, the cultural and political situation in Tanzania has been on dilemma in the manner that some indigenous with key position have been revealing Government information to externals and conspiring on taping the national resources to abroad for person interests. The Government in power at the moment is working on it in order to restore the true culture of Tanzanians of national loving. The importance of internal market towards economic growth is well known by national

leaders but not well by the public which is the market itself. Many Tanzanians feel proud of using imported products rather than homemade. This means they eat what they don't produce and they produce what they don't eat. This culture contributes to external countries economic growth rather than Tanzania. Another point to consider is all about the region cooperation in relation with national interests. At the moment the Government in power is focused on national interest but somewhere in the past was not doing better in this issue.

## **2.5 Industrial Development in Ethiopia**

In the mid of 1990, Ethiopia in her industrialization process the Government of Ethiopia started with Agricultural Industrial Growth being heavily focused on textile and garment; meat, leather products and sugar. It maintained that sustainable and fast industrial development can only be ensured if the sector is competitive in international and local markets. In particular, the export oriented sectors were the engine of industrial development and were given preferential treatment. To achieve this strategy, the government engaged and promoted the private sector, created conducive environment and direct support for identified sectors.

Mulu G. (2016) also in his paper on Industrial Policy and Development in Ethiopia stated that Ethiopian strategy is focused on the maintenance of macroeconomic stability, building a functioning and well regulated financial sector, construction of telecommunication networks, having skilled human resources, providing efficient social service, legal framework, identification and development of industrial zones in major cities and towns with all required infrastructure facilities are given priority as key result areas towards industrial growth in Ethiopia. To meet these targets the

government provided different extensive support, including economic incentives in terms of credit, land, tax exemption, capacity building and direct public investment. It also launched benchmarking with a view to upgrading technology and raising the capacity of the prioritized sectors, thereby increasing their competitiveness in the international arena.

Ethiopia is aware of that marketing products internationally and globally is more expensive and out of reach by many of the local industries. In that regard, the scale of operation of local firms is so limited to internal market at large because cannot individually meet the order size from big companies of developed countries. Realizing this constraint, the Ethiopian Embassies are endeavoring to promote the products and establish market links internationally and globally whilst the Ministry of Industry and Trade coordinating and facilitating domestic firms to establish market networks for products and inputs among themselves through sub-contracting and other arrangements.

### **2.5.1 Deduction / Lesson Learnt from Ethiopia Review**

The lesson learnt from the literature review on industrial development in Ethiopia is that Ethiopia is a landlocked country with limited resources when compared with Tanzania but more industrialized than Tanzania. Tanzania has more natural resources, fertile land, good leadership and people yet not industrialized. This is an indicator that there is something that has been hindering industrial growth in Tanzania and if not effectively addressed Tanzania will remain un industrialized regardless of the natural wealth has. Ethiopia being a landlocked is a serious challenge to industrial growth. Suffice to say that it does not sound well, look good



and it is a shame for Tanzania been poor. Taking this into account, the study on assessing the factors affecting industrial development in Tanzania is valid.

## **2.6 Industrial Development in Kenya**

Isakson (2014), reveals that industrialization process in Kenya is dated back in her early post independence in 1963 period which clustered with sub sectors namely textile, food processing and metal industries such as grain milling, beer production, sugarcane crushing, fabrication of consumer goods, furniture, motor vehicle repairs, metal products, glasses, pottery and leather products. These products are designed to meet the domestic needs of low income households although some are exported to neighboring countries. It also has had an oil refinery that processed imported crude petroleum into petroleum products mainly for the domestic market. These factories are concentrated in Nairobi, Mombasa and Kisumu.

The manufacturing sector has been the main conduit for the country's integration into regional and world markets and a major source of employment in urban areas and poses forward linkages to economic growth. In addition, there has been an increased trend for government to involve the private sector in the budget process, as well as in institutions responsible for prioritizing critical areas where the government should invest to improve the business environment.

Beyond textile, food processing, and metal industries, Kenya has diversified her manufacturing activities. Refining of petroleum products, rubber and plastics manufacturing, paper and printing are good examples. Kenya is also aware of the importance of quality of products in industrial competitiveness. Firms that are not

quality productive have a poor chance of competing for domestic and external markets. Not only has that but also had a focus on competitiveness, profits, wages, poverty reduction and sustainment of economic expansion. Other factors considered in Kenya are environmental scanning, competitive pressure, internal capability of firms in terms of managerial talent, reward systems, value cost ratios and technological fitness.

### **2.6.1 Factors Affecting Industrialization in Kenya**

Kenya vision 2030 (2017), increasing of cotton production costs and uncoordinated cotton marketing have been a disincentive constraint to cotton farmers in producing adequate cottons for textile industries use. Similarly, local textile qualities of products are not sufficiently competitive to penetrate the local market which has largely become the domain of textile imports. For instance, Kenya's textile industry has relatively high labor costs when compared to textile producing countries such as China and India. Industrial policies in Kenya have been inconsistent over time. Even when policy statements are potentially efficacious, the stated policies have not always been diligently implemented. Failure to implement has often led to loss of industrial development opportunities.

Kenya also has lack of cotton and opportunistic management, many of the manufacturing enterprises are small establishments which are undercapitalized and face very poor transformation prospects. They also have more limited access to financial services so that their start up cost and upgrading is funded through borrowing from banks, family and friends, the public sector emphasizes on academic

rather than technical education which tends to have greater impact on overall industrial productivity. In addition, Kenya does not have an adequate supply of telecommunication networks and energy so that many firms are forced to self provide for water, power and security. Firms are also not always able to focus on their core business due to lack of Research and Development get done in Kenya, and lack mechanisms for linking industry with institutions of higher learning.

Kittoy (2017), in his paper on challenges of industrial development and productivity improvement in Kenya highlighted that Kenya is faced with challenges such low firm productivity, low investment plans, imperfect competition from multinational firms, inadequate capacity building, overlapping mandate of policies and strategies, limited access to credit, high cost in doing business, inadequate technical skills and counterfeit goods.

### **2.6.2 Deduction / Lesson Learnt from Kenya Industrial Development**

Kenya is among the member states of the East African Community. It shares the international boundary with Tanzania. In comparison of natural resources, population and land size Tanzania is better than Kenya but Kenya is more industrialized than Tanzania. Kenya is more internationally known in terms of business than Tanzania. Indeed, in the East African region Tanzania is the richest country in everything yet lagging behind in industrial and economic growth. Some of her natural resources such as mountain Kilimanjaro and Masai Mara have been promoted by Kenya to attract tourism as her properties but in reality a large portion of these sites belongs to Tanzania.

Mara is an administrative region in Tanzania and the peaks of mountain Kilimanjaro are both in the soil of Tanzania but Kenya has been making money through these natural resources of Tanzania. The point of Kenya been more industrialized than Tanzania while Tanzania is richer than Kenya in terms of natural resources it is an indicator that there is something to be addressed in Tanzania.

## **2.7 Globalization as a Challenge of Industrial Growth in Developing Countries**

www.isorjournals.org (2017) indicate that, Globalization as a means to make worldwide scope that ease international transactions, trade and financial markets, it has advantages and disadvantages as it is directly and indirectly affects the socio economic and political development of nations, stimulates and leapfrogs technological advancement in developing countries, increases inequality within and among nations, creates unemployment and threatens social security and process, affects people lives positively and negatively. Singe (2007) observed that liberalized global economy encouraged free trade, free capital flow and domestic labor market flexibility rather than free international movement of employees.

### **2.7.1 Deduction / Lesson Learnt from Globalization perspectives in Industrial Growth**

Globalization is a give and take. Developed countries will keep on educating and give developing countries everything of beneficial to them. For example; they will come and mediate internal wars in order to prevent the flow of refugees to their countries. They will bring technology that is no longer useful back home. Tanzania needs to be aware that investors from abroad can be colonizers in a new form from the previous colonial era. It shall utilize investors for transfer of technology and

subject few natural resources so that it remains with some stocks of natural resources for future use when will have sophisticated technology. Short of that her intended industries may suffocate from shortage of raw materials in future.

## **2.8 Relevant Motivation Theories, Laws and Principles in Industrial Development**

Industrial development is a function of human capital as the activator of all other industrial resources such as machinery, financial and materials. Effective industrial performance of human capital is always guided by different scientific and social principles, laws and theories. The Hierarchy of Needs Theory (Maslow 1943), Equity Theory (Adam 1960) are among the theories of motivation. Porter's theory (Michael 1979), also highlights issues related to raw material supply, barrier of entry to the market, customers, competitors and quality of products in industrial competitive advantages. Similarly, (Abbott 1989) advocates different scientific laws and principles. A floatation law which states that, a floating body displaces its own weight of the fluid in which it floats is among of those.

### **2.8.1 Deduction / Lesson Learnt from Review on Theories, Laws and Principles**

Industrialization in Tanzania will consist of different industries such as textile, consumable goods, motor vehicle, electric cables, chemical, aircraft, sea vessels and social services production. To achieve these productions requires effective application of theories, principles and laws. Examples; the floatation law (Abbott 1989) is useful in ships and boats producing industries in order to avoid producing sub standard boats and ships which cannot satisfy the market and secure

competitiveness, Motivation theories are also very important in industrial growth because industrial workers need to be motivated in order to produce effectively, The public also need to be motivated to use home made products rather than imported ones in order to secure internal market and the Equity Theory can be applied by Tanzania in benchmarking with on how other industrialized countries like Great Britain, China, Russia and others went through industrial growth.

## **2.9 The Background of Industrial Development in Tanzania**

Tanzania is among the remainders of unindustrialized countries in Africa and in the world. Its industrialization strategy is dated back from colonialism era to 1961 after independence at which declared an industrial economic development. It established different factories and textiles including the Coca-Cola, East African Breweries, Tanganyika Packers, British American Tobacco, Mwanza Textile, Musoma Textile, Sungura Textile and Kilimanjaro Textile, Metal Box and Bata shoes. In most cases these industries produced different consumables products such as soft drinks, agro-processing and clothes. Moses (2016) reveals that the aim of these factories and industries was to satisfy the internal market demand in terms of consumable and clothes products. In 1961 after independence, the Government advertized freedom and work (Uhuru na Kazi) and self reliance through the Arusha declaration in 1967. It even went further by identifying some enemies of economic development such as illiteracy, diseases, poverty and corruption yet its mission and strategy were poorly implemented and eventually yielded nothing rather than industrial collapse.

In addition, a number of programmes have been formulated and implemented to facilitate industrial development in Tanzania. Just to mention a few are

establishment of the National Economic Survival Programme, structural adjustment programme, economic Rebate Programme formulated in 1986 with the objective of restoring economic stability and accelerating structural reforms in order to create a sustainable position of the country's balance of payments, correcting budget deficits, cutting down inflation, reforming the microeconomic framework of policies, and increasing incentives to agricultural producers.

Linking agriculture and private sectors in improving agricultural production and encouraging private sector participation in agricultural marketing, to increase reliance on market forces in order to improve investment in agriculture, establishment of the Tanzania Industrial Research Development Organization (TIRDO) in 1987, with the intention of conducting industrial research and offering consultancy services to industry as well as promoting technology utilization and use of local resources.

Skarstein, and Wangwe (1986), advocates that although Tanzania had industrialization strategy since 1961, the companies existed at the time of independence were under foreign ownership. Many of these large scale companies produced either for urban consumption or for export while small scale companies catered for rural markets. However, Tanzanian industrial sector continued to operate poorly and slowly because most of foreign investors preferred investing in Kenya where there was better capital, physical and administrative infrastructure, favorable external tariff policy to Kenyan industrialists, lack of indigenous investors, small market size, low quality of agricultural products, low skilled labor, poor managerial capabilities, insufficient energy, lack of indigenous entrepreneurship and small

domestic market for industrial goods contributed in undermining the development of an industrial base. Colonial era institutional set up also hampered industrial growth in Tanzania,

Kigoda (2012) report reveals that large industries in Tanzania are fairly limited despite of having; development vision 2025, national trade policy 2003, small and medium enterprises development policy, Mini Tiger Plan 2020 which was introduced in 2005 as an effort to fast track the implementation of Tanzania development vision 2025 by replicating the Asian Tigers model in Tanzania. This Mini Tiger Plan model introduced Special Economic Zones in Tanzania and export led manufacturing growth but failed to attract donors in one way or another. The reports identified some reasons for limited implementation of industrial development are limited definition of implementation procedures and action plan, unsatisfactory alignment and coordination of industrial policy documents despite their overlapping nature, industrialization is not yet a top priority in the Government's development vision, no clear prioritization of strategic action, insufficient financial and human resources, limited coordination and cooperation between public and Government sectors/institutions.

### **2.9.1 Challenges of Industrial Growth in Tanzania**

Moses (2016) in his study on the performance of textile sector in Tanzania highlighted different challenges that contributed to under industrial development. These challenges include poor economy and Government policies emanating from the liberalization policy which allowed free trade that caused great influx of clothes from other countries, inadequate supply of cotton raw materials, lack of power and



energy supply, high power and energy tariffs, un fair competition from imports due to devaluation of Tanzania Shillings against US Dollar which causes difficultness in purchasing raw materials from abroad, lack of technology, lack of skilled labor, poor enforcement of laws, dissatisfactions of employees, poor competition from products produced from abroad, local Government by laws, nuisance taxes and presence of numerous taxes. Other challenges are negative attitude against consumption of locally produced goods, poor customer service and marketing strategy, lack of capital and difficult reaching most of local markets due to poor telecommunication infrastructure.

### **2.9.2 Deduction / Lesson Learnt from Review on the Industrial Background of Tanzania**

In that Tanzania's development vision 2025, aims to have a population with a high quality of life and education, stable, peaceful, united country with a competitive economy capable of producing sustainable growth and shared benefits. Indeed these targets sound well and promising but industrial growth strategy is not new to Tanzania. It has been the Government concern since 1961 to present.

Different efforts and decisions have been taken including the 1967 Arusha declaration which advocated on socialism and self reliance, the utilization of local resources for production, nationalization of large foreign owned enterprises in view of the expansion of the public sector, endorsement of the National Industries Licensing and Registration Act of 1967, the establishment of the National Price Control Advisory Board in 1971 followed by the Price Control Act of 1973 yet no industrial development have been achieved until now. These less achievements are

indicators that there are factors need to be assessed and effectively addressed in order for industrial development to be achieved in Tanzania.

### **2.10 Gaps in the Literature Review**

The literature review indicate that despite of Tanzania been the richest country in terms of natural resources in the Eastern African Countries, and having industrial development mission since regained independence in 1961 it is not yet industrialized. This indicates that there are industrial factors which have not yet been assessed and effectively addressed. Most of studies conducted addressed challenges of industrial development instead of factors.

Challenges are cross-cutting difficulties arises from partially assessed factors. This implies that, in depth assessed factor exhausts all possible cross-cutting difficulties in any undertaking. Among un assessed factors include the absence of collective coordination mechanism between private and Government sectors towards industrial development in Tanzania. Each sector operates on its own. Others are the impact of globalization, public awareness, marketing, the importance of Research and Development, industrial conflicting policies and types of industries that Tanzania should start with. Indeed, the assessment of factors affecting industrial growth in Tanzania is a serious problem that has been causing many industries get started but die on the way. Therefore, this study is deliberately conducted in order to addresses in depth this problem.

## **CHAPTER THREE**

### **RESEARCH METHODOLOGY**

#### **3.1 Introduction**

After chapter one and chapter two been discussed, this chapter is focused on the way the study was implemented by outlaying the study philosophy, the study strategy, the study design, the area of study, study population, sampling techniques of the study, sample size of the study, types of data, sources of data, methods of data collection, data analysis and presentation and the study instruments.

#### **3.2 Study Philosophy**

Industrial development undertaking involves both pure science and social science skills and theoretical applications. Therefore, the assessment of factors affecting industrial development requires in depth study philosophy. Because of that, post-positivism (deductive and inductive reasoning) philosophy has been used in completing this study. In that, both objective and subjective interpretation of field data were taken on board.

#### **3.3 Study Strategy**

Taking into account of the study philosophy as explained above, the Case Study was considered to be an appropriate strategy in completing this study due to its flexibility in data collection methods, ability for the study to be conducted in depth, accommodation of objectivity and subjectivity interpretation of field data, gives wider range of insights into human life, aims at studying everything about something. It also allows collection of field data from one or few methods so that answers to questions related to 'What, How and Why' are obtained (accommodation

of closed and open questions).

### **3.4 Area of Study / Case Study Area**

Coca Cola Industry at Mikocheni, Kinondoni district in Dar Es Salaam city, Tanzania was taken as the case study area due to different reasons such as its accessibility from all suburbs of Dar Es Salaam city by road transports, it is among the longest business making industries with competitive advantages in the world. In that regard, must have gone through different challenges in business undertaking and industrial competitiveness and henceforth, its experiences can be a benchmark of growing industries in Tanzania today.

### **3.5 Study Design**

Exploratory study design was considered to be an appropriate design in completing the study because industrial development requires a long range of factors affecting industrial development, provides answers to what, why, how, where and who questions, serves as an initial for future studies, it is flexible in terms of data collection methods which make become low cost, interactive and open ended, and can adapt to changes as the research progresses. Therefore, with exploratory study design, it is possible to examine the factors affecting industrial development in Tanzania and make recommendations.

### **3.6 Study Population**

Coca Cola Industry has an approximate of six hundred (600) workers composed of engineering, marketing, research and development, legal, sales, operations and

administrative departments. This number is big and not easy to interview all of them within a timeframe of my study which is ninety days. Because of that only relevant professional individuals from relevant departments were consulted in their respective offices.

### **3.7 Sampling Technique**

The study sample is purposive sampling. It was derived through an identification of key result areas of Coca Cola Industry at Mikocheni in Dar Es Salaam, Tanzania. Its aim was know whether all of them have common characteristics or not. Thereafter identification of the professionals manning key result areas at Coca Cola Industry in relation with this study was put into consideration. These considerations revealed that, Coca Cola Industry key result areas do not have common characteristics and henceforth random sampling could not be an appropriate rather than purposeful sampling and in that regard purposive sampling was decided to be used in completing this study.

### **3.8 Sample Size**

The area of study (universe) had 600 workers and in principle the sample size recommended should not be less than 10% of the universe. However, size does not guarantee the accuracy of the study results. The solution to accuracy findings of the study was the collection of field data to saturation point. Taking this into account, the sample size was sixty (60) respondents but guided by saturation point which reached after contacted forty (40) respondents. In that from the forty one and above respondents when interviewed revealed the same information.

### **3.9 Types of Data**

Both primary and secondary data were useful in achieving the objectives of the study. The primary data once collected from the field were processed into facts for derivation of options for problem solving. On the issue of secondary data obtained from books, journals and previous studies were reviewed for broadening the knowledge of the researcher, bench marking and supporting the justification of the study findings.

### **3.10 Sources of Data**

The sources of data to be used in completing the study are previous studies, journals, books and discussion with peer students, academic staffs, articles, internet web-cites and respondents for field data at Coca Cola Industry in Dar Es Salaam.

### **3.11 Methods of Data Collection**

Field data were collected through face to face interview with relevant identified professional workers at the Coca Cola Industry. The reasons of using this method were its favorability in obtaining more information at a time, greater flexibility to restructure questions, personal information can as well be obtained easily, samples can be controlled in terms of which persons will answer the question, the language of the interview can be adapted to the ability of education level of the person interviewed as well as avoiding misinterpretation and the interviewer can collect supplementary information.

### **3.12 Presentation of Field Data**

In chapter four field data were presented in a descriptive manner starting with the research question one which is all about the examination of factors affecting the

Coca Cola Industry as the case study. It followed by identification of factors affecting industrial development in Tanzania, determination of challenges to be faced by Tanzania in industrial growth and culminates with conclusion and recommendations.

### **3.13 Data Analysis**

Thematic data analysis was used in this study because each specific objective was studied through several themes (itemization) and in sub themes, it is rooted to theme concept which is a qualitative analytical mechanism, reliability and validity of findings can be measured qualitatively. For example, when more than five respondents reported similar information, it was deductively concluded to be the true finding of the study. Both response to open and closed questions can be analyzed.

### **3.14 The Study Instruments**

There are many factors that influences industrial growth but key factors (domains) in this study are technology, integrity and patriotism, marketing, national collective efforts among the public, institutions and ministries, Research and Development and coordination of Government and private sectors towards industrial development. Many un mentioned factors may fall part of these ones. These are paramount factors in industrial growth and competitiveness.

## **CHAPTER FOUR**

### **DATA ANALYSIS AND PRESENTATION**

This chapter analyses research question one, two and three. Research question one is all about identification of factors affecting the Coca Cola industry competitiveness, research question two is all about the examination of factors affecting industrial development in Tanzania while research question three is about the determination of challenges of industrial growth to be faced by Tanzania.

#### **4.1 Research Question One**

This question is the replica of the specific objective one which is to identify factors affecting the Coca Cola industry competitiveness. To complete the objective, field data on the background of Coca Cola industry, information required by Coca Cola industry, factors and challenges affecting Coca Cola industry competitiveness were collected and analyzed as highlighted in the subsequent paragraphs.

##### **4.1.1 The Background of Coca Cola Industrial Growth**

When respondents were asked on the background of Coca Cola industry narrated that Coca-Cola soft drink was invented by Dr. John Pemberton in 1886 as a syrup for headache made of the mixture of water, sugar, extracts of the Coca leaf, Cola nut and caffeine. Its aim was to refresh and relief customers. However, through research and personal inquisitiveness Dr. Pemberton discovered and realized that Coca Cola syrup medication was capable of relieving indigestion and exhaustions in addition to being relieving and exhilarating. With that results, the Company acquired plenty of Coca Cola consumers and henceforth continued growing and expanding until 1919 when was sold by Dr. Pemberton to Candler. Growing of Coca Cola Company



was the result of productivity that was facilitated by a large number of consumers known as a market. Market assurance greatly contributed to the growth of Coca Cola industry.

It was further highlighted that after Candler taking over the industry, he focused on leadership. His leadership was quality oriented and promotion of products. Indeed what made him develop interest of quality and promotion of products is because of having a vision with a willing and desire to achieve it. In addition, during this period of time, Candler closely cooperated with chemists, pharmacists and physician doctors to improve the syrup free from cocaine and henceforth become a non alcoholic drink. This implies that, Candler realized that being alone could not do better than rather than learning from others such as chemists, pharmacists and physician doctors.

Another important issue took place within this period of time was the legal agreement made between Candler and lawyers on bottling and selling Coca-Cola in the United States. Initially Coca Cola industry used to purchase bottles from a separate entity with independent autonomy in bargaining the bottle prices. Off course this was an industrial growth determinant factor on the supply of material that required monopolies. This legal agreement assured Candler bottles availability. Short of that the industry could ran shortage of bottles and eventually affect the production and distribution in case the bottle company decide not to produce and sell to Coca Cola industry enough bottles or produce and sell less than required.

Deductively, the discovery and improvement of Coca Cola soft drink from a syrup literature to the soft drink we use today in our homes and daily life is a result of

individual creativity of Dr. Pemberton and Candler. This is an indicator that, discovery and inventions results from individual's creativity and get improved through participative and collective efforts as Candler cooperated with chemists, pharmacists and physician doctors in improving the quality of Coca Cola soft drink.

Key prerequisites to note is that for a Business Company to prosper requires undertaking continuous assessment of the quality of products, Research, promotion and advertisement, supply of raw materials, and legal concerns. Promotion and marketing make the product to become widely known by consumers. With the knowledge on the quantity of consumers the industry can be able to decide the number of units to produce and sell per day and so on. Production and distribution systems, variety of products such as diet Coca, Fanta, Sprite etc, internal and external markets, product packaging, trademark as a business symbol identity and product contents are also very essential in business undertakings and have great influence in business competitive advantages sustainability. For instance some customers buy and use products due to its contents influence.

#### **4.1.2 Information Required for Coca Cola Industry Competitiveness**

The respondents argued that information is power in any industrial activity. Man's lives depend on business and businesses depend on information availability. No information no business and no business no life at all. Business is among the oldest activity in human life. In oldest days termed as barter system trade. At that period of time there was no money. Business was done through the exchange of value to value. Before exchange owners of goods had information on the demand and supply that led them to communicate each other and eventually come to business. Through

environmental and human evolution, the invention of money and industrialization came in place. In fact, industries survival depends of the availability of information about raw materials, markets and so on. Taking into account of the Coca Cola industry as a business entity it continuously requires information for derivation of strategies and means to overcome challenges. It was further revealed that the Coca Cola industry information acquisition is continuously centered on defining competitors.

This covers the type of competitors to the industry, causes and reasons of competition, structure of the competitor, composition of the competitor, competitor modus of operandi in phases, competitor maneuverability, and strong hold of competitors, competitors' service support space related to technology, finance, and raw materials and human capital. It also requires information on competitor's advertisement and promotion network, pay off markets, high value markets and internal and external political, military, economic, technological, diplomatic, demographic, moral issues and the public media influences to the industry.

Other information required are competitors' commercial external links, competitors' reasons for external links branches and plants, competitors' internal branches and commercial defensive and offensive strategies. Further information required to include strategies for industrial conflict management either by tabling Strategy (negotiation, good offices, mediation, fact finding committee, reconciliation, arbitration, avoidance and confrontation) and the employees' capacity building in terms of human resources, finance, materials and machineries. Lastly but not least, transfer of technology, national contracts and policy, knowledge on the market

consumption in relation with production and distribution telecommunication network capability, seasons of production and distribution among winter, summer, spring and autumn seasons are also important information required for industrial growth and competitive advantages sustainability. Suffice to say that information is the most important asset in any success. Indeed, no strategy can be formulated and implemented without having detailed information about the prevailing situation, environment or threat.

Sun Tzu (2750 b.c) also stated that if you know the enemy and know yourself, you need not to fear the result of a hundred battles. If you know yourself but not the enemy, for every victory gained you will also suffer a defeat. If you know neither the enemy nor yourself, you will lose in every battle. These quotations from Sun Tzu justifies the importance of information any undertaking. In that if an industry does not know its competitors and itself will fail in every business it wants to get in. In this regard, lack of industrial information is a constraint towards industrial growth. Therefore Tanzanians industrialization decisions makers need to have detailed information about the capability of their business competitors against own capability so that can compare and decide what kind of capacity building is relevant to own industries for sustaining competitive advantages.

#### **4.1.3 Factors Affecting the Coca Cola Industry Competitiveness**

On the factors affecting the Coca Cola industry competitiveness, respondents identified the following factors and elaboration that such factors should be critically analyzed:

**Clear definition of the aim:** Coca Cola Company believes in that a clearly defined

problem is a half solved. A problem here refers the pitfalls that require close attention for the aim of the industry to be achieved. In that regard, the industry aim always need to be clear, relevant, brief, logic and accurate so that can be understood by the employees through the management instructions and eventually successfully achieve it. For instance the Coca Cola Company aim is to deliver refreshment and joys to its shareholders, stakeholders and customers. This aim is clear and its achievement enables the Company to generate maximum profit.

**Differentiation of business products:** In that Coca Cola Company has different varieties of products with different flavors. Black Coca Cola drinks differ from Fanta, Sprite and others although the production formula is one. This is intended to fit in the customers' psychological taste and desire shift. Through different types of soft drinks but produced through one formula, the Company generates income and productivity effectively.

**Marketing policy:** The industry has a policy on business advertisement and promotion. The implementation of the policy is funded and programmed. Indeed, marketing policy enables the Coca Cola industry to identify the market demand in relation with the industry capacity of supply.

**Production and distribution mechanism:** Resources are always limited while needs, wants and desires of customers are unique and some of them are cognitive and not limited at all. In that regard, Coca Cola industry production is not a mere production. It is done based on demand and supply principles in order to avoid excess and deficits to customers. It also takes care of transportation infrastructures and delivery timeframe in line with aimed price and pay-off.

**Advertisement and promotion:** This is among the strategies that need to be carefully monitored through business ethics perspectives. For example an advertisement which advocates that Coca Cola adds energy, provides tension relief, adds vitamin etc can attract customers to drink in bulk and increase productivity. Increased productivity leads into sustainable competitive advantages.

**Maximization of profit and revenue:** Coca Cola industry is focused on revenue and profit maximization because through it can generate capital for its workers remuneration. Income capital is of paramount in business competitive advantages. It prevents labor turnover because employees are well paid and socially cared, it enables the Company growth and competitive sustainability.

**Continuous searching for better methods of Marketing:** Marketing issue is taken as a continuous process and requirement. Different sources of business information for market generation are used including the public media which are intensively used to deliver the messages to intended customers.

**Cost effectiveness and cost Leadership:** Cost of the product production is among the most important factors in business undertaking. The price of the product in the market is greatly influenced by its cost of production. In most cases the high cost produced products are priced higher than low cost produced products. However, in some special cases the wealth of customers may become price determinant. Elite people offer good prices to sellers because they never demand for discount and quality of product investigation. Therefore, Coca Cola Company often strives for reasonable prices of its products in order to attract customers and profit maximization.

**Flexibility:** Human life is dynamic in nature and greatly affected by environment in the manner that the consumer needs does shift from time to time. To fit in this dynamism shift kind of environment, Coca Cola industry is always flexible to change according to the prevailing situation and demand.

**Remain focused on the Core Business Model:** There are so many businesses in the world markets such as textiles, diaries, alcoholic drinks etc. Temptation and ambitions may cause negative results towards an industrial growth. Taking that into account, Coca Cola industry is focused on soft drinks which are its core businesses.

**Continuous Innovative Culture:** Business is always aimed at generation income to the maximum. To maximize profit it therefore requires the product producer continuously knowing its customers life style and psychological shift. Short of that industries may end up operating blindly and finally collapse due to lack of productivity leading into capital shortage.

**Continuous Product Quality Control:** Despite of Coca Cola Company being competitive, it is therefore still searching for more improvement of its drinks. This is an indicator that it is possible for the Coca Cola we drink today may look and taste different in future.

**The use of “External Technology Acquisition Team (ETAT):** This is a special team for monitoring, exploration and investments of emerging technologies of beverage production, sales and marketing. This indicates that in Coca Cola Company, technology acquisition is highly taken care as a determinant factor for business competitive advantages sustainability.

Koontz (1994) also highlight that Japan use a "Quality Circle" which is an established group of employees that meets regularly to analyze problems affecting the achievement of the mission desired by the organization, derivate possible solutions to the problems and make recommendation to the Board of Directors on how to solve such problems. It can be made as a permanent entity of the industry which continuously oversees the improvement, development, attitudinal changes and team work to the organization.

**Research and development Policy:** Implementation of strategies requires information for plans to be made on how the strategies implementation should be done. In this regard, Research and Development serves as the source of information required by the industry.

**Quality of Product and Innovative Culture:** Quality of product and innovative culture are among the most important traits in business perspectives. High quality products tend to dominate the market and elite customers likes to purchase goods with high quality. To keep on quality production requires continuous improvement of products. This zeal of continuous improvement is known as innovative.

#### **4.1.4 Challenges Faced by Coca Cola Company**

Despite of Coca Cola industry productivity and competitive advantages being higher, it has been facing a number of challenges. Just to mention a few are as follows:

##### **4.1.4.1 The Complexity of Advertisements and Promotion**

Coca Cola was not immediately successful until was advertised and promoted. In



this regard the industry is surviving through Advertisements and Promotion. Advertisement and Promotion are vulnerable to man's life style changes.

#### **4.1.4.2 The Eruption of Wars**

The eruption of the First World War and the Second World War affected the Coca Cola global market as some customers were not accessed due to proximity to war. The public also was not much buying because some were always sad and not interested in Coca Cola drinks due to the consequences of war.

#### **4.1.4.3 Scarcity of Sugar**

The ensuing of sugar rationing measures slowed the growth of Coca Cola industry. Sugar is still the important raw material for Coca Cola drinks production. At the beginning was not adequately produced in proximity of Coca Cola industry. It was imported from abroad and once sugar rationing happened greatly affected the production.

#### **4.1.4.4 New External and Internal Tax Laws**

Tax laws are the sources of the Government income for public services and remuneration. To some extent the Government interests are antagonist to that of business companies. Business companies are usually focused on profit maximization. They tend to do away with human rights rather than generating profit and once the Government interferes by the use of laws such laws becomes challenges to the industry because may minimize the industry's profit gains.

#### **4.1.4.5 Diabetes and Sugar Ingredients in Coca Cola Drinks**

Presence of sugar ingredients in Coca Cola drinks has being perceived as dangerous for human health. Diabetes is a deadly disease in the world and sugar contents in Coca Cola drinks is positively associated and henceforth the Coca Cola product is negatively perceived by some consumers particularly those with diabetes record problems.

#### **4.1.4.6 The Bottle Scarcity**

Initially Coca Cola industry relied on receiving bottles from external suppliers. The suppliers sometimes had to increase the price of empty bottles and Coca Cola was forced to buy as had no alternative. In addition, there was no Coca Cola bottle uniformity. To do away with the challenge, the industry built capacity and design a bottle that could be easily recognized and eventually produce it own its own.

#### **4.1.4.7 The Invention of Pepsi Cola**

Pepsi Cola is the main competitor of Coca Cola industry. It has advertisement and promotion strategies which real challenges Coca Cola industry. For example; once Coca Cola came in with the phrase that "It Adds Energy", Pepsi Cola came in with phrases such as "Pepsi Cola Hits the Spot" and "Pepsi Cola is the Drink for You". This advertisement affects the Coca Cola sales.

#### **4.1.4.8 Corporate Social Responsibility Dilemma**

Corporate Social Responsibility being reverted to business instead of Government is a challenge to the industry. In principle the Company pays tax and through it the Government is supposed to provide social services. But this policy has been to some

extent reverted either by the industry on its own merits or the Government deviation from its responsibility. In short, corporate social responsibility can be interpreted as an indirect bribing the Government so that in future shall not tax it highly because of being assisting the society.

## **4.2 Research Question Two**

This question is the replica of the specific objective two which is to examine factors affecting industrial development in Tanzania. To complete the objective, field data on the factors affecting industrial growth in Tanzania were collected, itemized, analyzed and presented as outlined in the subsequent paragraphs.

### **4.2.1 Bank Support Policy**

On financial perspective, the respondents revealed factors such as the lack of Bank support policy on industrialization has been a awkward to industrial growth in Tanzania. This is due to the fact that there has been no national policy on how Banks shall support internal industrialization. Bankers have been in place for typical maximization of profit. This kind of notion may be reflecting from the fact that most of bankers are non citizens of Tanzania. They are here for business with their home national interests. To do away with this problem there is a need for Tanzania to have a national policy on how Banks are supposed to support industrialization campaign. Furthermore factors were revealed as are highlighted in the subsequent paragraphs.

### **4.2.2 Economies Administration**

Decentralized economies administration has been affecting industrial development because all money in the country is individually accounted, monitored and

controlled. The Government in time of crises with shortage of money becomes a local and international beggar. This situation results in unstable Government which in most cases gets controlled by those with money. The men with money have says over the Government decision and in most cases their influences are based on personal rather than national interests. The way of living prevailed in Tanzania from year 1985 to 2015 is a witness of negative effects of decentralized administration of economies.

People with money were stronger than Governmental institutions such as Judicial and executives. Rich people could make Governmental decision regardless of the public opinion. Some became rich through the Government weaknesses such as not centrally administering economies. They knew this kind of the Government weaknesses and therefore could never dare to support or advise for centralized administration of economies until in year 2016 to date the Government became aware and decided to centralize the administration of economies. By so doing is not always suffering from shortage of money as previously suffered.

Vivid examples on the importance of centralized administration of economies are the ability of the Government to revive Air Tanzania Corporation, building a standard gauge railway, provision of free education etc. Indeed, the central administration of economies enables the Government close monitoring and control of the flow of money for both local and international uses. And by so doing the Government generates enough stock for public services and support in time of crises. Short of that necessitates the Government to become economically powerless and dependant. By being dependant, industrial growth may suffocate from shortage of capital for

industrial productivity.

#### **4.2.3 Control of Prices**

The control of prices in the market force is also a factor for industrial growth. Industries do survive where there is an assured market in such a way that demand and supply are equally proportional. In that regard production and distribution concepts are to be intelligibly taken into in relation with cost effective strategy. There shall be a balance between the price of industrial raw materials and price of processed goods ready for consumption. For example Tanzania had textile industries but cotton prices were not equally controlled between farmers and textile industry producers. Farmers have been lowly paid as the result became demoralized and eventually minimized cotton production which led into textile industries collapse.

Another issue of similar situation is the cashew nut calamity that aired in Tanzania in 2017 is a result of unequally controlled prices over products produced by farmers and industry owners. Cashew nut farmers were less paid despite of industrial processed cashew nuts been highly sold in the market. These kinds of practice demoralize farmers and eventually delay industrial growth. Suffice to say that control of prices has been a long rooted problem in Tanzania since the country became independent in 1961. Industrial development as being linked with economic development and economic development which is a reflection of the individuals' living standards in a society, price control in Tanzania is still a problem.

Simple examples can be seen through rural and urban transport fare charges. In every year in December near Christmas and in April near Easter celebrations some

local coaches doubles their fare charges from one town to another and the Government keep quiet. When required to give a statement it says is the matter of free market. Indeed, free market does not restrict the government from monitoring and controlling whatever related to its people in particular indigenous.

#### **4.2.4 Monitoring and Control of Black Markets**

Monitoring and control of black markets is among the factors affecting industrial growth. Indeed, black markets results from the mistakes and failures of Centrally Administered Economies by Governments. Although the authorities typically prohibit people for dealing in these markets, the reality is that such markets remain covert operative because they are individually beneficial rather than Governmental.

The only favorable way of existence is been registered and owners pay tax to the Government and thereafter operate overtly. Through this kind of operation will contribute in generating national income and creating stable Government. Black markets may result from illiteracy, lack of public awareness, weak governance and corruption may source black markets. As at now the Government has a defined strategy of fighting against corruption and education improvement, it is often likely to succeed in monitoring and controlling black markets. Suffice to say that this effort shall be maintained by the Government of the United Republic of Tanzania.

#### **4.2.5 Funding for Research Programs**

Funding for Research programs is among the key factors that have contributed to a great deal in delaying industrial growth in Tanzania. Research as a source of creativity, discovery and invention has a great roles in industrial growth. In Tanzania

many research centers have been ineffective due to lack of funds. This implies that Tanzania has been suffering from a limited creativity, invention and discoveries due to lack of conduct of research. Suffice to say that, lack of research practice has been a source of other factors such as poor industrial strategies formulation and implementation and innovative culture. However lack of funds for research is a challenge to industrial growth, if other factors such as illiteracy and corruption are not well addressed may affect the conduct of research because allotted funds can end in someone hands rather than researching for the betterment of the country.

#### **4.2.6 Conversion of Vocational Training**

In principle every country has some kind of technology that enables to undertake its local production and distribution although not at international competitive level. At this stage the country is not termed as an industrialized country rather than factory based economy. Tanzania has been among countries with locally skilled engineers whose technology cannot globally compete and henceforth its products are also not required in the global markets. It also gets outwitted even in the local market by imported products. Because of that Tanzania remain dependant of external produced goods rather than home made goods despite of been rich in raw materials. In that regard there is a need to retrain the local engineers so that can improve their skill and be able to produce high quality products for global markets monopoly which in turn will enable our industries to sustain industrial competitive advantages.

#### **4.2.7 National Collective Political Will towards Industrial Development**

National collective political will for industrial development in Tanzania has been a problem even before Tanzania changing into multipart political system. Before this

change there were individual who were interested in western political model of governance and others wanted eastern political system. By the time the Government was following the eastern bloc political system which was focused on socialism. Taking this into account indicates that there was an antagonism political notion within the country. Those who wanted socialism were supporting the Government strategies while those who wanted western political system were not pro Government as the result industrial development got delayed.

Similarly at the moment the Government in power is willing and determinant for industrial development but some opposition candidates never appreciate whatever is done by the Government in power. Their intention is to see the Government failing to achieve industrial development because its achievement will enable it to gain public confidence. Wen (2016) also highlight that, the initial strategies of China towards industrial development were to maintain Political stability at all costs. Political here refers leadership from low level to national level. Being the case, Kigoda (2012) in his report also reveals that large industries in Tanzania are fairly limited due to unsatisfactory alignment of industrial policy documents and limited coordination and cooperation between public and Government sectors. This implies that national decisions are made through political authorities. Their instabilities justifies presence of poor industrial growth.

#### **4.2.8 National Sensitization on Public Industrial Awareness and Hard Working**

National sensitization on public industrial awareness and hard working are very important requirements for industrial development. National advertisement has been



made on hard working rather than awareness on industrial development since 1961 and 1967 during the Arusha declaration for self reliance. At the moment advertisement is done on hard working so that every Tanzanian need to work hard. Through hard working individuals will generate enough income for domestic use and surplus for industrial development support. The ongoing strategies indicate that the public is becoming aware on the importance hard working and industrialization.

It was furthermore highlighted that ineffective Industrial Labor Commission, lack of guiding policy on human resources importation and lack of parliamentary autonomy in certification of economic investors are also factors affecting industrial development at a great deal. Until this moment the Parliament of Tanzania is not much empowered on investment decision making rather than only discussing investment issues. There is also a problem on human capital capacity building. Talented and patriotic people are not sported and skillfully developed appropriately. Illiteracy, diseases and poverty are also factors affecting industrial growth.

#### **4.2.9 Raw Materials Availability**

In addition respondents reported that raw materials availability is another factor to note when working on industrial development. However, Tanzania has many raw materials locally available cannot sustain itself in every industrial production. It requires importing some of raw materials from abroad. With poverty it has been difficult for Tanzania local owned industries to import raw materials from abroad. This factor is very persistent and is almost a global industrial threat. For example, countries like Japan and others are seriously suffering from scarcity of raw materials. To do away with this challenge, industrialized countries have strategized in tapping

raw materials from unindustrialized countries like Tanzania because their raw materials are locally less used. In that regard, industrialized countries will always undertake strategies of obstructing industrial development in our country so that can keep on tapping our raw materials.

#### **4.2.10 Research and Development**

Research and Development as a source of different information was also mentioned as among the predominant factors for industrial growth due to the reliability of its findings when well practiced. It enables an organization to identify and procure excellent professionals capable of taking the organization into productivity, enables industries to obtain information for planning, control and production of high quality and invention of new products, helps in developing scenario and programs for continuous upgrading of skills and knowledge of employees. Its findings can reveal what works well in line with the available resources, the gaps existing in the system and suitable remedial or innovative solutions to be taken including the elimination of repetitive and waste activities.

Suffice to say that, Research and Development is among the determinant factors for industrial development. Its intent is not a mere research but a research and development which refer a will to change. Mere discoveries and inventions mean nothing at all if there is no will for change. For example, once Research and Development has obtained crucial information on the employees' satisfaction, the difficulties encountered by them and how can be tackled, the decision makers shall put in action all possible options to the problem as recommended in the findings of the study.

Other importance of Research and Development findings are such as improved marketing and sales performance, keeping abreast of market trends and generation of innovative strategies, discovery of technological advancement, attracting new customers and win customer interest, offering consumers something that they have never seen before and cause a sharp leap in sales, can serve as a catalyst for speeding up the growth of organization by way of introducing breakthrough products in the market and can reasonably predict future technology trends, readiness, resource constraints and the right options in the allocation of scarce resources for the right purpose.

It also helps in developing new ways of delivering services and interacting with customers and provide forum for exchange of ideas and views of mutual interest in the organization, provide education on practical aspects of the organization and encourage the use of better service and more productive methods, promotes understanding and cooperation between the organization and the community. Its findings can facilitate the promotion of national integrity and unity.

Finally, the respondents using Coca Cola industry as an example on the importance of Research and Development towards industrial development emphasized that Coca Cola Company enjoys a lot of benefits through Research and Development. The Coca Cola product we drink today is a result of Research and Development. Similarly, the electricity power we use in our homes and industries today resulted from not a mere research but with a will for change which is development. Each discovery identified was the initial to next study until when electricity we use today was discovered. Electricity power today is among the most important resources

economically, politically, technologically, socially etc. For example; shortage of electricity causes hospitals fail to conduct operations, industries fail to produce and public loss of confidence in the government in power.

Moses (2016) also reveals that in 1987, Tanzania established the Tanzania Industrial Research Development Organization with the intention of conducting industrial research and offering consultancy services to industry as well as promoting technology utilization and use of local resources. This justifies that Research and Development is of paramount in industrial development.

#### **4.2.11 Total Quality Management and the Use of Teams or Committee**

Total quality management and the use of teams or committee in assessing industrial progress. It was revealed that for Tanzania to achieve industrial development, need to aim on continuous process of improvement in all industrial aspects and others. It was sited that, in Japan most of industries have a quality circle and Kaizen. These are group of the industries employees who are tasked to foresee their industries changing the way things are done and the customer values so as to prevent industrial failures. They are also charged of generating industrial creative ideas, improvement in productivity and generating defensive and offensive industrial strategies. To achieve these qualities are composed of educated and well trained members and timely supported by top management in implementing the team generated advice.

#### **4.2.12 Strategic Management**

It was pointed that strategic thinking and management are of paramount in industrial development perspectives. Every decision maker should clearly understand his or her

roles, the capability to accomplish those roles and how to achieve them. In the role profile key result areas and competence required are identified, discussed and collectively agreed by both decision makers and the operation force. Monitoring and control are also essential in informing the business entity its competitive edge or mission accomplishment. Suffice to say Strategic Management is inevitable in industrial development because any business undertaking involves defensive and offensive business strategy. When new product is launched in the market it refers offensive strategy and when maintained refers defensive strategy.

Thompson (2004), also states that the central thrust of a company's strategy is undertaking moves to strengthen the company's long term competitive position and financial performance. In that regard must consists of both offensive and defensive action which some mounts direct challenges to competitors' market positions and seek to establish a competitive edge while others aim at defending against competitive pressures, the maneuvers of the rivals and others developments that threaten the company's well being. Indeed to achieve these strategies, continuous industrial improvement of productivity based on quality shall involve the entire work force from top management to middle managers and workers. Short of that, defensive and offensive industrial development strategy may not be achieved.

### **4.3 Research Question Three**

This question is the replica of the specific objective three which is to determine the challenges of industrial development that has been faced and to be faced by Tanzania if appropriate strategies will not be formulated and implemented in time. In completing the objective the respondents started with a highlight that all industries in

the world survive because of the presence of effective management and national collective efforts preceded by patriotism and national integrity to all. Thereafter revealed that there are many challenges of industrial development in Tanzania which among are as highlighted in the subsequent paragraphs.

#### **4.3.1 Lack of Interest in Research and Development by Some Government Officials**

During the study, it was revealed that, some official decision makers in Tanzania are not interested in Research and Development. The reason behind may be reflecting from fearing for Research and Development to generate information for changes which can necessitate losing their positions. It is also possible that may have lack of awareness on the importance and contribution of Research and Development findings in industrial growth.

#### **4.3.2 Inadequate Funding for Research and Development**

Researchers need money in order to satisfy their personal needs and their families and eventually enable them to think inquisitively. Because of that, lack of funds causes lack of Research and Development programs practice and henceforth leading into limited availability of reliable information for industrial competitiveness sustainability.

#### **4.3.3 Lack and Improper Allocation of Qualified Researchers on Industrial Development**

Lack and improper allocation of qualified researchers on industrial development has also been an industrial growth stumbling block because some Research centers been

headed based on political notions rather than creativity. With this low technical knowhow, the findings of study are shallow and not effective sources of industrial development. In addition, this challenge is a source of poverty. Poverty is a source of low standard of living in which some intellectuals lack satisfaction and eventually exit to abroad for green pasture instead of utilizing their skills and knowledge here at home. Their exile generates lack of qualified researchers.

#### **4.3.4 Lack of Technology**

The technology we have so far is not sophisticated enough to compete regionally and globally. There is a need for technology transfer from industrial developed countries but very difficult because the same countries dislike surrendering their technology to developing countries. The reason reflects from the fact that by so doing will affect their strategies on global market monopoly. Their technology also does give them opportunity to steal and accumulate raw materials from underdeveloped countries. Vivid example on raw material stealth has been witnessed in Tanzania through mineral mining at which investors have been packing some raw material in a nickname of dirty sands transported back home for cleanliness.

#### **4.3.5 Lack of Industrial Natural Resources**

Lack of industrial natural resources has been a challenge to many countries in the world. Water and other industrial raw material are critical sources of disputes between many nations. Nations that lacking industrials natural resources will attempt to attain and acquire them from owning countries through the use of military and diplomatic forces as investors. For example, water in Arabic countries is a survival issue. Their water is sourced from outside the country such as Blue and White Nile

River from East Africa and Ethiopia. Euphrates River, Tigris River and Jordan River are also sourced from outside of Arabic territories. Pakistan is also water replenished from Kashmir province.

Despite of water being a survival need to every human being in the world, so far has not been addressed regionally and globally effectively. Most of efforts taken in addressing water issues are bilateral regardless of the importance of water to human life. Because of that, water is likely to cause war which in turn will affect industrial development.

#### **4.3.6 Limited Supply of Industrial Raw Materials**

The supply of industrial raw materials remain a challenge because resources are always scarce and their scarcity may be sourced by lack of technology for extraction, individuals' laziness and absence of strategic priorities in industrial goals execution. For example; it is difficult for Tanzania today having competitive mineral rather than agriculture industries because do not have competitive technology for mineral extraction but has land for agriculture. New generation negligence and laziness is also in the manner that the generation today is focused on working for money rather than money working for it. That means are focused on been employed by the Government or private companies rather self employments. In comparison it seems that past generation of Tanzania believed in hard working and achieved whatever wanted through hard working. It was even termed 'Freedom and Work (Uhuru na Kazi)'. Corruption interrupted and made lazy people achieving their needs through technical know who which turned the new generation mindset that achieving better life is not necessarily to work hard.



#### **4.3.7 Corruption Linked with Investors**

The presence of some corrupt official leaders in Tanzania has linkage with external investors. Investment contracts are officiated based on commission rewards and incentives. In that regard many of industrial contracts were signed based on individual interest rather than national benefits. The prevailing reign of power when decided to revert into national benefits becomes internally and externally opposed by external investors backed up with corrupt indigenous. Lack of Public Awareness on Industrial Internal Market is another challenge. The large groups of Tanzanians do not know the importance of using home produced goods. They feel much proud of using goods from abroad as the result the home industries may suffocate from shortage of market. Public sensitization is required otherwise intended industries may collapse.

#### **4.3.8 Lack of Innovative Culture**

Lack of innovative culture is also a prevailing obstacle to industrial development in Tanzania. Innovation been the change in the way of doing things, most people in Tanzania fears about changes and hence tend to be resistant to change. The reason for resistance reflects from fearing of losing their jobs and appointment positions. Some employees whom secured job with minimum qualification tend to be covertly resistant to national industrialization campaign because of fearing losing their job and positions.

#### **4.3.9 Lack of Priorities on National Industrial Development Strategies**

Lack of priorities on national industrial development strategies has been a contributing challenge towards economic development arising through industrial

growth. This is the serious problem which contributes to some industries and development strategies not been achieved due to scarcity of resources. Indeed resources are limited while needs, wants and desires are unlimited. The only mechanism for managing scarcity of resources is through prioritization of industrial growth strategies. It is fruitfulness for the Government having so many strategies at a time while has limited resources.

#### **4.3.10 Dynamism of Human Resources Behaviors**

Employees' behavior need to be carefully managed. It does change and such changes can affect the industry production if not well monitored, evaluated and controlled.

#### **4.3.11 Scarcity of Raw Materials**

It is very rare for all raw materials been internally available. Some will be available but may also not be adequate if Tanzanians will not work hard and the Government will not monitor and control. Indeed, the Government industrial aim shall to make every Tanzania to concentrate on producing what eats and eat what produces. This is among the appropriate measures to mitigate importation of raw industrial raw materials from abroad. It shall be born in mind that importation of industrial raw materials affects industrial cost effective strategy.

#### **4.3.12 Lack of Collective Political Will towards Industrialization**

In Tanzania today some political opposition parties never admit whatever good effort for the betterment of Tanzanians is done by the ruling political part. This is a setback to industrial development unless is eradicated. There is a for the public to support the Government on all matters related to national industrial economic development for

the betterment of all Tanzanians. Short of that will expose our natural resources to keep on been taped by industrialized countries. In totality, the above mentioned challenges have been hindering industrial development in Tanzania since independence in 1961. Corruption, illiteracy and poverty have been persistent root causes of under industrialization in Tanzania. Other challenges to be faced by Tanzania include limited market and the complexity of marketing through advertisements and promotion.

Tanzania is newly entering industrial business environment in which experienced competitors with a lot of advertisement and promotion tactics are there to compete. To be able to compete successfully it will be required to have different focused researches. Lack of patriotism is another problem to some Tanzanians with personal and tribalism notions. These individuals some of them being leaders in ruling Government and political opposition will always oppose whatever is done by the Government provided does not serve their personal interest. They will also become sympathy to external exploiters of our national natural resources. The only way of suppressing such kind of notion is the Government in power to maintain its aim of national unity, peace and harmony and struggling for industrial development for the betterment of all Tanzanians.

#### **4.3.13 Linkage of Findings with Other Said Researchers in Summary**

Technically, the findings of this study indicate that most researchers and political decision makers in Tanzania have addressed challenges of industrial development in Tanzania instead of factors. For example; the complexity of advertisement and promotion is a challenge while advertisement and promotion is a factor. This implies

that if advertisement and promotion is well analyzed first, complexity issue can not arise. This study noted that challenges are minor issues compared to factors. Therefore, it is immensely commend that factors should be addressed first because of their ability to influence the outcomes of any industrial development undertaking while challenges are cross-cutting difficulties arises from partial analysis of factors.

Although several factors have been identified in this study, dominant factors are Research and Development, and collective political will towards industrial development. This is due to the fact that Research is a source of everything in man's lives including his invention and discoveries. Collective Political Will is all about national policy settings. Once these factors and others will be well managed, Tanzania will achieve its mission of becoming an industrialized State. Masaaki Imai (1985) also in his Kaizen model advocates continuous improvement of industrial productivity through participatory management of the entire workforce. This model has been used in Japan and in the United States and showed positive industrial development results.

## **CHAPTER FIVE**

### **CONCLUSION AND RECOMMENDATIONS**

#### **5.1 Conclusion**

Industrialization did not come through miracles or naturally in this world. It is artificial and came in through strategic management of the series of prerequisites such as peoples mind set, national integrity, conventional wars, hard working accompanied with strategic reasoning, strategized researches, human capital and effective use of natural resources. Before eighteenth century Great Britain, United States, German, Russia, Japan and others were not industrialized. They were just as Tanzania today but through strategic management of factors affecting industrial development, they became industrialized and reached where they are today. Someone can doubt how war can be a catalyst for industrialization. The answer is that idle mind always regards war as a source of under industrialization while active minds regard it as a catalyst for industrialization in the manner that when a society is threatened get think at day and night on how to evade from the threat.

Through thinking and inquisitives can result on discoveries or invention of the best option to the threat or discovery of new technology that can be used to suppress the threat. History indicate that, Japan was internationally threatened and because of that had always to think on how to sustain military superiority and henceforth became successive. Suffice to say that it is possible for Tanzania to achieve industrial development in year 2025 provided will identify and clearly define its threats have determination to eradicate them. For instance if ministers, institution decision makers and senior officials will be vested with national integrity and hard working

culture, corruption will be eradicated and pave the way to industrial economic development.

Another point is that, strategic reasoning and conduct of researches will enable Tanzanians strategic decision makers to generate and provide answers to questions such as where the country wants to move to and why? Where is it at the moment and why? And how can it reach where it wants to go? Answers to these questions will pave the way for Tanzania to achieve its industrial economic development vision 2025 successfully.

Coca Cola shall be used by Tanzania as a benchmark because it is among the global industries with great competitive advantages in the world. Its great competitor is Pepsi Cola Company. To sustain competitive advantages over Pepsi Cola, it has been formulating and implementing a number of strategies. Just to mention a few are clearly defined and well researched aim, business product diversification, marketing policy, cost effective strategy and production and distribution mechanism. Although Coca Cola industry is competitive, it is has been facing a number of challenges such as the complexity cost of marketing through promotion and advertisement against competitors, the eruption of internal and external armed conflicts generates market limitation as distribution may not access some countries, scarcity of raw materials, new external and internal tax laws, presence of sugar in Coca drinks being perceived as dangerous for human health.

Indeed, some challenges faced by Coca Cola industry can appear and become industrial challenges in the same as it is in Coca Cola but others may not appear the

same. The point to note is that for Tanzania to become an industrial competitive, it also requires to formulate competitive strategies and prioritize its implementation in line with resources availability. Each individual, institution, society, community and ministries has role to play in order to achieve industrial development by year 2025. It is possible provided the identified factors affecting industrial development will be addressed as recommended in the subsequent part of this study.

Countrywide Tanzania can benchmark with Japan to some extent. Japan is a small country with high limited resources but its industrial experience indicates that strategic priorities were focused on the improvement of production system, industrial policy on small and medium enterprise development, loans and public private partnership were among important factors towards industrial growth. In comparison of Japan with Tanzania economies of today, two major differences are discernible. One of these is geographical factors while the other is concerned with the country's external relations by which indicate that Japan was highly militarily threatened and henceforth its industrial development was initially focused in producing warhead products.

Both of these differences are substantial and form the basic reason why Tanzania economies of today may not pursue the same path to development as Japan did in the past. The point to note and to be adapted by Tanzania is that in Japan, the domestic institutional capacity to respond to external shock was clear to the whole of Japan including the political opposition and rural population were ready to respond strongly to stimuli from the West. In the same manner industrialization was a national goal implemented through joint efforts of the government and business

institutions. National development goals were not only decided by the Government but shared by the whole nation, including the political opposition. Government officials, intellectuals, businessmen, engineers, rural landlords and civil rights activists and private entrepreneurs continued to emerge and start new businesses and introduced new technology from abroad and adapted new imports to fit in the needs and conditions of Japan.

Corruption, illiteracy and poverty need to be fought collectively and lawfully addressed. The notion that both the bribe receiver and the provider are both guilt of offense is not lawful just and fair. Need to be redefined so that the receiver shall suffer the consequences.

## **5.2 Recommendations**

Taking into account of that there is no country which naturally emerged as an industrialized state, all industrialized countries went through deductive and inductive strategic analysis of a number of factors. In this regard, it is possible for Tanzania to become an industrialized country as it is Great Britain, United States, Germany, Russia, Japan and others provided strategic analysis of factors will be effectively implemented. In addition, industrialized countries are sustaining industrial competitive advantages through tapping some of natural resources, raw materials and markets from Tanzania.

For instance, China is enjoying an industrial market in Tanzania for the betterments of China instead of the market being monopolized and enjoyed by Tanzania for the betterments of Tanzanians. Because of that, this study recommends a number of



factors to be critically and strategically analyzed at institutional and ministerial capacities as under in order for Tanzania to achieve industrial development by year 2015.

### **5.2.1 Ministry of Labor and Youth Development**

The Ministry of Labor and Youth Development shall review the Trade Union and Association Policies, and child labor perspectives. Experiences indicate that industrialization can cause child labor and Trade Union and Association can be influenced by political notions if not well taken care. It shall also advertize and promote hard working to every Tanzanian.

### **5.2.2 Attorney General's Office**

The Office of the Attorney General shall improve the operating laws on the non citizensø professional employees, establishment of a Commission for importation of raw materials and speeding on managing cases related to corruption, saboteurs and lake-tours offences. Laws such as once a contract is signed cannot be revoked even when the investment is non beneficial to the public are not laws for industrial peace but oppressive and exploitive laws.

### **5.2.3 Ministry of Education and Technology**

The Ministry of Education and Technology shall providing Conversional Training to Local Factory Producers so that can produce goods with quality enough to compete in the global markets. It shall also work on human capital capacity building and transfer of technology. This will enable our industries not relaying on importation of human resources and technology from abroad.

#### **5.2.4 Ministry of Industries, Trade and Investment**

The Ministry of Business and Industrialization shall enquire Parliamentary autonomy for certification of industrial investors in order to reduce political influxes on industrial investment issues. It shall also establish conservative and dynamic economy policies, control of prices in the market force and determine the priorities of implementing industrialization strategies. Indeed, this Ministry is an industrial hub. In that regard it is required to work on all matters related to industrial production cost effective and market value alignment, business ethics policy and investment on Research and Development Program.

Having specific teams or committees for continuous conduct of analysis on the generation of creative ideas, industrial productivity, better team works, employees motivation, development of problem solving skills, value for customers, better quality of products and services, production and distribution and prevention of industrial failure is very essential. These kinds of teams or committees shall also be established in each industry and serve as sources of information for industrial policies, programmes, strategies formulation and implementation. Through this system it is most likely for Tanzania to achieve industrial development by year 2025 as desired.

#### **5.2.5 Ministry of Finance**

The Ministry of Finance shall work on factors such as the Bank Support Policy on industrialization, availability of adequate funds for Research and Development programs and the black markets limitation so that do not endanger national economy. It shall also work on the creation of favorable environment to entrepreneurs by

providing loans with reasonable profit gain.

#### **5.2.6 Presidents Office**

The President's Office shall decide on factors such as maintenance of centrally administered Economies (CAEs), avoidance of economic development decision making based on political interest, collective political will for industrial development, formulation of national policy for academic and non- governmental Research integration and establishment of economic order that unite all Tanzanians.

#### **5.2.7 Prime Minister's Office**

The Prime Minister's Office shall analyze factors such as encouraging Research and Development in private and government sectors, identification of the areas of Researches, public sensitization on the importance of internal markets to national economic development, policy on gender perspectives and poverty alleviation policy. It shall be born in mind and clearly understood that the Prime Ministry is the head of all other ministries. Because of that shall always focus on involving every Ministry in the approach for national industrial development strategy.

#### **5.2.8 Ministry of Agriculture**

The Ministry of Agriculture is among the most important Ministries in the industrialization campaign in Tanzania. This is due to the fact that many of industrial raw materials are likely to be sourced from agriculture because of Tanzania has a large land space. Other factors such as live stock development and agricultural policies, food security and nutrition, irrigation farming systems, water bodies and dams for agricultural programs should be the main concerns as well.

### **5.2.9 Ministry of Health**

The Ministry of Health shall review an industrial health services and water sanitation policies; enact a law in that each industry must have a dispensary for remedial treatment of sick and injured employees prior to referral. Suffice to say that the industries productivity depends on the health of employees which can be endangered by environmental degradation and pollution, Therefore, land, water and air pollution shall be well managed.

### **5.2.10 Minister of Defense**

The Ministry of Defense and National Service shall clearly understand the national foreign policy, sovereignty and defense and security national programs and protect them all. It shall put more emphasis transfer of technology and purchasing military assets from home industries rather than importation. Modernization of National Defense and Security Programmes is also essential.

### **5.2.11 National Parliament**

The parliament shall be empowered to certify all kinds of investment contracts with public interest, harmonization of the government policies, corporate law, accounting law and taxation issues. It shall also enact national Research and Development Policy and insist for constitutional review rather than constitution reform in order to fit in Industrial Environment.

### **5.2.12 Private Sectors and Non Government Organization**

Private business and commercial have experience on industrial undertaking issues. They have to be taken on board so that their experiences are accommodated for the

betterment of the country. This is to implement and justify the concept of collectivity and participatory in implementing national industrial development programmes.

#### **5.2.13 Future Research Areas**

Using this Research as a source of information, it is immensely advised future Research shall be conducted on the types of industries to start with in Tanzania, modality of technical conversional training, the required type and transfer of technology towards industrial development in Tanzania, the public awareness on internal market contribution to national economic growth in Tanzania, the role of private sectors in national industrial development, assessment of factors affecting carbonated drinks producing industries and so on..

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## APPENDIX

## RESEARCH QUESTIONNAIRE

## Preamble

I am a student at the Open University of Tanzania pursuing a Masters of Human Resource Management programme. As per the University's policy, I am researching on **“The factors Affecting Industrial Development in Tanzania”**. It is my expectation that the study findings will be beneficial to both Industrial growth in Tanzania and the Coca Cola industry. It will also serve as a source of information for future studies. Because of that, I kindly request your good office to provide me relevant data for accomplishing my study. Any information you provide will be treated as confidential and will not to be disclosed to anyone who is not the need to know.

## Respondent's Background

1. Age í í í í í í í í í ..
3. Gender:
- a. Male ☐
- b. Female ☐
2. Occupation í í í í í í í í
- a. Unit í í í í í í í í í í Department í í í í í í í í
- b. Appointment í

## SECTION ONE

3. Has Coca Cola industry an industrial growth background?
    - a. Yes ☐
    - b. No ☐
  
  4. If the answer in question three above is YES explain an industrial growth background of Coca Cola industry.
  
  5. If the answer in question three is NO explain how possible for Coca Cola industry not having background.
  
  6. Does Coca Cola industry require information for goal setting, strategy formulation and implementation?
    - a. Yes ☐
    - b. No ☐
  
  7. If the answer is YES in question 6, state the information required by Coca Cola industry.
  
  8. If the answer in question 6 is NO explain why Coca Cola industry doesn't require information.

9. Are there any factors affecting Coca Cola industry competitiveness?

a. Yes ☐

b. No ☐

10. If the answer is YES in question 9, state and explain the factors affecting Coca Cola industry. í ...

11. If the answer in question 9 is NO state and explain issues influences Coca Cola industry competitiveness. í í í í í í í í í í í í í í í í ...

í í

12. Are there challenges facing Coca Cola industry?

a. Yes ☐

b. No ☐

13. If the answer in question 12 is YES mention and explain those challenges.

í í

14. If the answer in question 12 is NO state what difficulties Coca Cola industry faces. í .

í ..

15. Are there factors affecting industry development in Tanzania?

a. Yes ☐

b. No ☐

16. If the answer is YES in question 15, state and explain the factors affecting industrial development in Tanzaniaí í

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17. If the answer is NO in question 15, state and explain the influential issues facing industrial development in Tanzania. í í í í í í í í í í í í í í í í ..

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18. What are the challenges facing industrial development in Tanzania? í í í ..

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Masele Alfred Machanga

Student

MHRM