

**INVESTIGATING THE EFFECTS OF COTTON MARKET DECLINE ON  
PEOPLE'S WELFARE: A CASE STUDY OF BARIADI DISTRICT IN  
SIMIYU REGION, TANZANIA**

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REQUIREMENTS FOR THE DEGREE OF MASTER OF BUSINESS  
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**2014**

**CERTIFICATION**

The undersigned certifies that he has read and hereby recommends for acceptance by Open University of Tanzania a dissertation entitled “investigating the effects of cotton market decline on people’s welfare: a case of Bariadi District in Simiyu region, Tanzania” in partial fulfillment of the requirements for the Masters Degree in Business Administration at Open University of Tanzania.

.....

Dr. Tumaini. M. Katunzi

.....

Date

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## DECLARATION

I, **Mathias Moses Mkumbo**, declare that this dissertation is my own original work and that it has not been submitted and will not be presented to any other University for a similar or any other degree award.

.....

Signature

.....

Date

**DEDICATION**

This work is dedicated to my wife Felister Panga and my Son Deogratius Elias Mkumbo for their gratitude patient and encouragement for the entire period of my study. *Ahsanteni na Mungu awabariki sana.*

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## **ABSTRACT**

The study investigated the effects of cotton market decline on people's welfare. The main objective of the study was to explore the effect of cotton market decline on people welfare with reference to Bariadi District in Simuyu. Specifically, the study examined the effect of cotton market decline on employment in Bariadi district, explored the effect of cotton market decline on human per capita income and finally it found out how human needs are affected by cotton market decline. The study employed both qualitative and quantitative research design, whereas both secondary and primary data were used as source of information. Desk study was applied to get secondary data while interviews and questionnaire were used to data whereby 40 respondents were included. The study findings reveal that cotton market decline affects the inhabitants of the place. The situations has caused a lot of challenges as it has accelerated to increased number of jobless people, increased youth's rural urban migration, increased number of employee on non-agriculture pay roll, poor purchasing ability, poor money circulation also bad business flow. Again the scenario has affected human basic needs: food insecurity, poor development of human shelter, increased drop out from school, inability to buy clothes and also it has caused to inaccessibility to health care facilities. Therefore, it was evident that cotton growers in the study area have not captured the full potential benefits of what they produce market, low prices and high cost of inputs. Hence, the government should plan and advocate for the stable market for farmers because cotton production in Bariadi is people's major economic activities. Also, farmers should adhere to the standards and quality of cotton produce so as to compete in the market and therefore improve cotton market in Tanzania.

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## CHAPTER ONE

### 1.0 INTRODUCTION

#### 1.1 Background of the Study

Tanzania is one of the countries which produce cotton for export and internal activities to generate household and national income (Busi and Lyaro, 2008). It is the major source of household income employing about 500,000 rural households (*ibid.*). According to Baffes (2002) cotton is produced primarily by small orders on farms of 0.5 to 2 hectares, with an average of 1.5 hectares. Most cotton growers do not use fertilizers or other chemicals, mechanized power or irrigation whereby more than 90% of cotton is produced at south of Lake Victoria in Mwanza, Shinyanga, Simiyu, Tabora, Kigoma and Singida region, with Simiyu, Mwanza, Singida and Shinyanga accounting for 80% of it (Baffes, 2002).

Bafes (2002) contends that cotton is the largest agriculture produce after coffee in Tanzania and it was firstly introduced in 1904 by Germany settlers as a plantation crop, but the attempt failed. During the 1920's new efforts focused on smallholder production, firstly in eastern and later in western Tanzania (*ibid.*). Although, production of cotton on commercial scale started at Ukiriguru, South of the Lake Victoria following the construction of railway line from Tabora to Mwanza in 1928. However, Kisonga (2004) argues that sources show that cotton has been grown in Tanzania even before the colonial period. This is because the British explorer John Speke is quoted to have written in his diary of (1958) that indigenous people were growing cotton in some area along his route from Bagamoyo on the Indian Ocean Coast of Ujiji in Lake Tanganyika and from Tabora to Mwanza on Lake Victoria.

However, during this period cotton was only grown for household purposes mainly for mattresses and other domestic uses (*ibid.*).

Busi and Lyaro (2008) asserts that Tanzania has received a number of advantages for the production of cotton such as contributing between 10 and 16 percent of gross foreign currency earning, it is economically important for more than half million people who depend on it directly or indirectly, from 1990 to 1995 cotton has contributed between 31 and 37 percent of the main export earnings in the country. On the basis of this significance of cotton production assumes the reality that if the price of cotton will be at a required stage to local producers; there is a possibility for local producers to prosper economically (*ibid.*).

Busi, *et al.*, (2008) suggests that one of the challenges that cotton sector has been facing in Tanzania are:- lack of financial credit, access to ginning facility, poor business environment, low productivity and quality, weak farmer organisation, as well as inadequate support to the farmers. Also, it was argued that the drastic drop of cotton market between 1977 to 1999 was attributable to *Elinino* rains during the last half of 1997 season (Busi *et al.*, 2008). But, Mukandala (1977) found that the problem of ignorance of the rural population is the main source of instability of cotton production in Tanzania. Hence, the authority concerned with cotton production should invest energy in educating farmers on better methods of farming in order to reduce risks of the crop market (*ibid.*).

Before the liberalization of the 1990s, the cotton Board and cooperative union handled all marketing services for the crop, including marketing, ginneries, provision

of seeds and other inputs (Bargawi, 2008). In 1992, price controls were relaxed and indicative whereas prices were announced instead of fixed prices at which cotton was purchased (*ibid.*). But, the biggest change came with the cotton Act of 1994, when the government eliminated the monopoly held by the cotton Board and cooperative unions and allowed competition in cotton marketing and ginning (Baffes, 2002). This is because before market liberalization, cotton cooperative unions were the buyers and provided subsidies to farmers to promote cotton production such as cotton seeds, herbicides and second payment that assisted farmers in farms preparation.

However, the price was not favorable because single buyer was less competitive. As a result the system faced many problems which led farmers to reduce the quantity of cotton production. Following the economic reforms that took place in the 1990s liberalized the market for cotton, thus engaging new traders and encouraging competition which has acted as a catalyst to increase production and improved quality thus building a more competitive market system (Tanzania cotton Board, 2011). Although liberalization of the cotton sector was under taken as a corrective measure, low levels of cotton processing remain a problem in cotton producing regions. The market infrastructure became relatively poorly developed in the areas of transport, storage and market services (ESRF, 2004).

Furthermore, the system faces a number of challenges including insufficient inputs and poor agronomic practices which lead to decline of cotton price risk and volatility in the world market, lack of incentives for grading during the buying stiff

competition among cotton buyers due to mismatch between production and ginning in the production areas (ESRF, 2004). This was argued that the abolition of the cooperative Unions in 1977 in Maswa affected the production of cotton, because it removed the proper organ which was responsible and answerable to the peasant. This removal led to the federation of many services which peasant were getting before cooperative unions were abolished (Buyashi, 1988).

Bariadi District is one of the districts in Simiyu region and among the biggest cotton producers in the country. Cotton is mostly grown in Bariadi followed by Maswa and Meatu in Simiyu region, although cotton famers face a problem of easy access to credit for the purchase of inputs such as pesticides and mechanization. On the other hand, a poor price offered by private buyers as well as in-ability of cooperation union to support farmers has augmented the problem (Ngasongwa, 2007). Hence this study aimed at assessing the effects on cotton market decline in Bariadi district, by specifically focusing on how cotton market decline in Bariadi district affects people's welfare. Therefore, the questionnaire and interview guide were prepared systematically to ensure all human basic needs are known and how are they affected by aforementioned problem.

## **1.2 Statement of the Problem**

For years now, agricultural sector in Tanzania experienced un-even growth of national cash crop markets because of large decline in production of traditional export crops and increase in subsistence and rural poverty. It is argued that before liberalization, cotton cooperative unions were the buyers and provided subsidies to farmers to promote cotton production. Although the price was not favorable because



single buyer was less competitive, as a result farmers reduced the quantity of cotton production. Following the economic reforms that took place in the 1990s the market for cotton was liberalized, thus engaging new traders and encouraging completion which had acted as a catalyst to increase production and improved quality (Bargawi 2008).

Currently, there are awful lots of problems that have caused the decline of cotton production in Tanzania at an alarming rate. One of the reasons is the instability of the price of Tanzanian cotton in the world market. The decline of cotton market or rather the instability of cotton market has more likely affected the lives of people in the major centers of cotton production in Tanzania such as Bariadi district. This is because such people depended on cotton production as the major source of income. This study aimed at examining the effects of the decline of cotton market or rather the decline of cotton production in Bariadi District.

### **1.3 Objectives of the Study**

#### **1.3.1 Main Objective**

The main objective of this study was to explore the effects of cotton market decline on people's welfare, with reference to Bariadi district in Simiyu region.

#### **1.3.2 Specific Objectives**

1. To examine the effects of cotton market decline on employment in Bariadi district.
2. To explore the effects of cotton market decline on human per capita income in Bariadi district

3. To find out how human basic needs are affected by cotton market decline in Bariadi district

#### **1.4 Research Questions**

1. What are effects of cotton market decline on employment opportunities in Bariadi district?
2. What are effects of cotton market decline on human per capita income in Bariadi district?
3. How does cotton market decline in affect human basic needs in Bariadi district?

#### **1.5 Significance of the Study**

The findings of this study will assist cotton farmers to identify the cause of cotton market decline. The study also is significant to the government of Tanzania as it provides information on how to improve cotton markets in order to solve the effect of cotton market decline of cotton production in Bariadi district. This study adds new information to body of knowledge to professionals, academicians, and public at large by identifying the challenges for the decline of cotton market in Bariadi.

Also, it also helps policy makers in general in formulating the environment for existence of stable cotton market. Finally, because this study focuses on effect of cotton market on people's welfare only, it act as a foundation for future academicians to identify the academic gap related to this topic in Bariadi and Tanzania at large, especially by determining the effect of cotton market on other aspects of human lives in Tanzania.

## **1.6 .Organization of the Work**

The research proposal was divided into three chapters, namely, introduction, literature review, and methodology. The literature review section examined previous work in relation to the research topic and problem, and the methodology section presented the methods that have been used to collect, analyze, and present data in this work.

## **1.7 Summary of the Chapter**

This chapter focused on the introduction of the work. The research problem has been introduced and statement of the problem justified, research objective, significance of the study and organization of the work has been well stated. The next chapter was review the literature review.

## **CHAPTER TWO**

### **2.0 LITERATURE REVIEW**

#### **2.1 Conceptual Definitions**

##### **2.1.1 Market**

Market is one of many varieties of systems, institutions, procedures, social relations and infrastructure whereby parties engage in exchange. For the sake of this study, market refers to the cotton price and nature of cotton price in Tanzania (Baffes, 2002).

##### **2.1.2 Cotton**

Cotton is a soft, fluffy staple fibre that grows in a bowl or protective capsule around the seeds of cotton plant of the genus *Gossypium* (Charles 1896). Cotton is a cash crop where by the fiber is most often spun into yarn or thread used to make a soft, breathable textile (*ibid.*). In this study, cotton refers to among major cash crop produced in Tanzania, dominantly, in regions like Mwanza, Shinyanga, Simiyu, Tabora and Mara regions. Moreover, cotton is an enormously important commodity throughout the world and Tanzania in particular, whereas, most rural people from afore mentioned regions regard it as their major cash crop for their economy (Bussi *et al.*, 2008).

##### **2.1.3 Theoretical Review**

###### **2.1.3.1 Decline of Cotton Production**

Cotton production in Tanzania has an important contribution to the incomes of thousands of rural families in the north and west of the country (Kisonga, 2004: 61). During the 1990s 15m tonnes cotton were being traded internationally each year

(Gibbon, 1998: 3). The leading world producer of cotton is China and unusually for primary commodity the leading export is the U.S.A. (Gibbon, 1998: 3). The leading importing continent is Asia which over the period of 1975 to 1995, it has increased its share of world textile production from 40% to 65% within Asia itself. The important importers are becoming Indonesia and Thailand (Gibbon 1998: 3). Low income generation from the scales of cotton affect the production of cotton, therefore the low income prices of cotton influence people to switch from cotton to other crops which give income in the markets (Buyashi, 1988, 164).

#### **2.1.3.2 Improving Cotton Production**

The strategies that have been done in order to improve the cotton production is; Cooperative strategy, whereas the peasant question has to be solved through the cooperative strategy. In the peasant economies, cooperative play the role of mobilizing the peasants to produce, consume and own their economy on all fronts production, distribution and consumptions (Mabuga, 1988: 80).

Also, Mabuga (1988:89) in the study to assess the effects of dissolving cooperative unions on cash crop production in Musoma district suggests that cooperatives in the peasant economies cannot be forced onto the peasants. They should not be mobilised from above on behalf of the peasants but rather be organised democratically on the basis of peasant voluntarism after being mobilised, educated and class conscientized. It was recommended that the research should continue to investigate the best economic means of increasing the yields of the cotton varieties, with resistance to pests and diseases. The scarcity of labour at specific times during the production cycles, in spite of lack of labour supply at other times requires that research should

be done on crops that can grow in the area that require for example planting, weeding harvesting labour at different times of the year (*ibid.*).

According to Minde (1979) cited in Echessa, (1980: 71), argues that in June 1973, Tanzania cotton Authority (TCA) was set up through an Act of parliament and replaced former Link and Seed Marketing Board (LSMB) together with assuming new responsibilities. Moreover, Kisonga (2004: 60) show that in Tanzania cotton production is positively influenced by the price of cotton, rainfall, lagged cotton output, research investment and price of competing crops, whereas both pricing and non-pricing are significant in influencing cotton supply.

## **2.2 Theoretical Framework**

The following theories were used in this study to guide data collection and analysis.

### **2.2.1 General Equilibrium Theory**

This is the concept of theoretical economics that seeks to explain the behavior of supply, demand and prices in a whole economy with several or many interacting markets by seeking to prove that a set of prices exists that will result in an overall equilibrium, hence general equilibrium (Fabio, 2004). It is proposed as being a useful model, both by considering equilibrium prices as long-term prices and by considering actual prices as deviations from equilibrium (*ibid.*). This theory dates back to the 1870's by French Economist Leon Walras in his pioneering 1874 work entitled "Elements of Pure Economics" (Michael 1999). Broadly speaking general equilibrium tries to give an understanding of the whole economy using a "bottom-up" approach, starting with individual markets and agents. Therefore general

equilibrium theory has traditionally been classified as part of microeconomics (*ibid.*) Michael (1999) contends that in market system the prices and production of all goods including the price of money and interest are interrelated.

A change in the price of one good, for instance bread may affect another price such as baker's wages, hence calculating the equilibrium price of just one good in theory requires an analysis that accounts for all of the millions of different goods that are available. This theory is useful in explaining the phenomena of cotton market especially its decline towards people's welfare as far as cotton market is a backbone of most people living in Bariadi, therefore any change that can be encountered may have a negative reaction on other aspects such as employment, people's standard of living, effect on food crop production. That is why this study seeks to explore the effects of cotton market decline on people's welfare in Bariadi district.

This theory was criticized by number of scholars including: Keynesian and Post-Keynesian economists who argue that general equilibrium theory is neither accurate nor useful that economies are not in equilibrium as equilibrium may be slow and painful to achieve and that modeling by equilibrium is misleading and that the resulting theory is not a useful guide (Fabio 2004). In addition to that John Maynard Keynes on his work entitled "A Tract On Monetary Reform in 1923 asserts that "It is absurd to assume that for any long period of time the variables in the economic organization or any part of them will stay put in perfect equilibrium, as to assume that the Atlantic Ocean can never be without a wave. Following those criticisms general equilibrium theory still has a functional approach in many phenomena especially the case of this study for its attempt to explain how variables are related

and hence a change of one variable alter instantly the other. Therefore all things need to be put equally to sustain people's welfare.

### **2.2.2 Market Information Services Theory**

A market information services theory reflects the movement away from state sponsored marketing in many countries and especially those which have been undergoing structural adjustment. Theory suggests that there has been underground structural adjustment which has been accompanied by recognition that if marketing activities formally carried out by the state are taken over by the private sector then some government support needs to be provided to promote the creation of competition market. Even countries in which the private sector has always played in thriving role in agricultural market are increasingly causing to recognize the need for greater measure of official assistance in areas such as legislation, infrastructural information, marketing extension and marketing information services (Shepherd, 1997).

According to this theory can be shown to have positive benefits for farmers, traders, and policy makers. Up to date for current market information which enables farmers to negotiate with traders from a position of greater strength and good crop price. Also facilitation of spatial distribution of product from rural areas to town and between markets (*ibid*). This theory is essential to this study because when provision of well analyzed cotton market information about market collapse is given out will enable farmers to make planting decision including those related new crops and sometimes make an important contribution to early working of impending food security problem and poverty due to lack of money from cotton (Shepherd, 1997).



### **2.2.3 Theory for Market Growth or Decline**

Market growth or decline theory is a fundamental theory which was developed as apologues theory of apologues for established market exhibiting sporadic growth or inherent declines (Shugan, 2013). Market decline or growth theory suggests that market participants repeatedly take successful and unsuccessful action that causes theory to change or to imitate in myriad and often unpredictable ways. The environment sorts these imitations developing winners and losers. Abundant imitations often cause different farmers and market participants to become winners, displacing the past winners. This imitation less of often cause market growth because the natural selection mechanism leaves more favorable imitations, so one none obvious falsifiable implications this theory is that displacement precedes declines but also risk taking diversity of opinion and experience imitation should precede growth (*ibid.*).

Therefore using publicly multiple datasets using sales of top firms that shows cotton decline and sales of other crops shows remarkable growth producers can imitate to other crops production despite cotton which will provide the confirm to productions of alternative non cotton product (Shugan, 2013).

### **2.3 Empirical Studies**

Orden *et al.*, (2006) prepared a paper to measure the impact of in world commodity prices on poverty in rural Pakistan, with particular focus of on cotton prices and the main cotton producing districts of Punjab and Sindh provinces. This study employed a quantitative research design to justify the study objective and it was found that the increase in rural poverty is the result of an adverse trend in world commodities

prices particularly cotton that is a major commercial crop. This is because poverty was found to be substantial among cotton producing households, whereas 40% were below the poverty line based on per-capita consumption expenditures.

Bargawi (2008) prepared a study to assess the difference in impact in rural Tanzania for the cotton price fluctuation at the ground level. The study used a qualitative research design. The study found that the effects of a sudden fall in price may be widespread leads to producers to seek employment and turn to non-traditional activities such as sales of charcoal and brewing beer. This suggests that change in cotton market may change the individuals' attitude in earning the cost of living.

Echessa (1980) in his study that aimed at examining the factors that affects cotton production in Kenya recommended that the policy strategies should be accompanied by improvements in extensions services, marketing systems and the overall agricultural infrastructures at the site. Therefore, this recommendation is relevant in most of the areas where agriculture is their backbone in order to improve production. However, it there should be analysis to see how poor production affect the crop market and how affected market denature human welfare as the focus of this study in Bariadi District Therefore peasant farmers should make national economic decisions such as producing their own food rather than planting in pure stands, growing short rains (SR) unsprayed cotton rather than long rain (LR) or short rain (SR) sprayed cotton and sunflowers (Echessa, 1980).

Daniels and Minot (2002) conducted a study to examine the impact of changes in cotton prices on rural poverty in Benin. Quantitative research design was employed

to meet the need of this study. The study found that farmers tend to attribute the effects in rural living conditions to economic factors such as crop prices, availability of food and access to non-farm employment. This is because there is a strong link between cotton prices and rural welfare in Benin, whereby a 40% reduction in farm-level prices of cotton is likely to result in a reduction of rural per-capita income of 7% in the short-run and 5-6 to short-run.

Faki (2006) in the book entitled “sustainable cotton production”. While stressing on the cotton market decline, the author shows the main factors that led to the instability of cotton market which includes:-

- i. Natural factors such as rainfall, Pest and disease infestation, drought, flooding, pest and diseases infestations are notorious factors that reduce crop yields and inflate production costs.
- ii. Problems of uncertainty of adequate finance for cotton picking, variations in labour availability and its costs are ever raising problems affecting cotton productivity in irrigation schemes.
- iii. Civil strife has been reason behind the sharp declines in rain fed cotton production.

Therefore, there is a need to see how cotton market decline can affect peoples' welfare in reference to Bariadi district. Smith and Stewarts (2012) examined the 2008 auctions rate securities (ARS) market collapse and USA non-profit health systems. The author used multiple case study methodology to examine the financial and operating impact of ARS failures on hospitals and health systems. Research found that global financial crisis resulted in millions of dollars and the ability of an

individual to respond effectively to these capital market-selected shocks that is related to three key factors: profitability, liquidity and perceived credit quality. However, the research measured the financial and operating impact of the highly publicized market collapse but did not show the direct consequences to the society especially to people's welfare.

Felahi *et al.* (2012) did their paper to assess the effect of employment rate, unemployment volatility and crime in USA. Research employed both qualitative and quantitative research design and reveal that unemployment rate has the significant effect on burglary in the short run and no effect in the long run. Emphasis from the paper examined the relation between unemployment and crime, whereas it suggests that unemployment sparks the existence of immoral conducts in the society. Therefore, there is a need to see how unemployment affects people's welfare in the society.

Urrio (1993) conducted a study investigate the motives behind and reasons of using law in the regulation of production and the marketing of cash crops generally, and of coffee and cotton in particular. This study employed legal framework to examine the workability of various laws that supported introduction of cash crops in Tanzania and qualitatively analysed the collected data. The findings indicate that it is clear that the operations of the laws have been designed to serve and protect government interests and not those of the peasants, because the interests of the peasants have greatly been marginalized because they have been bound to transact with government controlled marketing agencies including cooperatives and crop marketing boards. Also, producers' prices have been dictated to the peasants by the

government and various taxes, levies and other deductions have been imposed on the incomes of the peasants unilaterally without involving them.

Also, the pricing systems relating to both cotton and coffee are both unsatisfactory and un-economic whereby in the case of cotton the price are announced during the growing season and are not changed throughout the buying season even if the world market prices are high. It was recommended that peasants should be paid the prices prevailing in the world market during the time of selling their produce and not otherwise. Also, the laws should require the government to consider the production costs of the peasants during when the time prices are fixed (*ibid.*).

Hamid and Allaudin (1998) did their study to justify the unemployment of rural women in shrimp aquaculture in coastal Bangladesh. This study employed qualitative research design and reported that shrimp production has enabled rural women to earn more cash income and become more active earning. It suggests that peoples' participation in a particular activity can be an adoptive behavior that any change to occur upon may better modify or alter the way of living. Therefore, due to the problem of unemployment in Bangladesh women decided to engage in aquaculture and as a result they earned more cash income. Hence, because rural women in Bangladesh regard aquaculture as their productive employment, there is a need to hypothesize how market change can have the consequence in the society.

Karanja and Nyoro (2002) conducted a study to examine the impact of coffee price on livelihood of rural community in Kenya. The study employed qualitative research

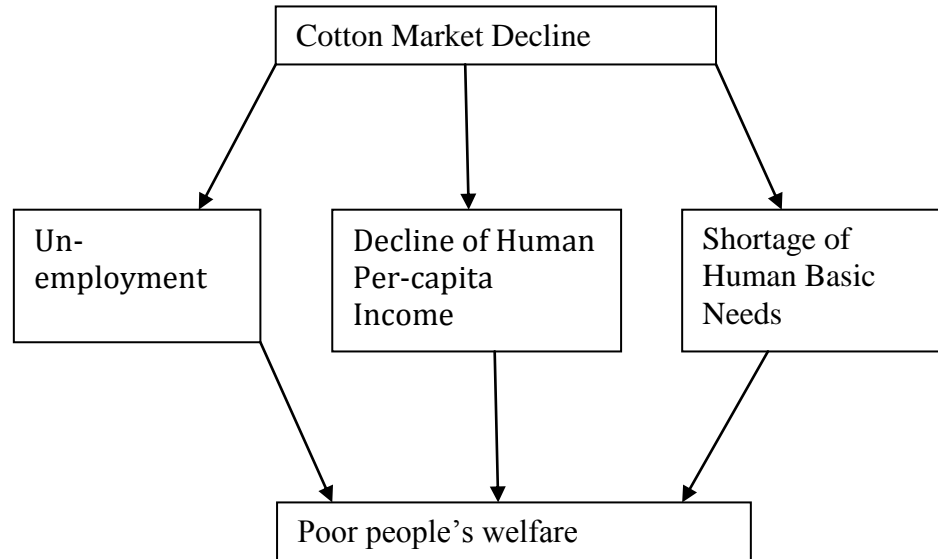
design to justify the need of this study. The study found that with low incomes from coffee, households may not be able to purchase food from the market to their requirements. The low coffee payments therefore mean that even own-food production is lowered. It was recommended that there is a need to address issues of food security if malnutrition and related problems are to be avoided in coffee growing zones. The results also suggest that given the poor return from coffee production, farmers are investing in other farm enterprises. Dairy production, horticultural crops, honey production and poultry keeping were identified as alternative farm enterprises in Marang'a district.

WWF Report (2012) asserted that cotton production largely depends on the area under cotton production and productivity. Therefore, issues such as food security and land pressures have led to the area under cotton production to remain largely constant. Hence, there was an inspiration to understand how cotton market decline contribute to food security in Bariadi district. Zorza (2001) when examining the difficulties associated with development of human shelters contends that homelessness and poverty are inextricably linked, because poor people are frequently unable to buy building materials as well as paying for health care, food, and education.

The difficulties appear when limited resources cover only some of these aforementioned necessities and housing is only which absorbs a high proportion of income is usually dropped. Therefore, there is a need to see if cotton market decline can contribute to people's failure in developing modern shelter as well as accessing various human basic needs.

## 2.4 Conceptual Framework

### 2.4.1 Conceptual Frame Work for Cotton Market Decline



**Figure 0.1: Conceptual Frame Work for Cotton Market Decline**

**Source:** Researcher's own design.

### 2.4.2 Descriptions of the Framework

Cotton Market Decline;

This is an independent variable in this framework and a central figure of this study.

This frame work specifically showed how this variable affects people's welfare in Bariadi district.

#### 2.4.2.1 Independent Variables

These include un-employment, low per-capita income, and shortage of human basic needs. Un-employment occurs when people who actively engaged in production of cotton as their productive employment abandoned due to the fall of cotton price, Low per-capita occurs when the cost of living becomes higher than their income or

individual income is lower than living costs, shortage of basic needs is predicted to happen because if people produce cotton as their cash crop to earn the cost of living so when the price of cotton falls people may deliberately supplement by selling their food crops that may react to famine and hunger hence loss of man power but also, due to lack of capital may affect human basic needs.

#### **2.4.2.2 Poor Standard of Living**

This is an effect resulted from this framework. This is what is called poverty where the cost of living becomes higher than people's income and where people fail to get their needs on time at a required amount.

### **2.5 Research Gap**

Cotton is an important cash crop in Tanzanian economy as it has been second after coffee. Its importance is not only limited to being one of the main source of foreign currency but also an important contribution to the incomes of some rural families in the north and west of the country (Kisonga, 2004: 61). Most researchers have been investigating the decline of cotton production in Tanzania, including (Mukandala 1977; Bargawi, 2008; Busi, *et al.*, 2008) but they have never investigated the effects of cotton market decline on people's welfare. This study investigated the effects of the decline of cotton market in Tanzania the case study of Bariadi District.

### **2.6 Summary**

This chapter reviewed literature in relation to the key empirical studies literature, theoretical frameworks, and the academic or rather the research gap that formed the need of this work. The next chapter is on the research methodology.



## CHAPTER THREE

### 3.0 RESEARCH METHODOLOGY

#### 3.1 Research Philosophy

This refers to the systematic search for the existence, knowledge, values, reason, mind and language (Sekaran, 2006). It requires an open mind in order to establish facts to both new and existing mysteries (*ibid.*). In a quantitative research, positivism philosophy is a common philosophy used in most researches. It is based upon highly structured methodology to enable generalized and quantifiable observation and evaluate the result with the help of statistical methods (Saunders, 2003). Positivism philosophy will be used especially to verify what has been said by other scholars about the effects of market on peoples welfare so that it becomes the general statements.

In a qualitative study, naturalists (realism) is a major research philosophy that can be used to measure the significance of the study, what can be known, what research tools and designs are appropriate, and what standards should be used to judge the quality of research (Sekaran, 2006). Both naturalists' philosophy and positivism philosophy will highly be encouraged in this study because it seeks to explain what have been seen, regardless of whether their findings can be extended beyond the time and circumstances of the current study. Naturalistic (realism) and positivistic research are focused more on understanding what has happened in a specific circumstance than on trying as well as predicting what will happen next. Hence, the interviewers/respondents may reach different conclusions about how they view the phenomena. Therefore, these philosophies will help the researcher to acquire more

data of different opinions on the effects of cotton market decline on people's welfare in Bariadi district.

### **3.2 Research Approach**

This study employed mixed method approach where both qualitative and quantitative data was simultaneously collected and analyzed and had equal weights. Mixed method approach was appropriate for this study as it allowed the collection and analysis of data by using qualitative and quantitative data at the same time (Kothari, 2006; Kombo & Tromp, 2005). Thus, the purpose of mixed method in this study was to obtain different information from different instruments for the purpose of studying research objectives. Creswell (2009), state that, mixed methods are important as they enable one to utilize the strengths of both qualitative and quantitative methods in the same study. Qualitative data provided in-depth information to investigate the effects of cotton market on people's welfare, whereas the researcher used instrument like interview to accomplish research objectives. In quantitative approach researcher verified the reported effects of cotton (crop) market decline, whereas questionnaire was used for the purpose of responding to the research objectives.

### **3.3 Research Design**

Orodho (2003) defines research design as the scheme, outline or plan that is used to generate answers to research problems. A research design can be regarded as arrangement of condition for collection and analysis of data in a manner that aims to combine relevant with the research purpose. Generally, the purpose of a research design is to help a researcher control the process of data collection and data

interpretation (Kothari, 2004). The study employed concurrent triangulation whereas both qualitative and quantitative data were simultaneously collected and analyzed on the same time. Qualitative research approach employed interviews because qualitative design normally contributes to better understanding of phenomenon researched by using a single example (Kane and O'Reilly, 2001 and Best and Kahn, 1993). In quantitative approach, questionnaires, was used to collect data for understanding the effects of cotton market decline in Bariadi district. This is because quantitative research was for verifying whether the mentioned effects are real effects of cotton market decline on people's welfare.

### **3.4 Study Area**

This study was conducted in Bariadi district, Bariadi district is one of the five districts of the Simiyu Region of Tanzania. Prior 2012, Bariadi District was a part of Shinyanga region and it is administratively divided into twenty six wards whereby most of its people are farmers. In 2010 Bariadi district was among twenty districts in Lake Zone funded by agricultural sector in order to promote agricultural sector in the country (URT 2010). Bariadi district was selected for this study because of its accessibility by road transport and the fact that it is the headquarters of Simiyu Region. It has also a huge numbers of cotton production branches compared to other districts of Simiyu region in Tanzania, and Bariadi leads in terms of cotton production in Simiyu region.

### **3.5 Sample Size and Sampling Procedures**

Sampling procedures involved probabilistic and non-probabilistic sampling strategies. In order to sample respondents from the twenty two wards of Bariadi

District, the stratified random sampling was used, whereby each of the wards is considered as a stratum. Because each ward has several branches of cotton production, three cotton production branches from each stratum were sampled randomly where all the cotton production branches had equal chances of inclusion in the sample. In order to get respondents to study from the sampled branches, a purposive sampling technique was used, because it was difficult to get some of people to interview. It is vital to note that the sample size for qualitative research methodologies depends of the outcomes of the interviews or questionnaire (Kothari, 2004). The sample of this study included cotton producers (Farmers) extension officers, community development officers and small and medium enterprises. The response of this sample was discussed to the upcoming sections.

### **3.6 Data Collection Methods**

The main data collection methods included secondary data, and primary data including interviews and questionnaires. The application of each of these methods was discussed independently for the sake of clarity.

#### **3.6.1 Secondary Data**

A significant ingredient practically of all researches is the review of the literature, which makes secondary data essential if the researcher wants to carry out a good piece of work. Secondary data already exist and are collected for some other purposes but can be used in current research project (Kothari, 2004). One of the basic advantages of using secondary data was that it helped the study to save time and money. Secondary data that used in this work include both published and non-published materials. The former are different books, articles from journals,

pamphlets, and technical papers. The latter include meetings' minutes, newspapers, dissertations, letters, files, reports and action plans. The fact that secondary data have been collected for another different purpose is one of the limitation of the secondary data (Kane and O'Reilly, 2001), but the researcher was aware of this limitation. This fact led to the need of the use primary data as well.

### **3.6.2 Primary Data**

#### **3.6.2.1 Interviews**

Interview supplements other research techniques depending on the nature of the study. Interviews were mainly used in this study to obtain required information and the researcher considers face-to-face interviews, since they satisfied one's needs especially when questions required an extended response. Interview as research tool has the following advantages: it is highly flexible tool, allows a more permissive atmosphere than the case when using other techniques of investigation (Kothari, 2004).

Other advantages include: the questions not readily grasped by interviewees can be rephrased, or repeated with proper emphasis and explanations when necessary. The interviewer has also an opportunity to appraise the accuracy and validity of replies as contradictory statements can be followed up and possible reasons for contradictions can be learned. In spite of many advantages, the interview also has limitations that jeopardize its value, even when it is used to as a supplementary research technique. For instance Interviewer on one hand may suffer from "double doze subjectivity" and may interject unwarranted interpretations, guesses, impression into his/her data. On the other hand, interviewers deal frequently with subjects who are not too

sophisticated to modify facts by conscious volition, nor are they too innocent to lie (Kothari, 2004). Interviews, even though conscientious, may suffer from faulty perception, faulty memory, lack of insight, and inability to articulate facts (Kothari, 2004).

The researcher began each interview by explaining the purpose of the study and the informant's willingness to participate. The interviews included structured and semi-structured questions that were introduced at the beginning of the interview to allow the interviewee express ideas in their own words at leisure (see Appendices). Structured questions consisted of list specific questions that help the interviewer not to deviate from the list or inject any extra remarks into the interview process. They were used as a guide in areas where there was no need for detailed information. The questions were basically grouped into two major categories namely demographic data such as age, sex, education and topical questions. Interviews were used for extension officers and community development officers.

### **3.6.2.2 Questionnaires**

Questionnaire is referred to as a list of questions given to a number of people for them to respond (Kothari 2004). The questionnaires were used to collect primary data from respondents from each of the stratum. This approach saved time as all questionnaires were filled at a time in a particular stratum by the respondents. As with the interview questions, each questionnaire was equipped with a good number of item or questions which guided them in providing sufficient information on the problem for the study (see Appendices). Due to the nature of this study, close-ended questionnaire in likert scale format were distributed especially to the respondents

who were not contacted easily by a researcher due to work responsibilities or other responsibilities. Therefore, questions were prepared technically to allow respondents explain their attitudes related to effects of cotton market decline. Questionnaires were for cotton producers (farmers) and small and medium enterprises.

### **3.7 Data Analysis Techniques**

Bickle and Bogdan (1992) maintain that data analysis is a systematic process which involves working with data, organizing and breaking them into manageable units, synthesizing them, searching for patterns, discovering what is important and what is learnt and deciding what to tell others. This study applied both quantitative and qualitative data analysis.

#### **3.7.1 Qualitative Data Analysis**

Qualitative data was obtained through interview. Content analysis was employed to analyses qualitative data in the present study since it allows the researcher to identify and code (label) items of data which appear in the text of transcripts so that all the items of data in an interview were compared with those collected from other respondents. Content analysis was used in order to allow coding and classification of data according to categories.

#### **3.7.2 Quantitative Data Analysis**

Data analysis refers to the computation of a certain measures along with a searching for patterns of relationship that exist among data groups (Kothari, 2004). Univariate analysis of data was used because it involves the analysis of one variable at a time. Therefore, frequency table was used because it provides the number of people or

items and the percentage belonging to each of the categories for the variable in question that can be used in relation to all of the different types of variables. Quantitative data analysis techniques such as Statistical Package for Social Science version 16.0 (SPSS) were used to group respondents or items. Diagrams were also used to ensure easy understanding and interpretation of the data that present the response of the respondents. SPSS was only applied in generating the frequency tables and charts (figures).

### **3.8 Validity and Reliability**

Validity and reliability of research instruments refers to the quality of data gathering instruments (Golafshani, 2003). Also it refers to quality that an instruments used in the research is accurate, correct, true, meaningful and right.

#### **3.8.1 Validity**

Validity is the ability of an instrument to measure what it is designed to measure. Validity can be defined as the degree to which researcher has measured what has intended to be measured (Kumar, 2005). Therefore, effort be made to make sure that instrument was valid and reliable. In order to make the validity, the instruments were first checked by researcher supervisor for their advice and correction. In order to achieve validity all data collected were reviewed and organized in such a way that they capture relevant information for the research objectives.

#### **3.8.2 Reliability**

Cohen (2000) explains reliability as the extent to which results are consistent over time and have accurate representation of the total population under the study.



Reliability means that if the research is repeated by the respondents or independent observers with the same methods, they got the same results or data (Kothari, 2004). Kumar (2005), maintain that reliability is the degree of accuracy or precision in the measurements made by research instruments. “The lower the degree of error the higher the reliability” (Kumar, 2005). Moreover, in order to ensure reliability of the instruments a multiple data collection technique was used in this study. Multiple instruments involved the use of more than one methods of data collection and permit the researcher to combine the strengths and make up for some of the deficiencies of one source of data collection (Cohen, 2000). The research instrument further refined during data collection in the field as usual practice in the qualitative and quantitative research.

### **3.9 Summary**

This chapter has explained the rationale of various methods for data collection and analysis for this work. The methods adopted are both qualitative and quantitative, because of the nature of the research problem.

## CHAPTER FOUR

### 4.0 DATA PRESENTATION, ANALYSIS AND DISCUSSIONS

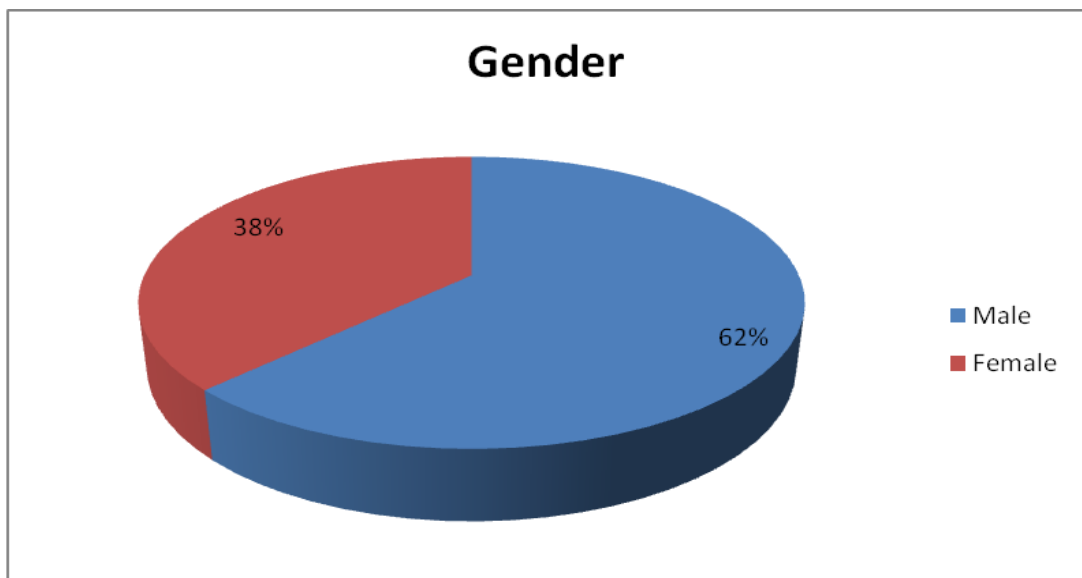
#### 4.1 Introduction

This chapter discusses research findings in terms of analysis of quantitative variables and qualitative information. The chapter contains descriptive analysis and discussion of the study in general. The study aimed at exploring the effect of cotton market decline on peoples' welfare in Bariadi districts.

#### 4.2 Personal Information

##### 4.2.1 Gender

The study involved 40 respondents both male and female. Male were about 25 respondents equivalent to 62% and female were 15 equivalents to 38% of the total sample participated in the study. The sample distribution is shown in figure (4.1) below:



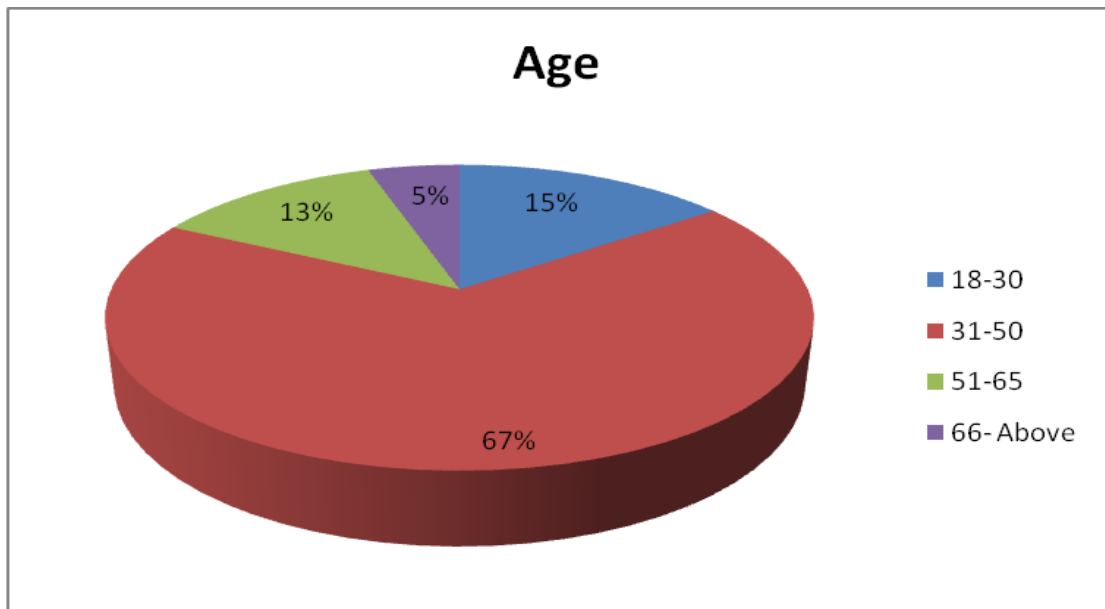
**Figure 4.1: Distribution of respondents by gender**

**Source:** Field Data

The chart above shows that both males and females were included in the study for the evaluation of their views about cotton market decline in Bariadi district.

#### 4.2.2 Age

The study considered respondents with different age groups. About 6 respondents equivalent to 15% ranged from 18-30 years, 27 respondents equivalent to 67% ranged from 31-51 years old, 5 respondents equivalent to 13% ranged from 51-65 years old and the last group ranged from 65 and above that contained 2 respondents equivalent to 5%. Respondent distribution is shown in figure (4.2).



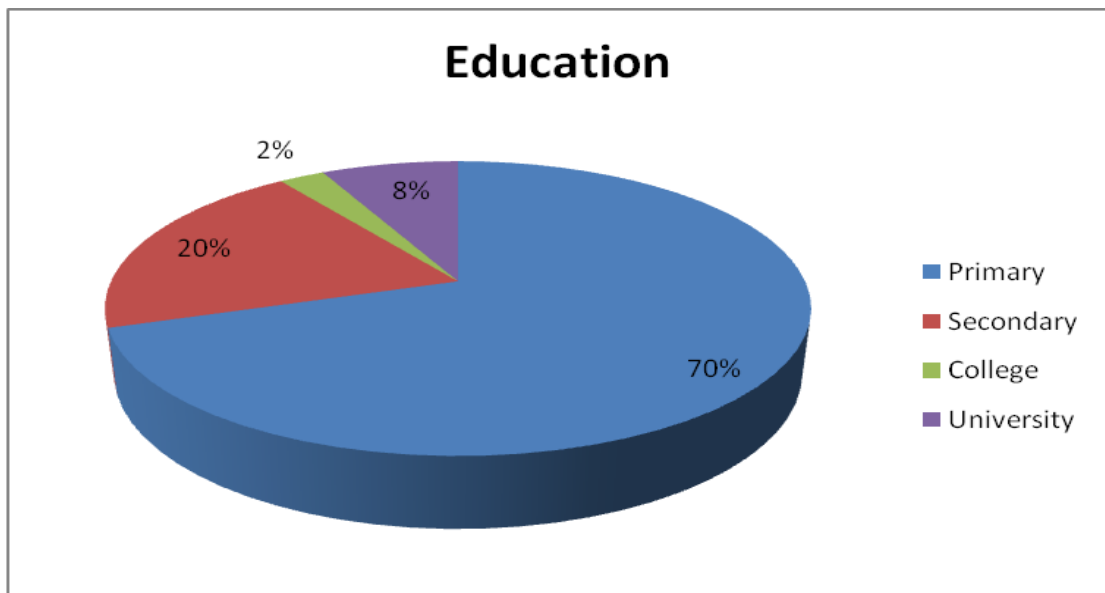
**Figure 4.2: Distribution of Respondents by Age**

**Source:** Field Data

The chart above shows that all age groups with self determination were involved in the study to explore the effects of cotton market decline.

### 4.2.3 Education

This study involved respondents of different level of education. Out of 40 respondents, 28 respondents equivalent to 70% had primary education, 8 respondents equivalent to 20% had secondary education while a respondent equivalent to 2% had college education also other 3 respondents equivalent to 8% had university education. The respondent profile is shown in (Figure 4.3).



**Figure 4.3: Distribution of Respondents by Education**

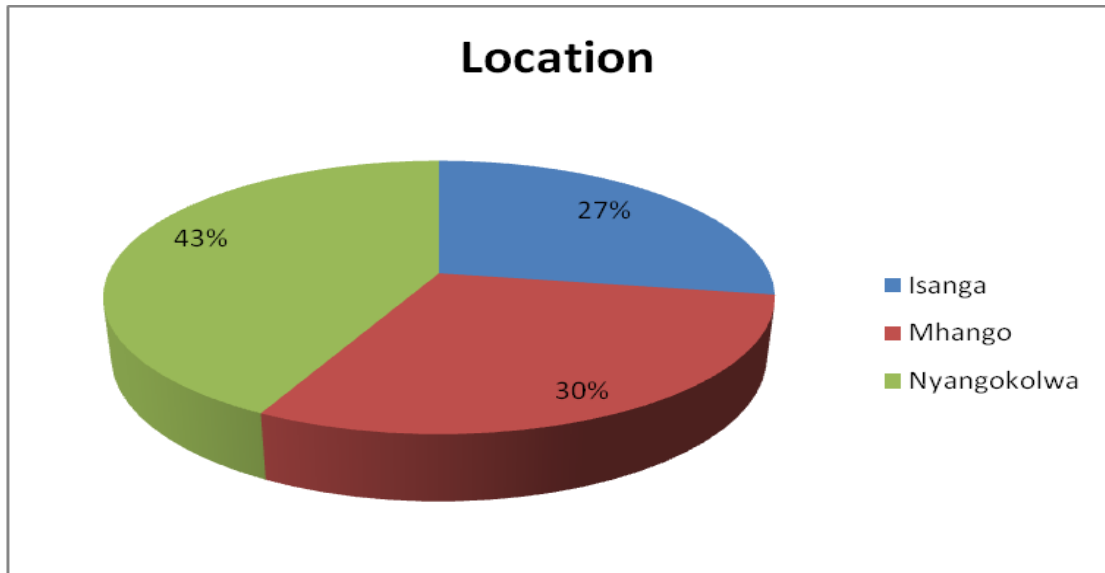
**Source:** Field Data

The chart above shows that respondents of different educational background were engaged in this study.

### 4.2.4 Location

The study involved respondents from three wards namely Mhango, Isanga and Nyangokolwa from which the villages sampled were selected randomly. From Isanga the the sample size contained 11 respondents equivalent to 27% and from Mhango the sample selected contained about 12 respondents that is equivalent to

30% while from Nyangokolwa ward the sample selected contained 17 respondents equivalent to 43%. The respondents profile is shown in figure (4.4).



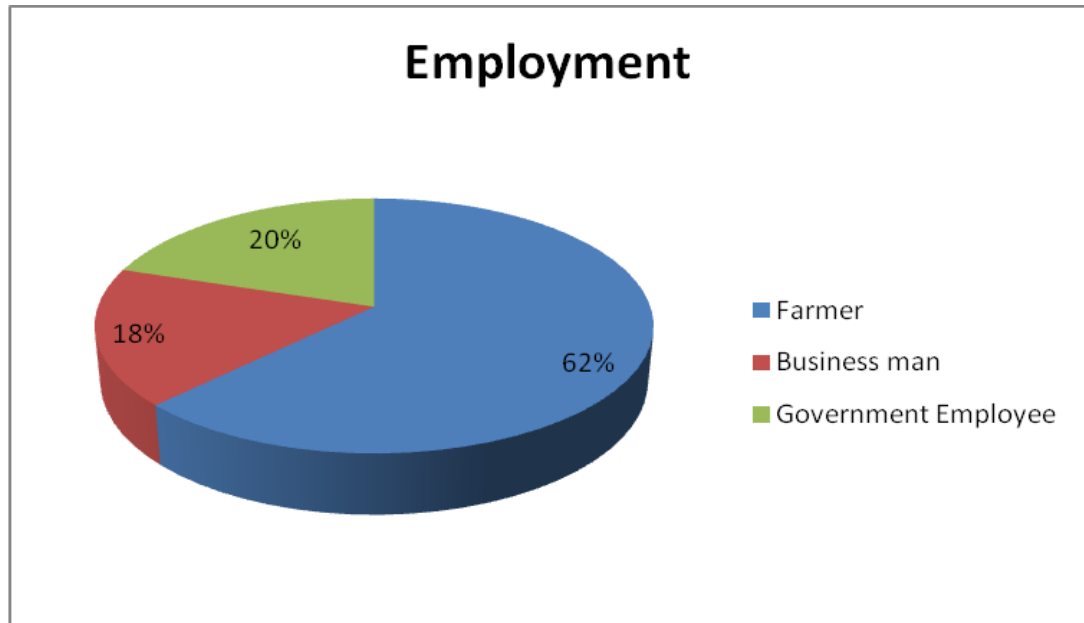
**Figure 4.4: Distribution of Respondents by Location**

**Source:** Field Data

The chart shows that the sample was nearly equal within each ward selected to represent the all sample in the district.

#### **4.2.5 Employment**

Respondent involved in the study had different status in term of employment. 25 respondents equivalent to 62% were farmers, 7 respondents equivalent to 18% were business men while 8 respondents equivalent to 20% were government employees. Respondents` profile is shown in (Figure 4.5). The chart shows that the numbers of farmers were many compare to other respondent. This is because the study aimed to get information from cotton farmers who are directly affected with the decline of cotton market.



**Figure 4.5: Respondents Distribution by Employment**

**Source:** Field Data

### **4.3 Effect of Cotton Market Decline on Employment in Bariadi District**

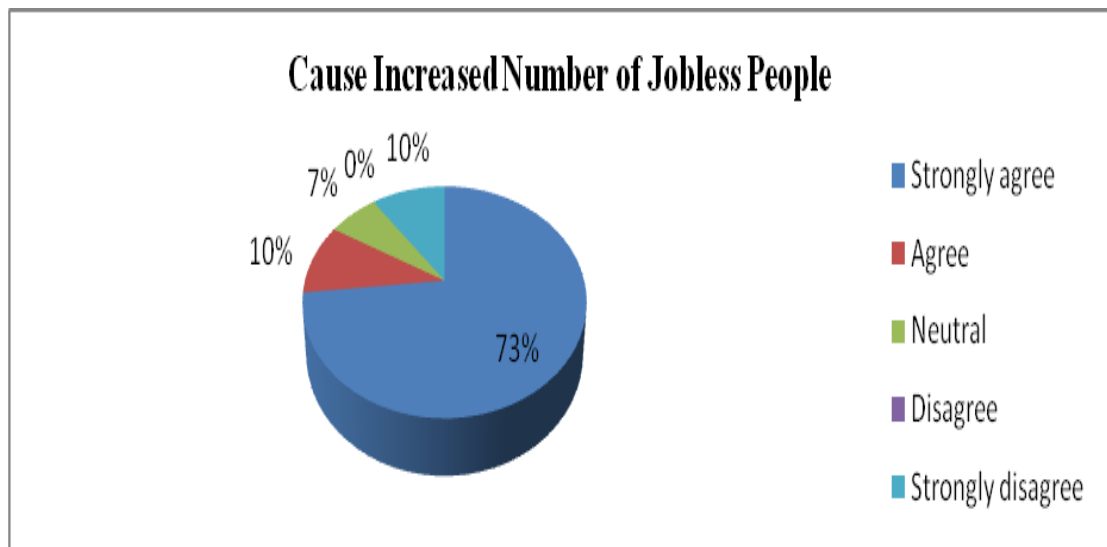
This specific objective aimed at investigating whether the decline of cotton market has an effect with the employment condition of Bariadi's inhabitants. To get required information the objective was fulfilled with two tools that are questionnaires and interviews.

#### **4.3.1 Data from Questionnaires**

In case of questionnaires the objective was split in parties of variables that required the respondents to tick on the correct option. The variables were: cotton market decline cause increased number of jobless people, promotes to increased youth's rural to urban migration and contributes to increased number of employee on non-agriculture payroll. The responses to the variable were as follows:

#### 4.3.1.1 Cause Increased Number of Jobless People

On the question of whether cotton market decline causes increased number of jobless people at Bariadi district. Out of 30 respondents responded to questionnaires, 22 respondents equivalent to 73% strongly agreed, 3 respondents equivalent to 10% agreed, 2 respondents equivalent to 7% were neutral, 3 respondents equivalent to 10% strongly disagreed while none disagreed. The response distribution is given in (Figure 4.6).



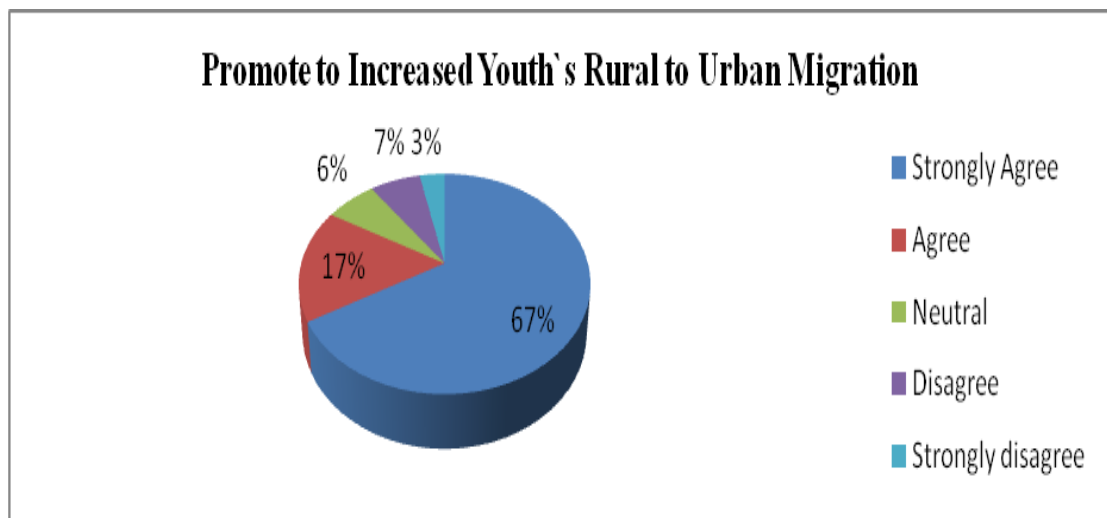
**Figure 4.6: Causes Increased Number of Jobless People**

**Source:** Field Data

From the findings shown in the pie chart, it is real that the market cotton decline has caused increased number of jobless people as 83% of respondents involved in the study were in agreement to this variable. This can be supported by Bargawi (2008) who contends that cotton market decline leads to producers to seek employment and turn to non-traditional activities such as sales of charcoal and brewing beer. Therefore suggesting that with decline of crop market, people who depend on suffer from unemployment because of regarding it as a productive employment for them.

#### 4.3.1.2 Promote the Increased Youth`s Rural to Urban Migration

The next variable on this specific objective inquired the respondents to give their opinion whether the decline of cotton market promotes to increased youth`s rural to urban migration at Bariadi district. Out 30 of respondents responded to questionnaires, 20 respondents equivalent to 67% strongly agreed, 5 respondents equivalent to 17% agreed, 2 respondents equivalent to 6% were neutral, 2 respondents equivalent to 7% disagreed while only 1 respondent equivalent to 3% strongly disagreed. Respondents' distribution is shown in (Figure 4.7).



**Figure 4.7: Promote the Increase of Youth`s Rural to Urban Migration**

**Source:** Field Data

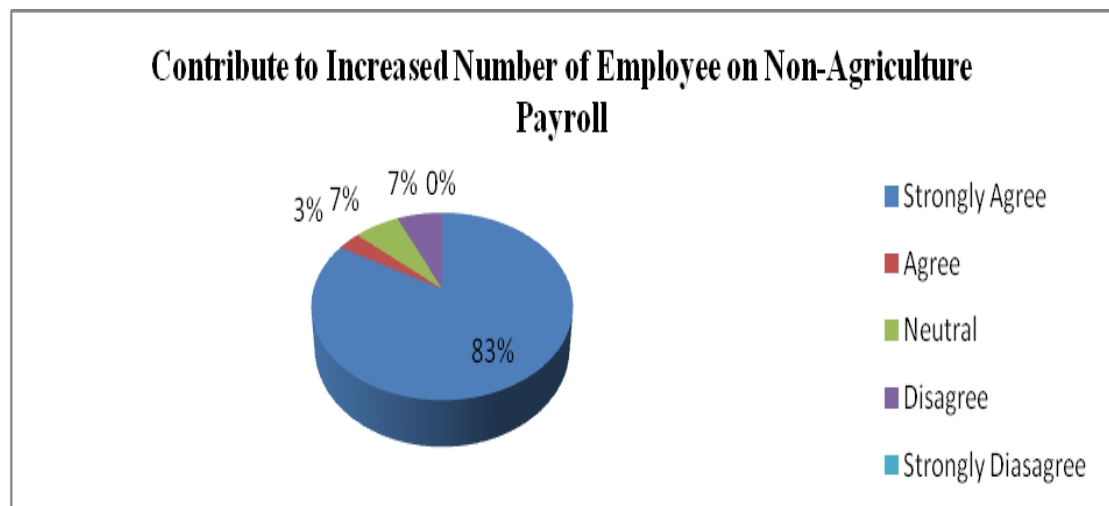
The data from the field show that decline of cotton market at Bariadi district generates to increased youth`s rural-urban migration, since 84% of the respondents participated in the study agreed to the argument that cotton market decline promotes to increased youth`s rural to urban migration. Felahi *et al.* (2012) asserted that unemployment sparks the existence of immoral conducts in the society whereas youths may become populated in big cities to search for their alternatives. Therefore,



it can be argued that cotton market decline in Bariadi has resulted to people's lack of employment, the case which influence movement of youths from rural to urban area to search for employment.

#### **4.3.1.3 Contribute to Increased Number of Employee on Non-Agriculture Payroll**

The last variable for this specific objective requested the respondents to provide information on whether cotton market decline has to do with the increased number of employee on non- agriculture payroll (i.e. businesses and craftsmanship). Regarding respondents who responded to questionnaires, 25 respondents equivalent to 83% strongly agreed to the variable, 1 respondent equivalent to 3% agreed, and 2 respondents equivalent to 7% were neutral and 2 respondents equivalent to 7% disagreed while none of the respondents strongly disagreed. The respondents' distribution is provided in (Figure 4.8).



**Figure 4.8: Contribute to Increased Number of Employee on Non-Agriculture Payroll**

**Source:** Data from the Field

The findings indicate that the decline of cotton market has accelerated the decrease of number of agriculture employee payroll. This is because 26 respondents equivalent to 86% has supported the argument that cotton market decline contributes to increased number of employee on non-agriculture payroll. This has also been discussed by Bargawi (2008) who argued that sudden fall in price may be widespread leads to producers to seek employment and turn to non-traditional activities such as sales of charcoal and brewing beer to earn the cost of living.

In case of interviews, 10 respondents were interviewed for this objective, whereas the questions were prepared specifically to answer this objective as follows; on the question that required respondents' opinions on whether people of Bariadi district regard cotton production as their self-employment, all 10 respondents interviewed accepted that people of Bariadi district really regard cotton production as their productive employment.

Also, respondents were asked what they think are reasons for people of Bariadi to regard cotton production as their productive employment, whereby 60% of the interviewed said that cotton is the only cash crop produced at Bariadi because of climate condition of the area which is semi-desert that allows cotton to prosper than other cash crops and it was marketable before the price collapse. Other reasons mentioned were like creation of employment to people through intense engagement in producing this crop. For instance, one of the respondents contended that:

*“Cotton production was our major option for people's earnings because cotton was regarded as traditional crop, whereas anyone who ignored to cultivate was him/herself assumed to be guilty. Hence, all of us regarded*

*cotton production as our productive employment”.*

This can also be supported by study conducted by Faki (2006) that suggests that main factors that led to the instability of cotton market includes: Natural factors such as rainfall, Pest and disease infestation, drought, flooding, pest and diseases infestations are notorious factors that reduce crop yields and inflate production costs as well as civil strife that has been a reason behind the sharp declines in rain fed cotton production. Hence, this is not the case to Bariadi because the climatic and cultural environment favours the production of cotton.

Also, respondents were required to provide their opinion on how cotton market decline affects the people’s employment at Bariadi district. The results show that all respondents interviewed responded positively and mentioned the following factors to affect people’s employment after cotton market has collapsed: peasants’ engagement in other economic activities to obtain capital to rescue their families, as well as stakeholders’ arrangement of price without agreement to peasants. Also, other respondents suggested that cotton market decline has made serious damage in their employment because most of the youths and mostly men run out their home because of incapability to provide basic needs of the family. One said that:

*“Most of men run their home for failing to handle the cost of living because the only trusted employment through cotton production has ceased due to constant collapse of cotton market”.*

Therefore, as said by Felahi *et al.*, (2012) who asserted that unemployment sparks the existence of immoral conducts in the society whereas youths may become

populated in big cities to search for the cost of living. Again, the respondents were required to say of the alternative means that are taken by people from Bariadi after the collapse of cotton market. The study revealed that people of Bariadi are nowadays cultivating other crops (i.e. maize, sunflower, tomato, beans and groundnuts), selling food crops, selling cattle, cutting firewood and charcoal burning, as well as engagement in small businesses like opening shops and hotels so as to earn the cost of living. At a great extent reasons such as cultivating other crops, selling food crops as well as engaging in small business were mentioned by all respondents who were interviewed. This shows that peasants from Bariadi opted this opportunity after the collapse of cotton market.

Also, one of the respondents said that due to the collapse of cotton production at Bariadi, to earn the cost living people engage themselves in borrowing loan to initiates some development projects such as business but they mostly fail because of poor knowledge in business hence fail to refund the loan. But others become robbers and thieves to run their life after the failure of their productive employment. For example, one respondent who was a community development officer said that:

*“Other people try to engage in borrowing loans for initiating various businesses and fail to refund those loans because of lacking knowledge in business”.*

Daniels and Minot (2002) contends that farmers tend to attribute the effects in rural living conditions to economic factors such as crop prices, availability of food and access to non-farm employment (engagement in other activities rather than farming).

Therefore, the findings from the interviews and questionnaire shows that the decline of cotton market has affects in employment to people of Bariadi district.

#### **4.4 Effects of Cotton Market Decline on Human per Capital Income**

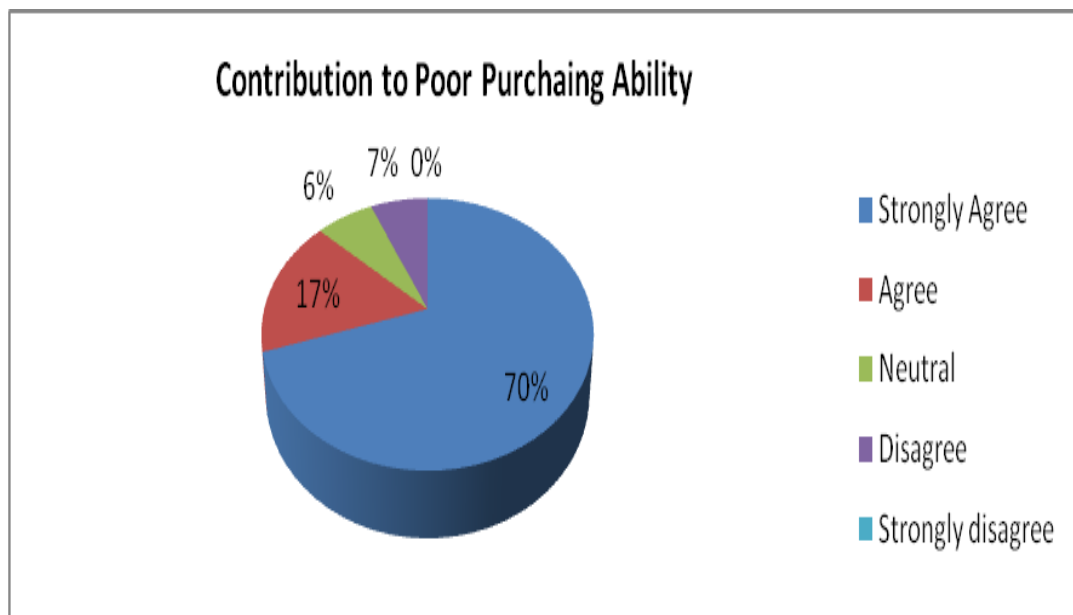
This objective aimed at examining the effects of cotton market decline on human per-capita income. To answer this objective two tools were used that are questionnaires and interviews and the responses were as follows; in case of questionnaires, respondents were required to agree or disagree on effect of cotton market decline on human per capital income. The objective assumed three variables to fill this purpose. These variables includes: contribution to poor purchasing ability, influencing poor money circulation and brings bad business flow. The analyses of the above variables are explained as follows;

##### **4.4.1.1 Contributing to Poor Purchasing Ability**

This question required respondent to respond as to whether cotton market decline contributes to poor purchasing ability among the people in Bariadi district. Out of 30 respondents responded to questionnaires 21 respondents equivalent to 66% strongly agreed, 5 respondents equivalent to 16% agreed, 2 respondents equivalent to 6% were neutral, 2 respondent equivalent to 6% disagreed whereas none of the respondents strongly disagreed (see Figure 4.9).

The question was supported by majority participated in the study, whereas 87% of the respondents who responded to questionnaires agreed to the question that poor cotton market decline contributes to poor purchasing ability in Bariadi district. This was also been revealed by Daniels and Minot (2002) who asserted that there is a

strong link between cotton prices and rural welfare in Benin, whereby a 40% reduction in farm-level prices of cotton is likely to result in a reduction of rural per-capita income of 7% in the short-run and 5-6 to short-run. This assumes that if human per-capita decline individual may not have an ability to purchase goods and services like what exists in Bariadi district.

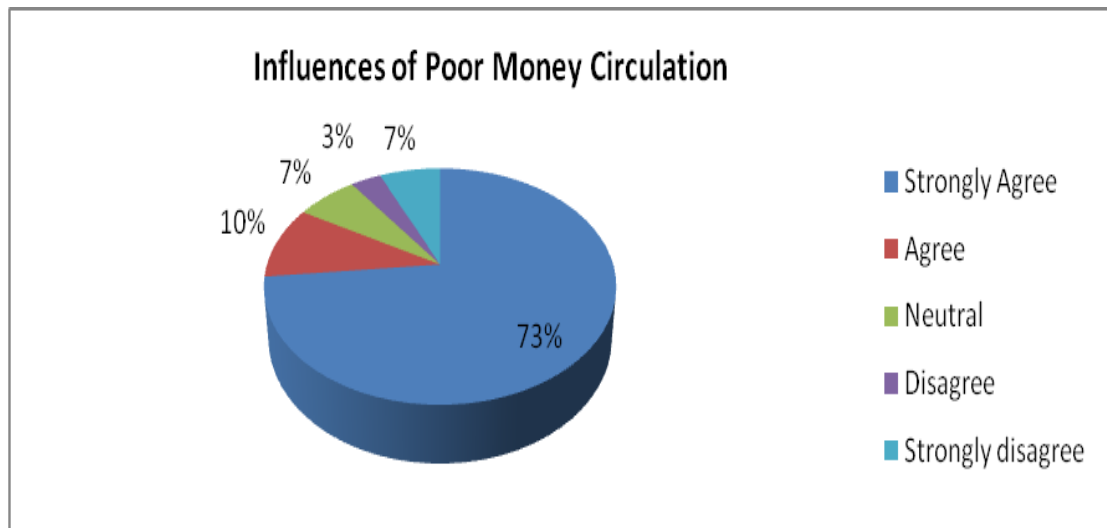


**Figure 4.9: Contribution to Poor Purchasing Ability**

**Source:** Field Data

#### **4.4.1.2 Influences Poor Money Circulation**

On the question that required respondent to support as to whether decline in cotton market influence poor money circulation at Bariadi. Out of 30 respondents questioned for this purpose 22 respondents equivalent to 73% strongly agreed, 3 respondents equivalent to 10% agreed, 2 respondents equivalent to 7% were neutral, 1 respondent equivalent to 3% disagreed and 2 respondents equivalent to 7% strongly disagreed. Respondents' response is shown in (Figure 4.10).



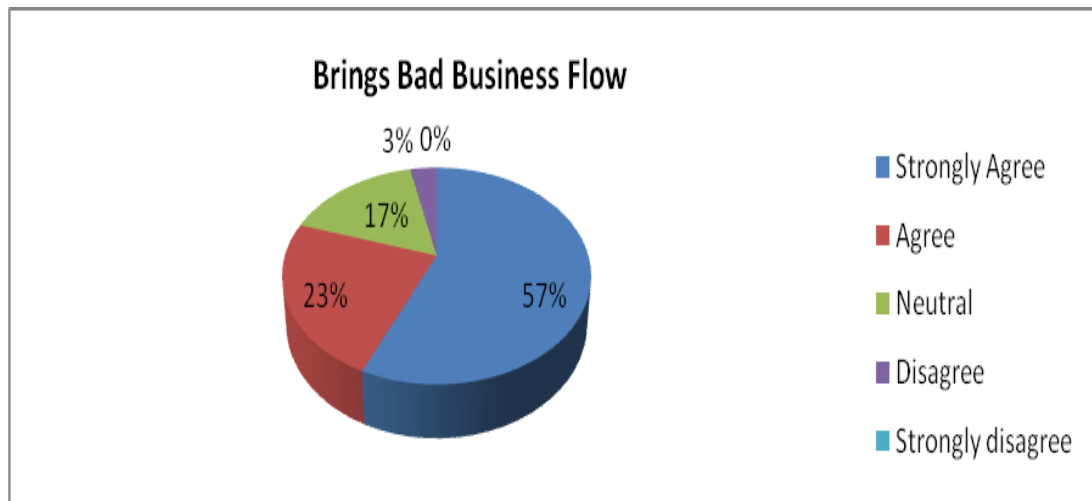
**Figure 4.10 Influences in poor Money Circulation**

**Source:** Field Data

This implies that cotton market decline influences poor money circulation due to the fact that 83% of the respondents agreed to the question. This was also discussed by Orden *et al.*, (2006) when measuring the impact of in world commodity prices on poverty in rural Pakistan, with particular focus on cotton prices. Poverty was found to be substantial among cotton producing households, whereas 40% were below the poverty line based on per-capita consumption expenditures with minimal money circulation.

#### **4.4.1.3 Brings Bad Business Flow**

The last question for this objective required the respondents to answer whether cotton market decline brings bad business flow. Among 30 respondents questioned for this purpose 17 respondents equivalent to 57% strongly agreed, 7 respondents equivalent to 23% agreed, 5 respondents equivalent to 17% were neutral, 1 respondent equivalent to 3% disagreed and none of respondents strongly disagreed. Respondents' distribution is given in (Figure 4.11).



**Figure 4.11: Brings Bad Business Flow**

Source: Field Data

This question revealed that cotton market decline brings bad business flow whereas 80% of the respondents agreed to the question. In case of interviews, 10 respondents were interviewed for this objective; whereas several questions were posed to respondents specifically fulfill the need of this study. The responses were as follows: On the question of whether cotton market decline has affected people per capita-income in Bariadi district, all 10 respondents equivalent to 100% of all interviewees were in agreement to the question. This suggests that cotton market decline in Bariadi district affects people's per-capita income.

On the question that required respondents to mention the reasons for how cotton market decline affects people's purchasing ability in the community, the mentioned reasons were: decreasing in procurement from 50% to 30% because of poor circulation of money, affecting people to buy clothes, cattle's and food because majority of people in Bariadi depend in cotton production as well as inadequate capital to participate in other economic activities.



Also, respondents were asked to provide views on whether cotton market decline have a negative effects in money circulation in Bariadi district. Respondents mentioned the following effects: hindering effectiveness in conducting business, and inability to perform other business such as hotels and shops. Therefore, data from questionnaires and interviews concurrently support that cotton market decline affect people's per-capita income in Bariadi district. However, Karanja and Nyoro (2002) when examining the impacts of coffee prices on livelihood of rural community in Kenya contends that with the low incomes of coffee, households may not be able to purchase food from the market to their requirements.

#### **4.5 Effect of Cotton Market Decline in Human Basic Needs**

This objective required respondents to justify the effects of cotton market decline on human basic needs. This objective was also fulfilled via questionnaire and interviews in which respondents were required to justify their response as follows:

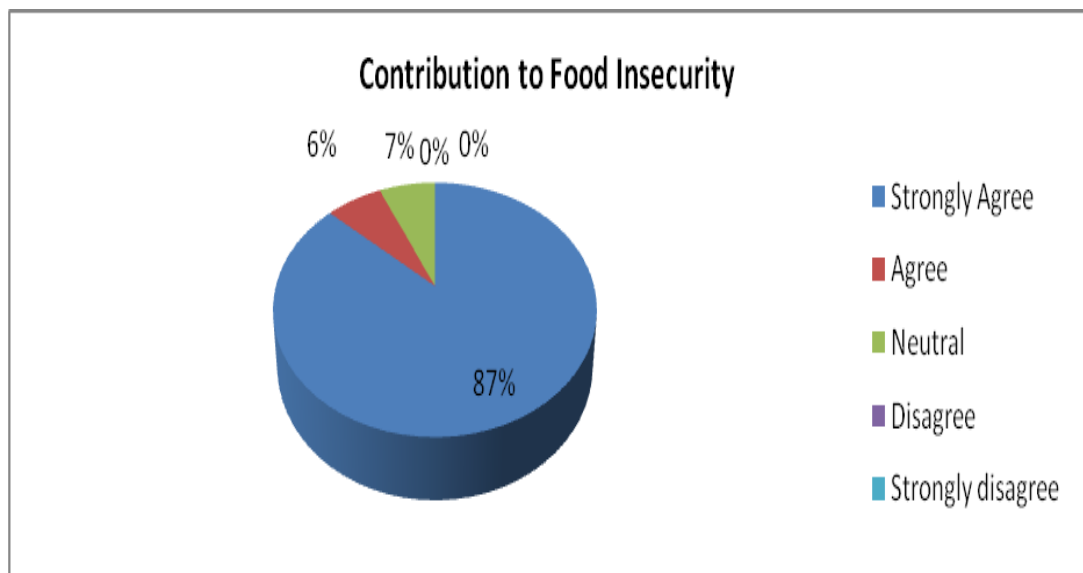
##### **4.5.1 Data from Questionnaire**

In case of questionnaire, the objective assumed six variables such as contribution to food insecurity, influences poor development on of human shelter, contributes to increased number of students' dropout form school, influences the inaccessibility of students' school fees, brings inability to buy clothes and promotes inaccessibility of healthcare facilities. The respondents were required to agree or to disagree with the variable in question as follows:

##### **4.5.1.1 Contribution to Food Insecurity**

This question required respondents to answer as to whether cotton market decline contributes to food insecurity. 30 respondents were responded to this purpose

whereas 26 respondents equivalent to 87% strongly agreed, 2 respondents equivalent to 6% disagreed, 2 respondents equivalent to 6% were neutral whereas none of the respondents disagreed or strongly disagreed. Respondents' response is provided in (Figure 4.12).



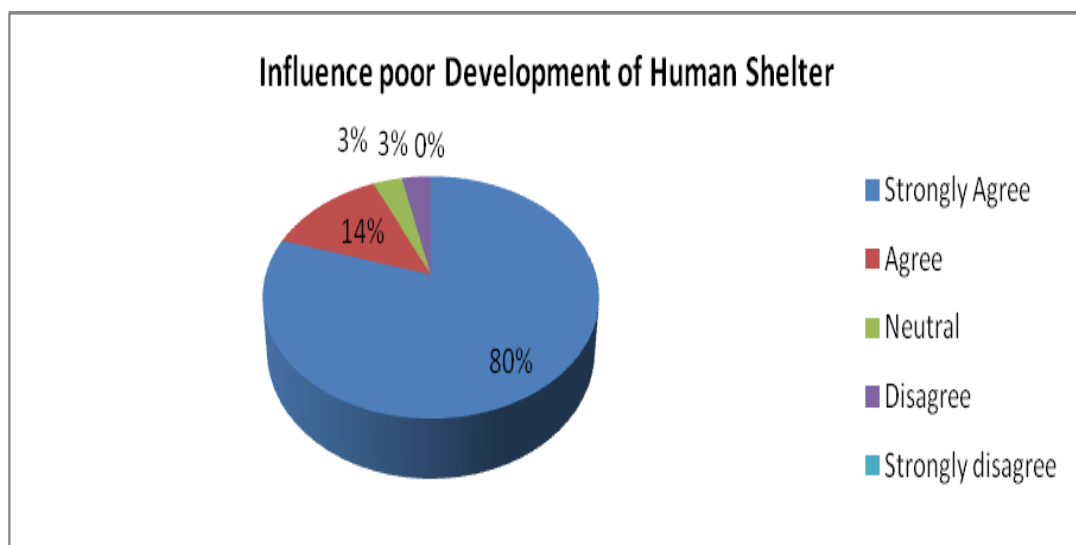
**Figure 4.12: Contribution to Food Insecurity**

**Source:** Field Data

The chart above shows that 93% of the respondents agreed that cotton market decline in Bariadi district contributes to food insecurity among the people. This was also supported by a study conducted by Karanja and Nyoro (2002) when examining the impacts of coffee prices on livelihood of rural community in Kenya and contends that with the low incomes of coffee, households may not be able to purchase food from the market to their requirements. Karanja and Nyoro (2002) recommend that there is a need to address issues of food security if malnutrition and related problems are not to be avoided in coffee growing zones.

#### 4.5.1.2 Influences Poor Development of Human Shelter

Respondents were also required to reply as to whether cotton market decline influences poor development of human shelters. Among 30 respondents questioned for this purpose, 24 respondents equivalent to 80% strongly agreed 4 respondents equivalent to 15% agreed, 1 respondent equivalent to 3% was neutral, 1 respondent equivalent to 3% disagreed and none of respondent strongly disagreed. Respondents' response is shown in (Figure 4.13).



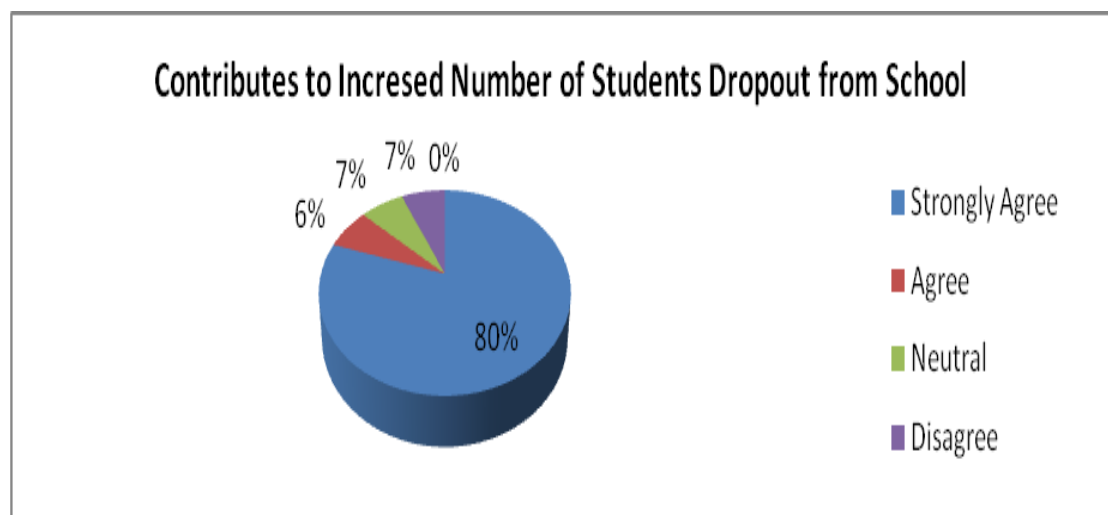
**Figure 4.13 Influences Poor Development of Human Shelter**

**Source:** Field Data

The chart above suggests that 94% of the respondents agreed that cotton market decline in Bariadi influences poor development of human shelter. Also, Zorza (2001) contends that homelessness (shelter development failure) and poverty are inextricably linked, whereas poor people are frequently unable to buy building materials and pay for healthcare, and education. This is because housing absorbs a high proportion of income that must be dropped.

#### 4.5.1.3 Contributes to Increased Number of Students Dropout from School

Respondents were also asked whether cotton market decline contributes to the increased number of students' dropout from school. Among 30 respondents who were questioned for this purpose, 24 respondents equivalent to 80% strongly agreed, 2 respondents equivalent to 7% agreed, 2 respondents equivalent to 7% were neutral, 2 respondents equivalent to 7% disagreed and none of the respondents strongly disagreed. Respondents' response is provided in (Figure 4.14).



**Figure 4.14: Contributes to Increased Number of Students Dropout from School**

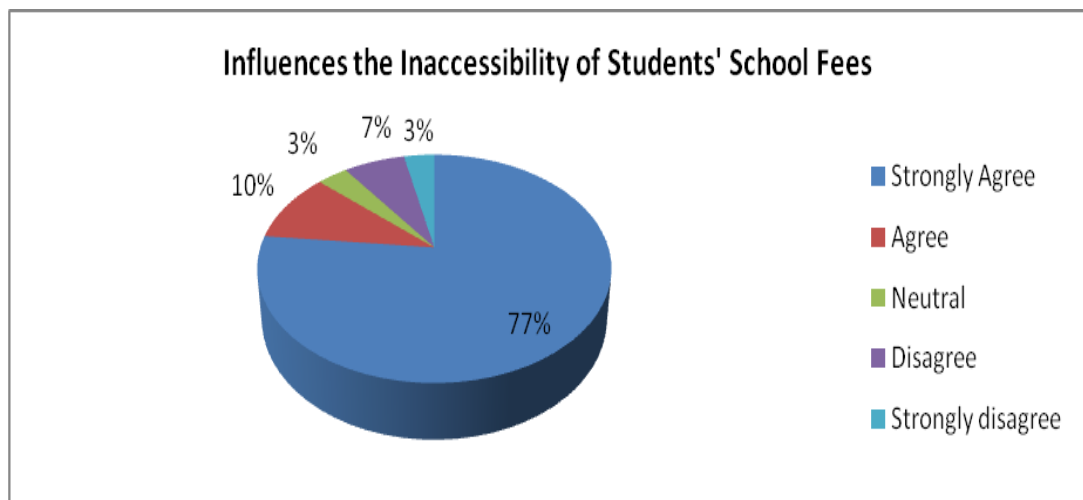
**Source:** Field Data

The chart above shows that cotton market decline in Bariadi district contributes to increased number of students' dropout from school because 86% of the respondents positively agreed with the variable.

#### 4.5.1.4 Influences Inaccessibility of Students' School Fees

Respondents were required to respond to the question whether cotton market decline influences the inaccessibility of students' school fees. Among 30 respondents

questioned for this purpose, 23 respondents equivalent to 77% strongly agreed, 3 respondents equivalent to 10% agreed, 1 respondent equivalent to 3% was neutral, 2 respondents equivalent to 7% disagreed and 1 respondent equivalent to 3% strongly disagreed. Respondents' information is given in (Figure 4.15).



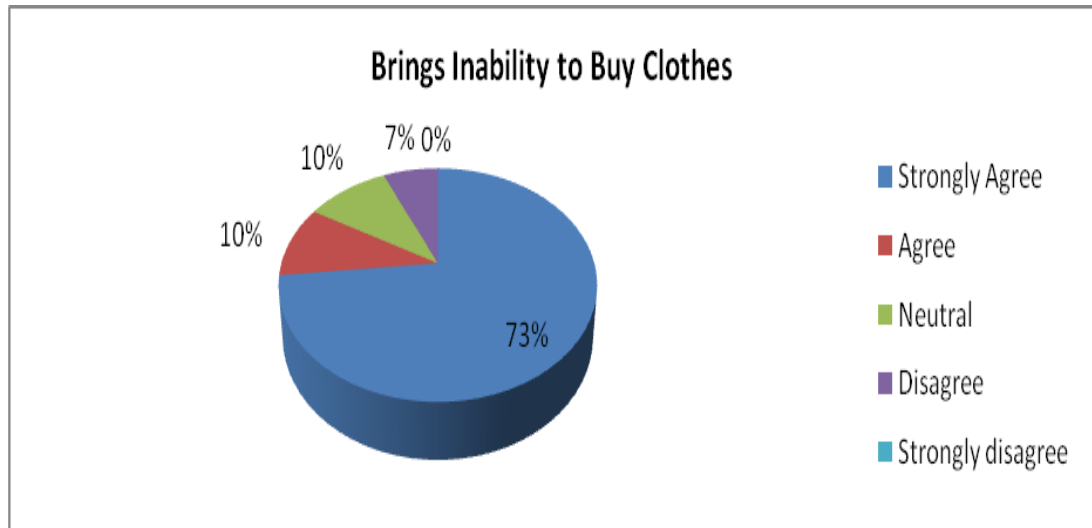
**Figure 4.15: Influences the Inaccessibility of Students' School Fees**

**Source:** Field Data

The chart above shows that cotton market decline influences inaccessibility of students' school fees because about 87% of the respondents agreed to this variable.

#### **4.5.1.5 Brings Inability to Buy Clothes**

Respondents were asked whether cotton market decline brings in inability to buy clothes. Out of 30 respondents distributed with questionnaires 20 respondents equivalent to 73% strongly agreed, 3 respondents equivalent to 30% agreed, 3 respondents equivalent to 10% were neutral, 2 respondents equivalent to 7% disagreed whereas none of respondents strongly disagreed. Respondents' information is shown in (Figure 4.16).



**Figure 4.16: Brings Inability to Buy Clothes**

Source: Field Data.

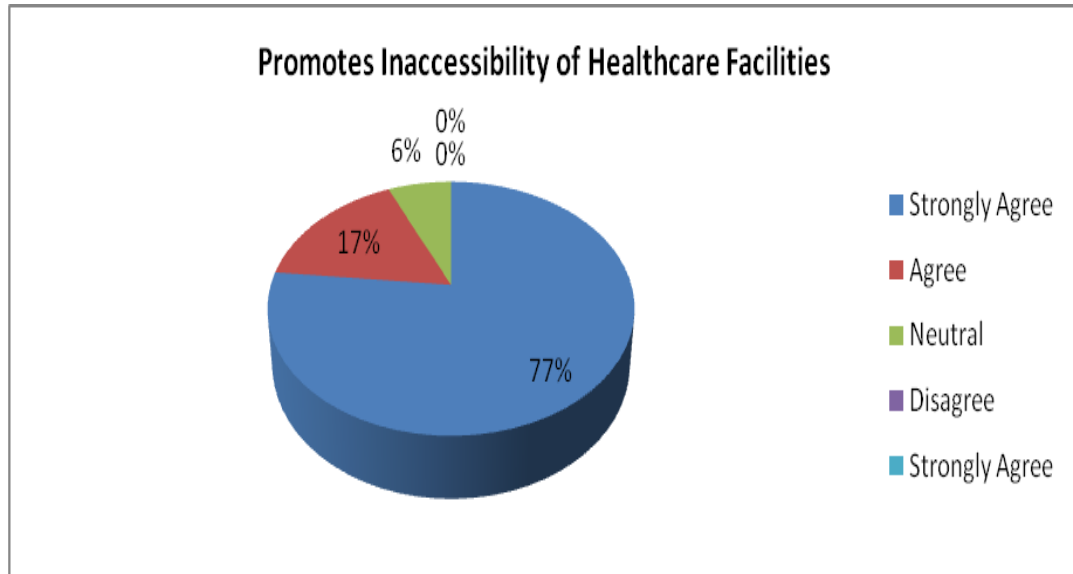
The Figure 4.16 shows that 83% of the respondents agreed that cotton market decline brings the inability to people of Bariadi to buy clothes.

#### **4.5.1.6 Inaccessibility of Healthcare Facilities**

Last variable for this objective required respondent to answer as to whether cotton market decline promotes inaccessibility of healthcare facilities. Among 30 respondents questioned for this purpose 23 respondents equivalent to 77% strongly agreed, 5 respondents equivalent to 17% agreed, 2 respondents equivalent to 6% were neutral and none of the respondents disagreed and strongly disagreed. Respondents' response is shown in (Figure 4.17).

The data in Figure 4.17 suggests that cotton market decline in Bariadi district has accelerated inaccessibility of healthcare facilities because 94% of the respondents agreed to this variable. In case of interviews, 10 respondents were interviewed for this purpose and were provided with number of questions in relation to this objective

that aimed at examining the effects of cotton market decline in human basic needs.



**Figure 4.17: Inaccessibility of Healthcare Facilities**

**Source:** Field Data.

Firstly, were asked to mention other ways of obtaining money after the decline of cotton market. The study revealed that among other things the respondents mentioned the following ways as the source of money after the decline of cotton market: cultivating alternative crops like sunflower, maize, onion, and tomato, taking loan from the bank, engaging in cheap labor like building houses, selling food crops and cattle. Although, selling of food crops as well as cultivating other alternative crops were mentioned repeatedly at least with each respondent. Therefore, this suggests that cotton market decline in Bariadi district has firstly made deliberately abandonment of cotton as well as scarcity of food because most of the surplus are sold to earn the cost of living. For example, one of the respondents argued that:

*“For many years there has been no problem of food shortage in Bariadi district because people produced cotton and other food crops. Therefore,*

*there was a great possibility for making their surplus as it was not easy for them to sell food crops and cotton was only there as a cash crop. But now Bariadi has become one among districts that suffer from hunger and other social crimes that were not here before”.*

Also, respondents were required to respond on whether cotton market decline has negatively reacted with development of human shelter, whereby all respondents interviewed agreed that cotton market decline has negative effect to development of human shelter. This is because most of the people fail to buy building materials because of lacking enough money. One of the respondents said that:

*“We normally tend to see people during cotton season buying various building materials, but since the start of cotton market fluctuation and collapse people lost hope and ability to purchase these materials. Therefore, for now it becomes difficult for people to develop modern shelters as well as participating in different development projects”.*

In the question to know whether the cotton market decline in Bariadi influence increasing number of students to dropout from the school, all interviewee equivalent to 100% accepted that the decline of cotton market at Bariadi contributes to students’ drop out from school. Among other things respondents argued that lack of school fees and other learning costs by parents contributes to students’ dropout from school. The data above suggests that the decline of cotton market at Bariadi district has totally impacted to people’s basic needs. These data were also similar to the study conducted by Kisonga (2004) who provides the views that cotton production in Tanzania has an important contribution to the incomes of thousands of rural families



in the north and west of the country. Whereby, most of the people depend on to earn the cost of living. Therefore, any negative change to cotton market has to do with people's lives especially earning of the basic needs.

Zorza (2001) also argued that poor people are frequently unable to buy building materials as well as paying for health care, food, and education. Therefore, suggesting that lack of enough money can lead the failure of the people to meet the basic needs of life such as clothes, food and shelter.

## **CHAPTER FIVE**

### **5.0 CONCLUSIONS, RECOMMENDATIONS AND AREA FOR FURTHER RESEARCH**

#### **5.1 Conclusions**

This study aimed at exploring the effect of cotton market decline on people's welfare with reference to Bariadi district in Simiyu region. This study assumed three specific objectives namely; examining the effect of cotton market decline on employment in Bariadi district, exploring the effects of cotton market decline on human per capital income in Bariadi district and assessing how human basic needs are affected by cotton market decline in Bariadi district.

In the objective that aimed at examining the effect of cotton market decline on people's employment at Bariadi district, the study found that the decline of cotton market has affected both producers and none producers (especially, those who are employed in the public sectors), whereas it was witnessed that increase of jobless people in the street increases rapidly, migration of people from rural areas to urban centers areas such as Mwanza city and Dar es Salaam to seek for other opportunities increased, rise of non-agriculture activities increased as well as engagement in small businesses and pastoral activities rather than giving much efforts to cotton production that has nothing to do with their cost of living.

In the objective that aimed at exploring the effect of cotton market to human per-capita income at Bariadi district. The study revealed that cotton market decline in Bariadi district has greatly affected human per-capita income. This is because, with

the fall of market in Bariadi poor purchasing ability, bad circulation of money and bad business flow were experienced, whereas ability to buy clothes, cattle, food, paying school fees to students and other facilities became difficult compared to the time when cotton market was stable. But also, crimes such as robbery and theft in the street are now witnessed in Bariadi due to life hardship. In order to compete with the life needs others decide to engage themselves in other activities such as businesses or producing alternative crops such as sunflower, and groundnuts.

Lastly, the objective aimed at assessing the effects of cotton market decline to human basic needs. The study revealed that human basic needs in Bariadi are greatly affected following the cotton market decline. Basic and social needs such as food, clothes, shelter, lack of fees which makes student to stay home, poor health care rise due to fall of cotton market. It was also evident that cotton growers in the study area have not captured the full potential benefits of what they produce. This is due to unreliable market, low prices given by cotton authorities, high cost of inputs resulting to low quality produces as well as high market levies.

Therefore, these problems should be addressed in order for cotton farmers to benefit from what they produce and to improve the general performance of cotton market. Also, cotton farmers have to pay greater attention on factors affecting cotton production and marketing system which are within their control. This is because, if government and cotton buyers are benefiting from cotton produces there should be a joint effort between all stakeholders to deal with cotton growers welfare in the study area.

## **5.2 Recommendations**

The researcher recommends the following:

### **5.2.1 To Government**

- i. The government should plan and advocate for the stable market for the farmers. This is due to the fact that in Tanzania case point in Bariadi district cotton production is their backbone and their life depends on such produce. Therefore, with strong policies provided by government the market will eventually become stable.
- ii. But also training and workshop should be established to farmers so as to provide knowledge and skills on how to produce quality cotton that can compete in global market.
- iii. Also, the government should create plans on how to develop domestic industries for cotton processing and manufacturing. This will reduce transport cost as well as other consequences associated with external industries.
- iv. The government should also consider lowering the agricultural inputs costs, to create fair condition for farmers during production.
- v. The government should recruit more extension officers to advise farmers to produce cotton of high quality which will be competitive in the world market.

### **5.2.2 To Farmers**

Farmers should adhere to the standards and quality of cotton produce so as to compete in the market and therefore improve the cotton market in Tanzania. This is

only possible if agriculture follows all necessary procedures advised by government expertise distributed in all districts of the country.

### **5.3 Areas for Further Study**

The study was only conducted in Bariadi district because of lack of enough resources and scope of the research topic. Similar study could be done covering different agriculture production such as maize, tobacco, sugar and rice in Tanzania.

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## APPENDICES

### **Appendix I: Guiding Interviews for Extension Officers and Community Development Officers**

I request you to respond to all my questions to the best of your understanding. This helped researcher to collect appropriate data for the completion of the study. You are assured of confidentiality as information that you are going to provide will be used for this study only. Please, do not mention your name. This will be for the extension officers, community development officers.

#### **PART I: Personal Information**

Please answer the following questions by filling in the brackets below with your convenient answer.

##### **1. Gender**

- a. Male
- b. Female

##### **2. Age group**

- a. 18-30
- b. 31-50
- c. 51-65
- d. 66 and above

##### **3. Education**

- a. Primary level
- b. Secondary level
- c. College level

d. University level

4. Occupation

a. Peasant

☐

b. Commercial worker

c. Government employee

5. Location

a. Division.....

b. Ward .....

c. Village .....

**PART II: Specific Objective No 01: The Effects of Cotton Market Decline on Employment in Bariadi District**

i. Do people of Bariadi regard cotton production as their self employment?

Yes/No\_\_\_\_\_, why?

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- i. If cotton production is among of your productive employment, can you please explain how cotton market decline affects your employment

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- ii. What alternative means is taken by people of Bariadi after the collapse of cotton market?

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- iii. What problems do you encounter after the failure of your productive employment?

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**PART IV: Specific Objective No 02: Effects of Cotton Market Decline on Human Per-capita Income**

i. Does cotton market decline affect your per-capita income? Yes/No\_\_\_\_\_, if  
Yes

ii. How does cotton market decline affects your purchasing ability in your  
community?

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iii. Does cotton market decline have any negative effect in money circulation  
Yes/No\_\_\_\_\_ if “Yes” how does it happen?

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## **PART V: Effects of Cotton Market Decline on Human Basic Needs**

I. Where do you get money after the decline of cotton market?

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II. If cotton market decline can influence bad flow of money, does it have any effect on food provision in your community? Yes/No\_\_\_\_\_, Please explain your answer:

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III. Does cotton market decline in Bariadi district affect the development of human shelters? Yes/No\_\_\_\_\_, please, explain how?

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Does cotton market decline in Bariadi district influence increased number of students' dropout from school? Yes/No\_\_\_\_\_, please, explain why and how?

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Does cotton market decline in Bariadi district contribute to poor provision of healthcare facilities? Yes/No\_\_\_\_\_, explain how?

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IV. Explain how does cotton market decline contribute to lack of students' school fees?

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**Thank You for Your Cooperation,**

**Mathias Mkumbo**

**SAMPLE QUESTIONNAIRES FOR FARMERS AND SMALL AND  
MEDIUM ENTERPRISES**

I kindly request you to respond to given questions. Please tick appropriately and fill in the provided spaces in each question. Please, do not write your name. Information that you are going to provide will not be used for other purposes, except for this study only. This will be responded to farmers, small and medium enterprises as well as officers who will not be contacted directly for interviews.

**PART I: Personal Information**

Please answer the following questions by filling in the brackets below with your conscious answer.

1) Gender

a. Male

☐

b. Female

2) Age group

a. 18-30

b. 31-50

☐

c. 51-65

d. 66 and above

3) Education

a. Primary level

b. Secondary level

☐

c. College level

d. University level



## 4) Occupation

a. Peasant

b. Commercial worker

☐

c. Government employee

## 5) Location

a. Division.....

b. Ward.....

c. Village.....

**Part II: Specific Objective No. 1: Effects of Cotton Market Decline on  
Employment in Bariadi District**

Dimension/Scale	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
Causes increased number of jobless people					
Promotes to increased youth's rural to urban migration					
Contributes to increased number of employee on non- agricultural payrolls					

**Part III: Specific Objective No. 2: Effects of Cotton Market Decline on Human Per-capita Income**

Dimension/Scale	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
Contributes to poor purchasing ability					
Influences poor money circulation					
Brings bad business flow					

**Part IV: Specific Objective No. 3: Effects of Cotton Market Decline on Human Basic Needs**

Dimension/Scale	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
Contributes to food insecurity					
Influences poor development of human shelters					
Contributes to increased number of students dropout from school					
Influences the inaccessibility of students'					

school fees					
Brings inability to buy clothes					
Promotes inaccessibility of healthcare facilities					

**Thank You for Your Cooperation,**

**Mathias Mkumbo.**

## Appendix II: Frequency Tables

### Gender

Scale	Frequency	Percentage
Male	25	62
Female	15	38

### Age

Age	Frequency	Percentage
18-30	6	15
31-50	27	67
51-65	5	13
66- Above	2	5

### Education

Education	Frequency	Percentage
Primary	28	70
Secondary	8	20
College	1	2
University	3	8

### Location

Location	Frequency	Percentage
Isanga	11	27
Nyangokolwa	17	43
Mhango	12	30

### Employment

Employment	Frequency	Percentage
Farmer	25	62
Business man	7	18
Government Employee	8	20

### Caused an increased of number of Jobless People

Scale	Frequency	Percentage
Strongly agree	22	73
Agree	3	10
Neutral	2	7
Disagree	0	0
Strongly disagree	3	10

### Promote to Increased Youth`s Rural to Urban Migration

Scale	Frequency	Percentage
Strongly Agree	20	67
Agree	5	17
Neutral	2	6
Disagree	2	7
Strongly disagree	1	3

### Contribute to increased number employee on Non- Agriculture Payroll

Scale	Frequency	Percentage
Strongly Agree	25	83
Agree	1	3
Neutral	2	7
Disagree	2	7
Strongly Disagree	0	0

### Effect of Market Decline on Human per-Capital Income

#### Contributes to poor purchasing Ability

Strongly Agree	21	66
Agree	5	16
Neutral	2	6
Disagree	2	3
Strongly Agree	0	9
Total	30	100

#### Influences of Poor Money Circulation

Strongly Agree	22	73
Agree	3	10
Neutral	2	7
Disagree	1	3
Strongly Agree	2	7
Total	30	100

#### Brings Business Flow

Strongly Agree	17	57
Agree	7	23
Neutral	5	17
Disagree	1	3
Strongly Agree	0	0
Total	30	100

### Effect of Cotton Market Decline on Human Basic Needs

#### Contributes to Food Insecurity

Strongly Agree	26	87
Agree	2	6
Neutral	2	7
Disagree	0	0
Strongly Agree	0	0
Total	30	100

#### Influences Poor Development of Human Shelters

Strongly Agree	24	80
Agree	4	15
Neutral	1	3
Disagree	1	3
Strongly Agree	0	0
Total	30	100

#### Contributes to Increased Number of Students Dropout from School

Strongly Agree	24	80
Agree	2	6
Neutral	2	7
Disagree	2	7
Strongly Agree	0	0
Total	30	100

## Influences the Inaccessibility of Students' School Fees

Strongly Agree	23	77
Agree	3	10
Neutral	1	3
Disagree	2	7
Strongly Agree	1	3
Total	30	100

## Brings Inability to Buy Clothes

Strongly Agree	22	73
Agree	3	10
Neutral	3	10
Disagree	2	7
Strongly Agree	0	0
Total	30	100

## Promotes Inaccessibility of Healthcare Facilities

Strongly Agree	23	77
Agree	5	17
Neutral	2	6
Disagree	0	0
Strongly Agree	0	0
Total	30	100



### Effect of Market Decline on Human per-Capital Income

#### Contributes to poor purchasing Ability

Strongly Agree	21	66
Agree	5	16
Neutral	2	6
Disagree	2	3
Strongly disagree	0	9
Total	30	100

#### Influences of Poor Money Circulation

Strongly agree	22	73
Agree	3	10
Neutral	2	7
Disagree	1	3
Strongly disagree	2	7
Total	30	100

#### Brings Business Flow

Strongly agree	17	57
Agree	7	23
Neutral	5	17
Disagree	1	3
Strongly disagree	0	0
Total	30	100

## Effect of Cotton Market Decline on Human Basic Needs

## Contributes to Food Insecurity

Strongly agree	26	87
Agree	2	6
Neutral	2	7
Disagree	0	0
Strongly disagree	0	0
Total	30	100

## Influences Poor Development of Human Shelters

Strongly agree	24	80
Agree	4	15
Neutral	1	3
Disagree	1	3
Strongly disagree	0	0
Total	30	100

## Contributes to Increased Number of Students Dropout from School

Strongly agree	24	80
Agree	2	6
Neutral	2	7
Disagree	2	7
Strongly disagree	0	0
Total	30	100

## Influences the Inaccessibility of Students' School Fees

Strongly agree	23	77
Agree	3	10
Neutral	1	3
Disagree	2	7
Strongly disagree	1	3
Total	30	100

## Brings Inability to Buy Clothes

Strongly agree	22	73
Agree	3	10
Neutral	3	10
Disagree	2	7
Strongly disagree	0	0
Total	30	100

## Promotes Inaccessibility of Healthcare Facilities

Strongly agree	23	77
Agree	5	17
Neutral	2	6
Disagree	0	0
Strongly disagree	0	0
Total	30	100