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Role of Transaction Cost Economics in Formulating Policy Variables for Growth of Small Poultry Businesses in Tanzania

Peter Alfred Msami - Email: p.msami@cbe.ac.tz
College of Business Education, Dar es Salaam-Tanzania

Deus Ngaruko - Email: ngarukoddp@yahoo.co.uk
Centre for Economics and Community Economic Development, Open University of Tanzania

Abstract

The Transaction Cost economics (TCE) provides a suitable conceptual model for identifying factors curtailing growth of small business firms in developing economies.This research paper employs the model and uses poultry farm businesses (PFBs) in the United Republic of Tanzania as representative of thebusinesses.The study aims, at identifying policy variables that can successfully stimulate the businesses to evolve where they do not exist and the existing ones to grow, a problematic topic widely discussed in academics and policy making.A cross-sectional survey was conducted in two regions in the country covering 170 respondents in all institutional arrangements. Descriptive statistics indicate that market institutional arrangement is relatively inefficient characterized by high transaction costs that curtailgrowth than it is with contractual arrangement; and yet 75 percent, that is majority of the businessfirms opts for market institutional arrangement. A theory based intervention must therefore, be focused oninstituting measures that minimizes transaction cost and maximizes profit.

Key word: *Transaction cost theory of the firm, institutional arrangements, comparative institutional framework*

1.0 Introduction

This research paper contributes to a topic widely debated on 'what are the appropriate policy variables' that can stimulate small businesses in developing economies to grow. The paper uses Transaction Cost Economics (TCE) model and poultry farm businesses (PFBs) in Tanzania to investigate policy interventions which can successfully stimulate the small business firms toto grow.The paper starts by reviewing empirical and theoreticalliteratureto create understanding on the phenomenon; and needsfor the study.It thenpresents the methodology that was used in conducting the study.In the fourth section it outlinesdescription of various institutional arrangements of PFBs in the real world in the survey area.At the end the paperdiscusses findings of the study;and gives recommendationson policymeasures fordeveloping economiesto successfully stimulate growth of the small businesses. Almost all the arguments in this paper are based on comparative institutional framework which is the basic feature of the TCE analysis.

2.0 Literature Review

Available empiricalliterature shows that poultry production in Tanzania is mainly composed of indigenous and exotic stocks which are mainly undertaken by smallholder farmerswhere the former contributes 95% and the later accounts for 05% of total poultry output (Kasugwe *et al.*, 2008). The indigenous production is mainly practised in the rural areas where at leastevery family keeps a small subsistence poultry farm; andthere is a vast of unutilized land (Tanzania Livestock Policy, 2006). Poultry production in this stock is an extensive production where the birds are left to roam about freely and scavenge for natural feed and kitchen leftovers. They are usually not provided with veterinary medicine or vaccinated against disease outbreaks, and as a result the size of birds' population depends on availability of natural feed and virulence of poultry diseases. The birds are usually, also not provided with proper shelter and therefore unprotected from predators mainly hawks and cats resulting to a very low survival rate.Management of the poultry farms is essentially a non- cash operation and require minimum labour input (Emuro,*et al.*, 2010; Mlozi, *et al.*, 2003).The exotic poultry husbandry on the other hand is mainly practised in urban areas under intensive production.In total the poultry industry contributes only 1.7 per cent of the country's gross domestic product(Livestock sector development Strategy, 2010).

On regards to distribution of poultry produce in the rural society, very little is sold in the open market and the rest is produced for own consumption. On the consumption side the country's per capita poultry meat consumption is 1.7kilograms, and total meat intake per person per annum is on only 12kilograms average (Livestock sector development Strategy, 2010). This is far below the minimum recommended meat consumption by the United Nations Food and Agricultural Organisation of at least 50 kilogramsper person per annum (Tanzania Livestock Policy, 2006) and as a consequence Tanzania is one of protein malnutrition stricken countries in the world. Regarding demand, statistics show that poultry meat imports in the country have been growing very fast. It has increased from only 27 tonnes per annum in 2002 to over 786tonnes in 2012 (Poultry site 2014). In general, demand for the imports in many countries in the world which are not self-sufficient in meat requirements like Tanzania is high and has been increasing very fast to supplement domestic production. Trend suggests that global demand for poultry meat will continue to increase in future (Marketing and Economic Featured Articles, 2008) mainly due to growth of global population.

On the supply side, the poultry and livestock production as a whole has beenincreasing at a very slow pace, at a rate of only 0.4 per cent and 2.4 per cent per annum respectively as compared to population growth in the country of 3.3 per cent per annum. The phenomenon in this study is therefore that, despite of existence of high demand for meat and abundant production resources for poultry meatthe poultry industry has continued to remain composed of small subsistence businesses. This contradicts producer rationality as under normal circumstances the firms are expected to increase productionand growin response to the existing demand in order to earn ore profit. Somescholars view that the low productivity is mainly due to poor health care, nutrition and housing of chicken flocks; but acknowledge lack of comprehensive studies to have been done in this area (Mlozi, *et al.*; 2003Swai, *et al.*, 2007).Schmitz, (1999) in his study on small-scale industrialization conclude in principle also that, small businesses cannot successfully survive and grow in the current globalized market unless they agglomerate; and acknowledge also that, there is limited literature on agglomerations of firms; and institutional arrangements ingeneral as related to the growth of the poultry industry particularly in Tanzania. Emuro, *et al.*,

(2010) conclude also that many studies in this area have been skewed toward technical andmanagerial aspects only. The inadequacy of studies on institutional arrangements as related to growth poultry industry prompted curiosity of undertaking this study using TCE.

Transaction Cost Economics (TCE) is increasingly becoming popular and useful tool of analysis in developing economies. The TCE is one of the branches of New Institutional Economics (NIE) a subjectthat attempts to explain the working of the economy in the real world (North, 1993). The subject is new in academics which began to develop in 1970s following Coase's articles *The Nature of the Firm (1937)* and *The Problem of Social cost (1960).*The subject builds on, modifies and extends the neo classical economics theory. It retains the fundamental assumption of scarcity and hence competition, which is the basis of the choice theoretical approach that underlies micro economics. It abandons unrealistic assumptions that businesses have perfect information, are unbounded rational and that transactions are costless and instantaneous (which make neoclassical economics model transaction cost free theory). It assumes instead that individuals have incomplete information and limited mental capacity; and they therefore face uncertainty about unforeseen eventsand incur transaction costs during economic exchanges. It therefore modifies the rationality postulate and adds transaction cost as a critical constraint.

In economics, transaction cost is thecost incurred in making an economic exchange. The term was absent in economics literature up to 1970s though Ronald Coase used it in his 1937 paper *The Nature of the Firm*. Transaction cost reasoning became widely known through Oliver Williamson's Transaction Cost Economics (Ngaruko 2007). Today, transaction cost is used to explain a number of different behaviors. It involves also considering transactions not only the cases of buying and selling, but also day-to-day emotional interactions, gift exchanges and the like.Transaction costs, sometimes referred to as transaction risks/threats or cost of participating in the marketare costs of carrying out economic exchange (Coase 1960). According to Kydd, *et al.,* (1990, 1999) and Msami(2012)total transaction cost comprise of three components namely,search and screeningcost (cost incurred to obtain information about reliability and trustworthiness of potential trading partners), negotiation cost (cost incurred to facilitate negotiations for the terms of sale and breaking a deal); and monitoring and enforcement cost (cost incurred to keep track of performance of contract implementation in order to reduce possibility of breach of agreement).

The analysis of behavior of transactions in business undertakings based on the transaction cost theory of the firm is today referred to as transaction cost economics. The transaction cost theoryof the firm was developed to revise the neo classical economics theory of the firm which was seen to be outdated and inadequate tool of decision making in the modern business environment. Unlike the neo classical theory published in the 19th Century the transaction cost theory of the firm takes into account most of criticisms raised against the neo classicists.Basically the Neo classical theory views the firm as a technological production unit which transforms inputs into output for making money profit. According to this model given technology, input prices and demand schedule, the firm maximizes profit subject to production cost constraints. In this model profit is obtained by comparing revenue and cost implications at different output levels, and picks up the output level that maximizes the absolute difference between the two. That is at output level where marginal revenue (MR) is equal to marginal cost

(MC); and MR greater than MC. In this model therefore, growth of business firms can be stimulated by manipulating the cost and revenue functions.

According to Dwived, (2006) one of the weaknesses of the traditional economics model is that it assumes that, businesses have full and perfect knowledge about current and future market condition and development of the business environment. The firms are therefore fully aware of its demand and cost functions. On contrary the firms do not, in reality possess perfect knowledge about condition of the market. They operate in the world of uncertaintyand therefore they are in reality unbounded rational. The marginality principle of equalizing MC and MR has also been found to be absent real decision making process of the firm. The transaction cost theory of the firm on the other hand considers the firm as a network of contracts; a legal entity that enters into different agreements (contracts) of transactions with other parties. According to the model, contractual business arrangementand market institutional arrangement are the two possible forms of structures to coordinate economic transactions. The choice between the two alternatives and decision on how much should be produced depends on relative transaction costs involved in the options. Buying in the market that is coordinating transaction in the market institutional arrangement entails some costs including discovering the relevant price, negotiating, contract enforcing and others. Production within the firm (contractual business arrangement) enables the entrepreneur to reduce these transaction costs by coordinating these activities himself. However, production within the firm brings other kinds of transaction costs, including problem of information flow, incentives, monitoring and performance evaluation.

According this theory, people begin to organize production in firms when transaction cost of buying in the market (spot market exchange) is greater than producing within the firm. When transaction costs of buying in the market continue to be greater than producing within the firm, the firm grows. Conversely, when it is cheaper to buy in the market than coordinating production within the firm the business becomes downsized by outsourcing, for example. Since the reason for the firm's being is to have lower transaction costs than coordinating production in the market, firms continue avoiding the costs by internalizing activities of other firms up to a point where internalizing an additional transaction equals the cost of making that transaction in the market. With this theory, therefore growth of business firms can be stimulated byreducing transaction costs. More specifically, while the tradition theory of the firm views that production of a product can be stimulated by manipulating forces of demand and supply, the modern theory of the firm view that production can be stimulate by minimizing transaction cost.The aim of this study is therefore is to employ theTCE in investigating on what exactly are thepolicy measures that can successfully influence the small businesses to grow.

3.0Methodology

This study used a cross-sectional design where the required information was collected from Dar es Salaam and Singida regions in Tanzania.The study was mainly descriptive in nature which detailed the composition of institutional arrangement and how the impact of transaction costs affects growth of the small businesses in the two regions.The regions were selected due to a number of reasons including: (1) all the two regions have formal and informal contract PFBs (2) Dar es Salaam region is a potential market for poultry produces (in forms of hotels, bars, restaurants and many other consumers) and it is a potential producer of exotic poultry bird and (3) Singinda region is one among the potential producers of traditional poultry stock in the

country.On data collection semi-structured questionnaire and interview guide were used in the survey**.** The study employed descriptive statistics and the analysis was based on information gathered from a sample of 170 respondents. Out the total respondents surveyed, 128 (75) percent were individual business entities operating in market institutional arrangement; and 25 percent were contractual business arrangement (including partnerships, women groups, contract farming and the like; that is contract poultry farming, producers' organizations and hierarchies).All the time during data collection, the Dorward's (2001) simplest pathway method was used, in which the researcher observes variables of interest in the field and immediately records the data. Where possible and necessary, efforts were made to collect data from non-participants in the transactions but who were potential actors in the economic exchanges. Statistical Package for Social Sciences (SPSS) version 16.0 was employed to investigate and determine the relationship between various variables in the collected data.

4.0 Description of institutional arrangements and findings of the study

In order to investigate the factors hindering growth of small business firms and identify policy variables to successfully stimulate their growth, this studyclassifiesinstitutional arrangements into market institutional arrangement and contractual business arrangement. While the former is in form of spot market; the latter is in forms of contract farming and vertical integration. Table 1 depicts classification of institutional arrangements.

Table 1: Institutional Arrangements

Institutional arrangement	**Market institutional arrangement**	**Contractual business arrangement**	
	Market	Contract Production	Hierarchy/vertical integration
Descriptive:	Businesses buy input and sell output in spot market	Firm enter into contractual arrangement with other firms	Firm develops its internal whole–owned business
Example:	Independent business firms	Kukudealer contract programme	Interchick company

4.1 Market institutional arrangement

The study shows that market institutional arrangement is characterized by high transaction cost which discourages the businesses to expand production and grow. The cost originates from various sources includingmarket uncertainties, weak institutional environment, inability of the business firms to tape benefits of economies of scale; and information asymmetry. Regarding uncertainty, the businesses face transaction risk resulting from various factors including, uneven turn up of buyers of the poultry harvests.The main reason for this is that some of the farmers are far away from the market, especially in rural areas. The producers, for example in Tura village in Itigi district some 125 kilometers from Singida regional headquarters are not assured of selling their poultry harvests. This is because the wholesalers and even retailerscannot manage to visit the producers regularly because of distance. Poor roads conditions discourage also the buyers to regularly turn up to the businesses particularly during wet seasons when some of the roads are impassable. In such situations the buyers in villages spent a lot of time waiting for the buyers; who may sometimes not turn up anyway. In the survey area time spent waiting for buyers is significantly high ranging from two to 32.5 hours.

Another source of uncertainty results from inability of the smallholders to use specialized means of transporting theharvests to the market. Common means of transport used in the surveyed area includes motorcycles, bicycles and sometimes by foot. These are however not suitable for transporting the birds to distant markets. Passenger buses and pickups are also used in transporting the birds in some of the study area. This method is also not suitable because the vehicles are not spacious enough to transport large number of chickens and in most cases it results into loss of weight and high mortality rate. This discourages the businesses to engage in large scale production or distribution in fear of inability to reach the buyers in distant markets and uncertainty getting regular retail and wholesale buyers. The businesses face also uncertainty resulting from transaction risks involved in transporting the chicken harvests to distant markets. The survey show that, common method of transporting chicken birds to distant markets is by lorries. Theregional traders and merchants acting over long distances usually hire lorrieswhich are travelling to urban centers. The merchants in Singida region, who participated in this study indicated for example that, they uses trucks returning to Dar salaam from Rwanda, Burundi and other places to transport on average over 4000 birds at a time once or twice a month. They noted however that, there is no fixed routine for the transport service making it difficult for them to have planned business schedules. This contributes also to uncertainty of availability of buyers on the side of the smallholder farmers; and greatly discourages them to increase production.

Weak institutional environment is yet another source of transaction costs which discourages the businesses to increase production and grow. The traders who participated in this study revealed for example that, they are threatened by armed robbery along transport highways making PFB a risky undertaking. Similar transaction risk is reported by Derek and Meijerink (2008) in another development economics study; which indicated also that, it becomes important for them to sometimes travel in convoys and/or engage security guards to protect themselvesin the transport routes. There is in addition, excessive delays resulting from presence of many road blocks in highways. There are for instance five weigh bridges between Singida and Dar es Salaam (Visiga, Mikese, Mororgoro, Dodoma and Singida) which takes up to two hours or so to cross each barrier. There are also more than four police check points in the route and three for the Tanzania Revenue Authority. These hurdles cause loss of weight and death of the birds which substantially add to transaction costs. In addition,the merchants encounter some more transaction costs resulting from illegitimate controls by police and weighbridge attendants for bribery in the transport routes (Esoka 2005, *Guardians*, 2012, TANROAD 2013).

Another source of transaction cost is inability of the business firms to enjoy benefits of economies of scale as they are in most cases very small in size. In the sample area for example, the number of birds produced by individual PFB per cycle is very small which seldom exceeds 2500. Table 2 show descriptive statistics on the number of traditional, exotic and hybrid poultry birds produced per cycle by the surveyed firms. Due to smallness, the businesses have therefore, low credit worthiness in the credit market; and are unable to absorb new and improved technology.It follows therefore that, it is difficult for the individual business firms and the poultry industry as a whole to expand and grow.

Table 2: Production volume (Number of birds)

Production	N	Minimum	Maximum	Mean

Traditional poultry farms (production per cycle)	57	50	750	124
Exotic Poultry farms (production per cycle)	105	50	2500	613
Hybrid Poultry farms (production per cycle)	08	35	350	198

Information asymmetry is yet another factor which contributes to high transaction cost. Business information in most rural areas is obtained through traders travelling from urban centers. Mobile phones are now days used in most areas by businesses to access market information, and have to great extent aided to reduce information asymmetry. Modern and improved methods of accessing business information including for example web sites, television adverts and catalogues are not yet popular in the PFBs in the country. The survey in this study reveals for example that out of 167 respondents who participated in this study they allindicated to have never used the methods. The information asymmetry makes it difficult for the businesses to access market segments with relatively lower costs and relatively high sale prices. This discourages PFBs to increase production as they are unable to obtain attractive profit margin because they cannot compare costs and prices from different input suppliers and buyers respectively in both domestic and export markets.

4.2 Contractual business arrangement

The contractual business arrangement discussed inthis paper is in forms of contract farming and vertical integration. These forms of agreements solve most of the transaction risks discussed in market institutional arrangement at different levels. Theoretically vertical integration is the most efficient form of contractual business arrangement as compared to contract farming.

4.2.1 Contract Poultry Production

Contract Poultry production that is, agreement between smallholder farmers and contractors, where the farmer is provided with production support in form of chicks, poultry feed, drugs, technical assistance; and the like at a contract to produce and supply agreed quantity of poultry birds at harvest time,is not yet popular in the country.In the survey area there is both informal and formal contract production.Informal agreements observed in study are mainly marketing contracts wherebuyers including for example, restaurants, hotels and wholesalers enter into verbal pre-harvest agreements with the farmers to buy a specified number of birds at harvest time. This is commonduring high demand seasons for poultry meat particularly during Charismas, Eid al fitr and Easter celebrations. The buyer, in this arrangement, is usually required to pay for the birds on the date of agreement and collect the birds on a specified future date.
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A model example of formal contract poultry production in Tanzania is between smallholder farmers and Research Into Use–Tanzania Programme (RIU-Tanzania Programme) a subsidiary unit of Research Into Result Company based in England. The program established contract farming in the country in 2009 under a brand name ‘KukudealProgramme’. It provides a package of services to enable smallholder farmers in a number of regions to access operational capital, markets and technical knowledge. The programme intention is to enable the farmers produce three cycles of at least 200 traditional birds each year. In the contracts, the farmers are provided with almost all production inputs including: day old chicks, poultry feed, vaccines, essential veterinary medicines and advisory services as a loan which is repaid as deductions on sale of chickens at harvest time. Under the contract the farmers are required to sell at least 75 percent of

the mature chicken to the programme. After the loan has been cleared, the farmer becomes eligible for another credit in the next cycle.

Despite of advantages recorded in contract farming, there are some problems which constrain growth of the PFBs in this arrangement as observed in the study area.The problems include; firstly, the contract farmer is at a risk of loss of income invested when the contract fails to continue before enough income has been earned to repay initial investment. Basically, in order to start a poultry farm business, the farmer undertakes investments on fixed infrastructure and running capital. It normally takes some months or years for the farmer to earn enough income to pay off the initial capital investment. If the contract stops for any reason before this time, the farmer becomes at a loss because it is difficult to find alternative use of the poultry sheds.More over the contracts in the survey area show that they do not stipulate legal rights of the contract farmer in event the contracting company, become for example bankrupt or liquidated before the farmer has recovered sunk cost.

The Contract farmers are as well at a risk of becoming forced to accept disadvantageous terms later after they have sunkinvestment. Usually when a contract comes to an end bargaining power of the farmer becomes substantially low as the sheds have no other alternative use; and become compelled to accept any new terms. The respondents in the study area indicated that contractors usually exploits this situation by for example by requiring the farmers to sell their harvests at a relatively lower than contract price in the new contract. They may as well require the farmers to pay for transport cost for the birds or poultry meat to the contractor's premises and even increase input prices in the new contract. They indicate also that, in the 'Kuku deal Programme' contracts there are no legal safeguards provided to protect the farmers against this transaction risk. There is also a general complaint amongst farmers and the public as whole about low quality of farm inputs in the country. Respondents in the present study showed for example that they in many occasions been receiving poor breed of day old chicks, low quality feed and veterinary medicines. Table 3 shows the incidences by which the farmers receive poor quality inputs in the study area.The problem of poor quality of feed and of substandard veterinary medicines in the country was also reported by Msami (2008) and Stephen (2010) respectively in other development related studies.

Table 3: Incidences of receipt of poor quality inputs

	N	Respondents' perceptions %				
		Occurs frequently	Occurs	Not sure	Do not occur	Do not occur at all
Poor breed of chicks	167	13.1	3.1	20.0	53.8	10.0
Low quality feed	168	6.3	13.5	36.5	27.0	16.7
Substandard vet. Medicine	168	0	10.1	16.7	43.5	29.7

There is on addition complains among contract farmers about failure by the contractors to promptly honor payments on purchase of the harvests. The delays causes some hardship to the farmers in meeting some of their business obligations including for example, paying wage to

shed labour, meeting electricity bills and own remuneration. In order to meet these obligations the farmers are sometimes compelled to borrow money from private lenders at interest.

4.2.2 Vertical Integration

In the sample area, there are both informal and formal integrated firms.The informal ones exist in a situation where firms engage in business activities which complement each other in the value chain. These include feed milling, day-old chick production, chicken keeping, feed processing, marketing and the like working to complement each other (Msami, 2008). The activities are informally organized and controlled by one central authority. Interchick Limited Company is one of the examples of formal vertical integrated business which participated in this study. The company has feed mill and hatchery, processing facilities and a poultry farm. The company has also a number of retail sales outlets in Dar es Salaam city to supply live birds, dressed chicken and meat cuts to the consumers.

Vertical integration eliminates transaction risks experienced in the market institutional arrangement and in contract production. One of advantages of this structure is that, it enables the business to enjoy economies of scale resulting from bulky purchase of production inputs including; veterinary medicine, feed manufacturing ingredients and feed equipment. It also lowers production costs as it eliminates many of the input price mark ups in each production and distribution step. In the case of Interchik Company for example, there is no price mark up for chicks, feeds and dressing the birds as the company uses its own resources in hatching, feed manufacturing and dressing poultry meat respectively. In addition, vertical integrated firms do not have to allocate resources for searching and screening customers, negotiating, monitoring and enforcement with other parties in the supply chain. Having the entire production process in the same area —what is referred to as 'site specificity'helps to reduce transaction costs resulting from loss of weight and dearth of the birds during transportation and minimizes transport and feed costs for the business firm.

5.0 Discussion

The study shows that,despite of existence of high demand for meat and abundant production resources for poultry meat the poultry businesses and the industry as a whole have not been growing in pace with the increase in demand.Thisindicatetherefore that, the neo classical policy prescriptionscurrently in use, including for example, providing financial assistance in forms of loans to members of the society, instituting price legislation policy measures and the like have been unable to successfully stimulate the firms to grow. The present study demonstrates that transaction cost whichis ignored inthe neo classical prescriptions have significant impact in discouraging the businesses to expand production and grow. This implies therefore that, for the neo classical policy measures to be effective in stimulating growth it must, in addition take into account transaction risks involved in production and distribution. The study shows in addition that,incidences of transaction costs are higher in market institutional arrangement than itis in contractual business arrangement indicating therefore that growth can be stimulated by enabling the business firms to enter into contractual business arrangement. Table 4 presents comparative analysis on incidences of transaction costs between institutional arrangements.

Table 4: Incidences of transaction costs in market and contractual business arrangements

Transaction costs	**Incidences of transactional cost**		
	Market institutional	Contractprod	Vertical

	arrangement	uction	integration
Search, negotiate and contract enforcement	Very high	Low	None
Uncertainties on availability of buyers	Very high	Highly reduced	None
Information asymmetry on extent of demand, input and output prices	Very high	None	None
Inability to tape economies of scale	Very high	Low	Very low

6.0 Recommendations

The findings in this study indicate that policy measures based on the neo classical theories which ignore the impact of transaction cost cannot successfully stimulate small businesses toexpand production and grow. The neo classical measures need to be supplemented by TCE policy variables to successfully stimulate the firms to evolve where they do not exist and the existing ones to grow. In this case the policy variables include:

- Maintenance of attractive profit margin - the state must ensure that the businesses get attractive profitmargin by for example controlling all kinds of taxes levied to the businesses, providing subsidies and the like - a neo classical variable.
- Provision of well-functioning institutional environment - the State is required to ensure that the businesses are protected against transaction threats including robbery, illegitimate controls by civil servants for bribery, too many weighbridges and others huddles which discourages firms to invest and expand production. More precisely, the Government is required to provide legal base, regulations and infrastructure which encourage the businesses to invest and produce
- Enhancing institutional innovation - the State is required to back and amplify activities initiated by the society to minimize transaction risks. The innovationsinclude for example, helping the businesses to draw favorable legal contracts with the contracting firms in contract production, facilitatingexpansion of geographical coverage of the innovations by the producers and traders; and the like.
- Enabling the business firms to enter into contractual business institutional arrangement: The Government need to find out transaction threats which prevent the small business firms to enter into contractual arrangement; and institute measures against the transaction risks.
- Popularizing transaction costs economics and NIE as whole - The Government need to popularize the subject in academics and policy making as at the moment the subject is still not yet being taught and rarely used in decision making. The conventional economics taught in the present university/ institutions higher leaningcurricular places emphasis on economic theories only; which does not provide students with understanding of how real economies work. Borrowing Coase's (2011) words, the neo classical economics bears very little relation to what actually happens in reality.

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