THE EFFECT OF VILLAGE DEVELOPMENT STRATEGIES ON COMMUNITY SOCIO-ECONOMIC DEVELOPMENT IN TANZANIA, ARUMERU DISTRICT

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ABSTRACT

Every nation or organization is increasingly associating itself with people who are intending to integrate into global financial trade flows and put into application the system that facilitate reporting and implementation of policies that influence change in villages, Districts, and Cities for socio-economic development. The study revealed that village development strategies are the vital machinery for socio-economic development. The findings show that most of people in selected villages had frequently established and initiated their own development and financial strategies for village socio-economic development. Villages have no support from the local government and others organizations to initiate strategies and promote opportunities to access financial services for financial vulnerability reduction in the village. Majority of Tanzanians in the selected villages in Arumeru District own farms as their own source of food production. It was observed that people in the selected villages own houses and most of them can generate more than Tsh.100,000.00 monthly to support education of their children. Self medication still a challenge for many people in the villages, as well as drinking water that is more accessible during rain seasons.

Keywords: Village development, Development and financial strategies and socio-economic development.

INTRODUCTION

Globalization and its challenges, financial institutions that have the mandate of lending and financing activities have faced with difficulties to enhance people with financial support to enable their participation for socio-economic development. [6] Every nation or organization is increasingly associating itself with people who are intending to integrate into global financial trade flows and put into application the system that facilitate reporting and implementation of policies that influence change in villages, Districts, and Cities for socio-economic development. Although, financial management is in place, development project activities are implemented at the village level and are meant to enhance village socio-economic development.

Objective of the study

The study analyses the effect of village development strategies on Community Socio-Economic Development in Arumeru District, Arusha Region. The study also established the relationship between village development strategies and community socio-economic development.

REVIEW OF THE LITERATURE

Socio-Economic development

The International Monetary Fund’s (IMF) Country Poverty Reduction Report [11] indicated that Tanzania began socio-economic development initiatives in 1962, and that the majority of this country’s population especially at the village level has been left behind in development. Further, it finds that village’s financial management challenges have been regularly cited as a major harmful factor to substantial socio-economic development fulfillment in the villages. Socio-economic development is realized when people have the ability to easily, sufficiently and continuously get basic needs, social welfare, and has the ability to transcend towards self-actualization [2].

Tanzania Poverty and Human Development Report [10] asserted that sustainable rural socio-economic development would be achieved through financial accountability, transparency, development and implementation of policies, resource management, food security, improvement of education and health services,
and accessing cash for income generation activities.

**Food Security**

The first factor, which affects food security, is its availability and stability of supply. Food availability and stability depends on local production, ability to import and the efficiency of the distribution systems. Food production in Tanzania faces several problems. First, 98 percent of Tanzania’s agriculture depends on rains and in every 3-5 years (on average) there has been crop failure (in some parts of the country) due to droughts, floods or both [1].

Many factors will determine Tanzania’s ability to feed her people now and in the future. There is plenty of land available. Though not all of it is appropriate for cultivation only a small fraction of that which is arable is under cultivation. Low agricultural productivity for both food and cash crops and population pressure in a few areas; farmers are now moving onto more marginal lands to increase the area under cultivation, and in the process are clearing forests and sometimes threatening wildlife. Thus there is an urgent need to improve agricultural productivity if sustained productive agriculture and food security is to be developed and sustained [1].

Many people in Tanzania are subsistence farmers, attempting to grow enough food on their own to feed their families. Frequently lacking any outside income source (other than to perhaps sell extra produce at market) purchasing extra basic food items such as maize, rice, cooking oil, salt, sugar, tea and coffee is difficult at best [5].

Negotiations for food security through agriculture should start at the village level, where land is found. Government officials especially at the village and district level should stop signing contracts on behalf of the villagers. They know what is good and bad, they should not be told what to do. Concerning nation’s food security; it is advised that the government should discourage investments which do not provide a detailed account on how they will assist in ensuring food security [8].

Hunger is a reality of daily life for many children in Tanzania. Many families struggle to feed their children even one simple meal each day. Orphans, often living with grandparents or taken in by other families in the village, face even greater challenges. Many children attend schools that do not have the means to provide even a simple meal of ugali (thick corn meal porridge) or ugali (thin corn flour porridge) to the students at lunchtime. Hunger negatively affects a child's ability to concentrate and learn during school. Children who do not do well in school are limited in their opportunities for further education and the chance to break out of the cycle of the poverty of generations [5].

The mainstay of Tanzania’s economy is agriculture that employs about two-thirds of working-age Tanzanians and most of whom are subsistence farmers that accounts for almost half of the country’s gross domestic product [9].

Although entrepreneurs commented that incomes have increased, still is not enough to carry for education of the children. Entrepreneurs need more monies to afford higher education. A nation can develop if her people are educated [4].

Daily life for many Tanzanians remains a struggle. In addition to wide income variations between rural and urban areas, there is a growing gap between the poor and the better off. Unemployment averages about 15% and underemployment is widespread [9].

People with less income are unable to have real treatment when are sick [15]. In Tanzania Health spending is still less than what is needed to realize the target of health development, thus greater commitment of government funding is essential to the longevity of scaled-up health programs, particularly reproductive health.

**Financial management**

The Joint Implementation Review Report for Tanzania Development Program revealed that project’s funds of the community village bank accounts operate for saving and project transactions with the guidance of committee members and village authorities that have appropriate knowledge and skilled manpower on how to manage allocated funds effectively [12].

According to the International Monetary Fund’s Country Poverty Reduction Report the main village financial management challenges are: skilled manpower, village financial Policies, village natural resource profiles, village sources of finance profile, village infrastructure status profile, village socio-economic development plans and over centralization at District level [11]. New Growth Theory looks at the concepts of community socio-economic growth as poverty alleviation and development that is not just successful in the short term, but sustainable in the long term.
This theory considers financial management as very important instrument for sustainable community socio-economic growth. Investment portfolio decisions at the village level should be well incorporated and well coordinated for socio-economic development from the Government and village leaders. Improving transparency and accountability on financial and resource management. This requires that certain information to be well prepared and posted to the village gazette. This involves budget and financial statements, by-laws, natural resources and land use plan [10].

In Africa, village financial management is a potential engine for national socio-economic development. Most of the southern countries, Botswana, Namibia and Zimbabwe just to mention few, have started to enhance village financial management systems to ensure appropriate planning, budgeting and transparency in terms of establishing books of accounts and financial statements to reveal the village financial and economic situation annually [3].

The worldwide reconsideration of financial strategies has accompanied financial globalization and led globally to the homogenization and stratification of financial management practices [6]. Globalization has major impacts on contemporary economy, and it represents a mega phenomenon that is shaping today’s trends of socio-economic development and influences the financial management in the economic sphere [16].

For instance, in the United States of America, the village financial management systems are applied as strategies for socio-economic development. At Herkimer a small village in New York, half way between Syracuse and Albany, about 21 km to southeast of Utica, with a population of only 8,000 individual with operating budget of $6m a year, complete accounting system, state policies, regulation and guidelines for financial management systems and strategies. Further its financial books of accounts are audited annually [3].

However, we also have some evidence that the inability of local governments in Tanzania to predict donor funds may explain why, in aggregate, donor funds appear to have no systematic impact on the expenditure decisions of local governments in Tanzania [7].

Results from studies suggest that increasing the accountability of local governments can come from the demand side as well by strengthening the fiscal link between a district government and its citizens [7].

**METHODOLOGY**

**Purpose of the Study**

The main purpose of this study is to analyze the effect of the factors related to financial management challenges and development strategies on the socio-economic development in the selected villages from Arumeru District In Tanzania.

**Research Design and Participants**

The study used quantitative research design to describe and analyse the data collected through questionnaire, that both descriptive and inferential statistics were applied to determine the relationship by comparing individual variables within the village financial challenges and village development strategy categories and individual variables within socio-economic development for community in the village categories. A structured questionnaire was developed and administered to collect the data for the variables within these categories.

The study involved a population of 329 respondents of which 60.2% were female and 39.8% were male. Purposive sampling technique and questionnaire were used to get data from selected villages and respondents Lekitatu, Magadini, Manyire, Ngurdoto, Nkoanrua, and Sakila. Factors on village development strategies, financial management challenges, and socio-economic development were determined from responses on the five-point scale structured questionnaire.

**Data Analysis**

Frequency and percentages were the descriptive analysis for data that were performed in this study. Responses of respondents were coded and computed electronically using Statistical Package for Social Sciences (SPSS) 16.

**RESULTS**

**Village development strategies initiative**

Findings indicate that more than half 168 (51.1%) of the respondents reported that each village had frequently established and initiated
its own development strategies, 112 (34.0%) of the respondents reported that there have never been a development strategy in the village for financial management, and only 49 (14.9%) of the respondents stated that always financial development strategies had been established in the village for village financial management. 217 (65.9%) of the respondents stated that the Wards never established or initiated development strategies for villages, only 112 (34.1%) of the respondents indicated that the ward sometimes established development strategies for village financial management.

More than three fifths 226 (68.7%) of respondents reported that the District never established development strategy for village financial management, only 42 (12.8%) of respondents reported that the District had sometimes established development strategies for village financial management in the village. And more than half 168 (51.1%) of the respondents confirmed that there have never been widely shared development strategies for financial management, 100 (30.4%) of the respondent reported that sometimes widely financial development strategy have been shared in their village, and only 61 (18.50%) of the respondents confirmed always participating in sharing widely financial development strategies in their village. Studies provide some evidence to support this findings that the inability of local governments in Tanzania to predict donor funds may explain why, in aggregate, donor funds appear to have no systematic impact on the expenditure decisions of local governments in Tanzania. And researchers support by suggesting that increasing the accountability of local governments can come from the demand side as well by strengthening the fiscal link between a district government and its citizens [7].

Findings indicate that more than two fifths 155 (47.1%) of the respondents reported never participated in promotion of increasing opportunity to access financial services for financial development strategies, 91 (28.2%) of the respondents sometimes participated in the promotion on financial strategy for village development, and only 81 (24.6%) of the respondents frequently participated in the promotion on village development.

Three quarters 244 (74.1%) of the respondents were neglected and not considered in financial strategies development promotion in the village, and only 85 (25.9%) were considered for the reduction of financial vulnerability in the village. More than three fifths 241 (73.3%) of the respondents reported that there has never been good governance on financial management in the village, and only 88 (26.7%) reported to have acknowledged good governance in the village for financial management. The Tanzania Poverty and Human Development Report supports the findings above in its reports stating that sustainable rural socio-economic development would be achieved through financial accountability, transparency, development and implementation of policies, resource management, food security, improvement of education and health services, and accessing cash for income generation activities [10].

**Socio-economic development**

Results show that that 155 (47.1%) of the respondents reported to have been able to get only breakfast that is one meal a day, 62 (18.8%) of the respondents reported that they have been taking three meals a day, 47 (14.3%) of the respondents stated that they were able to take dinner only a day, 45 (13.7%) of the respondent reported to have been able to get Lunch only, and few 3 (0.9%) were able to take two meals a day (breakfast+ lunch or breakfast + dinner). The findings do not much with the statement from researchers that state: Daily life for many Tanzanians remains a struggle. In addition to wide income variations between rural and urban areas, there is a growing gap between the poor and the better off. Unemployment averages about 15% and underemployment is widespread [9]. People with less income are unable to have real treatment when are sick [15]. In Tanzania Health spending is still less than what is needed to realize the target of health development, thus greater commitment of government funding is essential to the longevity of scaled-up health programs, particularly reproductive health.

It was observed from results that more than three fifth 206 (62.6%) of the respondents reported to have their own farming as their own source of food production, 87 (26.4%) of respondents stated that they rely on market sales of products to get food for their family members, 17 (5.2%) of the respondents reported that they have been getting food from the government and NGO for their family members, and only few of the respondents have been getting food from friends (4) and borrowing (2). And that more than a half 196 (59.6%) of the respondents reported to have shelter and housing made by durable materials (bricks, iron sheets and concrete), 69 (21%) of the respondents reported to live in houses made by semi durable materials, and 64 (19%) of the
respondents reported to live in houses made by trees and mud.

The findings show that 201 (61.1%) of respondents owned houses in which they stayed, 63 (19.1%) of respondents rented houses, 37 (11.2%) of the respondents were in family houses, and 28 (8.5%) of respondents stayed in Government houses. The monthly income generation results as indicated in table 6 shows that 254 (77.2%) of the respondents reported that their income was between 1,000.00 and 100,000.00 tshs, 58 (17.6%) of the respondents were having income in the range of 101,000.00 and 200,000.00 tshs, 12 (3.6%) of the respondents had income between 201,000.00 and 300,000.00 tshs, and only 3 (0.9%) of the respondents reported to have been earning monthly 301,000.00 tshs and above.

Researchers indicate that many people in Tanzania are subsistence farmers, attempting to grow enough food on their own to feed their families support the findings above. Frequently lacking any outside income source (other than to perhaps sell extra produce at market) purchasing extra basic food items such as maize, rice, cooking oil, salt, sugar, tea and coffee is difficult at best [5]. The mainstay of Tanzania’s economy is agriculture that employs about two-thirds of working-age Tanzanians and most of whom are subsistence farmers that accounts for almost half of the country’s gross domestic [9]. Although entrepreneurs commented that incomes have increased, still is not enough to carter for education of the children. Entrepreneurs need more monies to afford higher education. A nation can develop if her people are educated [4].

Results show that more than three fifth 203 (61.7%) of the respondents had children enrolled in primary school, 92 (27.9%) of the respondents had enrolled their children in secondary school, 18 (5.5%) of the respondents reported to have children enrolled in Univeristy, only 16 (4.9%) of the respondents had children studying for diploma in high school. And that186 (56.5%) of the respondents applied self medication, and only 143 (43.5%) of the respondents go to hospitals for medications in the village. Studies show negative results in Tanzania that many children attend schools that do not have the means to provide even a simple meal of uji (thin corn flour porridge) or ugali (thick corn meal porridge) to the students at lunchtime. Hunger negatively affects a child's ability to concentrate and learn during school. Children who do not do well in school are limited in their opportunities for further education and the chance to break out of the cycle of the poverty of generations [5].

The findings indicate that more than half 196 (59.6%) of the respondents have been getting water from rain harvested water, 60 (18.2%) of the respondents get their drinking water from tap water, 58 (17.6%) of the respondents get their drinking water from rivers, and only 15 (4.6%) get from wells.

Relationship between Village Development Strategies and Socio-economic Development of the Community in the Village

Findings in table 1 show that a highly negative significant correlation was found between food security through savings and housing structure (r=-0.164). The results also indicate that there was a negative significant correlation with food security through savings in the village and meal taken per family per day (r=-0.120). And that a highly positive significant correlation was found between cash accessibility though financial institutions in the village and health services (r=0.229), and water accessibility (r=0.242). The results also indicate that there was a highly negative significant correlation between cash accessibility and housing structure in the village (r=-0.329), and significant correlation but negative with meal taken per family (r=-0.148), and family monthly income (r=-0.134).

Results in table 1 show that a highly positive significant correlation was found between village reliance on outsider strategy and meal take per family per day (r=0.228), and housing structure (r=196). A highly negative significant correlation was found between village financial leadership transparency and family monthly income (r=-0.216), and payment of children school fees (r=-0.161), a negative significant correlation with meal taken per family per day (r=-0.145).
Table 3.

Relationship between village development strategies and socio-economic development of the community in the village

<table>
<thead>
<tr>
<th>Strategy</th>
<th>Family meal per day</th>
<th>Housing structure</th>
<th>Source of Income</th>
<th>Family monthly income</th>
<th>School Fees payment</th>
<th>Health services</th>
<th>Access to drinking water</th>
</tr>
</thead>
<tbody>
<tr>
<td>Good governance</td>
<td>P. Cor.</td>
<td>0.113</td>
<td>-0.038</td>
<td>-0.091</td>
<td>0.108</td>
<td>0.001</td>
<td>0.073</td>
</tr>
<tr>
<td></td>
<td>Sig. (2-t.)</td>
<td>0.065</td>
<td>0.533</td>
<td>0.138</td>
<td>0.08</td>
<td>0.985</td>
<td>0.338</td>
</tr>
<tr>
<td>Food security</td>
<td>P. Cor.</td>
<td>-0.120*</td>
<td>-0.164**</td>
<td>-0.057</td>
<td>0.099</td>
<td>-0.049</td>
<td>-0.074</td>
</tr>
<tr>
<td></td>
<td>Sig. (2-t.)</td>
<td>0.039</td>
<td>0.005</td>
<td>0.333</td>
<td>0.094</td>
<td>0.401</td>
<td>0.318</td>
</tr>
<tr>
<td>Access cash through Financial Institutions</td>
<td>P. Cor.</td>
<td>-0.148*</td>
<td>-0.329**</td>
<td>0.103</td>
<td>-0.134*</td>
<td>-0.022</td>
<td>0.229**</td>
</tr>
<tr>
<td></td>
<td>Sig. (2-t.)</td>
<td>0.017</td>
<td>0</td>
<td>0.097</td>
<td>0.034</td>
<td>0.722</td>
<td>0.003</td>
</tr>
<tr>
<td>Relying on outside assistance</td>
<td>P. Cor.</td>
<td>0.261**</td>
<td>0.196**</td>
<td>-0.049</td>
<td>0.095</td>
<td>-0.022</td>
<td>0.052</td>
</tr>
<tr>
<td></td>
<td>Sig. (2-t.)</td>
<td>0</td>
<td>0.002</td>
<td>0.436</td>
<td>0.135</td>
<td>0.725</td>
<td>0.5</td>
</tr>
<tr>
<td>Leadership transparency</td>
<td>P. Cor.</td>
<td>-0.145*</td>
<td>0.007</td>
<td>-0.09</td>
<td>-0.216**</td>
<td>-0.161**</td>
<td>-0.036</td>
</tr>
<tr>
<td></td>
<td>Sig. (2-t.)</td>
<td>0.01</td>
<td>0.905</td>
<td>0.112</td>
<td>0</td>
<td>0.004</td>
<td>0.623</td>
</tr>
</tbody>
</table>

**. Correlation is significant at the 0.01 level (2-tailed).
* Correlation is significant at the 0.05 level (2-tailed)

Conclusion

The study revealed that village development strategies are the vital machinery for socio-economic development. The study revealed that village development strategies are the vital machinery for socio-economic development. The findings show that most of people in selected villages had frequently established and initiated their own development and financial strategies for village socio-economic development. Villages have no support from the local government and others organizations to initiate strategies and promote opportunities to access financial services for financial vulnerability reduction in the village. Majority of Tanzanians in the selected villages in Arumeru District own farms as their own source of food production. It was observed that people in the selected villages own houses and most of them can generate more than Tsh.100,000.00 monthly to support education of their children. Self medication still a challenge for many people in the villages, as well as drinking water that is more accessible during rain seasons. The study recommends that:

- The Government authorities and Non-Government Organizations should take participate in the development and financial strategies initiation for socio-economic development in Arumeru villages.
- Government in partnership with business and civil/individual society should pay attention to socio-economic development programs, which eventually will improve the living standards of people in villages.
- Socio-economic development in the villages should be one of the priorities from the development strategic plan of the Government and other parties existing in the rural areas.
- Further studies are recommended to find out the role of development and
financial strategies to enhance socio-economic development in the villages of Arumeru District

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