

**The collaborations between MNEs affiliates and technological service provider in the development of system of innovation in Tanzania: The case of TCC, Coca-Cola and TIRDO**

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This study analyses the potential for the development of a system of innovation in the context of a least developed country (LDC). The analysis is based on the collaboration that has taken place between two multinational enterprises (MNEs) and a public sector institution, which form a minor system. The study has been carried out to identify key knowledge sources and learning processes within this system. The theoretical rationale of innovation system approaches (ISA), combined with theories on MNE and Foreign Direct Investment (FDI) is used to analyze key knowledge sources and interactive learning processes within this minor innovation system, as well as implications for application to wider local uses. This study analyses how far foreign-owned companies can and have contributed to an improvement of the technological capability in Tanzania, taking TIRDO, Coca Cola and TCC as case studies. The hypotheses developed from literature review were tested. Data were collected from 50 respondents out of whom 20 were from TIRDO, 15 from TCC and 15 from Coca Cola. The respondents were MNEs and TIRDO officials, project managers, researchers and technical staff. Data were analyzed using SPSS computer software to get the observed frequency and non-parametric Chi-square test for independence to test the significant of the relationship. The empirical evidence shows that the MNEs do not constitute a single knowledge source in this system, but rather engage in an interactive learning process that takes place between them and the public sector institution. Thus, it is through this public - private interaction that potential for the development of an IS on a national level exists. The researcher argues that, the potential actors of an innovation system are in the wider local context, with varying degree of applicability of knowledge, resulting from collaborations. It was further proved to be statistically significant that, the collaboration between MNEs affiliates and TIRDO have key knowledge sources. As such, it is good in its application to wider local uses as well as in a learning process.

