

Full Length Research Paper

Sector-Specific Business Associations’ Performance Internalities: *Evidence from Selected Associations of Food Processing SMEs in Rwanda and Tanzania*

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Sector specificity and prioritization has been found to be one of practical option for harnessing scarce resources and capabilities for enhancing Small Medium Enterprises (SMEs) development and promotion strategies such as industrial cluster, incubation programmes and Business Associations (Bas). Although sector-specific Bas tend to deliver focused outreach services to their members but the assessment and comparability of Bas internal operation and performance between countries is hardly studied. This study examined and compared the internal performance of selected sector- specific Bas in the two countries using selected internal performance indicators. Convenient sample size of this study was 145 food processing SMEs belonging to four Bas of which two from Rwanda namely The Maize Millers Association of Rwanda (AMMIRWA) and The Association Pour la promotion des Producteurs de jus, boissons alcoolisées et alcooliques au Rwanda (APPROJUBAAR) and the two Tanzanian Bas were The Tanzania Food Processors Association (TAFOPA) and The Association of Mango Growers (AMAGRO). Questionnaires and semi structured interviews were administered to SMEs that were Bas members. The descriptive analysis was employed. Many studies attend much of the wholesome contribution and profiling of Bas lacking specific insights on internal performance indicators. This paper contributes in covering this gap. Overall study findings revealed that Rwandan Bas internal performance was relatively better compared to Tanzanian ones. It is recommended that the structure of apex organization to be formally hierarchical to avoid multiple memberships and conflicts with other member-based associations.

Keywords: business association, SMEs, innovation, performance, sector-specific

447. INTRODUCTION

Sector specificity and prioritization has been one of practical options in harnessing resources and capabilities for enhancing SMEs development and private sector promotional strategies in both developed and developing economies (McCormick and Pedersen, 1999; Bennett, 1998; Pedersen, 2003). Initiatives such as industrial cluster, incubation programmes and Business Associations are some of manifestations of sector specificity. Sector-specific Bas tend to deliver focused services to their members. Work on Bas (as networks) role to provide services that small firms utilize in economies is widely documented in literature (Fafchamps and Minten, 1999; McCormick, 1999; Fafchamps, 1992). Additionally, there is much work on the nexus of BA’s and firm performance (Doner and Schneider, 2000; Fafchamps and Lund, 1997), but the nature and variety of sectors in which firms work, business lines and business seasons dictations make the effort done not exhaustive and demand continuous digging. Contextually, policy documents in East African (EA) countries have identified

food processing as one of priority sectors for economic development (NSGRP, 2005; Kilimo Kwanza, 2009; NDV 2025; Kenya Vision 2030; Rwanda Vision 2020). National prioritization of sectors is an emergent phenomenon of policy reforms and whose studies are also lacking. Studies such as GTZ -EAC (2009) and ITC (2009) are the known comparative studies on BAs in East Africa; both studies aimed at analyzing outreach and building profiles of BAs for policy reforms, lacking a component of internalities efficiency. These studies suggested that BAs in East Africa are potential for sector-specific organization and deliveries in order to enable innovation and competitiveness. Moreover, lack of understanding of BAs internal performance can prohibit search of reasoning as to why firms in one country can perform better than firms in another country though reforms have been implemented in both countries. Additionally, (Pedersen, 2003) noted that there are attempts by influential individuals in BAs to create new BAs with the purpose of personal gains, thus, most of them have played a limited role.

This paper aims at analyzing and comparing the BA performance internalities of sector-specific BAs of Tanzania and Rwanda. These internalities include BAs meeting members' expectations through (services); timely and constitutionally convening of meetings; proper preparation of BA meetings; invitation to members about events and meetings; members attendance to meetings and; leaders commitment to the constitution; freedom of expression, collection of membership fees and contributions; enrolment of new members; and members' satisfaction about membership.

2. LITERATURE REVIEW

Business Associations: Definition and Purpose

Moore and Hamalai (1993) defined BAs as voluntary and formal organizations of business firms based on acquired status. Though Moore and Hamalai (1993) and Sullivan *et.al.*, (2006) emphasize that BAs should be formal, other literature including Ahme and Brunsson (2008), argue that BAs can be formal, informal networks or social structures which can take vertical and/or horizontal relationships. In its wholesome, Miruka (2007) defined association as "a social structure of cooperation". Thus, this implies that a BA is a social structure of cooperation promoting business relations. In supporting this, Ahme and Brunsson (2008), argue that a BA is meta-organization, which means they are third-party member-based organizations with a brokerage role, membership of which is voluntary, and whose members retain their distinctive organizational identity. The primary purpose of BAs is inter-organizational bridging, connecting diverse members and bridging members in general industry and sector in particular. Further, Ghauri *et.al.*, (2001) noted that BAs create links between socially and spatially differentiated actors, harmonize their different values, and engage with powerful external agencies such as governments and development stakeholders. Likewise, BAs can take vertical and/or horizontal relationship and are used by members as advocacy platforms. Massively, Ghauri *et. al.*, (2001), Daud and Wan (2010), and Mwangi and Ouma (2012) argue that BAs are playing a role of improving firm efficiency by minimizing costs.

BAs historical Overview and changing roles

BAs have existed for centuries and have influenced the policy environment, sector performance and firm level productivity, and their roles are ever evolving both within and across countries. It is believed that many of the BAs that were established in the late nineteenth century aimed at addressing economic downturns and low profits that were associated with the industrial revolution (Park, 2007). In the medieval period, for example, BAs in Japan, Korea and Taiwan tended to protect the common interest of business people (Park, 2007; Bennet, 2000). However, Park (2007) shows that later in the year 1721, this role was changed to stabilising and controlling prices and product quality, respectively. Arguably, the role of BAs changed to inspecting product quality, investigating market situations, and advertising, strengthening of the industry, and developing infrastructures. Later on, they changed to improving output, quality, cutting costs of exports and doing joint business.

In China, for instance, BAs existed in pre-modern China known as Gongsuo (Park, 2007). Due to the weak government in nineteenth century, BAs aimed at establishing self-support itself, compliment the weak government and promote the economy (*ibid.*). BAs also mediated disputes and researched commercial situations. Later, BAs' role changed to developing national business-related policies in collaboration with the government. On the contrary both in the United Kingdom (UK) and the United States of America (USA), BAs mainly made

agreements to fix prices, or curtail output, and lobbied the government to decrease competition among countries, regulate labour conditions and purchase raw materials. The Northeast Asian economy grew faster than the Western European and US economies in the first half of the twentieth century due to the role played by BAs' creation of social capital (Park, 2007). According to Park (2007), BAs played various roles on the demand driven manner and changed their roles depending on the economic and governance contextual dictations. The level of national development and international development influences was also one of the factors which affected the role played by BAs and created varied relations.

For the BAs under review in East Africa; TAFOPA of Tanzania started with many members (about 240 in 1997) under donor arrangement and from the start it did not recruit new members. This scenario manifests the intention to restrict, exclude or distance others from available resources, this characterizes the availability of bonding social capital which can cause eruption of crisis, conflicts and riches to well positioned members. The association was started in order to tap readily available resources from donors. The leadership did not project future growth and promote membership. Members in a network with bonding social capital tend to isolate themselves and sometimes misconduct, monopolize resources or be disconnected to resources; this causes negative social welfare. Contrary to TAFOPA experience, associations like AMAGRO started with 7 members in 2003 and it has grown to 127 active members when data of this study was being collected. This reveals the importance of the entrepreneurial concept of internal locus of control against the external locus of control; the association started with internal push in order to pursue and mobilize some resources projected and creation of capabilities can promote attraction of new members and promote bridging and linking social capital as it was with AMAGRO, AMMIRWA and APPROBUJAAR.

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Business Associations and SME Performance

BAs promote the private sector in such a way that they can increase productivity and impact on the enterprises and other socio-economic aspects of life (Schiff, 1998). BAs use their extensive selective benefits in terms of services provided, intensity of membership, proper mediation for getting internal resolution and advocacy intent to influence the performance of enterprises. The BAs' selective benefits are services provided by the BA to members to increase members' capability of doing business. Such services are leadership and governance, advocacy, marketing, research and development, finance and other member specific services. The absence and inadequacy of such services weaken a BA and the presence and adequacy of such services strengthen a BA.

Arguments for and against establishment of BA's

BAs provide benefits to member firms in various ways. McCord (2005) argues that BAs can accomplish what individual companies cannot, regardless of their size. In this respect Doner and Scheider (2000) conclude that, BAs offer the chances for the private sector success and collective confidence. According to Doner and Schneider (2000), there are three motivations for creating BAs; namely, first, to protect the interests of their members through lobbying and advocacy and be their representative in dialogues; second, to support members to develop their production and business activities; and, third, to coordinate and regulate the businesses of their members. According to Fukuyama (1995), BAs can add to society's stock of social capital, especially to its accumulated capacity for collective action and mutual aid. They can support members in various ways: first,

by securing or accessing local and foreign markets and raw materials, accessing better production technology for their businesses and providing training facilities and programmes and developing and disseminating improved and better production and management systems among members. Second, facilitate in accessing financial and technical support from provider institutions (Agalo, 2010). Third, advocating on behalf of their members for a better and conducive business environment (Goldsmith, 2002). Fourth, reinforces the private sector's movement toward market reforms (Schiff, 1998). Bennett (1998) argues that the bundling of BA services gives advantages of economies of scale and scope, and also appears essential to combine individual and collective benefits (Goldstein et al, 2015). Ultimately, the bundled services provided by BAs lead to lowering operational, transactional and information costs. Doner and Schneider (2000) concluded that BAs offer the chance for the private sector to succeed and can improve firm performance.

BAs typically face positive and negative views in development, socio-economic and political spheres. Positively, BAs are needed to bargain and compromise over improvements in public policy (Daud and Wan, 2010; World Bank, 2006; McCord, 2005); they can collaborate with the state to enhance economic performance and economic betterment (Sen, 2010; Miruka, 2007); and the BAs relation with the state in society-centred configurations serving the members' interests (Sen, 2010; Buchanan and Gordon, 1962). Negatively, on the other hand, state-centred configuration of BAs relation is protecting state interests instead of its members (ibid.). More specifically, BAs are regarded as destructive rent-seekers (Goldsmith, 2002; Olson, 1982); BAs can collude with the state to divert resources at the expense of more efficient and optimal uses (Goldsmith, 2002; Olson, 1982); BAs tend to plead for members interests while excluding the interests of non-members and the well-being of the large society (ibid.); the use of procedures in BAs' operations have not been closely controlled by members (Sen, 2010); the leadership problem in BAs is also argued by Pedersen (2003) and Goldsmith (2002), that leaders can use BAs for their personal interests and work against members' interests; and given information asymmetries, members cannot monitor everything the leaders do.

SMES' Sector-Specific BAs at global, regional and national levels

The available studies have focused more on governance than business enhancement and firm level performance (Miruka, 2007). Moreover, the work of BAs in specific sectors is widely supported for the economy at policy, strategic and operational levels as well as at global and regional and national levels (Daud and Wan, 2010; Pedersen (2003). At policy level, BAs have been successful in lobbying and advocacy for macroeconomic reforms for economic performance by improving the functioning of the state and markets (Daud and Wan, 2010; McCord, 2005). Doner and Schneider (2000) identified some examples of successful sectoral BAs in policy and macroeconomic reforms such as The Association of Gem Producers in Thailand (TAGP) and Federacafe of Columbia. At strategic and operational level, BAs' services enabled joint marketing and buying, export promotion, sub-contracting, financial and technical support and setting and upgrading quality standards (Ahrne and Brunsson, 2008; Bennet and Ramsden, 2007). Examples of successful sector specific BAs at strategic and operational levels include Turkish Clothing Manufacturers' Association (TCMA); Taiwan Footwear Manufacturer Association (TFMA), Thai Garments Manufacturer Association (TGMA), Taiwan Cotton Spinners Association (TCSA), Korea Federation of Textile Industries (KOFOTI), Brazil Footwear Association (BFA), Mexican Footwear Manufacturers Association (MFMA), Peruvian Footwear Manufacturers Association (PFMA) and Nigeria Groundnuts Association (NGA). These BAs enabled their members to internationalize their business and become well known and success stories in their specific sectors.

TIC (2009) suggests that in East African associations are potential for sector-specific organization and deliveries in order to enable firm innovation and competitiveness. More globally, Pedersen (2003) argued that: "*sector-specific associations tend to be more successful in supplying joint services because firms tend to have more common interests*" p. 211. Pedersen (2003) analyzed strategies for small enterprise development in unstable developing economies and identified enterprise or entrepreneur associations as one of four strategies. Other strategies are producer networks, social networks and patron-client relations and trading networks. Pedersen further noted that many associations have taken advantages for the benefits of their members for creating tangible results. However, it has lead to attempts by well positioned individuals to create new BAs with the main purpose of tapping donor resources. He concluded that, most of the SME associations have played a limited role (Pedersen, 2003). These shortcomings instigate sector-specificity in BAs supervision and monitoring. Moreover, Rotich (2005) asserts that due to economic contribution of specific sector

such as food processing, their facilitating structures such as BAs and service providers and their performance need to be understood. Food processing for instance is an agricultural sub-sector with contribution in terms of employment, utilizing local innovations, poverty reduction, inclusion as well as empowerment of vulnerable groups in rural and urban areas. According to Dietz et. al., (2000), food processing enable value addition through forward and backward economic linkages and food safety and is potential for increasing relational and cognitive resources.

BAs in EA are experiencing three phenomena namely; diverse structures, many apex bodies, and members maintaining multiple memberships. *First*, diverse structure is due to combining big chambers, federations, BAs of SMEs and SMEs themselves together as members of an apex body (ITC, 2009), which narrows the representation of small firms. Ghauri *et.al*, (2001) argues that, power based diversity can result into conflicts, low membership and poor performance and sometimes dying of some BAs. Braeutigam (2000) called this phenomenon “ a paradox of diminishing returns effect”. *Second*, many apex bodies; while Tanzania, Kenya, Burundi and Uganda has many apex bodies, Rwanda has only one apex body for BAs and the private sector known as the Private Sector Federation (PSF) with 10 sectoral professional chambers and 66 professional BAs (PSF, 2014). *Third*, multiple memberships; Bennet (1999) shows that multiple membership is common phenomenon in BA literature, for example in Britain BAs have nearly five (5) million members, significantly exceeding the number of businesses, since many businesses are members of more than one BA.

BAs' Internalities Performance Framework

The internal performance indicators of BAs are accorded to Doner and Schneider (2000), Bennet (2000), Bennet and Ramsden (2007) and McCord (2005). These include BAs meeting members expectations through (services); timely and constitutionally meetings convening; invitation to members about events such as meetings; members attendance to meetings and proper preparation of BA meetings; leaders commitment to the constitution; collection of membership fees and contributions; enrolment of new members; and members' satisfaction about membership. These account for BA internal performance indicators. Figure 1 presents the conceptual framework of BA performance and indicators to guide the findings of this study.

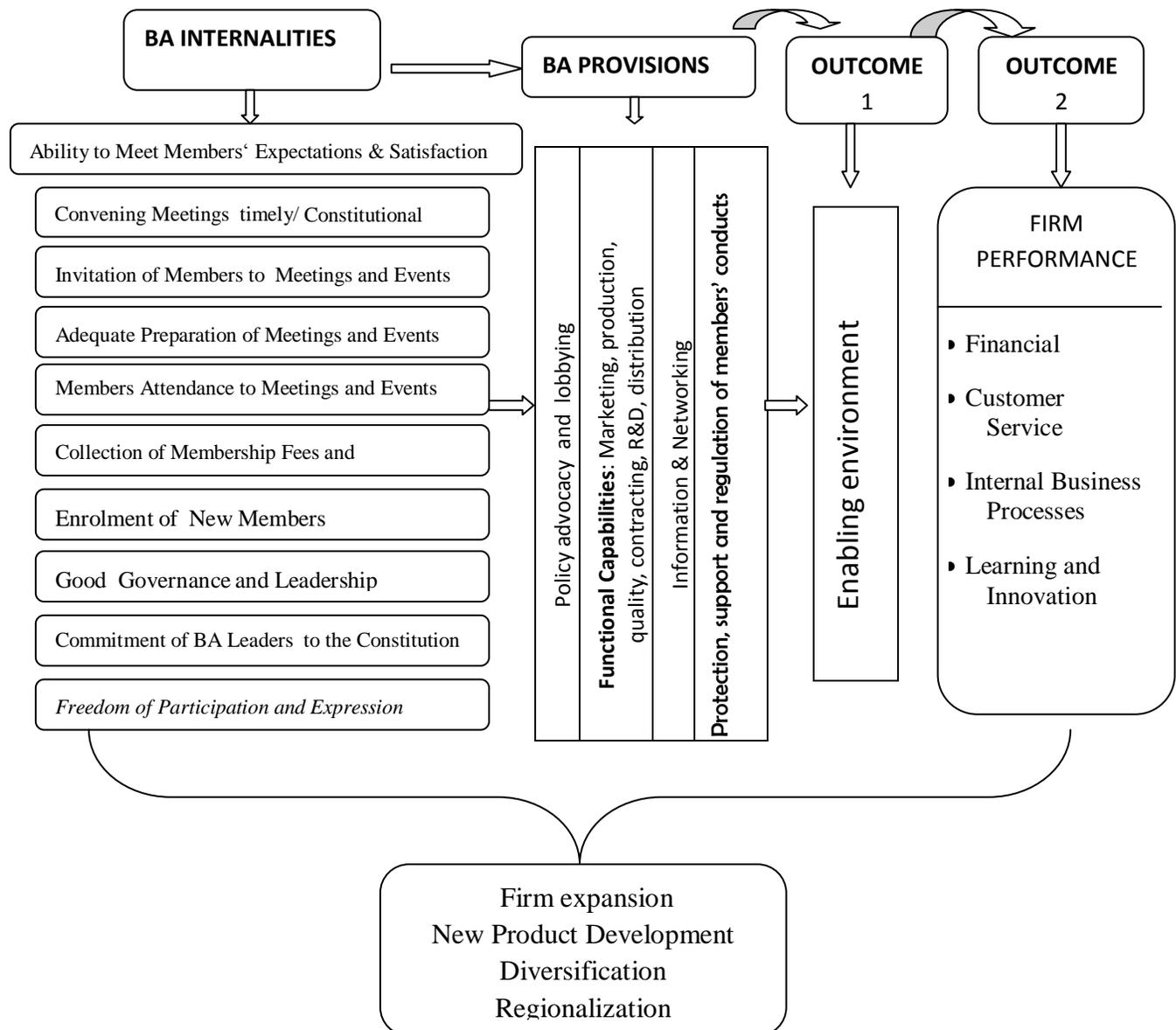


Figure 1: Conceptual Framework for BA's Internalities and firm Performance

Source: A construct based on Doner and Schneider (2000), Bennet (2000), Bennet and Ramsden (2007) and McCord (2005)

3. RESEARCH METHODOLOGY

The total sample size of this study was 145 food processing SMEs belonging to four BAs of which two from Rwanda and two from Tanzania. BAs of Rwanda were Maize Millers Association of Rwanda (AMMIRWA) and Association Pour la promotion des Producteurs de jus, boissons alcoolisées et alcooliques au Rwanda (APPROJUBAAR) and those of Tanzania were Tanzania Food Processors Association (TAFOPA) and Association of Mango Growers (AMAGRO). Responses of the subjects were collected through a structured questionnaire that was administered to members of those BAs who owned Small and Medium Enterprises (SMEs). The non-response rate was 13 percent. In addition, two qualitative methods including observation and semi structured interview checklists were administered to selected owners of SMEs operating in Dar es Salaam, Coast and Arusha in Tanzania. In Kigali, Rwanda, such instruments were administered to selected food processing SMEs located in the outskirts such as Rwandex, Kinamba 1 and 2, Giticyinyoni, Giticyi Industrial Area, Muhanga, Nyagatare, Kabuye and Kigali Industrial Area in Rwanda. Convenient sampling technique was used. The findings were descriptively analyzed and presented in tables for comparison between BAs and countries.

4. STUDY FINDINGS

The findings are based on the BA internalities namely, BAs meeting members' expectations and Satisfaction through (selective services); timely and constitutionally convening of meetings; proper preparation of BA meetings; invitation to members about events and meetings; members attendance to meetings and; leaders commitment to the constitution; freedom of expression, collection of membership fees and contributions; and enrolment of new members.

Ability of BAs to Meet Members' Expectations and Satisfaction

The ability of BAs to meet members' expectations was traced. Based on the literature, people join BAs in order to get the benefits they expect from such a network. Members were asked about the ability of their BAs in meeting their expectations. The overall results show that BA of Tanzania and Rwanda met their members' expectations by 50% and 96.5% respectively. Specifically, in Tanzania there was a wide gap in BAs meeting members' expectations; where 86% and 14% of AMAGRO and TAFOPA respondents respectively indicated that their expectations were met. The Rwandan associations, AMMIRWA and APPROBUJAAR met their members' expectations by 97% and 96% respectively. Through unstructured qualitative probing, the reasons for not meeting members' expectations were given by members from Tanzanian associations such as (1) leaders betrayed them and forged for their personal interest; (2) BA leaders used their positions in the BAs to get political influences and some of them become politicians, soliciting political favours and/or involved much in politics; (3) They also said that some BA leaders were treating the associations as their personal belonging and engaging only with collaborations and activities from which they benefited; (4) lack of leadership and management skills among BA leaders; and (5) lack of knowledge about other stakeholders such as the government which restrict them from exploring their lobbying and advocacy mandate. On contrary, in Rwanda, level of betrayal by leaders and members was negligible in Rwandan BAs; commitment of leaders towards the prosperity of associations and their members was remarkably high; and initiatives to seeking and using information and collaboration with others and relevant institutions was practiced by both leaders and members of BAs.

Members of all sampled BAs were asked to indicate whether they are satisfied with their membership. It was established that in both countries 13% are not satisfied with their BAs, 50% are very satisfied, 32% are satisfied and 4% are neutral/indifferent about satisfaction. Comparatively, Rwandans are more satisfied with their BAs than Tanzanians. By tracing extremes, 45% of entrepreneurs are very satisfied while 15% are very unsatisfied. It is also shown that all unsatisfied members are coming from TAFOPA, one of Tanzanian BAs. Countrywise, it revealed that more Rwandan entrepreneurs are very satisfied about their membership in BAs than Tanzanians. Table 1 presents BA members satisfaction with their associations

Table 1: BA Members' Satisfaction with their Associations

| Country | BAs | % Satisfaction of being Member of association | | | | |
|----------|-------------|---|-----------|-----------------------------------|-------------|------------------|
| | | very satisfied | Satisfied | neither satisfied nor unsatisfied | Unsatisfied | very unsatisfied |
| Rwanda | AMMIRWA | 85% | 15% | 0% | 0% | 0% |
| | APPROJUBAAR | 46% | 54% | 0% | 0% | 0% |
| Tanzania | TAFOPA | 22% | 0 | 19% | 55% | 3% |
| | AMAGRO | 44% | 56% | 0% | 0% | 0% |

The satisfaction of members with their BA indicates their perception and attitude towards their BA and can lead to supportive behaviour of members because of perceived benefits from the association. This behaviour can be seen in payment of fees and contributions, attendance of meetings and other events planned by the BA. The results show that BAs members of Rwanda are more satisfied than Tanzanian.

Convening of BAs Meetings according to the Constitution

Respondents were asked to indicate whether respective BAs were convening meetings according to the constitution's requirements using a Yes/No Code. Study findings reveal that respondents from Rwanda confirmed that Rwandan BAs convened their meetings according to their constitution. On the other hand, AMAGRO of Tanzania convened their meetings according to their constitution. On the contrary, study findings from respondents in Tanzania were not uniform; for instance, all respondents (100 percent) from AMAGRO of Tanzania reported that BA convened meeting timely as required constitutionally as opposed to only 27 percent from TAFOPA who reported that meetings were not timely and constitutionally organized. More precisely, TAFOPA members elaborated that meetings convened were event-oriented and not according to the constitution. This situation has been attributed to leaders having started some organizations that are providing the same services as those provided by their BA. Leaders tended to engage with affiliations and activities that do not have direct impact to members such as seeking exposure by attending meetings and forums of other organizations. However, all the respondents from Rwandan BAs reported that invitation cards were sent to them prior to the meeting and for this reason; they did not see any reason for not attending such meetings. The same experience was noted in AMAGRO in Tanzania where all members attended meetings and had clear intention of attending. On the contrary, for TAFOPA, only 14% of the respondents indicated that they were attending meetings. The impact of poor attendance to association's meetings due to poor convening does not only destroy the image of the association and its leaders but it also makes the association dysfunctional.

Adequate Preparations of Meeting by BAs and Members Attendance

Respondents were asked to indicate whether BA leaders make proper preparations for meetings. Overall study findings reveal that 100% of the respondents from Rwanda associations make proper meeting preparations. However, study findings for Tanzania associations were quite different and not uniform, whereas 76 percent of respondents from AMAGRO agreed that their leaders prepare adequately for the meetings compared to nearly a half (39%) from TAFOPA. Most respondents who did not agree noted that leaders did not make proper meeting preparations because they took members for granted. The preparation considered were those done before and after the meetings including timely meeting document preparation and dissemination, preparation of the agenda, writing up the minutes such as narrative and resolution minutes, time and diplomacy during meetings and follow up action points immediately after the meetings. Additionally, respondents were also asked to indicate whether they got invited to meetings of their respective BA as scheduled. Overall study findings suggest that BAs try to invite members to meetings. However there are huge differences both within and across BAs. The members of TAFOPA reported that they were hardly invited to meetings whereas AMAGRO and Rwandan associations indicated they were invited. Notably, some members believed that they were invited to all meetings due to information asymmetry. Further, BA members were asked to indicate whether they usually attend meetings after getting invitations. Using a close ended question with two options namely, Yes and No. The results based on the required BAs constitution quorums indicated that all BAs except TAFOPA experienced 100% attendance of required quorum. TAFOPA indicated 2% of attendance. This shows that BAs of Rwanda don't postpone meetings and thus, plans and decisions are made timely and constitutionally. The established quorum for Rwanda BAs' meetings is three quarters ($\frac{3}{4}$) of all members or expected number of attendants while that of Tanzanian BAs is one third ($\frac{1}{3}$) of expected number of attendants. This implies that the number of attendants and quality of decisions are higher in Rwanda than in Tanzanian BAs. The reasons for some members not attending meetings were also established through unstructured interviews to some respondents. The reasons were threefold, namely, (1) grievances about the BA conduct; (2) unexpected absence due to other duties; and (3) unintentionally forgetting to attend. The first reason was presented by most of TAFOPA members; the second was given by AMAGRO members; and the third reason was presented by most of Rwandan BA members.

Level of Freedom of Participation and Expression in BAs

Respondents were asked to comment on their freedom participation and airing their views using yes/no response. Level of freedom of participation and expression in BAs was established to ascertaining whether members were free to participate, contribute and express themselves in their respective BAs. The results indicated that 100% of Rwandan respondents reported that members are free to participate, contribute and express in their associations of APPROBUJAAR and AMMIRWA. Further, study findings reveal that respondents from AMAGRO indicated that there is 100% level of freedom of participation and expression in their BAs. On the other hand, only 39% of TAFOPA respondents indicated that members were free to participate, contribute and express themselves in that BA. In case of disagreement with others, AMAGRO members indicated that, a member can disagree with everybody in the BA's meeting and still feel free and safe to speak out without fear. There is a mixed result from other BAs. 20 percent of AMMIRWA respondents indicated that they could not speak out their views freely in case of disagreement and 22 percent of APPROJUBAAR respondents reported to reserve their opinions in case they did not agree on issues. 45 percent of TAFOPA respondents indicated that they would not speak in case of disagreement.

Leaders Commitment to BA Constitution

Respondents were asked to indicate whether BAs leaders follow respective constitutions in managing their associations. The results show that TAFOPA leaders did not abide by the constitution as only 16% of respondents were affirmative and 84% indicated otherwise. It further indicated that for AMAGRO, 80% of members indicated that the leaders were abiding by the constitution. The AMMIRWA and APPROJUBAAR of Rwanda indicated that their leaders are committed and abided by the constitution by 88% and 90% respectively. Therefore, Rwandan associations' leaders were effectively abiding by the constitutions of their associations more than BA leaders in Tanzania. In other words BAs leaders of AMMIRWA, APPROJUBAAR and AMAGRO exhibited less personal interests and worked for members. On the extent of ba leaders diverting from constitutional mandate, for Rwanda BAs, the results show that with AMMIRWA, 28% of respondents indicated that their leaders are diverting from their mandate and 18% of APPROJUBAAR respondents indicated that their BA leaders are diverting from their mandate. All AMAGRO members indicated that their leaders are not diverting from their mandate while 83% indicated that TAFOPA leaders are diverting from their mandate. It was also found that AMAGRO of Tanzania recruit office bearer through employing permanent officials, such officials have performance contracts for delivery, monitoring and evaluation.

Table 2: Summary of results of Some Internalities

| BAs | % of BA Internalities performance | | | | | | |
|------------|--------------------------------------|---------------------------------|---------------------------------|--------------------------------|-----------------|-------------------|-------------------------------|
| | Ability to meet members expectations | Convening meetings constitution | Attendance of meetings (Quorum) | Meetings' adequacy preparation | Free of express | Leaders committed | Leader diverting from mandate |
| AMMIRWA | 97 | 100 | 100 | 100 | 80 | 88 | 28 |
| APPROBUJAR | 96 | 100 | 100 | 100 | 78 | 90 | 18 |
| AMAGRO | 100 | 100 | 100 | 76 | 80 | 80 | 0 |
| TAFOPA | 14 | 27 | 2 | 39 | 39 | 16 | 83 |

Perception about other Members Attendance of BA Meetings

Because the level of attendance was based on required constitutional quorums, the probe to establish whether the respondents knew the status of other fellow members' attendance of BA meetings was done using the question: "How many of your fellow members attend meetings?" Table 3 indicates the results pertaining to the perception about other members' attendance of BA meetings:

Table 3: Perception about Members Attendance of BA Meetings

| Country | Business Association | Actual and % of Fellow Member Attendance | | | | | | | | | | Total |
|----------|----------------------|--|------------|---------------|------------|------------------|-----------|---------------|-----------|-----------------------|-----------|------------|
| | | Excellent (80-99)% | | Good (60-79)% | | average (40-59)% | | Poor (20-39)% | | Very poor (below 20%) | | |
| Rwanda | AMMIRWA | 13 | (40%) | 20 | (60%) | 0 | (0%) | 0 | (0%) | 0 | 0% | 33 |
| | APPROBUJAAR | 28 | (76%) | 9 | (24%) | 0 | (0%) | 0 | (0%) | 0 | 0% | 37 |
| Tanzania | AMAGRO | 2 | (6%) | 27 | (94%) | 0 | (0%) | 0 | (0%) | 0 | 0% | 29 |
| | TAFOPA | 2 | (8%) | 0 | (0%) | 2 | (8%) | 1 | (61%) | 6 | (23%) | 26 |
| | Total | 45 | 36% | 56 | 45% | 2 | 1% | 1 | 13 | 6 | 5% | 125 |

It was reported that Rwandan respondents perceived that most of their fellow members excellently attended meetings. On the other hand only 6% of AMAGRO members indicated that fellow members excellently (at the average of 80 to 99 percent) attended meetings whereas, 94% indicated that they did so only at the average of 60 to 79 percent. For TAFOPA, 61% of the respondents believed their fellow members attend meeting below average and 23% are poorly believed of attending meetings. On the other hand, members of Rwandan BAs perceived that their fellows are attending meetings with merit. In AMMIRWA and APPROJUBAAR, those who are perceived to attend meeting excellently and above average are 40% and 60%, and 76% and 24% respectively.

Collection of Fees and Contributions and Enrolment of Members (Membership Density)

The ability of collecting membership fees and other dues is very crucial for the business associations' financial performance and for attending to other financial aspects and obligations of the entities. This information was obtained through interview with BA leaders because it was sensitive to get it from individual members. It was established that 100 percent of AMMIRWA members pay all their membership fees and all contributions agreed in official meetings. It was also found that AMMIRWA members contribute a huge sum of money for buying a land to establish a state-of-the-art milling hub in Rwanda. More significantly, AMMIRWA and its members did not enjoy a subsidy or any financial assistance from either the government of Rwanda or development partners. Instead the BAs depend on the market to sell their products and meet their individual firm and collective financial obligations. On the other hand, APPROJUBAAR was collecting 85 percent of the target. This BA enjoy array of financial and other technical assistance from both the government and donors. In Tanzania, it was found that about 80 percent of AMAGRO members pay their membership contributions. This BA also enjoyed some technical assistance from development partners. The TAFOPA collections were not established because leaders were not ready to talk about that and members showed that they did not see any reasons for making such contribution as they did not see any return. In fact, it was established that 95 percent of TAFOPA members did not make any contribution to the BA except those contribution for specific enterprise consumption such as exhibition fee.

It was established that, AMAGRO, AMMIRWA and APPROJUBAAR keep enrolling new diverse members of different size of business, of different gender and spatial locations. The findings reveal that TAFOPA started with many members (about 240 in 1997) under donor arrangement and from the start it did not recruit new members. Although there was no recruitment of new members in TAFOPA, the evidences from some places such as Mwanza and Arusha in Tanzania showed withdrawal from membership and establishment of new food processing associations.

5. DISCUSSION OF FINDINGS

Based on Doner and Schneider (2000), Bennet (2000), Bennet and Ramsden (2007) and McCord (2005), BA performance internalities are as shown in findings above. The discussions are based on

each and sometimes combined internalities. In regard to *meeting members' expectations*, the outcome of work done by BAs concur with Bates and Holton (1995) who describe performance as outcome of work. The findings are also consistent with Brumbach (1998) who defined performance as both outcome and behaviour. In regard to *satisfaction with membership*, the findings show that all unsatisfied members were from Tanzanian BAs. 100 percent of Rwandan entrepreneurs were very "satisfied" and "satisfied" with their BAs. This is in line with Wilson, (1997) and Huggins (2000) arguments that, members perceive positively the value and contribution of their BA; Such perception guides and projects the attitude and conduct of members now and in the future. Further, Wilson (1997) asserts that the perception of members indicates the relational status and the level of social capital in the business association. Moreover, getting feedback of BA members that their expectations are met indicates a good performance of a BA because it has been difficult to get such tangible outcomes as Pedersen (2003) noted:

"it has usually been difficult to organize such associations among small enterprises because the outcome of lobbying tends to be intangible so that it is difficult for individual entrepreneur to see what he gets for his membership fee" (Pedersen, 2003. p. 211)

BA's Performance internality in relation to *membership density*, Doner and Schneider (2000) asserts that high density of membership is one of three factors for effective internal performance of BAs. Arhne and Brunsson (2008) suggested that the primary purpose of a BA is to foster inter-organisational bridging and drawing attention to its role of connecting diverse members. All activities conducted by BAs such as bargaining, advocacy and other collective action initiatives are justified by the presence of membership based on clear norms and values (Agahi and Karami, 2012; Daud and Wan, 2010; Sabatini, 2009). Guided by the BA performance indicators, the study observed that there had been no recruitment of new members in TAFOPA since it started in 1997 while in other BAs like AMAGRO, AMMIRWA and APPROJUBAAR, there were evidences that new members were joining. AMMIRWA and APPROJUBAAR were registered and started their operation in 2010 and 2011 respectively. This is coherent with literature promoting norms and values that guide business and social relations enforcing reciprocity and equality and information asymmetries (Adler and Kwan, 2002; Adam and Roncevic, 2003; Pedersen, 2003). The TAFOPA scenario manifested the intention to restrict, exclude or distance others from available resources and tend to isolate themselves and tend to misconduct, monopolise resources or be disconnected to resources; this causes negative social welfare; this is in line with massive literature on social relations in networks (Labianca et al., 1998; Hedaa, 1999; Gargiulo and Benassi, 1999; Gabbay & Leenders, 2002; Portes and Landolt, 1996; Narayan and Pricet, 1999). Furthermore, Revely and Ville (2010) asserts that people consider staying in BAs where there is exchange of valuable resources if they perceive that the exchange relations are attractive endeavours.

The findings on BA internalities on *adequate preparations of meetings, convening meetings and inviting members* indicated that BAs in Rwanda convened their constitutional meetings on timely basis by 100 percent. Tanzanian's associations, on the other hand, convened meeting timely and constitutionally by 10 percent and 50 percent for TAFOPA and AMAGRO respectively. The members of TAFOPA show that they were hardly invited to attend meetings. It should also be observed that it is possible for a member to believe that is invited to all meetings or many times if he is not informed of unnoticed passed meetings due to pre-occupations, information asymmetry and leaders conduct. Apart from getting the invitations, the members were asked if they usually attend meetings. The results on the members' attendance of meetings indicate that all the respondents from Rwandan BAs attended meetings as they got invitation and had good intention to attend meetings. The impact of poor attendance to association's meetings is not only destroying the image of the association and its leaders but also makes the association dysfunctional in decision making and project development and implementation. This indicates that there are poor relations in Tanzania's business associations. The finding concur with Narayan & Cassidy (2001) and other such as (Coleman (1988) and Fukuyama (2001) who assigns weight on the norms and values which should be abided by to meet the organization's common objectives. Lin (2001) argues that such negligence to associational norms and values can be due to the over accumulation of power which rests to leaders who are well positioned members and use the power to exclude their members. The established meetings' quorum for Rwanda BA meetings being three quarters ($\frac{3}{4}$) while that of Tanzanian BAs being one third ($\frac{1}{3}$) of expected number of attendants signify level of goal-orientation, future predictability and degree of preparedness (Woolcock, 2002).

The findings on BAs' internal performance in relation to members' *freedom of participation and expression* indicated that BA members in Rwanda have more freedom of participation and expression than

member of Tanzanian BAs. Rwandan members have more opportunities to contribute to the development and performance of their BAs and ultimately influence individual firms' performance. Members can demand and criticize the leaders of a BA for quality improvement that can lead to quality services to enterprises and finally improved enterprise performance. The freedom of participation and expression can be a source of timely or untimely new ideas generation which could be useful for innovation processes at present or for the future. These findings are in line with the assertion by Rodrik (1997) and Temple (1998) that information sharing in a network setting can be possible where there is freedom of participation and expression in any level of an endeavour. The source of freedom of expression is the trust, norms and values inherent from the actors' conducts and the projected and predictable future relations (Woolcock, 2002). According to Mwangi and Ouma (2012) sharing information among group or association members reduces transactions costs, raises the sense of belonging and facilitates collective decision-making while the solidarity and reciprocity that emerge from the networks diminish opportunistic behaviour. Mbura (2007) underscores information as a vital tool for acquisition of demand driven tangible and intangible capabilities and resources.

The findings on BA's performance in relation to *commitment of BA leaders to the constitution* indicate that leaders of Rwandan BAs were more committed than BAs leaders of Tanzania. With regard to abiding by the constitution for Tanzania BAs, the results show that only five percent of respondents believe that TAFOPA leaders did so and 80 percent of AMAGRO leaders abide by the constitution. Conversely, both Rwanda BAs' respondents indicated that their leaders abided by their association's constitutions by 88 percent and 90 percent for AMMIRWA and APPROJUBAAR, respectively. The literature on BAs suggests that BAs' leaders and employees can use these BAs for their personal aggrandizement and can work against members' interests (Goldsmith, 2002). This is also asserted by Pedersen (2003) that BA leaders can tend to promote personal agenda at the expense of BA members. This is also consistent with Goldsmith (2002) emphasizing the need of a close supervision of how BA is administered.

6. CONCLUSION

From this paper, it has been found that the BAs of Rwanda are more vibrant than those in Tanzania. Considering the factors for BA's effective performance, and BA internal performance indicators including BA meeting members' expectations, BAs, timely and constitutionally meetings convening, invitation to members about events such as meetings, members attendance to meetings, perception about fellow members attendances, proper preparation of BA meetings, BA leaders abiding/following or diverting the constitution, collection of membership fees and contributions, and enrolment of new members. The empirical findings on the BAs performance indicated that Rwandan sector specific BAs are performing better than Tanzanian in all performance specifically in terms of effective internal mediation for member interests, they are far better than Tanzanian.

It is convincing to conclude that BAs that started with many members tend to ignore recruiting new members and this cause bonding social relations which finally lead to crisis causing some memberships withdrawal and search for connections outside the network. On the other hand BAs which start with few members tend to promote the association and attract new members and also tend to function well. This is empirically evidenced with APPROBUJAAR, AMMIRWA in Rwanda and AMAGRO in Tanzania. The performance of BAs in Rwanda is facilitated by the private sector development initiatives which are under the Private Sector Foundation (PSF) whose organization is principally sector specific. There is also some exceptions that the AMAGRO in Tanzania has better internal processes than TAFOPA though behind Rwandan BAs. The findings established that TAFOPA started with many members (about 240 in 1997) and from the start it did not recruit new members. Contrary to TAFOPA experience, associations like AMAGRO started with 7 members in 2003 and it has grown to 127 active members. This reveals the importance of internal locus of control against the external locus of control; the association started with internal push in order to pursue and mobilize some resources projected and creation of capabilities can promote attraction of new members and promote bridging and linking social capital as it was with AMAGRO, AMMIRWA and APPROBUJAAR.

It is recommended that the structure of apex organization to be formally hierarchical. The hierarchical structure is recommended because can avoid multiple memberships and conflicts with other member based associations. For example, members of Tanzania Private Sector Foundation should be general or sector chambers, BAs, sector federations and corporate members (who are not members of

such associations). Individual companies especially SMEs should not be members of the national apex body. The current trend in Tanzania and Uganda shows that a business can be a member of more than five BAs and yet a member of various apex bodies within the country. This is contravening the good governance practices and accountability of apex bodies and hinders BAs voices and expected contribution to the development of the private sector. Multiple memberships become the time waster and cause deviation from the BA's strategic and business plan, develop pre-occupations to office incumbents and members and hinder BA performance in medium and long run. The performance in terms of learning and innovation, internal processes, customer service and finance are enabled by clear focus; which will be lacking with multiple memberships. Therefore, single membership in a relevant BA is recommended. Multiple memberships would be promoted to associations outside the country with the aim of complying with diverse potential markets. Such memberships is for countries or regions potential for business internationalization, standard accreditation, franchising and licensing arrangements, technology searching, research and development, innovative knowledge dissemination and potential for partnership.

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