Channel captains and their impact on local economic development

Evidence from the textile industry in Tanzania

Robert Eric Wietze Schuffel

Master student: International Business and Management (IB&M)

Student number: s1691384

Tel. +31646697925

Email: Rob.Schuffel@gmail.com

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Supervisor: dr. B. J. W. Pennink

Co-assessor: dr. M. M. Wilhelm

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Abstract

In this paper the impact of channel captains on local economic development (LED) when they increase their influence on local suppliers has been investigated. For stimulating LED cooperation between government institutions, NGOs and local entrepreneurs is essential.

The results showed that channel captains hinder LED when they increase their influence on suppliers by setting standards regarding labor regulations, delivery and quality of their products. Another major obstruction for LED is the short term cooperation between buyers and suppliers, which reduces the ability of local suppliers to make investments. Finally, the lack of cooperation between channel captains, suppliers, governments and NGOs is a major reason for low LED in Tanzania.

Key words: LED, channel captains, GVC, suppliers, textile, cooperation
Author: Robert Eric Wietze Schuffel, Master Student University of Groningen

Supervisor: B. J. W. Pennink
Co-assessor: M. M. Wilhelm

Contents

Introduction

In this paper the impact of channel captains on local economic development (LED) when they increase their influence on local suppliers will be investigated. The focus lies on the textile industry of Tanzania, because of its increasing importance on the world market. In this research the channel captain refers to the company where products will be collected and sold to customers. We are interested in the development of the local economy when channel captains increase influence on their suppliers to meet issues regarding quality standards, delivery times and responsibility they have provided. The major research question therefore is: ***What is the impact on local economic development when channel captains increase their influence on local suppliers?***

In the last two decades channel captains in all sectors around the world including the textile industry have tried to increase influence on their suppliers. There are numerous reasons for this development and the key issues are reputation effects, responsibility issues, quality control and lack of trust in their suppliers (Krause et al., 2000; Awaysheh and Klassen, 2010; Sako et al., 1994).

In the twentieth century vertical integration of buyers and suppliers was a common practice; with most products manufactured domestically. A major era of outsourcing began, due to an increase in globalization (Ritzer, 2011;Dilik, 2009).Components of a product are now manufactured in different countries and the number of suppliers to produce one product has increased tremendously. The components will be collected and assembled in a final stadium (Krause et al., 2000). The companies involved in this process, mostly multinational enterprises (MNEs) thought that they could reduce costs by outsourcing some of their non-core competencies to countries with cheap labor (Houseman, 2007). Outsourcing had the positive effect of reducing costs for the MNE (Reich, 1991; Winkleman et al., 1993).

The outsourcing companies argued for a long time that they were not responsible for actions of their suppliers and that they had no or only minor influence on suppliers' business and labor conditions. This situation changed during the 1990s, when MNEs were losing customers due to problems of their suppliers. Computer manufacturer Apple, for example faced negative publicity when it was published that its major supplier Foxconn used child labor in their factories

(New York Times, 2012). Furthermore Foxconn did not follow the labor regulations, which resulted in illegal extended working hours and underpayment (NOS.nl, 2013). Apple recognized that for their own reputation it was essential to have increase influence on the business process at the Foxconn factories in China. Quality standards were already available, but now the company also set standards for labor conditions.

Nike Sportswear came into trouble when some of the suppliers made use of child labor; when the scandal came out Nike denied responsibility for the situation (Boje and Khan, 2009). However, the public opinion was so powerful and had such negative impact on the brand that Nike decided to stop cooperation with this supplier and increased their influence on other suppliers.

These two cases show that reputation damage is a dominant factor for channel captains to increase their influence in suppliers operations. Furthermore, LED for these companies only becomes important when the public opinion puts pressure on them.

The impact of channel captains on LED has not been investigated extensively yet. Extensive research has been done on managing direct and indirect supplier relations and the performance of these suppliers from a channel captain perspective. However, this is the end of the value chain and lays the focus on how channel captains can increase influence on their suppliers. In this study the interest lies on the impact of channel captains on LED, because of the limited knowledge of this subject in the academic and business society. The publications of positive and negative effects of channel captains on LED are fragmented; the intent is to deliver an increased understanding of this process.

To have a better overview of the process mentioned above, it is important to have extensive knowledge about the theory of LED. This will be explained in the next section. Furthermore, a clearer picture of the global value chain (GVC) is required, because the impact of channel captains on the supplying firms will become more explicable. Therefore, the aspects of the global value chain will be discussed in the third section. In the fourth section the research methodology will be clarified. This section will be followed by an overview of the participants in this research on the Tanzanian textile industry. The sixth section will offer the results of the research. In the seventh section the conclusions of the research will be presented and finally recommendations for the development of the Tanzanian textile industry will be suggested.

Connecting GVC with LED

The influence of the channel captains on the global value chain can be seen as a hinder for LED, because of the decreased decision making authority for suppliers. The increase of influence of channel captains can lead to friction with local entrepreneurs, especially in the case of MNEs, because MNEs have better access to technology, innovation and marketing tools (Sociaal Economische Raad, 2011). On the other hand these tools can help to increase LED, when the local community is able to take advantage of those. Figure 1 shows that LED can be measured in every stage of the textile production process. This will be further explained in the next sections.
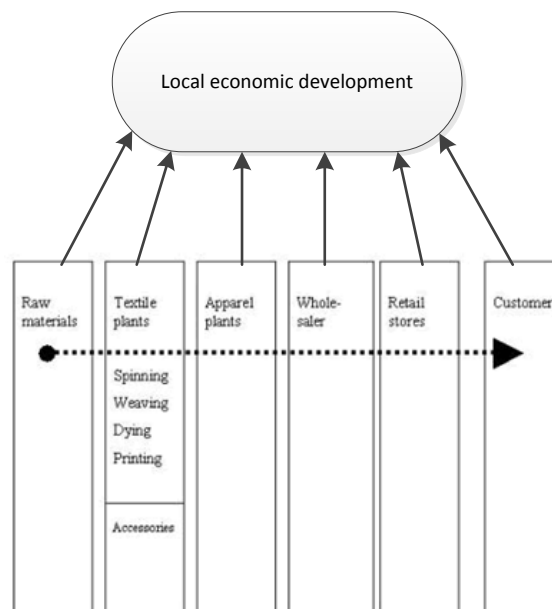

Figure 1

According to Awaysheh and Klassen (2010) a relation exists between organizational distance and practices regarding social responsibility. When the number of business ties between the channel captains and its suppliers which are connected in the value chain are stronger, the better the societal expectations in the supply chain will be managed. Furthermore, the closer a supplier is positioned to the raw materials extraction, the higher the possibility that there are Codes of Conduct (COC). The COC can have an influence on LED, because the channel captains increase their influence on suppliers by forcing them to sign and apply the COC. When suppliers have to follow COC cooperation with local governments and NGOs can be hindered, because of applied restrictions by the channel captains.

In this research the interest lies on the impact of channel captains on LED when they increase influence on their suppliers. Before this process can be measured, it is necessary to explain LED. This will be done in the next section.

Local economic development

In this section definitions and the most important aspects of LED will be provided. Second, the importance of the infrastructure is explained. Third, the role of companies on LED will be set out. Finally, the influence of the public services of the country on LED will be discussed.

There is no agreed definition of LED, because of different perspectives of organizations and researchers. The definitions to show these different perspectives for LED are provided in the next paragraph.

According to the Worldbank (2013) the purpose of local economic development is: "to build up the economic capacity of a local area to improve its economic future and the quality of life for all. It is a process by which public, business and nongovernmental sector partners (NGO) work collectively to create better conditions for economic growth and employment generation". LED is strategically planned process by the private and public sector (Blakely and Leigh, 2009). The implementation and realization is in the hands of the private and public sector supported by NGOs.

The Australia South Africa Local Governance Partnership (ASALGP) states that LED is based on local initiatives and local stakeholders are the most important players in this process. Second, LED focuses on local resources, ideas and skills to stimulate economic growth and development of the local society. Furthermore, a major point of interest is that a stable environment is crucial to attracts entrepreneurs and investors who want to set up a new business. Trust has a major influence on LED; therefore it is important that the public sector has a decent relationship with non-governmental organizations and the private sector (figure 2).

According to The International Labor Organization (ILO.org, 2013) LED is: "a strategy for employment promotion through micro and small enterprise development, support of social dialogue and development planning. At the center of the approach is the creation of public-private partnerships that bring together stakeholders in the local economy, including representatives of regional and local government, employers' and workers' organizations,

Chambers of Commerce, cooperatives, producers' associations, women organizations and other NGOs."

The definition of ILO is broader than the former two, the main reason this is the intendance of the organizations. Where the Worldbank is mainly focusing on the improvement of living standard for all people, the ILO primarily focuses on employment promotion.
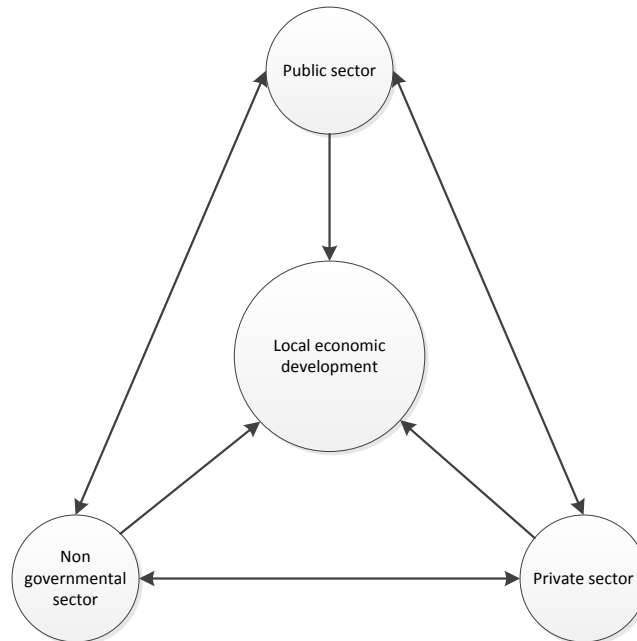

Figure 2

The accurate method of stimulating LED is a well-developed teamwork between the three major blocks, which are mentioned in figure 2. This collaboration is necessary on local en national level between large and small organizations.

According to Swinburn, Goga and Murphy (2006) for success communities depend on their ability to adapt to the market economy. Second, they should be able to adapt to the local, national and international markets. The local population must increase the competitiveness of their community by focusing on strategic planning for LED. Furthermore, Swinburn et al. (2006) state that planned LED will facilitate the reduction of poverty of the population and improve the quality of life. There are different approaches to improve LED, due to the fact that every community has its own unique capabilities, strengths and weaknesses.

For this research a single triangle is developed to explain the cooperation between government institutions, NGOs and entrepreneurs. In his article, Pennink (2012) argues that there exists a double triangle. Pennink uses the same three major blocks as the ones that are used in

this research, but a distinction has been made between local and national level. The government can be divided in national versus local government; in the business block a distinction can be made between local and social entrepreneurs and finally there is a distinction between national universities and local leaders.

Nel (2001) examined LED in South Africa and concluded that the concept is relatively small. Of the almost 800 local authorities only a handful was able to do an attempt to focus on LED. The major reasons for low LED are the lack power, resources and capacities of local governments. The central government does not provide enough funds for local initiatives and the level of support for LED is low. He furthermore argues that for successful LED it is important that *all* stakeholders participate in the development process, thus not only the local government, but also NGOs, companies and community-based organizations. For this research the participation of *companies* in LED is most interesting, because there is a possibility that these face a reduced level of decision making authority when channel captains increase their influence. This in turn can cause a decreased level of LED participation.

According to Nel and Binns (2002) local initiatives have a major influence on the rapid increase of the private sector in the region and in turn on economic growth. The initiatives attracted new entrepreneurs in the region, which caused an increase in demand for employment. This resulted in higher labor participation and spending capacity of the local population. For the projects a sense of ownership was created, which led to a feeling of responsibility for the population. The involvement in the project increased cooperation and targets were reached frequently.

Nel and Binns (2002) proclaim that strong local leadership is important for LED. A strong leader received support from white and colored stakeholders, which resulted in new successful projects. The investigated community was relatively small (population of 4000) and therefore it was easier to coordinate initiatives. The most crucial aspect for the success was that the wealthier group was larger than the poor part of the population, which made it easier to reach the targets regarding economic development. There were also critiques, because local and national governments did not give permits and financial support effortless, which made development more problematic. Finally, racial prejudice on colored people is still a major concern in South Africa and hinders LED.

According to Abrahams (2003), LED is important to increase sustainable development. It has been pronounced that local governments cannot continue to rely on the national government regarding economic development. The economy should be stimulated on local level, with local NGOs and private parties. Furthermore, the author mentions that for local governments a difference between rural and urban development exists.

From this literature it can be concluded that participation and cooperation between the national and local governments, NGOs and companies is very important to stimulate LED. Without this cooperation and local initiatives it is difficult to improve economic development. Furthermore a distinction has to be made between rural and urban development programs.

Another essential aspect of LED is a well-developed infrastructure (Chandan and Bhanumurthy, 2010; Calderon and Servén, 2008; Immergluck, 1993). The characteristics of infrastructure and its weight on LED will be discussed in the next section

Infrastructure

The infrastructure of a community or society consists of the basic facilities, services, and installations needed for functioning (freedictionary.com, 2013). For the improvement of the infrastructure it is important that there is strong cooperation between the private and public sector and NGOs. Dispersion can be made between hard and soft infrastructure (figure 3).
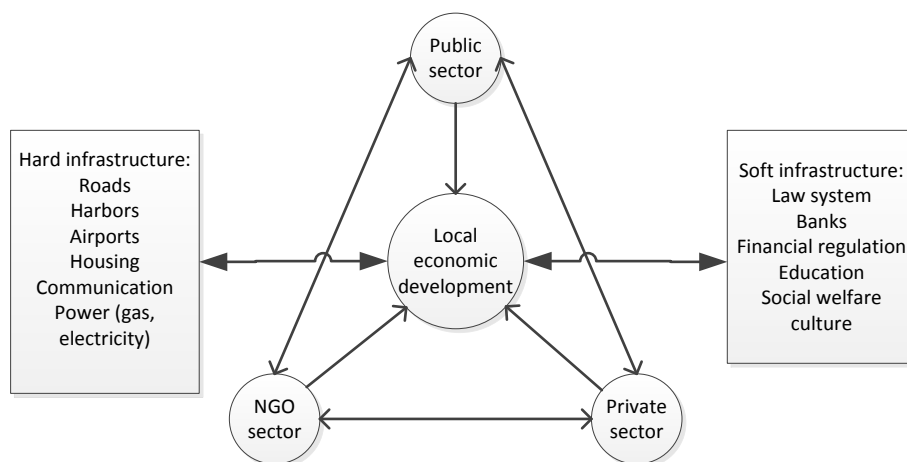

Figure 3

The hard infrastructure of a country refers to the physical network, which is necessary to make the nation function. This means that roads are easily accessible and well preserved; seaports are well developed and deep enough to bring in large ships; airports support the availability of

shipping cargo; and railways should connect major cities or facilities. For local and regional governments well-developed roads and airports are vital, because new businesses can be attracted and current entrepreneurs can be stimulated to expand operations.

Second, it is important that there are decent housing facilities. In South Africa, for example, the government is trying to reduce inequalities between social groups to support economic development by focusing on urban reconstruction (Maharaj and Ramballi, 1997). These initiatives were set up by companies and local states. The increased pressure from community groups led to the restructuring of the local development process.

Furthermore, advanced electrical power network and gas or petroleum pipelines will help to increase LED. These facilities are important when a community or region wants to shift from agriculture to industrialization.

Finally, the communication infrastructure is significant, because globalization attracts new ventures. These businesses are increasingly dependent on foreign buyers and suppliers, which have to be contacted (Gibbs and Tanner, 1997).

The soft infrastructure of a country consists of the governance infrastructure. A well-developed government structure and law enforcement system stimulates LED. According to Weingast (1995), the political foundations of the markets are important for their success; the major difficulty in this process in the level of regulation. In a country with high regulation, the entrepreneur is not stimulated to extend its business operations. On the other hand, in a country with low regulation protection levels for entrepreneurs are low. Therefore, governments have to find a mix between these two extremes.

Second, the availability of solid banks, financial institutions and financial regulations (the economic infrastructure) is vital for LED. Alfaro et al. (2004) argue that LED is stimulated by foreign direct investment (FDI). Countries with a well-developed financial infrastructure significantly gain more FDI, which in turn lead to higher LED.

A third aspect is the social infrastructure, which includes the level of education. According to Rodríguez-Pose (2002) is it important to recognize the level of education as well as skills levels of residents. This is coherent with the competitiveness of the local industries, because when this has not been improved it is hard to increase LED. As a result it is possible that

the residents with a high level of education are jobless. As a result these people with potential will leave the region which needs them.

Furthermore, the healthcare system and social welfare system are imperative for economic development. Zhang and Zhang (2004) argue that the development of social security has a positive influence on LED. The social security system can decrease problems regarding over-population, illiteracy and slow economic growth.

Finally, the cultural infrastructure is a stimulator for LED (Tabellini, 2010). The cultural infrastructure consists of museums, libraries and concert halls. When basic needs (food, fresh water, housing and clothing) are fulfilled the personal development of habitants will be more focused on cultural subjects. The economic development is dependent on the enlargement of these cultural habits and buildings, because it attracts investors and it supports tourism.

From this literature it can be concluded that LED is influenced by an appropriate infrastructure. The infrastructure can only be developed when entrepreneurs and governments have enough resources to invest in these facilities. When channel captains increase their influence on suppliers to follow their policies it will be harder for these suppliers to actively participate in the development of the infrastructure. In the next section we will explain the participation of companies in LED.

LED and companies
According to Rodriguez-Clare (1996) a linkage effect between the local economy and the MNE can help to stimulate economic development. The communication between the headquarters and the production plant has to be expensive and the variety of intermediate goods produced has to be not too different between home and host countries. When the variety of products differs too much, the MNE can hurt the development of the local economy.

Jessop (1998) argues that there are three major aspects which cause the limited success of governance regarding economic development. The first aspect is that companies search for cheap labor and they will immediately leave when labor costs and wages rise or when they can find a region where the labor is even cheaper. The companies are dealing with increased competition due to globalization and therefore they started with outsourcing to reduce the labor costs.

A second constraint for economic development mentioned by Jessop (1998) is the lack of institutional support for companies. He argues that it is difficult for the companies to reach their objectives, due to the lack of material and symbolic support. For some companies it is important

that the local society stays positive to their operations and are enthusiastic, it helps them to continue the business. Figure 2 shows that good cooperation between the public and private sector is important. The major reason why there are struggles between governments and corporations is the time orientation. While governments in general have a long term orientation, companies focus on the short term gains. This conflict of interest between the two groups will hinder economic development.

The third constraint for economic development is the failure of the government to provide a complete definition of the objects of governance (Jessop, 1998). It is especially difficult to reach these objectives when the complexity of operations increases (Malpas and Wickham, 1995). In the twentieth century the complexity increased due to globalization. The governance over suppliers became complicated and coordination became more problematic due to interpersonal and inter-firm interests.

According to Curran et al. (2000), small British enterprises do not actively participate in local development. They are mainly focused on their own business and they major influence in LED comes from large corporations, local political leaders and national political parties (Smith, 1995).

Bates (1995) claims that small business enterprises which receive government support are able to continue their operations longer than enterprises which do not receive support. From this research it can be concluded that government support can help to sustain and increase LED. The government invests in financial support and the enterprises on their turn remain operational, which increases labor participation and tax revenues. Besides providing direct support, the local and national government can also invest in indirect support. A significant part of this indirect support is offered in the form of public services; this will be explained in the next section.

Public services

The degree of local public services is very important for LED (Fisher, 1997; Bartik 1991). Bartik pronounces that economic development can be stimulated by well-developed public services, because the costs of private inputs can be reduced. Second, public services might have an influence on the input to production, because higher security leads to new investments. Finally, when public services will be extended, the chance exists that prices regarding these services will fall for companies.

Bardhan (2002) mentions the negative aspects in developing countries. He states that local power elites hinder the development of infrastructural facilities and conditions to support and increase local economic development. Cunnan et al. (2000) and Dewar (1998) conclude from their findings that government institutions should be more dynamic in stimulating small business, because of their importance on LED.

In summary, it can be concluded that a well-developed infrastructure is necessary for stimulating LED. Second, the direct and indirect government support is important for business development. This can be provided in the form of grants and loans (direct support) or by well-developed public services (indirect support).

For this research on the influence of channel captains on LED extensive knowledge of the global value chain (GVC) of the textile industry is needed. Information regarding this subject will be provided in the next section.

Global value chain

It is important to know how far the influence of the channel captains reaches and what the impact of power asymmetry on LED is. To have an increased understanding of the GVC first the definition has to be provided. Second, an explanation of the global value chain and the concepts related to the GVC will be given. Furthermore, the different forms of the GVC, which is dependent on the interaction between buyers and suppliers will be discussed.

The value chain consists of all the steps in the process of a product that firms and employees take from the start to the end use and further (globalvaluechains.org, 2013). The term "Global Value Chain" is used frequently, because production of goods and services are spread over a larger geographical area (globalvaluechains.org, 2013). The global value chain starts with processing raw materials and ends when the product reaches the final customer. The GVC, commodity chain, product chain and supply chain are different approaches of the same concept. The GVC and the supply chain include all companies in the value chain, but the focus of the GVC lies on the focal company in this perspective (Lambert and Cooper, 2000). The focal company is the company where all finished products will be collected and sold to the customers. Therefore the focal company and channel captains can be seen as the same concept.

Michael Porter (1985) argues that the value chain of a product consists of primary and supporting activities. The first of the primary activities is inbound logistics such as incoming

material storage and data collection. The other primary activities are operations, outbound logistics, marketing & sales and finally after sales service. The supporting activities consist of firm infrastructure, human resource management, technology development and procurement.

The size and complexity of the textile GVC has been increased, due to the fact that an increasing number of components have been outsourced to countries production is cheaper. One of the side effects of outsourcing is that the enterprises have less control over the GVC and their suppliers. In turn this can lead to situations with high uncertainty for both buyers and suppliers.

In the 20th century the large multinationals were able to control the value chain of their products. They integrated the suppliers of the materials in their corporation to increase economies of scale, reduce transaction costs and to control for deliveries and quality (Coles and Hesterly, 1998; Krickx, 1995). This was possible due to the fact that many of the suppliers were based relatively close to the home market. The MNEs were putting pressure on their suppliers to integrate in the corporate processes; this led to high inefficiency in the production process and made it difficult to implement fast changes in production. (Arbulu et al., 2003).

The control over the value chain changed during the second part of the 20th century. The costs for transportation and communication decreased to a major extent and therefore it became easier to expand business operations to foreign countries further away from the home market. This in turn also meant that a major increase in competition appeared. The MNEs decided that to remain profitable they should search for cheaper production facilities and they were forced to vertically disintegrate (Chen, 2005). Vertical disintegration means that the companies operating in the value chain, which were controlled by the channel captains will now become more independent. This means that these companies now have more decision freedom to follow their own vision regarding the products they make and companies they sell to.

Gereffi et al.(2005) argue that the structure of the GVC depends on three major aspects: the complexity of the transactions, the ability to codify the transactions and the capabilities in the supply base (figure 4). The complexity of a product has a major impact on the governance type, because the more complex the product is the higher the chance to have asymmetry in power. This is also the case for the ability to codify transactions, when it is easy to codify transactions the power asymmetry is also low. Finally, there are the capabilities in the supply-base. These three aspects provide an insight in the degree of explicit coordination and power asymmetry. For this research the degree of power asymmetry is important, because the higher the degree of

power asymmetry the higher the chance that the channel captains will have the opportunity to increase influence on their suppliers.

Governance type	Complexity of transactions	Ability to codify transactions	Capabilities in the supply-base	Degree of explicit coordination and power asymmetry
Market	Low	High	High	Low
Modular	High	High	High	
Relational	High	Low	High	
Captive	High	High	Low	
Hierarchy	High	Low	Low	High

Table 1 Key determinants of global value chain governance

Figure 4
Review of International Political Economy
by Gary Gereffi, John Humphrey and Timothy Sturgeon (2005)

Gereffi et al. (2005) claim that there are five major types of global value chains (GVC). The influence of the channel captains on their suppliers is crucial in this research and therefore the market governance structure is not of interest. The hierarchy governance type is the most complicated governance type; high complexity of transactions, low capabilities in the supply base and a low ability to codify the transactions are common. The degree of explicit coordination and power asymmetry is high.

It is important to extend the understanding of the other three governance types (relational, captive and hierarchy), because it is expected that these are the types used in the textile industry. The relational value chain consists of complex interactions between buyers and suppliers, which causes mutual dependence. The process is managed by reputation or ethnic ties. Captive value chains are networks with small suppliers which are dependent on larger and which therefore have a major influence on the production process. The supplier is to a large extent monitored and controlled by the channel captain. In the captive network, the foreign firm is responsible for all the components used by local contractors. When a change in the value chain appears and is moving towards the relational governance mode, the quality control, on-time delivery and the production of small samples shifts toward the supplier.

Humphrey and Schmitz (2002) argue that there are three important stages in value chain governance. At first the channel captains needs to know what it would like to have produced, regarding design and product specifications. This stage is followed by how the item will be

produced. This includes the labor and environmental standards of a country or factory. The final stage is the physical flow of the product; it describes the GVC and how this should be managed. These stages provide an overview of why and how channel captains want to have influence on their suppliers. Therefore, the concept of channel captains and their influence on LED has to be explained. An overview will be given in the next section.

Channel captains

In this study the impact of the channel captains on LED will be investigated. The channel captain refers to the company where the products will be collected and sold to customers. The attention lies on the supply side of the GVC, which includes all stages from the production of raw materials to the channel captains. Lambert et al. (1998) show the increased complexity of the GVC when the channel captain uses more than one supplier. Furthermore, as can be seen in figure 5 the complexity of the GVC further increases when these first tier suppliers on their turn also use more suppliers (second tier). As a consequence this means that research also becomes more complex, due to the increased number of suppliers which are connected to each other.
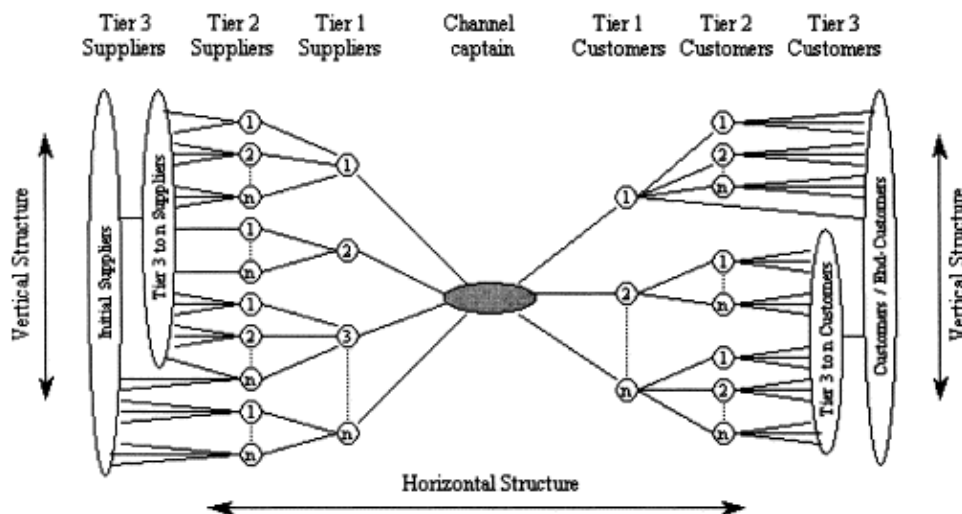

Figure 5

Lambert et al. (1998) Supply Chain Management

For channel captains the degree of influence on the supplier can be limited. Two major reasons for this are the lack of direct contractual relations and geographical dispersion (Holweg et al., 2005). Furthermore, the channel captain is not able to manage all relationships simply because it

is too time consuming and takes too many resources to control the whole value chain (Lambert and Cooper, 2000).

Krause et al. (1998) argue that strategic efforts significantly increase the channel captains' participation in the business process of their suppliers. In this process increased dedication of resources, personnel and communication is necessary. Krause et al. (2000) claim that channel captains use multiple strategies to increase the performance of the supplier these are: supplier assessment, incentives to improve the performance, encouraging competition between suppliers and finally direct involvement of the channel captains with personnel to provide training and guidance. According to Krause et al. (2000) the channel captains encounter shortcomings in supplier performance or supplier capabilities and in some cases both. To increase supplier performance and capabilities channel captains invest in personnel, time and resources. Another option is to focus on searching for a new supplier, which is able to complete the task. A third option is to manufacture the products in-house, this is only possible when the channel captains has the skills and resources to do this. The final option is to come up with a combination of the three options mentioned before. For this study the first two options are relevant, because an increase in influence of channel captains in the textile industry on suppliers can have both positive and negative effects on the performance of the particular supplier and as a consequence on LED.

To have a better understanding of the relationship between buyers and suppliers in the GVC of the textile industry it is interesting to know more about the history of this relationship. When more knowledge is available on the relationships in this sector it will be clearer to see why and how channel captains increase their influence on suppliers. Therefore, an overview of the apparel and textile industry will be offered in the next section.

The world's Apparel and textile industry

In this study information of both the apparel and textile industry will be exploited, because of the large affinity between these two sectors. The information available regarding the world's apparel and textile industry comes mainly from South-East Asia, due to the fact that the major part of worlds clothing is produced there (Audet and Safadi, 2004; Gereffi and Frederick, 2010). There is a limited amount of academic data available on the Tanzanian textile industry, but there are similarities between the Asian market and the Tanzanian textile industry. Therefore, this section

starts by providing an overview of the world's market textile industry and its development. Later an overview of the Tanzanian textile industry will be given.

The textile industry has a global intent since the second half of the twentieth century and has changed from captive to relational governance (Gereffi et al., 2005). The production processes mainly take place in Asia. The globalization started for the major part in Japan in the 1950s. In the period since the 1970s Indonesia and Malaysia have produced textiles, but became on a certain moment too expensive on labor costs. The production moved to China, Vietnam and Thailand in the 1990s (Nadvi et al., 2004). In the 2000s the clothing production moved to Bangladesh and Cambodia, due to the low labor costs (Morris et al., 2009).

In Vietnam large suppliers of textiles are government-owned; they are called State-Owned Enterprises (SOEs). Nadvi et al. (2004) conclude from their investigation in Vietnam that the capacity of the SOE is of importance when it comes to the ties with buyers. Larger SOEs have more influence in the value chain and the production process than the small private firms. Therefore, they also have more influence on price negotiations. Where channel captains have standard prices for small entrepreneurs, the large firms negotiate about the prices for their delivered products.

The major reason why the large SOEs are able to increase their bargaining power is because they received subsidies to extend their business operations. The increased power of the SOEs can therefore also have an influence on the influence of the buyer on the supplier. From this point of view it is clear that channel captains will only be able to have a large influence on small suppliers. Nadvi et al.(2004) furthermore argue that the employees who were working in the SOEs benefited from the subsidies of the government, while the small entrepreneurs went bankrupt or were forced to leave the business.
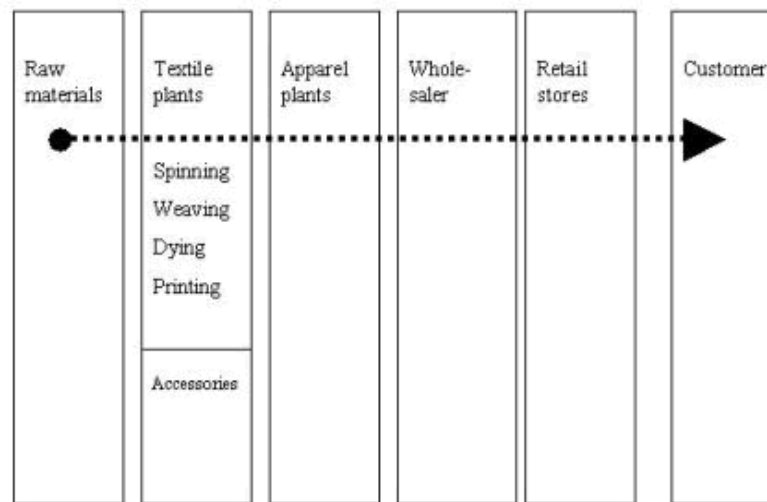
Figure 4: Supply chain textile sector

Source : Inwent (2013)

Inwent (2013) argues that the textile industry can be divided in different stages in which different producers are operating. In figure 4 it is shown that the GVC of the textile sector exists of six major stages. In the first stage raw materials will be produced and after this stage the process continues with spinning, weaving, dying and printing. The third stage consists of the manufacturing of the clothes, called the apparel plants. In the fourth stage the clothes will be delivered to the wholesaler. In turn the wholesaler delivers to the shops and these will sell the clothes to the customers. In this paper the interest lies on the stages from the raw materials to the wholesaler (channel captains).

The Tanzanian apparel and textile industry
The textile industry of Tanzania will be investigated, because of the large influence the Tanzanian textile once had on the world market. When Tanzania became independent in 1960, the first president of the Tanzanian Republic, Mister Nyerere, was impressed by the major changes and economic development in the Soviet Union and China. He had a large respect for the Chinese leader Mao and therefore he decided that the best way to make Tanzania an important player on the world market was to use the socialist system. Large investments have been made to stimulate the development of industries. One of these industries was the apparel and textile industry.

Cotton is the basic material to produce yarn, garment and textiles. A large part of the world's cotton is produced in Tanzania in Mwanza. The raw materials for the industry were available and large factories were built to stimulate the economic development. In the 1960s and 1970s the government invested heavily in supporting these industries. The textile industry was growing, due to the large SOEs and the Tanzanian economy was booming. The socialist system was a success and the poverty level reduced.

The major change came in the 1980s when the country faced an economic downturn. The socialist system became too expensive and the trade balance was lost. Tanzania became a major importer of goods and materials, which made that the position of a global competitor was weakened. There was no solution found by the government to deal with these problems.

The latter government could no longer subsidize the large industries, because there were not enough financial resources available. The government that came after Nyerere was forced by the IMF and the Worldbank to open the borders and privatize the major industries of the country. The Tanzanian government needed the money of the Worldbank and therefore they agreed on the conditions.

The foremost problem was that both reforms were implemented simultaneously. The import tariffs were lowered and at the same time the SOEs were privatized, with the consequence of total destruction for the textile industry. The large textile mills were sold to investment companies, which in turn were not able to operate these successful. Numerous textile mills went bankrupt, which caused decreased tax revenues for the government and a rise in the unemployment level.

During the 1990s the privatization of the textile industry continued (financingcp.org, 2013). The number of SOEs decreased further and industry stimulation programs were stopped. During these years, the investments in the infrastructure of the country were low, with the consequence that companies did not see the opportunity to invest in the market. Furthermore, there was a lack of government initiatives to provide direct or indirect industry support. Since halfway 2000s the Tanzanian government provides indirect support to connect partners in the value chain.

To investigate what the impact of channel captains on LED in the Tanzanian textile industry is research methods have to be enlightened. Therefore, a clarification of the research methodologies, which were used during this study will be provided.

Research methodologies

In this study on the impact of channel captains on LED qualitative research methods are most useful, because an understanding is needed about what people say and do in their social context (Myers, 2009). The first intention was to call and email small and large companies operating in the textile industry and provide a questionnaire by email. However the response from the entrepreneurs was low and although there are countless small entrepreneurs in the Tanzanian textile industry many of them do not have a website or an email address. No useful information from the companies has been received contacted.

The impact on LED is best measured when entrepreneurs, employees of NGOs and government officials are contacted face-to-face, because than a better indication about how they deal with increased influence from channel captains can be given. The second reason to do qualitative research is because the information about the influence of channel captains on LED neither available via databases nor questionnaires can provide the accurate information. The interest lies on the connections between channel captains and their influence on LED, with relatively many small suppliers. It is not possible to collect a large enough sample to provide statistical evidence (Myers, 2009).

The most suitable research methodology for this research is a case study research. By doing a case study a better insight to which extend partners in LED are willing to cooperate with each other can be given, because the results of different partners in LED can be combined (figure 2). These different views of the influence on LED will increase the validity of the research.

Interviews

In this project the focus lies on semi-structured interviews, because this type of interviewing will provide an appropriate insight of the intentions of the partners involved in LED. In business and management investigations an interview is one of the most important data gathering techniques for qualitative researchers (Myers, 2009; McNamara, 1999; Kvale, 1996). The semi structured interview is the most appropriate method to come to the final results, because the literature does not provide all aspects of how organizations participate in LED. For this research a questionnaire has been developed, which will be used during the interviews. The semi structured questionnaire will provide a major guideline to gain the information of the Tanzanian textile industry regarding the channel captains, suppliers and local economic development. By

comparing the information of companies, NGOs and government institutions an overview on LED from the three major perspectives was provided

Mister Mbona of IBUTTI argued that the local entrepreneurs are not willing to cooperate with researchers, because they do not know the intent of that researcher. Even by explaining the intent of the research it would be hard to get an interesting response. Therefore, data has been gathered by asking questions indirectly.

During this research no advantage of the companies has been taken. Second, company specific information has not been shared with third parties. Third, some companies involved in this process will not be published by name, because of privacy reasons. Finally, the companies involved in this process are known by the supervisors of this project and this information will not be shared with third parties.

Data was been collected during 18 in-depth interviews with partners participating in LED. There were nine interviews with suppliers, four interviews with foreign and local NGOs and five interviews with local government officials. The validity of the results rose when the number of participants increased. Due to time constraints it has been impossible to provide information about the influence of the channel captains on all suppliers on the LED process.

It was essential to visit the companies which are part of the textile value chain, because of the low response by email and phone. The start of this research has been difficult due to the unfamiliarity with the Tanzanian environment, the people and the local culture (Myers and Newman, 2007). Furthermore the knowledge of the local official language Swahili is limited. Therefore cooperation with a Tanzanian organization IBUTTI was vital. In the next section information about this organization and its intensions will be presented.

IBUTTI

IBUTTI stands for International Business and Trade Tanzania Initiative. The organization was founded in 2011 by Mister Deogratias Mbona and the headquarters is located in Dar es Salaam. IBUTTI is a non-governmental organization set up by International Business and Trade experts from Tanzania (IBUTTI, 2013). The aim of the organization is to achieve foreign exchange earnings. They want to achieve their targets by improving links with and to international markets and clients. Secondly, they want to achieve their goals by increasing the access to finance for

export transactions (IBUTTI, 2013). Furthermore, the company has a large network of companies operating in the textile industry. They have successfully connected buyers and supplier in the textile value chain and increase the scale of their operations to other industries.

The organization agreed to provide all support in human resources and knowledge where they can. IBUTTI has the knowledge about the textile industry in Tanzania, and they would like to share this information. With this knowledge a better insight of the two ends of the value chain – from the cotton plantation to the channel captains – can be given.

IBUTTI was very important during this research, because they have connections with the local government, the private sector, enterprises and donors. The employees of IBUTTI were the major guides in the search for suppliers in the process. Their network is large and connections with other organizations in business and government institutions were made on short term.

In the next sections an overview of the visited companies, NGOs and government institutions will be given. This information will be provided, because the three power blocks need to cooperate to stimulate LED as was shown before (figure 2). An overview of the interviewed organizations is provided in figure 5. The companies are part of the private sector; the NGOs are part of the nongovernmental sector and the government institutions are part of the public sector.
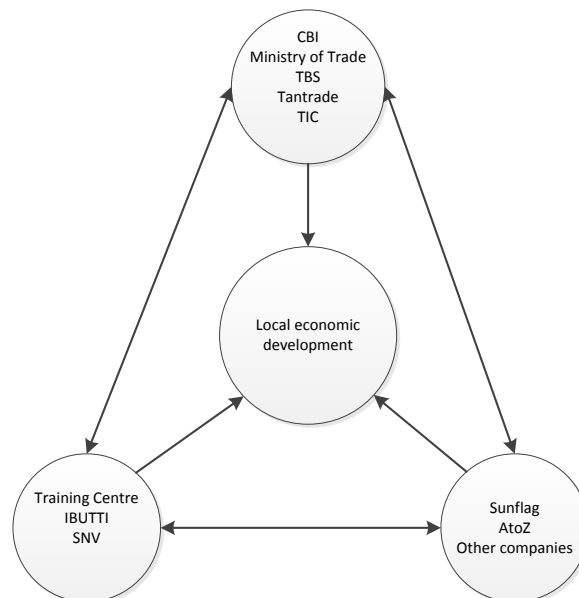

Figure 5

Private sector

Nine companies in the Tanzanian textile industry have been selected for this research, because their differences in size, age provide a richer representation of the influence of channel captains on their business operations. These companies are located in Dar es Salaam and Arusha. A short overview of these companies is provided in Table 1.

Company	Location	Products	Number average employees	Employment (in yrs)	Sell to number companies
1	Dar es Salaam	fashion/suits	5-10	2-4	5-10
2	Dar es Salaam	fashion/suits	10-20	3-4	10
3	Dar es Salaam	fashion	9	1-3	5-10
4	Dar es Salaam/ Morogoro	T-shirts, suits, linen	6000	na	500+
5	Dar es Salaam	fashion/suits	3	1-3	2-5
6	Dar es Salaam	bags, curtains	24	5	15
7	Arusha	T-shirts, suits, linen	2700	10	500+
8	Arusha	T-shirts, mosquito nets	6500	10	500+
9	Dar es Salaam	T-shirts, baby clothes	15	1	15

Table 1: characteristics of companies

In the next section detailed information about the investigated companies will be published. Due to privacy reasons only those companies which have approved to cooperate in this research will be mentioned. The information about these companies will be provided in chronological order with visiting time as starting-point.

Company One

The company was founded in 1993 by a woman in the urban area of Dar es Salaam. She is a designer and studied in Greece and England for designing and managing a design factory. The company produces mainly textiles for wearing for the national market. They have traditional Tanzanian clothes, but produce also for large companies, such as hotels and the major casino of Dar es Salaam. The number of companies they are selling to lies between 5-10, this is dependent on the market of a certain period. The number of employees varies between five and fifteen, which is dependent on the number of orders.

Company two

Company two has been set up in 1993 by a lady; later her husband joined the company. The company has between 10 and 20 employees, dependent on the demand from the market. The average employment of the company is 3 to 4 years and is steadily increasing. The company is located in Dar es Salaam, Tanzania. The company sells per year to 10 companies on the national market on average and is furthermore operating in the local market for making dresses and handbags.

Company three

In company three the production is focused on traditional Tanzanian fashion products, such as Ktenge and colorful items. The major type of product is printed textile. The company was founded in 2009 in the urban area of Dar es Salaam by a woman. She started her business, because she felt she could receive more money when she worked for her own instead of working for an employer. In April 2013 the company had nine employees, which are all weavers. Since the start in 2009 the employment and profits are rising. The owner argues that she is better than her competitors in searching for opportunities in local and international markets. The competitors are mainly focused on the local market, in which competition is very high. Company three sells to 5-10 firms per year on average dependent on market. Since the start of the firm it also sells dresses, clothes and bags to local people directly.

Company four

The headquarters of the company is located in the city centre of Dar es Salaam. The production centre is located near Morogoro, which is a three hour drive from Dar es Salaam. The company is founded in the 1960s and a division of the company is focusing on the production of textiles. With 20,000 employees this company is one of the largest manufactures in Tanzania and East Africa. The textile division of the company sells to over 500 other companies. The products they sell are yarn, garments and finished products.

Company five

Company five is textile shop and produces local textiles and international fashion. She has three employees, but when orders are larger cooperation with other companies exist. The average

length of employment in company five is 1-3 years. The company was founded in 1995 and is located in the urban area of Dar es Salaam. The company produces for the local market, but also exports to Uganda, Mozambique and Kenya. Some of the contracts are there for a long time (5-7 years), but most contracts are ad hoc. The reductions in costs do not lead by definition to the same quality in products. Sometimes companies come back, because the new supplier cannot fulfill the contract in terms of delivery time or quality related issues. Since three years there is cooperation between two ladies. The woman who started the company in 1995 has the skills and experience in producing clothes, but what she missed was a well-developed knowledge of marketing related issues. Therefore she decided three years ago to search for a partner who could promote her products to companies in the local and international textile market. The second woman has worked for a long time in the marketing sector and since they cooperate production goes up and profits rise.

Company six

The business of company six was set up in Dar es Salaam in 2005. This company mainly focuses on production; the owner argues that fashion is too complicated, too fast and too capital intensive. She produces curtains, bags and uniforms for hotels, restaurants and casino's. She replies that she produces everything as long she is able to produce it. This has to do with the capacity of her company. The company has 24 employees with long term contracts, but sometimes 50 people are working in the company, when there are large orders. The company is located in the urban area of Dar es Salaam. The company sells per year to 15 companies on average, but the demand of products is growing. The company is mainly focused on the national market. There are also contracts with the USA, South Africa and Kenya for products. This is increasing since there was a meeting last month in South Africa with many suppliers and buyers of textiles. The companies she sells to are most of the times ad hoc, but there are some hotels and restaurants which are cooperating for over 5 years.

Company seven: Sunflag

Sunflag Limited in Arusha is a fully integrated textile and clothing company with over 2700 employees (Sunflag-tz.com, 2013). The company is founded in 1965 by entrepreneurs from India, who were searching for potential expansion of their business operations. The operations

are international, with offices in the United Kingdom, Kenya, Thailand, Nigeria and the United States of America. The company is originally from India, but is now already over 40 years operating in Arusha. Sunflag produces for local, national and international markets, dependent on the demand of products. An interview was arranged with Mister Shah, who is the CEO of Sunflag textiles.

The average employment is 10 years. The company is located in the urban area of Arusha. The company sells products to more than 500 other companies. They produce many products, from yarns and garments to T-shirts and linen, which are sold to the European Union, USA, South Africa and EAC countries (Sunflag-tz.com, 2013).

Company eight: A to Z texiles

A to Z is the largest textile producer of East Africa and makes all products of the value chain in textiles. A meeting has been arranged with Mr Thakkar who is the financial manager, Mr Vareed who is the group production manager and Mr Rakesh, who is the marketing and customer service manager.

A to Z imports cotton from India and produces garments and yarn to T-shirts, polo's and mosquito nets. The company has 6500 employees in textiles only. The technology is imported from Japan. The company is located in the rural area 10km outside Arusha. The company produces for the local, national and international market. The major markets are Uganda, Kenya and Tanzania. Furthermore, the company is exporting sportswear to the USA. A to Z was founded in 1965 and started with only five employees. The company saw the major growth in the 2000s, when the number of employees grew from 2000 to more than 6500.

Company nine

Company nine was founded in 2011 by two men who saw the opportunity of investing in textile production. The company has now 15 employees, but the owners think they are able to increase the number of employees to 40 when they are able to introduce new and faster machines in their factory. The company is focused on finished products, such as T-shirts and pants. It also adds logos to existing T-shirts for commercial purpose, such as hotels, security companies and casino uniforms.

Public sector

In the next section an overview of the five government institutions which have been visited will be provided. The government institutions are important, because they are one of the major key actors in the process of LED. General information about the intentions of the institutions and their vision about the textile industry will be given. A short overview of the organizations and their aim is offered in table 2.

Institution	Aim of the organization:
CBI	promotion of imports from developing countries
Ministry of trade	to bring the major part of the textile value chain back into the country
TBS	undertake measures for quality control of commodities, services and environment of all descriptions
Tantrade	connect producers, suppliers and customers in a particular value chain
TIC	stimulate investments in the Tanzanian economy

Table 2

Institution one: CBI (Centre for the promotion of imports from developing countries) Netherlands

Mister Kemper is an entrepreneur who does assignments for the Dutch ministry of foreign affairs. He knows the textile industry in Africa and he searches for opportunities for investment for the Dutch government. CBI helps organizations with grants to increase operations and to increase export capacity. There are strict procedures and not every company can become part of the program. There are regulations which have to be fulfilled. The company should be transparent and the entrepreneur has to show that he want to listen to advise given by CBI about how to increase business operations. CBI for example teaches local entrepreneurs to say 'no' when they cannot fulfill the requirements, because it is better to have long term contracts than one because you cannot fulfill requirements.

Government institution two: ministry of Industry and Trade

Within the ministry of Industry and Trade there is a special textile division, the aim is to bring the major part of the textile value chain back into the country. They want to achieve this by attracting new investors in the Tanzanian textile industry. They argue that the quality of labor is better than in other textile producing countries (China, Bangladesh and India). Furthermore, they argue that labor is cheaper (half the price of China).

Government institution three: TBS (Tanzanian Bureau of Standards)

TBS has a special textile division; the aim of this unit is to undertake measures for quality control of commodities, services and environment of all descriptions and to set standards for industrial products, including textile products. The division was set up to meet international requirements (TBS.co.tz, 2013). The employees of TBS visit the companies to check for labor conditions, production methods and quality of the products. Once a company or a product has been approved the product can be exported to other countries and meets international requirements. The organization checks the quality of the products annually and without their permission it is impossible to produce and export. There is also cooperation on an East African scale regarding standards. By combining different international standards, the organization tries to increase the export of Tanzania textile products. A program to stimulate the textile industry has been set up two years ago. The development goes slowly and not much progress has been made in these years.

Government institution four: Tantrade

Tantrade is an organization set up in 2009, which has the task to connect producers, suppliers and customers in a particular value chain. The aim of the organization is to stimulate cooperation between different parties. At Tantrade they are trying to stimulate foreign investments by having favorable arrangements for foreign partners. There are for example tax exemptions for 5 years. Furthermore, it is possible to be located in an export processing zone in which no or only low taxes have to be paid. One of the criteria that have to be fulfilled is that 80% of what is produced has to be exported. There are thus only 20% of the products that can be sold in Tanzania itself.

Government institution five: TIC (Tanzanian Investment Centre)

The aim of TIC is to stimulate investments in the Tanzanian economy. They are mainly focused on attracting foreign direct investors. The minimum amount required to be in the program of TIC is US $300,000 for foreign investors and US $100,000 for local investors. The organization provides advice and support in stimulating investments.

Non-governmental sector
In this section information about the visited NGOs in Tanzania will be provided. During this research one training centre for teaching in weaving and two organizations which have the aim to connect partners in the value chain have been visited. General information about the aim of the NGOs will be provided. A short overview of the NGOs and their intensions is offered in table 3.

NGO	aim of the organization
Training Centre	education in weaving and making clothes
IBUTTI	stimulate Tanzanian companies to increase export
SNV	connecting partners in the value chain

Table 3

NGO one: Mwenge Vocational training centre
The training centre provides education in weaving and making clothes. Per year the organization has between 140 and 150 students who take education on four different levels. The education takes six months per level.

The organization was set up in 1984 by mister Tamasi after he joined his wife in her company. She was selling textiles, but recognized that the skills and education of weavers was low. Therefore mister Tamasi decided that it was a good idea to set up a training centre, to increase the quality of labor in the industry in Dar es Salaam. This higher quality of labor would lead to a better competitive advantage.

NGO two: IBUTTI
IBUTTI is a NGO founded in 2011. The major goal of the organization is to stimulate Tanzanian companies to increase export. The organization is not focused on a particular sector. IBUTTI provides education and training programs to help entrepreneurs to overcome the difficulties of exporting. Further information has been provided in a former section.

NGO three: SNV
SNV is a Dutch NGO which tries to connect partners in the value chain. They assist by providing connections and advise of how to cooperate in business operations. The cooperation with the local companies is most of the times positive, but can also become frustrating when the entrepreneurs stick to usual patterns and are not willing to change. The organization wants

cooperation of entrepreneurs and this is after 40 years still a process of trial and error. Sometimes the links between actors is a success, but also it happens that it is a large failure due to bad communication or different interests.

United Nations Industry Development Organization

The United Nations Industry Development Organization (UNIDO) in Dar es Salaam has been contacted. They had a stimulation program for the textile industry, which stopped two years ago in 2011. UNIDO was not willing to cooperate in this research. They did not reply to the emails and they were not positive about cooperation. An employee of UNIDO explained that he had enough information to speak about the Tanzanian textile industry for two hours, but he did not see the value of sharing the information to third parties.

Discoveries in the textile industry

During our research a questionnaire with questions related to the influence of channel captains on their suppliers and LED has been used. The cooperation between channel captains and suppliers was limited and therefore the questionnaire has been extended with questions regarding cooperation in the triangle of LED.

Before questions related to these subjects were inquired, general information about the organization was requested (see appendices 1 and 2). Second, questions related to the impact of channel captains, government institutions and NGOs on the business operations of suppliers were prepared. Finally, the influence of competition and cooperation in the industry has measured. The results of these interviews will be published in the next paragraphs per subject.

The publication will start with the general information of the company, which will be followed by the influence of government institutions. After that the influence of NGOs will be discussed. Finally the results about the competition and cooperation in the industry will be provided.

General information

The participating companies are very different from each other. From the gathered information the firms can be divided in two groups when the number of employees will be used as starting-point. In one group is formed by the SMEs, this group consists of companies 1, 2, 3, 5, 6 and 9. The number of employees in this group varies between three and 25.

The second group consists of large companies, in this group company 4, Sunflag and A to Z are represented. The number of employees in this group varies between 2800 and 6500. To divide between these groups is crucial, because more similarities between the members in both groups can be seen. The differences *between* the groups and similarities *within* the groups will be explained in the next sections.

Education

During our research the entrepreneurs were questioned about the education level of their employees, their skills and the opportunity to increase these in the company. All companies argued that the education level of their employees is low when they enter the company. The government programs to educate students for the textile industry are insufficient. The quality of the products made by these students is so low that all entrepreneurs argue that they need education before they start working in the company. Mister Van Klinken of the Dutch NGO SNV argues that the education levels are low, especially in the rural areas. The government does not provide enough stimulation to increase the level of education and this leads to a larger gap between the rich and the poor part of the population in Tanzania. The middleclass in the country is low, which makes that differences are large and frictions between the other groups are increasing.

There is a difference between educating new employees between the group of SMEs and large companies. In the SMEs the new employees are trained during the production process. One of the employees with a long experience in the company acts as a teacher and teaches the new employees how to increase at the quality of the product. This is a time consuming process, but by involving these new people directly in the process it is easier to provide them a level of responsibility for the products they make.

In the large companies special schools are set up to teach the new employees the skills they need for doing the job. All employees follow the same path; this process starts with the simple skills. The education for this simple skills lies between two and three weeks. After this period the employees start working in the factory to increase their experience. After one or two years there is an opportunity for employees to further increase their skills. During this process, which takes between two and a half and three months, the difficult tasks are taught to the employees. This is a time consuming process and cost large sums of money for these companies.

However, to guarantee the quality of their products it is extremely important to invest in this process.

The University of Dar es Salaam (UDSM) started a program for Bachelor of Science in the textile engineering and a Bachelor of Science in Textile design and technology in the academic year 2011-2012. At that moment 31 students applied for the programs, this year the number has increased to 51. The program is funded by the Department for Business, Innovations and Skills of the United Kingdom through the Education Partnership in Africa (EPA) program. Furthermore, there are funds available from the Indian government and textile companies. In this program cooperation between NGOs, government institutions and textile companies can be seen.

Employment

In this section an overview of the employment level will be provided. In the SMEs the average length of employment varies between two and 5 years. The entrepreneurs argue this short term employment is their major constrain for investing in upgrading the skills of their employees. Many of the former employees set up their own business in the textile branch and now have become a competitor of the company they worked for. In most of the SMEs there are no formal contracts with the employees. This makes that there is no mutual dependence between the employer and employee. In the few cases a formal contract exists, the terms and agreements are too vague and these are not fulfilled from both sides. It has been argued by the owner of company 2 that she is trying to provide contracts to employees for a longer period, but due to the variation in orders this is very difficult. This point of view is supported by the owners of companies 1, 3, 5 and 6.

In the large textile manufacturers the average employment is different from the SMEs. In these companies the average employment is three to five years, but the variation is high. The major reason for this low number of years in employment is the large growth of these companies during the period 2000-2010. A to Z grew from 2000 employees in the year 2000 to 6500 employees in 2013. This major increase in the number of employees made that the average length of employment went down. Some of the employees are working at A to Z and Sunflag for over 25 years. In the large companies contracts with employees are more formalized and are focused on long term cooperation. The CEO of Sunflag argues that this is important, because of the large investments the company makes in upgrading the skills of their employees. He argues

that these investments are too expensive when employees do not stay at the company for a longer period.

Channel captains

During this research managers and owners of the companies were asked about their level of cooperation with the firms they sell to. Questions regarding the frequency of contact, the length of cooperation and which company decides what kinds of products are made were formulated. Second, questions regarding the financial stability provided by the channel captains were made. Furthermore, questions about the degree of sharing knowledge and information with their counterparts were given. Finally, questions related to the level of support of any kind provided by the channel captains were developed. The results will be published in this section.

According to company 1, the firm tries to keep in contact with their buyers frequently and visits are being made to the companies to ask for the new wishes of the managers and owners. This is a process which is also used in companies 2 to 9. The owner of company 1 argued that she was better in remaining the contacts with channel captains than her competitors. The main reason for this was that she visits the companies she is selling to and takes sizes of clothes of employees, while other producers let employees of their customers come to their place. The owner of company 2 argued that the contact with the channel captains is not frequently, about once a year when new orders are being set. When the order is being made contact increase to weekly and daily basis.

Where the SMEs increase contact with the channel captains when new orders have been made, the large companies have sales departments which are trying to get into contact with potential clients. The contact with the channel captains is on daily basis to increase cooperation. Furthermore, this can be useful when small changes to the product lines have to be made.

Company 1 is cooperating with many of their channel captains for a long period, some of the contracts go back even to the starting point. According to the owner, the most important reason for this long cooperation is the very high quality of the products being made by them. Company 9 is in business for less than two years and they had some following orders from companies, but the existence of the company is too short to talk about long term cooperation. Company 5 argues that long term contracts provide financial stability, but most contracts are one or two deliveries only.

Where SMEs have to search for new clients every year, the large textile producers have long term contracts with large channel captains, such as large shop chains from South Africa or the United States.

The owner of company 5 argues that in her company the buyer decides what is going to be produced, this is supported by companies 1, 2, 3, 6 and 9. One comment she further made was that she sends different samples and that the channel captains can decide which they like best. In A to Z they decide to some extent what they produce, but especially for the US market the demands regarding quality, size and delivery are high. According to the other companies this in an ongoing process. The demands regarding quality and standardization increase and fashion products become less common in the sector.

According to Sunflag there is no support from channel captains in knowledge sharing or helping to provide resources for investments. Also the SMEs argue that the demands are high, but sometimes impossible to fulfill; most companies (1, 2, 3, 5 and 6) than try to negotiate with the channel captains to change the design. This is often possible as long as the channel captain is not part of larger chain with precise design demands.

A to Z argues that there are credit agreements arranged in a formalized contract which provide some financial stability; this method is also used by the other two large companies 4 and Sunflag. For the SMEs this process is slightly different. The repeated orders provide a form of financial stability, but there are no credit agreements. The risk for financial loss lies by the SMEs in the textile industry. The channel captains do not take any risk in the whole process. This in turn leads that the companies have to do large investments for making the products without even knowing if they get paid when the products are delivered.

None of the investigated companies received support from the channel captains in increasing production capacity or by making large investments in machinery or buildings. Furthermore the channel captains do also not provide education or skill opportunities to increase quality and business operations.

One of the major difficulties for all producers in the Tanzanian textile industry is the high price competition. According to company 5 the price competition is the most important hurdle for the industry. Company 1 argues that the channel captains increased pressure to lower prices since cheaper Chinese clothes have entered the market, otherwise they would not renew the

contracts. So even while the company was cooperating with these channel captains for a long period, price remained the most important aspect in doing the business.

A to Z argues that there is a possibility to negotiate with the channel captains, but this is only to a limited extent due to market prices. This is supported by Sunflag and companies 1, 2, 3 and 6.

Government participation

In this section results of the government performance in the Tanzanian textile industry will be published. Companies, government institutions and NGOs were interviewed. Questions related to financial support, indirect support, the investments made in the infrastructure and the quality of the public services were submitted.

Without exception all companies answered that they do not receive financial support from the local or national government. In Tanzania there is no direct support in terms of funds from the government to stimulate the textile industry. The owner of company 1 mentions that while prices of public services, such as transport and taxes have been rising during the last 5 years, the quality did not increase. Due to this fact, the income to spend on investments has been decreasing. The company never received any government support, in terms of financial or material support. The owner also argued that people become lazy every time when they receive government support, so she is not supporting the subsidies.

In Tanzania there are programs, which can be seen as indirect support from the national government. There exists a stimulation program in the Ministry of Industry and Trade to promote the Tanzanian textile industry. The ministry started this program in 2011 to connect partners in the value chain of textiles. The focus lies on small entrepreneurs and investment organizations. We asked the SMEs we visited about their cooperation with this department. The companies we interviewed did not hear about this department and have not received cooperation from this government institution.

Furthermore, another government organization called Tantrade is set up in 2009. Their mission is: 'to enhance Tanzania's economic performance through development and promotion of goods and services for both local and foreign markets' (Tantrade, 2013). Their aim is the same as the former government institution, namely to connect partners in the value chain. The vision is to become a world class focal point to support national economic excellence through trade

development. Tantrade argues that the government is stimulating the industry by providing indirect support in the form of Export Processing Zones (EPZ) and low export tariffs. The organization is not focused on a particular industry and when we visited the organization they had no direct information available about potential partners in the textile industry. Of the companies we interviewed all acknowledged that they know the organization. None of these companies were connected with an investor by Tantrade.

The national government has a list of potential partners in the supply chain. When we asked the companies about the cooperation of the government, company 2, 3, 5 and 9 argued that after providing the list there was no further help of the government to come into contact with the potential partners.

All companies argued that the quality of the public services is low, but there are different opinions about the progress made in the last five years. According to the owner of company 5 the public services have increased in the last years, but the bureaucracy is still high and slow. The government provides the infrastructure, but the quality is low and the investments are too low to deal with the larger population in the urban area.

A to Z has a different opinion about the public services; they argue that they are thankful to the government, because they made the infrastructure available. The director of Company 2 also argues that her company receives indirect support of the government, because they provide the communication network and the development of roads, harbors and airports. A negative opinion about the public services comes from Sunflag. According to mister Shah of Sunflag the government does not provide financial support. Second, the government provides no support in getting into contact with channel captains. In his opinion the public services are poor and limited and have not seen a major increase in the last 5 years. He argues that the government does not provide enough resources to increase business operations. The Tanzanian infrastructure is poor and no large investments are made to increase the quality, which in turn led to a lower level of investments in the country.

A to Z does not want to receive government support, because than the company has to open up the financial results and it has to deal with increased procedures and regulations.

The NGOs face the same difficulties regarding government support. According to the owner of the first NGO the Tanzanian government never provided any financial support to the training center, the only support he received was indirect support. The owner argues that

financial support is very unusual in Tanzania. The government provided this organization a license which gave him the opportunity to educate people; this is not allowed without a permit. He furthermore received some machines when he started the business back in the 1980s, but after that he received no further national or local government support.

IBUTTI receives financial support from the Dutch government and the Hanze University of Applied Science in Groningen, the Netherlands. The national government of Tanzania is not providing this kind of support, but the cooperation is increasing because the government recognizes that the organization is helping the country to increase exports. According to mister Mbona, the quality of the public services is too low to be a well-developed economy. Many government departments are working on the same subjects and there is no coordination. This needs to be better structured by decreasing the level of bureaucracy and to speed up initiatives of local organizations and companies. During the last 5 years the quality of the public services has been increased. The government invests in roads and harbors. Furthermore the airports are better developed than before. However, in Dar es Salaam, which is the largest city of the country, the physical infrastructure is a major problem. Due to the higher level of welfare more people were able to buy a car, which in return led to high traffic jams and delays. The city has many opportunities to develop, but this can be seen as a major obstruction.

According to SNV the public services of the country have been increased in the last 5 years, but still the development is in a start-up phase. The government invests in infrastructure, but the coordination in the government is not sufficient. Many institutions provide the same services, which all take a long time to arrange. Another issue mentioned by SNV is corruption, which is an increasing problem in Tanzania. Ten years ago there was a large scale of small corruption, like for example bribing police men. In the recent period the major problem is the scale of large corruption. There are many large corruption scandals, which now are shown to the public and high government officials are being involved in the process.

NGOs

During this research the entrepreneurs we questioned about their experience and cooperation with NGOs. Furthermore, the NGOs were questioned about their cooperation with entrepreneurs. The results of the interviews are published in the next section.

According to company 1 the cooperation with NGOs is good. Especially IBUTTI helps the company to increase exports and expand their business operations by connecting the company to new partners in the value chain; this is supported by company 2, 5 and 6. So while the value chain is now relatively short, it can be extended. According to company 3 IBUTTI helps to get into contact with firms in the exporting and importing business, which increases the opportunity for extending business operations.

Company 3 argues that there exists a Women's Weaver association. The aim of this organization is to stimulate the development of the business in the textile industry ran by women. They meet on a monthly basis to discuss the new trends, government related questions and market opportunities. The organization is growing and tries to increase influence on the government to promote the Tanzanian textile industry in foreign markets.

Furthermore, there are some other NGOs which provide indirect support by putting pressure on the government to increase import restrictions on finished products to have a larger market for local products. Second, there are NGOs which focus on initiatives to reduce the number of immigrants, which are in their opinion destroying the market with cheap labor.

SNV mentions the influence of the Worldbank in the Tanzanian textile industry. According to Mister Van Klinken the Worldbank caused many of the problems in Tanzania. In the 1990s the Worldbank forced the country to open up the market for competition and this led to the privatization of the markets, including the textile industry. Due to the increased influence of traders, such as Mohammed Enterprises the regulation changed in favor of large traders. Import taxes were lowered or abandoned and the political influence of these big traders is large. In turn this led to a competitive disadvantage for SMEs, because they were not able to deal with the large quantity of imported products.

Competition

The competition in the textile industry is very high in both the local and international market. Regarding local competition we have seen that Dar es Salaam there is a small textile company on every corner of the street, which produce mainly the traditional African clothes with different prints and weaving styles. These products now have major competition from China and India. Large firms have taken some of the prints to foreign countries to copy these on large scale for a lower price. In turn this led to a large import of textiles with low quality. The consequence of this

situation is that the ability for local entrepreneurs to invest in new machines and labor decreased because of a reduction in income.

In the sector of non-traditional clothing there is also high competition. According to Mr. Shah of Sunflag the major competition comes from China, India and Bangladesh. This statement is supported by all companies.

The owner of company 1 explained to us that the competition in the industry is high. However, there is a major difference between the beginning period (1993) and now. She told us that in the beginning period it was easier to gain profit and that this changed due to the fact that the Chinese clothes are now entering the country. The major problem mentioned by the owner is that the cotton produced near Mwanza (North Western Tanzania) is directly exported to China and India. The designs are copied and transported to China, where the major part of textiles will be produced and these are shipped back to Tanzania. The prices of textile products have been lowered, but also the quality of the products went downwards. This opinion is supported by companies 2, 3, 5 and 6.

Cooperation

A to Z cooperates with other large textile producers like Mohammed Enterprises and Sunflag on several stages. Orders between these companies are shared when one of the companies is unable to deliver the requested quantity in time. Furthermore, they meet once a month on average to discuss problems, which are related to production, labor conditions and machinery. Sunflag confirmed this statement. According to A to Z there is also international cooperation to share experience and to solve complicated technical problems.

The large textile mills are increasing their cooperation by the Confederation of Tanzania Industries (CTI), which tries to influence and negotiate with the government about favorable conditions. The CTI exists of 250 industrial producers and according to their website their major aim is: 'to ensure that there is a conducive legal, financial and economic environment within which industry can operate effectively, prosper and contribute to national wealth and development' (CTI.co.tz). Major partners in this project for the textile industry are Mohammed Enterprises, A to Z and Sunflag. They are struggling and no major agreements with the government have been made yet. According to Mr Shah of Sunflag it is important to continue this cooperation, because otherwise the government thinks they do their work properly. He

argues that this is not the case, because the industry has almost been destroyed by the government in the 1990s.

There are different opinions about cooperation in the SMEs. According to the owner of company 2, the cooperation in the industry is low. The owner of company 5 supports this argument and furthermore argues that the people are selfish and do not trust each other. She mentions that when cooperation is high, such as in Rwanda the industry can grow, but now it is impossible. The major reason for low growth is that the number of entrepreneurs who want to share knowledge is low, even when limited amount is required. This statement is supported by the owner of company 6, who furthermore argues that the trade associations are not well organized and do not reach agreements with government institutions.

The owner of company 3 has a more positive view on the industry and argues that the cooperation is increasing. The Women Weavers Association tries to have an influence on the government regarding quality regulation and import restrictions. The influence on the government is not high, but she argues that cooperation is important to stimulate the Tanzanian industry as a whole. According to her opinion the quality of textile products is not measured properly and that therefore it is important that a group of entrepreneurs cooperates to protect their businesses.

Recommendations of suppliers

In the last part of the questionnaire the entrepreneurs and CEOs were asked about their recommendations for increasing the competitive advantage of the Tanzanian textile industry. These results will be published in the next paragraphs.

According to company 1 and 6, the government should try to stimulate the industry with export restrictions on cotton and import restrictions on textiles. The lower degree of income means that it is harder to make investments. Furthermore, company 6 advices foreign entrepreneurs to bring machines from outside Tanzania if they want to make profit, because the quality of the local machines is too low to compete with the fast machines in other companies.

The owner of company 3 argues that the Tanzanian government is stimulating foreign NGOs instead of local entrepreneurs. She wants the government to support local company with grants instead of foreign NGOs, because the NGOs are sometimes competing with local entrepreneurs in the textile industry. This opinion is supported by company 5 and 6; the owners

of these companies add that grants are needed to invest in increasing and stimulating local business operations. Furthermore, the owner of company 6 argues that the large companies like Mohammed Enterprises have agreements with the government, which create a disadvantage for the small suppliers. This is supported by the owner of company 5, who furthermore argues that in the future it is important that trade associations are set up and knowledge has to be shared. Finally the speed of the government should increase to stimulate investments and expanding business operations.

Mr Shah of Sunflag advises not to invest in the textile industry in Tanzania, because of slow procedures, high bureaucracy and no cooperation of the government. He furthermore states that the government should stimulate the industry by investing in infrastructure. The roads and harbors need to be restructured and further developed to attract new investors; this is supported by the owner of company 5. Finally it is important to subsidize transportation, because of high increasing prices.

According to the owner of NGO 1 the government should provide more opportunities for investment, because the machines are old and are not competitive. On the other hand he argues that even when he can invest in better and faster machines, a major change has to occur, because than the companies should use these machines as well. Otherwise the education level does not fit the requirements of the industry. This is supported by the CBI, mister Kemper argues that the government carefully has to look at the investments they make in education programs.

Mister Mbona of IBUTTI argues that the government does not have a well-developed communication system, which makes that it takes a long time to have the necessary papers to start a business or to change some of the business operations. In Tanzania you should know the people and only then you can deal fast with the bureaucratic processes, it is very important to change this process to stimulate the industries. For the textile industry Mr Mbona argues that the entrepreneurs do not look enough for opportunities and stick too much to what they are already doing. This puts them in a competitive disadvantage, because in other countries the entrepreneurs are responding to the market faster and better. He argues that a better coordination between buyers, suppliers and the government is necessary.

According to the Ministry of Industry and Trade and mister Kemper of CBI, there is no major cooperation between NGOs, government and local entrepreneurs. They support the view of Mister Mbona that the only way for local entrepreneurs to remain in the business is to become

more cooperative. If they do not change their business operations, the international textile market will not make use of their services.

Discussion

In this section a comparison of the results of the literature review on the impact of channels captains on LED in the textile industry with the gathered results in Tanzania will be provided; there are major similarities between the results conducted in the literature and the interviews.

First, the channel captains have a large impact on LED. The evidence from the literature review regarding the pressure to keep costs as low as possible and the high level of demands are supported by the results founded in Tanzania. The governance mode of the textile industry as mentioned by Gereffi et al. (2005) lies between captive and relational, because there is interaction between the partners, but the quantity is limited. Furthermore, the statement of Krause et al. (1998) regarding the stimulation of LED is supported. The interviews provided negative results regarding support programs of channel captains to invest in personnel, time and resources of their suppliers.

Second, the interviews demonstrate that the underdeveloped infrastructure of Tanzania is a hurdle for economic development, this supports the literature. As mentioned by the Worldbank (2013) the only way to stimulate LED is to have extensive cooperation between the government, NGOs and entrepreneurs. The results show that this cooperation is low and in various cases is not present. According to Fisher (1997) the degree of local public services is fundamental for LED. The results show that the quality of the public services in Tanzania is low and that LED is low; therefore the statement of Fisher is supported.

Third, evidence has found for failure of the Tanzanian textile industry. Local entrepreneurs received no financial support from the government. In turn this can be seen as a hinder for economic development. This supports the literature of Nadvi et al. (2004) who argue the major reason why the large SOEs are able to increase their bargaining power is because they received subsidies to grow and to extend their business operations.

Conclusions

In this paper the impact of channel captains on LED when they increased their influence on local suppliers has been investigated. It can be concluded that channel captains have a major influence

on the LED process, because of their focus on short term gains. In the first stage influence on the production processes of their suppliers will be increased by focusing on high demands regarding quality, size and labor regulation. When their demands are not fulfilled during the terms, the channel captains simply go to another company which will make their textile products. In Tanzania it is very hard to change production operations and therefore most demands cannot be fulfilled during the set period; this is more frequent in SMEs than in large textile mills.

The Tanzanian textile industry is facing serious competition from Chinese and Indian corporations, both small and large companies face this pressure. The SMEs are willing to expand their business operations, but the competition is incredibly high and the import restrictions for finished products are low. Furthermore, export restrictions for cotton are low, which makes that large quantities are exported directly. In turn this means that the whole value chain of textile is in foreign hands. The channel captains are therefore only partly responsible for the low LED.

For LED it is important to have a well-developed infrastructure (figure 3); this is not the case in Tanzania, but progress has been made in the last 5 years. The level of education is rising by stimulation programs of international organizations. Furthermore, public services are increasing, but the progress is slow. The Tanzanian government tries to develop roads, harbors airports and communication systems with a minimum budget, which makes it hard to make progress.
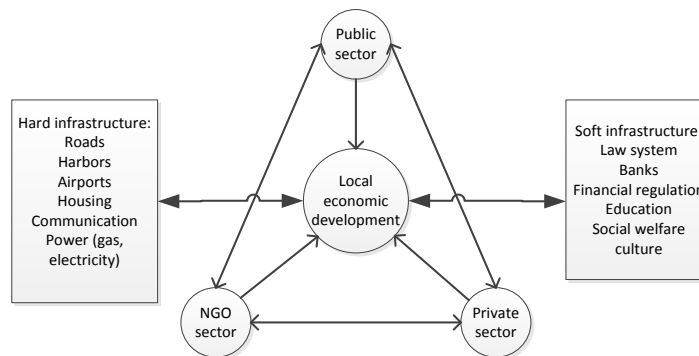

Figure 3

Another important issue which causes low LED is the lack of proper communication and cooperation between government institutions, NGOs and local entrepreneurs. The government focuses mainly on stimulating the large textile mills and does not listen adequate to demands of the local entrepreneurs. Therefore, it can be argued that development for SMEs is more difficult than for large textile mills. Second, the coordination between government departments is low.

There is a situation in which two ministries have similar departments with the aim to stimulate the textile industry. Third, the corruption level in Tanzania is rising. As a consequence of the increased level of corruption, lower economic development is impaired.

The NGOs do not always have a good overview of the Tanzanian textile industry. The entrepreneurs are complaining about the achievements of the NGOs and the goals that are not reached. However, this is partly caused by the lack of local entrepreneurs who want to share information regarding their business operations. Also the impact of the Worldbank on economic development was not beneficial for the growth of the textile industry.

The entrepreneurs are not willing to share information, because they fear competition. This fear of competition in turn leads to low cooperation, which in turn leads to an unstructured representation when there are negotiations with the government. The lack of cooperation between entrepreneurs causes lower economic development indirectly, because for LED it is important that cooperation is high.

During this research, the model of Gereffi et al. (2005) was of major importance for showing the power asymmetry between the channel captain and their suppliers. We argue that there is a connection between the governance type and LED participation (figure 6).

Table 1 Key determinants of global value chain governance

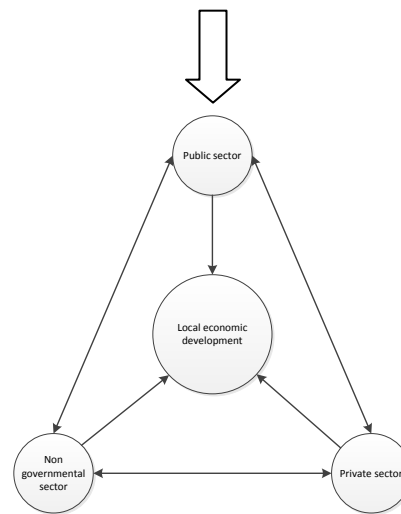| Governance type	Complexity of transactions	Ability to codify transactions	Capabilities in the supply-base	Degree of explicit coordination and power asymmetry
Market	Low	High	High	Low
Modular	High	High	High	
Relational	High	Low	High	
Captive	High	High	Low	
Hierarchy	High	Low	Low	High

Figure 6

Therefore, three propositions have been developed:

Proposition 1: the larger the difference in size between the channel captain and suppliers, the higher the possibility of power asymmetry.

Proposition 2: the higher the degree of power asymmetry between the channel captain and suppliers, the lower the possibility of suppliers' participation in LED.

Proposition 3: the higher the capabilities in the supply-base, the higher the possibility of participation in LED.

These relationships can be tested for other industries and then the generalizability of our results can be measured. The major reason for testing is to see if the results are applicable to other industries or exclusively applicable in the Tanzanian textile industry.

To conclude, it can be argued that the channel captains do influence the low LED in Tanzania, but the major reason for this situation is the absence of communication and coordination between the government, NGOs and local entrepreneurs (figure 7).
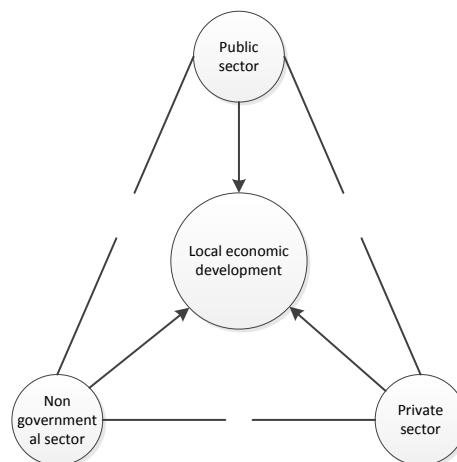

Figure 7

Recommendations

Low interaction between the channel captains and the local suppliers has been seen during this research. The communication between buyers and suppliers is limited, especially in SMEs. It is

interesting for both parties to reach long term agreements regarding cooperation. These long term contracts to deliver and purchase textile products can have several positive effects. First of all, the supplier has a fixed income for the next years, which provides an opportunity to invest in new equipment and machines. Second, when the local entrepreneur has invested in these new machines the speed to make the products can go up and the price can go down. On the long term both the buyer and supplier will benefit from this long term cooperation.

Another important aspect is the cooperation between the Tanzanian government, local and international NGOs and local entrepreneurs. For the development of the local economy it is very important that there is a high cooperation in this triangle. This cooperation is on the moment very low, due to a lack of trust of the NGOs and the local entrepreneurs in the government. Therefore, the Tanzanian government can stimulate development by better listening to the wishes and knowledge of NGOs and local entrepreneurs. This in turn can lead to a better cooperation and an increase in the level of trust between the three parties.

Furthermore, the Tanzanian government needs to take into consideration more programs to stimulate the local entrepreneurs to increase their business operations. The raw cotton is now leaving the country, which in turn leads to the destruction of the textile value chain. Second, the taxes to export the cotton and import textiles are low. It is possible to stimulate and protect the local economy when the Tanzanian government increases the taxes on import and export. The increased revenue can be invested in the local entrepreneurs to stimulate expansion of business operations.

Finally, Tanzania is dealing with a high level of complex bureaucratic processes and an increasing level of corruption. To stimulate the economy it is important to increase foreign direct investment. To attract FDI it is important that the level of bureaucracy will be reduced and that the corruption will be banned.

Future research

During this research 18 Tanzanian organizations in the textile industry have be visited. Most of these organizations were located in Dar es Salaam. Dar es Salaam is the largest city of the country and has all available infrastructures. There is a possibility that other results will be found when research will be done in textile companies in rural areas.

Second, the effects of the government stimulation programs for the textile industry are not yet measurable, because these started less than two years ago. to measure the results of the stimulation programs it is important to visit the country again five years after the start of these programs.

Third, in this research there was neither time nor the resources to measure the level of competition in numbers. For further research it is interesting to show how high the level of competition in the industry is and to see how competitive advantage can be gained.

Fourth, no insights of the financial results of the companies were provided. This could increase the understanding of the pressure on these companies to keep prices as low as possible and their ability to invest in new equipment and machines.

Fifth, it is essential to talk to the channel captains to have a better overview of the whole value chain and their intensions increase pressure on their suppliers. Furthermore the channel captains switch often from supplier. It is interesting to know why they do not invest in long term cooperation with their supplying firms.

Finally, it is also vital to visit the cotton producers and to find out why they sell directly to China and India, instead of selling to local entrepreneurs which is at least cheaper in transportation costs.

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Appendices

Appendix 1: Questionnaire for small and medium Enterprises in textile Industry in Tanzania

General questions about the company

What kind of product is made in your company?

How many people are working in your company?

What is the average length of employment of an employee in your company?

Where is your company located?

    Rural area (country side)

    Urban area (city)

To how many companies do you sell your products?

Do you provide education opportunities to your employees

    Yes, how?

    No, why not?

Do you provide opportunities to increase skills to your employees?

    Yes, how?

    No, why not?

How long does your company exists (in years)?

Supplier related questions

To what market is your company mainly focused?

1. Local market
2. National market
3. International market

How often do you have contact with the firms you are selling to?

How long on average are you trading with the firms you sell to?

Who decides what your company is producing?

    You

    The channel captains

Combination

Is there a possibility to negotiate with the company you are selling to about the price of the product?

If so, how much can you increase the price (in percentage or Tsh)

Do the firms you sell to provide you any support by sharing knowledge?

Do firms you sell to provide you support for making investments?

Do the firms you sell to provide you a certain financial stability?

Do the firms you sell to provide you help in increasing your production capacity?

Do you feel pressure from the channel captains to keep prices as low as possible?

Government related questions

Does the national government provide you financial support for extending your business operations?

Does the local government provide you financial support for extending your business operations?

If you receive Financial support, how much will it be (in Tsh)?

Does the government provide you help in getting into contact with channel captains?

Does the government provide services, which help you to continue my business operations?

What can you tell us about the public services in your region?

Have these been increased in the last 5 years?

Does the government develop roads and harbors, which are helpful for your business operations?

Does the government in your region develop transport facilities, which are helpful for your business operations?

Is the government providing you the necessary support to continue your business operations? How does the government provide you help?

How would you like to see the government to help you?

Competitors

What can you tell us about the level of competition in your region?

What can you tell us about cooperation in your region?

How do you cooperate in the industry?

1. Trade associations
2. …………………..

Appendix 2 Questionnaire for NGOs and government organizations working with textile companies

Local companies and cooperation

How do you assist the local companies?

How do you support local companies?

- Financial support (grants and loans)
- Material support
- Access to resources (physical or facilities)

- Technology access
- Shared costs contract (innovation)
- Advice and information

How do you contact the local companies?

How is the cooperation with local companies?

What kind of cooperation do you expect from local companies?

What is the major target of your organization? Why do you cooperate with these local companies?

Public services

how have public services been developed during the last 5 years?

What is the impact of public services on local economic development?

Does the government invest in road, railways, airports and sea harbors?

Does the government provide housing facilities?

Does the government provide education opportunities for employees?

- How?
- Financial, material, advise

Does the government provide a well-developed communication system?

Channel captains and impact

What do you think is the influence of channel captains on local entrepreneurs?

How do you think of the influence of channel captains on local economic development?

Do local entrepreneurs provide education and skill support to their employees?

To what extent do local entrepreneurs actively participate in economic development?

Is there a certain degree of cooperation between local entrepreneurs, the government and NGOs?
 - how is this organized?

- What is the role of the partners?

- What are their main objectives

- How is economic development involved in this process?

How many times is there contact with local entrepreneurs and government?

What do you think are the most important factors of economic development?

What are the most important economic developments in your local economy in the last 5 years?

What are the major difficulties in cooperating with local entrepreneurs?