Competitiveness Through Innovation: Successes and Challenges From Morogoro Canvas Mill Limited - Tanzania[1]

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Abstract: Despite different international and national interventions to promote the textile sector, studies have shown that the response in terms of innovation and competitiveness though positive does not seem to match with expectations. This paper explores and discusses innovation for competitiveness scenario based on an ongoing research in Morogoro Canvas Mill using cross sectional case study design. The objective of the research was, and is, to identify and assess innovative practices and challenges facing the Canvas Mill in the process of striving for competitiveness. At this level, the paper uses data which was obtained from in-depth interviews involving heads of departments. The discussion is led by descriptive content analysis technique.

The major findings centre around the following areas: Local modification of spare parts to suit obsolete machinery, development of better cloth quality and designs based on imitation, development of new business lines. However, the *Ujamaa* legacy, inadequate support and government bureaucracy, fear to take risks and inadequate capital are challenges that have to be tackled in order to benefit fully from the emerging local and global business opportunities. The initial plausible conclusion is that in order to acquire sufficient capital and sustain effective innovations, manufacturing firms should strive for more foreign-local partnership in manufacturing and marketing.

INNOVATION FOR COMPETITIVENESS

There is enormous body of literature exploring the use of the concept of innovation in various contexts but have not in principle diverged from the Schumpeterian ideas of newness or doing things differently in order to gain competitive advantage over others (Schumpeter, 1934, Drucker, 1985, Stokes, 1998, Gibb, 1999, Nsana et al, 1994, Mbwambo, 2002). Innovation encompasses all range of strategies and activities, which are new or modified through "creative" imitation to make an enterprise more competitive in areas of production and marketing process. Innovation should be a constant process of exploring the market conditions in relation to the operating business environment and creating value by not only developing fresh ideas but also putting them in action. Indeed competitive advantage should come from outperforming the competitor by making a difference in product and service provision as well as business diversification.

The CEO of Hydro -Alluminium Company had the following to comment on innovation:

> We will distinguish ourselves through innovation not just in the form of finding new technical solutions and developing new technology but also through identifying new business opportunities and building up new sources of income through the activities and positions we already have (Reiten, 2001: 2).

This observation opens up wider interpretations of innovation which go beyond just coming up with something new to doing the old business in a better way or doing a different business altogether. The need to adopt innovative strategies and practices in business undertakings for gaining competitive advantage has been documented by various authors. Altman (1994, 1996) stress the importance of cloth manufacturers adjusting to new market conditions by dynamic organizational changes in which enterprises implement practices that permanently address their capacity to respond to changing market circumstances (Kesper, 1999). Among the kinds of strategies highlighted are process innovations including organizational changes, the introduction of new technologies or programmes for skills development that enhance human resource

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development. Often such changes are interdependent with process innovations. The application of new technologies goes hand-in-hand with new organisational changes and the encouragement of multi-skilling practices. Moreover, new technologies, such as computer-aided design, mechanized laying-up or cutting, facilitate the adoption of unit production systems, which greatly enhance efficiency as a whole (Nkoko, 2000; Coughlin *et. al.*, 2001).

Many South African clothing industries are pursuing a variety of innovative interventions including restructuring strategies singly and in combination to respond to the competitive pressures that they face (Fakude, 2001). There is rearrangement of firm-level strategies which cover new methods of organization production, spatial shifts and the articulation of new regional production systems, casualisation, out-sourcing, and subcontracting of production.

The forces behind innovation arise from globalisation and competition. Coping with globalisation and competition has always been the way forward. For example South Korea emerged powerful in global business not by shying away from innovation and competition but by matching with it:

> Increased labour costs, industrial actions and need to produce cheap goods led to acquisition of high technology and practices like sub-contracting and forming conglomerates of small manufacturing units based on specific specialisations (Raecho, 1994: 67).

Thus, when production under single roof was becoming dysfunctional to organisational performance, these small conglomerates specialising in different aspects of production provided a new platform for better competitive edge.

The power to compete has also been a function of technological competitiveness. But some countries, which had no means to acquire high technology, identified and exploited other opportunities in order to manage competition. Mexican footwear industry is one of many cases. The industry was protected from external competition but trade liberalisation increased competition from imported cheap footwear from China, Taiwan, Korea etc. In order to remain in business, the management had to look for "quick wins" (Rabellotti, 1994). Using the same old technology and non specialised machines the industry stood up to the competition through "imitative" innovation by studying and using knowledge from Italian footwear industry. Tanzania has grown through industrial protection regimes and now room is open for free competition. The profile below sets the basis of industrial development and performance.

INDUSTRIAL PROFILE AND PERFORMANCE IN TANZANIA

The Profile

The position of the Tanzanian industrial sector is better explained by using historical approach because strategies that were adopted to establish and develop this sector have taken an evolutionary process. From the earliest years of independence, Tanzania adopted import substitution industrialisation (ISI) as strategy for rapid socio-economic development. The focus was to produce basic goods for local consumption rather than export though there was a considerable export of locally manufactured goods particularly textile materials. The ISI approach was typical of most of the newly independent states (third world countries). This choice of strategy was influenced by the then modernization theory, which was backed heavily by western experiences of industrialisation and development.

Therefore, from the 1960s to 80s Tanzania experienced the establishment and ownership of government manufacturing industries under financial and technical support from the World Bank, multilateral, and bilateral donors. The industries ranged from machine tools making, food processing, building materials, domestic ware, textiles, hides and skins, footwear, e.t.c. The National Development Corporation (NDC), a parastatal organisation, was established to spearhead industrial investments in the country (Wangwe, 2001). These industries enjoyed monopoly and government subsidy, which stifled the private sector. As in many other places in Africa, The ISI did not work as expected. Some of the internal explanations include lack of qualified staff and mismanagement. External reasons include the oil crisis, the death of the East African Community and the war with Iddi Amin of Uganda, which forced the government into unprecedented expenditures and debts. The other reason is the inherited underdeveloped private sector from the British compared with Kenya and Uganda

The Reforms and Manufacturing Performance

From the 1980s the government embarked on macro policy structural adjustment measures including withdrawal from direct control of the economy, promotion of private sector investment, fiscal policies aimed at containing inflation growth and friendlier tariff systems. The reforms have already shown some positive macro-economic indicators as follows: GDP has risen to more than 5% with population growth rate at 3.5% while the rate of inflation had fallen to 6% in 2001. The exchange rate has remained reasonably low and foreign exchange reserves tripled (World Bank, 2001). Through these and other achievements, Tanzania is considered to have maintained the most robust economic growth and with higher potentials for competitiveness in Sub Saharan Africa being forecasted as among the first 20 fastest growing countries in the developing world (WERCID, 2000)[3]. The industrial sector is reported to be growing at the rate of 4.5% raising employment from 129,250 in 1996 to 153, 934 in 2000 (*Economic Survey*, 2000). The major explanation is the improvement of macro economic policies including the encouragement of foreign private sector investment in the manufacturing, and more favourable tariff system.

Table 1: *Real Manufacturing Sector Performance (1988 to 1998)*

Year	% Growth
1988	3.1
1989	5.2
1990	4.1
1991	1.9
1992	-4.0
1993	0.6
1994	-0.2
1995	1.6
1996	4.8
1997	5.0
1998	8.0

Source: World Bank (2001:11)

The Textile Manufacturing Sub-Sector

In the 1970s, the textile sector was fairly doing well and leading in East Africa. According to a study conducted by Wangwe (1998), by 1977 the volume of production had reached 78.9 million square meters, rising to 102.2 billion m^2 by the 1980s. The following table provides the trend in the 1990s. The Urafiki Textile Mill did fairly well for the period up to 1993 but liberalisation of cotton market starved the factory of this important input because of the opening up of the opportunities for private cotton exporters, thereby seriously affecting performance.

Table 2 displays erratic patterns of production in the early years and the volume of production worsening in the 1996 and 1997. Although signicant economic reforms have taken place since the 1990s, there is little Tanzania can be proud of in terms increased production and competitiveness in the foreign market due to many reasons including lack of enough capital, technology and management in the private sector (Wangwe, 1998; Semboja, 2001)

3 World Economic Forum and Center for International Development

Table 2: *Textile Production from 1990 to 1998 in* (000 m2)

Year	000m^2
1990	70897
1991	63279
1992	62820
1993	73195
1994	60316
1995	51357
1996	31201
1997	33178
1998	42691

Source: Adapted from Wangwe (1998).

Table 3: *Textile Exports from Tanzania (January-December 1999)*

Types of Textile Goods	Value (Tshs.)	US$
Knitted or Crocheted Fabric	131,747,301	175,663
Apparel and Clothing Knitted or Crocheted	2,445,658,086	3,260,877
Apparel and Clothing Not Knitted or Crocheted	66,021,945	88,029
Wadding Felt and Non woven Yarns, Twine, Cordage, etc.	2,214,858,312	2,953,144
Miscellaneous Items	180,548,258	240,731

Source: Adapted from Mbwambo and Kuzilwa (2002:14)

By the year 2002, while Uganda exported textiles worth US$ 141,000 and Kenya US$ 58.9 million, Tanzania exported textile goods worth only US$ 890,000.(Machumu, 2002). Lack of ability to compete in quality and market information were some of the explanations for the Tanzanian case but its delay to join the AGOA scheme[4] is also a major contributing factor. Indeed, Tanzania's recorded exports are likely to be before the AGOA scheme. While Tanzania met AGOA conditions in February 2002, Kenya and Uganda had enjoyed a longer period of favourable textile exports to the American markets and hence improving the sector. For example, by 2001, Kenya's textile sector created 50,000 jobs as a result of AGOA agreement. However, as unimpressive as the Tanzanian textile sub-sector seems to be in terms of growth and competitiveness, it is still rated as amongst the fastest growing industries in the country in terms of employment creation and export (URT/UNDP/UNIDO, 20001). Table 3 summarises Tanzania's export position.

Apart from the AGOA arrangements, the textile goods market for Tanzania is perhaps bigger than the country can exploit. For example, under the Lome Convention, Tanzania has an opportunity to export to European and American markets leave alone the East African and SADC countries.

The Morogoro Canvas Mill has been exporting canvas fabric to Saudi Arabia, Kenya, Zimbabwe, Europe, America and Canada since its establishment under government ownership. It should be much easier to maintain the old markets and explore others and thus the only strategy at hand is through innovation.

STUDY METHODOLOGY

The study used cross sectional case study design (Simon and Burstein, 1985:156) which allows for collection of information at one point in time. The approach was qualitative using analytic induction process - that is descriptive exploration of the phenomena using mainly in-depth interviews and observation (Nachimias and Nachimias, 1996: 280-299; Bailey, 1994: 40; Johnson, 2002: 104). The objective was to explore "what was happening" by using some guided questions with an open mind to get deeper information and knowledge.

Heads of departments were purposefully targeted for interview (Bailey, 1994: 96;

4 Tanzania secured the right to export clothes duty free to the United Staes under the African Growth and Opportunity Act (AGOA). Under the scheme, beneficiary countries can export unlimitrd amounts of apparel made from US textiles to US without duties or quotas. The countries can also export some textile products made from cloth imported from countries other than the US.

McCracker, 1988: 17), mainly because they had the necessary knowledge, experience, prepare reports and make decisions that affect day-to-day as well as the future of the industry. The choice of the heads was sufficient for establishing the groundwork for further quantitative studies that will use probability-sampling techniques. At this level the wisdom was "working longer hours with fewer people" to explore complex and interrelated issues as they unfold from the interviews that can hardly be quantified. Data were transcribed before analysis using content techniques (Mc Cracker, 1988: 193).

FINDINGS AND DISCUSSIONS

Morogoro Canvas Mill's Profile

Morogoro Canvas Mill Limited is located in Morogoro Region about 250 kilometers from Dar es Salaam along the highway to Dodoma region. It is one of five industries clustered around Msamvu area. It was started in 1984 as a 100% public corporation under the support of the former European Economic Community (EEC). The main objective was to produce canvas materials for local and external market. It was part of import substitution industrialisation programme that was fashionable in the 1970s and 1980s. The same EEC countries provided technology. Local personnel were trained through long and short courses in the EEC countries in various technical and non-technical disciplines. Initially, top management personnel were from the EEC countries but gradually the jobs were left to the indigenous Tanzanians as they gained management capacity.

The Mill was designed for the production of heavy canvas materials by using cotton from smallholder farmers, which was supplied by cooperative societies. The cooperatives owned ginneries. Apart from heavy canvas, light linen, heavy linen and work wear varieties were also produced. The main markets were in Kenya, Saudi Arabia, European Union, America and Canada.

The Mill did not work long before facing the problems that characterised other manufacturing firms in the third world. That is industrial production was supply rather than market driven. Failure to sale led to tying up capital for a long time in goods that were piling up in stores. As has happened in other industries in the country, the mill stopped operating in 1996. The next period was privitisation.

The process of privatisation took two years. Although bureaucracy was one of the major reasons, failure to get the right investor was equally important. During the first tender, Carpet International, which has a branch in Kenya, won. The second winner was Saleh Al-Sehid of South Arabia. The two companies were former importers of canvas from the same mill. At some stage, Carpet International dropped the offer because it was mainly interested in spinning and not weaving. So it was felt that the mill would have been under utilised.

The second winner, Saleh. Al- Sehid, was given the offer but due to bureaucracy and the condition that the company had to pay interest (which was seen as sinful according to the Islamic religion), the offer was again turned down.

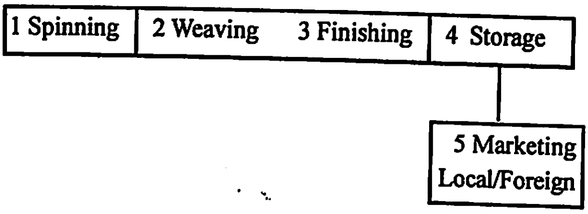
After the second tendering, Abood Group of companies, which is a local firm, won. The other companies under the same ownership are Abood Transport Company, Abood Soap and Abood Oil Seeds Industries all clustered in Morogoro Municipality. Soap and Oil Industries were established after buying the former MOPROCO.[5] The new management had no experience in managing textile industries and therefore had to recruit afresh from the former government owned canvas mill employees. In this exercise only 230 were recruited on contract basis out of more than 1000 employees.

Production Under Private Ownership

After privatisation the Mill continued to produce the same products by using the same technology

5 MOPROCO was a parastatal company dealing with processing cooking oil from cotton seeds .

and personnel but with some kind of innovation as we shall note later. The main products are heavy, medium and light canvas, heavy and light linen and work wear. The following is the production process.



There are five stages in the production to marketing of canvas. The first one is spinning where cotton lint is opened, cleaned, blended, put into sheet form, individualize fibres, spinning and forming yarn depending on size. The second stage is weaving. At this level yarn is woven to form canvas depending on specifications which include heavy, medium and light canvas. The other raw material is starch and lubricants, all of which are imported. The starch and lubricants are used for strengthening the yarn fibres and also make the cloth soft. Stage three is finishing. Here, canvas is printed depending on specific orders like canvas for bed sheets, curtain materials etc will be different from heavy canvas for army tents or heavy track body covers and sea shore chairs. Canvas for heavy duty is treated for water and rot proof through stiffening. It is also at this stage that finished products are packed in special containers depending on type, design, size, quantity and market destination. Packed goods are stored ready for sale in local and foreign markets. The main local customers include the army for uniforms, tents and kit bags, tailoring companies for students' school uniforms and also industrial wear, guesthouses for bed sheets and window curtains. Others are the Medical Stores Department under the Ministry of Health for bed sheets and curtains in hospitals, hotels, which use canvas for seashore tents and chairs, national parks for tents, transporters including the Tanzania Railways Corporation, Tanzania Zambia Railways for tauplines and seat covers etc. Foreign importers are from Kenya, Saudi Arabia, European Union, Canada and USA. It has to be noted that quality control is part and parcel of each single stage in the production process from cotton procurement at the farm level to clothe output. The type and quality of cotton that goes to the production process is the most important determinant of the quality of yarn and ultimately cloth at the end of the production chain. According to experienceed production managers, quality of cotton determines the length and strength of the fibres, which are essential for the quality of yarn as well as the quality of the weaving and print out. It was specifically noted that cotton from the lake zone is the best compared to eastern or southern zones.

Innovation Practices:How do they Work?

Technological Innovations

Technology used for production is imported from European Economic Community (EEC). This technology, which was designed for the 1960s and 1970s, is still in use and efficiency was below 40% due to tear and wear. The machinery and spare parts could not be reordered because they were not available in the market. As a coping strategy, the engineering department used local materials to design spare parts through imitation. For example in the spinning department when "thread guides" break, others are designed by using local materials. Similarly, in the weaving department, in case of "moulds" tear and wear repairing work is done through a process of "thickening" using local materials.

Although this practice of designing spare parts has been useful, there are only 71 machines working out of 171 because the available local technology could not be used to fix the other machinery that were out of order. As one supervisor noted even where modification worked it is at the cost of quality:

> "We modify bicycle spokes to make "thread guides." The spokes seem to work but the problem is that after some time they bend or break due to high temperatures and the machines do not show any sign for us to rectify the problem. This is contrary to the old days when we used original spare parts. If thread guides or a thread breaks the machines would automatically stop and a red light button flashes. We just fix the problem and the process goes on. We also repair worn-out moulds by thickening using local materials. The problem is that these local materials expand when subjected to high temperatures and like the former, they do not work and the machines do not stop.

The failure of the machines to stop leads to poor quality of the fabric in the sense of improperly woven strips and patches. So, at times it. is difficult to get enough length of a piece of cloth with uniform standard quality as required by clients. Most of the low quality products are sold to local retailers. All managers complained that the main problem was not marketing as such because they are unable to meet even the present orders. The issue was how to improve production technology, which was critical for quantity and quality.

Improving Quality

Quality improvement strategies covered the whole process of the acquisition of raw materials (mainly cotton) to packaging. The spinning manager had the following comments on quality assurance:

> Step length is the main quality criteria. You cannot produce quality fabric without quality yarn, which depends on cotton step length, which in turn depends on cotton varieties used. Cotton variety grown in the lake zone is the best but it is very expensive. In order to keep costs down and still maintain quality we blend different cotton varieties.

The implication here is that innovation practices have to consider costs but care must taken because it may affect quality, prices and the image of the product and overall credibility of the firm.

Improving Product Design and Quality

As mentioned in the introductory part, the mill inherited the production of canvas material using cotton by hundred percent. The major challenge is from the rapidly growing market for Polyvinyl Synthetic Acetate (PVC) materials, which is cheaper and durable. The main competitor for Morogoro Canvas Mill in the global market is Pakistan. It is alleged that Pakistan sold goods of lower quality but due to its long history in the business they have created customer confidence. New entrants require a long time to build a name and hence are subjected to frequent and rigorous quality tests. In order to withstand this competition, the Morogoro Canvas Mill has developed various strategies to cope with competition.

The first one, is quality improvement through the application of water repellant substances, rot proof and stiffening agents. These additives, which are applied at the finishing stage during printing, are imported from South Africa.

The second is fabric improvement through imitation of imported clothes from South Africa by interlacing yarn at 45% against the normal 90%. This technique improves appearance and reduces tearing in a straight line.

Third, is the development and introduction of new patterns of decorations including zebra strips and others depending on customer requirements.Fourth, is the design of special fabric for making oil filter clothes, baling materials and tire coats.

Introduction of New Lines of Business

As part of improving sources of income as well as effectively utilising the available market opportunities, the tailoring department has introduced production of ready-made wear. The products include raincoats, carrier bags and uniforms. Customers come from different places in the country. Shops have been opened in Dar es Salaam for bulk and retail sales. This is an

> ...in particular, the top management must have an attitude which regards the workers and the lower levels of management as partners in a common enterprise and not just as tools or machines they work with (Mapolu, 1976:153-158).

Perhaps a more influential verse on what should be the bahaviours of managers towards their subordinates is from Clauses 15 and 28 of the guideline, which in part states as follows:

> ....For a Tanzanian leader, it must be forbidden to be arrogant, extravagant, contemptuous and oppressive... development means liberation. Any action of people that gives them more control of their affairs is an action of development even if it does not offer them better health or more bread.

These Clauses are alleged to have encouraged laize faire sort of management and indeed we can recall the early impact of these provisions with the outbreak of industrial unrest in the subsequent years in many manufacturing parastatals including textiles in the 1970s and 80s in the name of removing arrogant and oppressive managers. Today we have the same managers and workers but under a new management called "private." Within a period of less than ten years of privatisation it indeed might be too early to expect a working culture that can withstand the challenges of a robust private sector-led economy.

Lack of Capital

It might be fair enough to say that lack of capital is the leading challenge facing the Morogoro Canvas Mill. Capacity to produce enough quantity and quality is largely influenced by technological capabilities. All the interviewees felt that marketing was not the major headache when compared with obsolete technology and failure to find spare parts. Emphasising on the problem of capital for the acquisition of technology the finishing manager had the following to say:

> We have lost orders from some of our customers because we cannot coat and print clothes according to their specifications. For example, we received orders to print camouflage wear but we could not do that because the only way to print that design is by using a more advanced printer. We wanted to order it from Germany but it was too expensive.

Lack of capital for the acquisition of appropriate technology is behind all the explanations concerning quantity and quality of production but it is difficult to explain why bank loans or joint ventures never appeared as options if the market for the goods exists and is promising.

Fear to Take Major Risks

Investment in the Canvas Mill is still at an infant stage with many risks. So, all the decisions and actions had to be carefully calculated. For example the major input is cotton, and the price of cotton fluctuates every season while the market for the textile materials is not assured. The value of the shilling is also not stable enough to be able to predict business future, leave alone tax structure, which change almost every financial year. So it is wiser to invest little in various projects as an old saying goes that "do not put all your eggs in one basket" lest all of them break in the event of an accident. This may also explain why the private management owns several different types of businesses.

Inadequate Support From Government

It was alleged that although the government claims to create an enabling environment for private sector-led economy, in most cases when it came to practice government officials were playing a hindering role. In support the argument, one marketing officer said:

> One day we received telephone call that one of our customers wanted shipment of his consignment within twenty-four hours. So we had to process our papers with the customs people in Morogoro. We requested one of the officials to deal with our issue as a matter of urgency but he told us to come two hours later. But when we went back there was no service that was provided. We were really desperate.

innovation in the sense that even low quality fabric that cannot be exported is utilised. This strategy creates employment opportunities, satisfies all types of customers who can afford different quality levels, which are determined by price and at the same time increasing sources of income for the Mill.

Production Based on Demand Than Supply

During the parastatal era, goods were by and large produced and then "where to sale" followed. Marketing was part of the government role through various organs including the then TEXICO[6]. Manufacturers had no pressure to look for markets partly because the industries were established primarily for the local market which was always starved of enough goods. Perhaps another significant explanation is state paternalistic tendencies of protecting and subsidising parastatal organisations. Therefore as long as there was free money from the government for running the mill there was no motivation to work hard to improve productivity. The birth of the private sector-led economy called for a private sector culture of looking for what the market requires and provide it at the right time.

Emerging Challenges

Morogoro Canvas Mill is facing various challenges, which have to be addressed in striving for competitiveness in the export market.

The Ujamaa Legacy

All the respondents alleged that the ruling party *Ujamaa* ideology, enunciated in the Arusha Declaration,[7] which put all the commanding heights of the economy under state control, had an impact on innovation culture. The entrepreneurial culture was stunted because wealth creation through private ownership was interpreted as exploitation of the people.

At some stages of trying to promote public ownership at the expense of private ownership the emerging business men were branded as economic saboteurs which was followed by confiscation of private property and imprisonment. Indeed a law was passed to deal with all who had accumulated wealth. In an effort to discourage private ownership Nyerere said:

> The wealth of the millionaire depends as little on the enterprise or the abilities of the millionaire himself. Even when you have an exceptionally intelligent and hardworking millionaire, the difference between his intelligence and his enterprise, his hard work and those of other members of the society cannot possibly be proportionate to the difference between their rewards.... The very desire to accumulate must be interpreted as vote of no confidence in the social system (Nyerere, 1968:159).

The Ujamaa ideology and its implementation though with good intention ended being attacked for nurturing "do not care" sort of culture in terms of hard work, quality, creativity etc. One manager complained that most of the employees were not interested in working hard. There was a feeling that though a private company employed the employees, they had a hangover of expectations to be managed like the former parastatal era. The rationale for these expectations may be explained as the long impact of, among others, Presidential Circular No. 1 of 1970, (TANU Guideline),[8] which established Workers Councils, Executive Boards and Boards of Directors. One of the many guidelines directed that:

6 TEXICO means, Textile Corporation. It was a holding parastatal organisation for managing textile industries in the country.

7 Arusha Declaration was pronouncement in Arusha town to follow socialist ideology. All the commanding heights of the economy were put under state control.

8 Tanganyika African National Union (TANU) was the first political party, which fought for independence of Tanzania (then Tanganyika). In 1977 the party was merged with Afro Shirazi Party (From Zanzibar) to form the now ruling party (CCM).

> We asked him what was his job if he could not assist us, he just told us angrily that if we were unsatisfied we could report the matter to his boss".

This scenario may also form part of the explanation why it has become difficult to get significant local and foreign investors in the country despite the acclaimed positive investment incentives like five years tax holiday.

CONCLUSIONS

This case study has exposed the scenario in which manufacturers might be working under the ongoing process of striving for competitiveness through innovation practices. As for the Morogoro Canvas Mill, there is no problem of where to sale products. The market for canvas has always been there particularly in Europe, America and Canada even before privatisation. The opening up of African regional markets and the AGOA Scheme have still created unlimited opportunity.

Entry in these market opportunities requires high degree of competitiveness through innovation. But innovation capabilities depend on having entrepreneurial culture supported by technological upgrading. All these require time for mind set and capital. The little experiences we have with the Canvas Mill is that of trying to survive. This strategy does not appear to be useful in the future as competition is intensifying. A big push through the injection of capital for not only improving technology but also for creating a conducive environment for innovation is necessary. Policies that encourage local and foreign partnership in the manufacturing sector through value chains seem to be appropriate and necessary for bringing our local manufacturers in the global market.

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