

Growth of Agro-processing Firms and Labour Productivity in Tanzania: Opportunities and Limiting Factors by Aida Cuthbert Isinika & Visent Tisimia Kipene

Considering the dominance of agriculture in Tanzania, agroprocessing stands out as a critical path for transformative industrialization. Tanzania has had several attempts at promoting industrialization. Nonetheless, the outcomes in terms of employment creation and wealth creation have fallen short of expectation. This paper looks at the role of agroprocessing firms as avenues for industrialization in Tanzania; examining past performance in order to discern factors which have limited the growth of agroprocessing firms and their contribution towards employment creation. Looking ahead, the paper scans the prevailing opportunities as the country positions to transform and become a middle level economy with the industrial sector tacking a leading role. The performance of 102 agroprocessing firms in Mbeya and Morogoro regions was assessed using cross sectional and time series data. The findings reveal that 63.6% of the firms operated under capacity due to various factors, hence using primary resources and labour below their installed capacity (Kipene, 2014). Understanding the underlying factors for such low performance is important as the leadership and the people of Tanzania position to play their respective roles in creating an industrial Tanzania that has socio-economic impacts which will reach far and wide across all segments of the population.