

## **1. INTRODUCTION**

For the past three decades now the need to rectify gender inequities and to bring women in the mainstream of development has been of major policy concern by United Nations bodies, Governments and many non-Governmental organisations. It is a well acknowledged fact that women constitute a key resource whose ideas, ability and creative solutions and concern for social cohesiveness can help bring about economic and social transformation. To do that, however, their equal access, to and control over, resources is necessary. It is a fact that resource ownership patterns in Tanzania, as is also true of other African countries, is gendered to the disadvantage of women. This, according to Mbughuni (1994) has led to gendered poverty. It has now been widely accepted that one of the ways to alleviate women's poverty and hence societal poverty in Africa is their equal participation in entrepreneurship.

In the past two decades policy-making bodies of developing countries have increasingly and explicitly recognised that small-scale enterprises have potential for contributing to economic and social development of their countries. This recognition has led to a host of supportive interventionary measures that have included, for example, the establishment of small-scale development organisations to promote the sector. In Tanzania, the Small-Scale Industries (SSI) policy was launched in 1973. This was followed by the establishment of the Small Scale Industries Development Organisation (SIDO). Yet despite all these efforts, women's participation in entrepreneurship remains very low. This, in our view, is an issue of utmost concern warranting through research. It is important that problems be identified and overcome when developing a first generation of women entrepreneurs. It is against this background that this research was undertaken in Tanzania.

### **1.1 Research Problem**

In Tanzania, women who constitute 51 percent of the total population (1988 census) represent a big labour force. Apart from their involvement in cash and food crop production, women continue to perform other numerous and vital productive and reproductive roles that have ensured the survival of the nation particularly during some of the worst economic periods from the late 1970s to the present. A number of studies suggest a strong relationship between women's participation in income generating activities in Tanzania and the economic crises (Maliyamkono and Bagachwa, 1991; Tripp, 1991; Rutashobya, 1995; Omari, 1991). Women have borne the greatest burden of the structural adjustment measures that are being implemented in Tanzania. A study on the impact of IMF conditionalities on health, education, nutrition, water and incomes has revealed that women have suffered most (Tibaijuka, 1988). Despite their important contribution to national development women lack equal access to, and control over, national resources. Their participation in meaningful entrepreneurship remains very low. Entrepreneurship in the country has basically been dominated by men and by non-

indigenous communities. Women's participation in entrepreneurship, like in other developing countries, appears to be only a recent phenomenon. El Namaki (1990) has also reported of the late entry of women in entrepreneurship in developing countries. For the few women who are already in business the problem of their survival remains a real one.

The above situation suggests that there must be fundamental and practical factors that constrain women's entry into, and survival in, business. It is pertinent that these factors be investigated. Research in this direction should reveal the additional parameters that can help to understand the female entrepreneur in Tanzania. Once she is better understood she can be enabled to contribute more effectively to the socio-economic development of the nation. The problem for this research, therefore, revolve around the following concerns:

- (i) The low participation of women in entrepreneurial roles.
- (ii) The existence of disparity between women's active participation in other development activities and their lack of participation in meaningful and high growth entrepreneurial activities.
- (iii) Lack of comprehensive information on the critical factors that restrict women's entry into business and those that adversely affect their performance, as well as the strategies to overcome the constraints. This research was intended to fill this information gap.

### **1.1.1 The Concept of Entrepreneurship: Definitional Problem**

The term "entrepreneur" has a lot of definitional and operational ambiguity (Gibb, 1990; House *et al.* 1993; Kao, 1990; Palmer, 1991; Romijn, 1989). Entrepreneurship is variously used to describe an overall set of attributes of a person, to describe a career or refer to a practice in large or small organisations (Gibb, 1990: 33). The word entrepreneur is also at times used synonymously with independent owner manager. There has also been a tendency to associate the word with small business. Despite an extensive use of the term in the 1980s (Gibb, 1990), the debate on what exactly constitutes entrepreneurship is still ongoing (Romijn, 1989). In the literature, two definitional approaches have come out quite clearly. The first approach is that by classical economists who define the word "entrepreneur" in terms of his/her assumed roles and functions. The second approach is that by psychologists and behavioural scientists who define the term in terms of his/her personality traits or characteristics that differentiates him/her from non-entrepreneurs.

In the first approach, we note the contribution by the French Economist, Cantillon, the first to introduce the term "entrepreneur". Cantillon (1955) defined the "entrepreneur" as "the agent who purchased the means of production for combination into marketable products" (Palmer, 1991). Since then many other economists have tried to define

the term. Romijn (1989), however, has observed three basic approaches, which, according to him, have, to date, retained some validity: (i) the entrepreneur who is the fourth factor of production... (ii) the entrepreneur who commits the capital and bears the risk under condition of unpredictable change, as described by Knight (1921), and (iii) Schumpeter's (1934) as innovating entrepreneur who conceives and engineers change, or ... carries out new combinations. These can be the introduction of a new good, the introduction of a new production method, the opening of a new market, the discovery of new raw material supply sources or the reorganisation of any industry (p.3).

Similar analysis has been provided by Gibb (1990: 34). Gibb, nevertheless, observed that little attempt was made by the early economists to define in practice the roles and functions of the entrepreneur.

The second approach as postulated by psychologists and behavioural scientist has also received great attention in the literature. For example, Bird (1988) observes that the entrepreneurial process has both attitudinal and behavioural components. The attitude component refers to the willingness of the entrepreneur/organisation to take advantage of new opportunities and act accordingly. The behavioural component includes those activities required to assess an opportunity, create the business idea, acquire the necessary resources, organise and operate the business venture (Morris and Lewis, 1991:584). Consequently, six underlying entrepreneurial attitudes and behaviours have received a great deal of attention in the literature: achievement – motivation, innovativeness, risk taking, self-confidence, proactiveness, and future orientation (Covin and Slevin, 1989; Dewing, 1919; El Namaki, 1985; Gibb, 1990; Hornaday and Aboud, 1971; Kao, 1990; Knight, 1921; Mancuso, 1974; McClelland, 1961, 1962, 1969, 1971; Miller, 1983; Morris and Lewis, 1991; Morris and Paul, 1987; Palmer, 1971; Patel 1986; Romijn, 1989; Schumpeter, 1934; Weber, 1930). The need for achievement is defined as the willingness and the need to overcome obstacles, to exercise power and to accomplish something difficult (Gasse, 1990). The need for achievement is defined as the willingness and the need to overcome obstacles, to exercise power and to accomplish something difficult (Gasse, 1990). Innovativeness, (creativity) has been defined by Schumpeter (1934) as the tendency to do new things and break the routine. On the other hand, risk taking refers to the willingness to invest resources to opportunities with possibilities of costly failure. Self-confidence is closely related to need for achievement. It can be defined as the capacity to meet objectives, to face challenges and to do and accomplish difficult tasks. Proactiveness means task – orientation, viz, implementation or action to realise some results.

In practice, entrepreneurs, will demonstrate different degrees of innovativeness, achievement motivation, risk taking, proactiveness and the like (Morris and Lewis, 1991). This means that different levels or amounts of entrepreneurship do exist. Some entrepreneurs, be they communities or societies, will be more entrepreneurial than others. To the extent that this is true, many Tanzanian women in business, at the moment would correspond more closely to the informal type of business, characterised by low innovations, low achievement motivation, low future orientations and the like. Highly entrepreneurial women in the country are mere tokens. The reader is advised to note this phenomenon throughout this study. Subsequently, some women who operate in the informal sector were included in the study sample.

It will be shown in the literature review in subsequent sections that the attitudes and behaviours and hence the amounts of entrepreneurship are shaped or influenced by societal and economic environments.

## **1.2 Research Objectives**

The overall objective of this study was to identify social, cultural and economic factors that hinder or limit women's entry into entrepreneurship in Tanzania and those that adversely affect their performance.

### **1.2.1 Specific Objectives**

The study was guided by the following specific objectives:

- (i) To explore some social and cultural constraints to women's participation in entrepreneurship.
- (ii) To study the educational background of women entrepreneurs.
- (iii) To identify the main source of invisible income of women entrepreneurs, including and investigation into their accessibility to credit facilities.
- (iv) To identify factors that hinder women's access to institutional credit.
- (v) To explore some psychological and behavioural traits of existing women entrepreneurs.
- (vi) To explore other constraints to women entrepreneurship, viz, legal structural, etc.
- (vii) To draw up some recommendations or strategies to overcome the constraints.

## **1.3 Research Significance**

Women's participation in business can greatly break the vicious cycle of low entrepreneurship – low resources – poverty. It should essentially be one of primary

policy concern if women's poverty and hence societal poverty is to be alleviated. This is because "entrepreneurship represents the force for continuous innovation and change which makes possible an ever improving way of life (Morris and Lewis, 1991). Early economic theories suggest some correlation between economic growth and business formations. Palmer (1971) also appears to support this relationship.

The potential contribution of small-scale enterprises to the development process in developing countries has been well acknowledged. The recent policy interest in entrepreneurship in these countries has basically emanated from a "concern over an observed lack of economic activity and the realisation that entrepreneurship would be a vital quality for the emergence and sustenance of economic growth" in Less Developed Countries (Romjin, 1989: 4). The most obvious advantages of entrepreneurship are singled out as a more equitable distribution of income and a source of employment where few alternatives exist.

In Tanzania, like in many other developing countries, the recognition of this important role of small-scale enterprises led to the establishment of the small-scale industries policy in 1973. Despite these efforts women's participation in entrepreneurship remains very low. Women's non participation in business means that their potential capability as well as their potential contribution to economic and social transformation of this country remain untapped. Women's participation in entrepreneurship should be part and parcel of this whole transformation process. It is this situation that prompted the execution of this study. Causes for women's non participation in entrepreneurship should be identified in order to recommend possible measures that can redress the present *status quo*.

Furthermore, the study was motivated by the absence of comprehensive information on the critical factors that hinder women's entry into, and survival in, business in Tanzania. The absence of studies on entrepreneurship and management in African business in general has also been reported by Harris (1971), House *et al.* (1993), Kennedy (1988), Kilby (1988), and Marris and Somerest (1971).

#### **1.4 Organisation of the Materials**

The ensuing report is organised as follows: The next chapter reviews the development of entrepreneurship in Tanzania in respect of history, political and economic policies and the changed roles of women in the modern economy. Chapter 3 reviews the literature on entrepreneurship in general and female entrepreneurship in particular as it relates to the critical factors that hinder its development. The findings on the characteristics of women entrepreneurs and the dynamics of their businesses are provided in chapter 4; while chapter 5 discusses and analyses the critical factors that hinder the promotion of female entrepreneurship. Finally, in chapter 6 we present the summary, strategies and suggestions for future research.

## **2. ENTREPRENEURSHIP DEVELOPMENT IN TANZANIA: THE ENABLING AND DISENABLING ENVIRONMENT AND THE GENDER DIMENSION**

### **2.1 Introduction**

As observed in the previous chapter, entrepreneurship is now recognised as a vital quality for the emergence and sustenance of economic growth in less developed countries (Romijn, 1989). This is primarily because of the positive correlation between economic growth and business formations that has been postulated and/or implied in early economic theories by Cantillon (1755) Knight (1921) and Schumpeter (1934, 1948). Entrepreneurship development should, therefore, be one of the primary policy concerns if poverty is to be alleviated in African countries.

As it will be shown later in the literature, the level or amount of entrepreneurship is strongly determined by environmental (social, legal, economic, political, educational, turbulence) factors. Thus, countries with conducive policies, organisational environments and educational systems are expected to have high levels or amounts of entrepreneurship (Morris and Lewis, 1991). It has been well acknowledged that for many years since independence African public policy was not conducive to entrepreneurship development. The situation is compounded by the fact that even before independence, modern entrepreneurship was dominated by foreigners with Africans playing only an insignificant role. This lack of conducive policy has generally been reflected in the low levels of entrepreneurship which has further resulted in Africa's underdevelopment, the present crises and the high levels of unemployment. As it will be demonstrated in this chapter, entrepreneurship development in Tanzania has greatly been affected by Government policy.

Paakkari (1992) has argued that the main reason for weak development of African-owned businesses in Tanzania "has been more the lack of conducive enterprise environment than a lack of entrepreneurship itself". Similarly, findings by a World Bank sectoral survey on furniture, construction and horticulture showed an existence of abundance supply of indigenous (African) entrepreneurs in Tanzania (World Bank, 1991). However, due to historical reasons and Tanzania's own policies in the 1970s and early 1980s, entrepreneurship has been, and still is, dominated by migrants from South Asia (about 90% of private industry and trade outside the informal sector) (Paakkari, 1992). Indigenous entrepreneurship is, therefore, still at its infancy and is mainly limited to small-scale businesses. The remainder of the materials in this chapter demonstrates how colonialism and government policy after independence in 1961 have affected the development of indigenous entrepreneurship in the country in general and also how these policies have engendered women's involvement in business.

### **2.2 The Colonial Period**

Marginalisation of traditional African entrepreneurs started as early as the colonial times in Tanzania. African economies during this period were restructured to make

them produce those goods that complemented the economic needs of the colonising powers (Rugumamu, 1992: 8). Subsequently, activities outside those demanded by the colonialists were regarded as unproductive. This started during the German rule, between 1890 and end of World War I. As in other countries in Africa, small artisans were displaced by trade and locally based Transnational Companies (TNCs). The situation was made worse when the TNCs opened up production subsidiaries in the country (Biersteker, 1978).

Furthermore, important services that encourage entrepreneurship growth were only accessible to foreign firms. As in other African countries foreign commercial banks, discriminated against local entrepreneurs. The credit to Natives (Restrictions) Ordinance of 1931 required Africans to obtain special government permission before they could apply for a predetermined amount of bank loan (Rweyemamu 1972). This discrimination continued even during the British rule (1918-1961). Whereas, Asian entrepreneurs could borrow any amounts of money from commercial banks, successful African entrepreneurs could only borrow up to Shs. 100 (McCarthy, 1982: 49).

During both the German and British rule, the import – export trade came under the control of Europeans who had contacts with their European markets. Larger wholesalers were mainly Europeans while smaller wholesalers and retailers were Arabs and Asians (Schyberger: 1978). It was during this period that new multinational merchandising companies with main offices in Nairobi rather than Dar es Salaam dominated the import-export and distributive trade of crops and manufactured articles. Such firms included Tancot and Brooke Bond companies which controlled coffee and cotton trade, Mithcell Cotts (pyrehturm), Ralli Brother of Kenya, a subsidiary of Ralli Brothers of London (sisal business), Leibig Extract of Meat Company who processed and exported meat products, Smith Mackenzie Company, Wigglerworth and Company, Dalgeity and International Trading and Credit Company of Tanganyika (Rweyemamu, 1973). Asians and, to some extent, Arabs bought supplies (mainly imported) from these Europeans and retailed them to Africans. Most of these TNCs later on opened up manufacturing subsidiaries in Kenya rather than in Tanzania and Uganda.

In the 1920s and 1930s, the colonial government in Tanzania blocked a number of individual industrial projects that were proposed by Asians and non-British investors (Rugumamu, 1992:11). The British colonisers basically opposed the establishment of competing industries in Tanzania and even within other East African countries. By this time Africans could only be found in petty trading activities. All the above operations, laws and regulations led to the marginalisation of the African entrepreneur. As Rugumamu (1992:12) observes the African entrepreneur was “relegated to a very low turnover retailer and itinerant trader”.

The Asian community also marginalised the African entrepreneur. For example, in urban settings Asian shopkeepers often drove out African and Arab competitors. By 1960/61 about 34, 381 retail trade licenses out of 44,000 (about  $\frac{3}{4}$  in number) were owned by Africans, but they controlled far less than a third of the volume of retail

trade (Hawkins, 1965:34). According to Hawkins only a handful of Africans were engaged in wholesale trade.

Marginalization of the African entrepreneur was further compounded by the dearth of skills and education among these entrepreneurs. According to Reweyemamu (1973) commercial courses in colonial schools were reserved for Asians. It is true that in the last two decades of the British rule, some token corrective measures to encourage participation of indigenous entrepreneurs in business were introduced too late.

### **2.3 Independence and Pre-Arusha Declaration period**

By independence in 1961 economic activities were mainly dominated by migrants from South Asia. As observed above, this situation had been brought about by the colonial rules and regulations that discriminated African entrepreneurs against foreign entrepreneurs. At independence, the government was at a dilemma. Whereas the need for supporting indigenous entrepreneurship was a matter of priority, the government also had to contend with the expanding role of the multinational companies in the country.

Due to the recommendations by the World Bank (1961: vii) and the Arthur D. Little (1961): which underscored the important role of private entrepreneurs in the economic development of Tanzania, the independent Government passed the Foreign Investment (Protection) Act of 1963. The Act was aimed at encouraging foreign investors to invest in the country. Although the official policy was neutral, that is, no particular sector – private or public – was favoured; private investment dominated the industrial sector of the country.

By mid 1960s it was realised that the concentration of economic power in a few individuals and ethnic groups was unacceptable to the people as well as the government because it was seen as a potential source of social tension. State intervention and entrepreneurship received widespread political support. The government then established an Industrial Studies and Consultancy Centre in order to promote the expansion of the manufacturing sector. The forms of assistance included tax reductions, market and industrial research and small loans to help Africans to establish Small Scale Industries.

In the distributive trade sector, the system had to be moulded to serve the Government's goals of social and economic development. As a result many consumer co-operatives were encouraged to develop. To back up the consumer co-operative movement, the Co-operative Supply Association of Tanganyika (COSATA) was established in 1962 by the government as a wholesale organisation to supply to the consumer co-operatives. SOSATA was also entrusted with the responsibilities of advancing the formation of consumer co-operatives and to train Africans to become shopkeepers. It is worth noting that the training objective was not to educate Africans to become private shopkeepers but rather to enable them to work in consumer co-operatives. Nevertheless, due to the lack of capital among Africans, the formation of consumer co-operatives could not be well supported.



Despite the above efforts, a properly defined national policy on entrepreneurship development in both public and private sectors as well as financial and counselling facilities to small private business was missing.

#### **2.4 Post Arusha Declaration: 1967 – 1983**

The political and economic philosophy enshrined in the Arusha Declaration called for greater economic independence, self-reliance and greater emphasis on poverty alleviation, employment generation and rural-urban equality. This was to be achieved through state control of the commanding heights of the economy. The result was massive nationalisation of foreign and private capital and new parastatals were established. Various incentives to encourage the growth of parastatals included, for example, preferential access to credit, foreign exchange concessions, protection from both local and foreign competition through subsidies, tariffs, quotas and exclusive licenses. It has been widely acknowledged that these incentives served to marginalise the private sector. As a result, state owned firms grew from 3 entities in 1961 to 380 in 1979 and to 425 by June 1990 (URT, 1993:3). A part from the incentives geared towards promoting growth of the public sector, other directives and regulation, as Rugumamu (1992) observes, tended to work against private entrepreneurship development in the country. These included the Leadership Code (discontinued in February 1991) which prevented senior government, party and parastatal sector employees from holding shares or accepting directorships in private enterprises, from owning rentable property, employing wage labour and from receiving more than one salary. Others were:

- (a) the Price Control Act of 1973;
- (b) confinement policy which restricted distributive trade to parastatals and co-operatives, the result of which was the mushrooming of many co-operatives;
- (c) wage regulation – minimum wages policy;
- (d) credit rationing according to Annual Finance Plan;
- (e) central control of investment planning; and
- (f) administrative allocation of foreign exchange through import licensing.

The formation of the National Small Industries Development Corporation (NSIDC) in 1967 and the Small Industries Development Organisation (SIDO) in 1974 whose main role was to promote the development of small industries in the country only appeared to be contradicted by the above mentioned policies, regulations and administrative controls. SIDO's ineffectiveness and its subsequent inability to promote the development of small scale industrialisation in the country can, therefore, be greatly explained by the absence of an appropriate supportive government policies and regulations.

In the area of retail trade, participation of individual investors was discouraged, to a great extent by various government measures. The "Operation *Maduka*" (*Maduka*

means shops) campaign of 1976, for example, led to the closure of many private shops in favour of co-operative/village shops. In 1980 the Government had gone to the extent of announcing that the Party and government should start to establish and supervise village shops in the same way as they run schools and dispensaries (Scyberger, 1987). By this time also the government had stopped issuing licenses for new retail shops except for special fields such as spare parts, pharmacies and garages. The government had also stopped renewing licenses for private wholesalers. In March 1980, the government formalised the various decisions taken by promulgating the Policy of Internal Trade. These events, including the preferential allocation of essential goods to consumer co-operatives, led to the mushrooming of many co-operatives. The role of consumer co-operatives increased especially after March 1983 when the government declared a war against illegal activities and unscrupulous businessmen.

The country faced serious economic crisis in the late 1970s and early 1980s. The problems manifested themselves in such areas as acute shortages of basic commodities, deterioration of social services, economic infrastructure and erosion of government revenue base. Many of these problems were mainly a result of excessive administrative controls over economic activities, the continued growth in the size of the public sector without regard to the limited financial resources (which instead of generating revenue for the government, were now being sustained through government subsidies), poorly implemented industrialisation strategy among others. A change in national policies became inevitable if the economic decline was to be reversed. This led to the launching of many institutional and economic reforms by the Government starting from 1984 to date.

## **2.5 Economic Reforms**

The economic crises of the late 1970s and early 1980s forced both the party and the Government to adopt economic and political reforms. Structural adjustment programmes were adopted. The government has so far implemented two economic recovery programmes since 1986/87. These are ERP I: 1986/87 – 1988/89 and ERP II (Economic and Social Action Programme (ESAP): 1989/90 – 1991/92. During this period, the government has realised that the economy can be revamped through market forces. This policy has been manifested through the following policy and institutional reform measures adopted by the Government since 1984.

- Trade liberalisation
- Active exchange rate management
- Adjustment of interest rates
- Review of the tax structure
- Price decontrols since 1984
- Public sector restructuring designed to reduce Government's direct involvement in business
- Investment promotion policy and
- Restructuring of the financial system.

Together with the economic crises of the late 1970s through 1980s, the structural adjustment measures have brought in a lot of hardships to families and households.

## **2.6 Women's Participation in Business: The Push Factors**

A number of studies (e.g. Maliyamkono and Bagachwa, 1990; and Rutashobya 1991) suggest that women's participation in business is essentially rooted in the informal sector. In the Tanzanian context, therefore, as is the case for most Sub-Saharan African countries it is difficult to discuss women's participation in entrepreneurship without examining the development of the informal sector in general. This is partly because many small businesses, especially of the traditional type, form an important part of the entire informal sector activities in these countries (El Namaki, 1991). Additionally, informal sector activities have enabled many of its operators to accumulate capital to start relatively large and legally recognised business. The two terms, informal activities and small scale entrepreneurship are, therefore sometimes used interchangeable in these countries.

The growth of the informal sector activities have often been linked to the economic crises of the late 1970s through 1980s. This linkage has been well documented in the literature. It has generally been acknowledged that the economic crises have led to many difficulties in the families and household, especially in urban areas. The declining real wages, inflation, and the harsh impact of stabilisation and structural adjustment policies all reflect the difficult position of the Tanzanian economy as a whole. For example, real wages fell by 78 percent from 1974 to 1988. With the rising cost of most consumer items in the country and subsequently the widening gap between incomes and expenditure, "it meant that the gap must be closed by sideline incomes" Tripp (1990:68). Official statistics indicate that while in "1976, formal wages constituted 77 percent of total household income where the head of household was a wage earner; in 1988, 90 percent of the income was from informal activities (Tripp, 1990: 68). It is therefore, obvious that by 1988, the amount of money people earned from the informal sector was higher than that they earned from formal employment.

The impact of the economic crises and the structural adjustment measures has undoubtedly been greater on women than on men. Given that most wage earners are men, the burden of adjustment fell heavily on women who now became the main breadwinners by participating in income generating activities. As carers and managers, therefore, women have played a significant role in enabling the family to adapt to the obvious change. As Tripp (1990) puts it: "former financial obligations of men to women... were in the process of being reversed because the informal projects had generally become more economically rewarding than wage earning in the 1980s (p 21). This observation is supported by the finding of some studies in Tanzania that even women in wage employment are found to operate in the sector (Rutashobya, 1991; Tripp, 1990). For women, the primary motive for participating in income generating activities has been the need to take care of the family, particularly in the wake of the increased number of members in a household, because of extended families. In a study on women in the informal sector in

Tanzania (Rustashobya 1991) the mean number of children per family was 4.17 while the mean number of dependants plus children was 10.2.

Results of a national informal Sector Survey revealed that women constituted 35.4 percent of the total employment of 2,369,380 persons recorded for the survey. The results also showed that women were more represented in the Informal Sector in urban areas (42.6%) than rural areas (30.5%). The difference is caused by the higher proportion of women operators in urban areas (47%) than in rural areas (29.7%) (see Table 2.1). The proportion of women operators to total operators and that of women employees to total employees in the sector are almost equal (35.7% and 34.3% respectively).

**Table 2.1**  
**Total Informal Sector Employment/Female Employment by Type by**  
**URBAN/RURAL**

Type	Total Persons		Females		
	Number	%	Number	%	% Female to Total Persons
Operator - Urban	612,258	35	287,465	46	47
Rural	1,130,416	65	335,631	54	29.7
Total	1,742,674	100	623,096	100	35.7
Employees – Urban	337,845	54	117,141	54	34.7
Rural	288,861	46	98,049	46	33.9
Total	626,706	100	215,190	100	34.4
Total – Urban	950,103	40	404,606	48	42.6
Rural	1,419,277	60	433,680	52	30.5
Total	2,369,380	100	838,286	100	35.3

**Source:** Extracted from Tanzania Informal Sector Survey, 1991, Planning commission, Dar es Salaam.

Another study by Tripp (1990) revealed that 65 percent of those who started small businesses between 1982 and 1987 were women, while in the previous five years women constituted only 28 percent of people starting businesses. An ILO Informal Sector Survey in Zanzibar in 1991 showed that about 51 percent of total informal sector operators (90,000) were women.

Despite this significant participation of women in income generating businesses, the majority are still found to operate very small business activities. Such activities, as it will be shown later, are not high growth potential activities because of the absence of specialisation.

It is this setting which makes a study on women entrepreneurship quite timely and interesting. Constraints facing women in business should be explored if their participation in business is to be supported and encouraged. This kind of study

should come up with appropriate recommendations on how the role of women in entrepreneurship should be promoted.

### **3. LITERATURE REVIEW AND RESEARCH METHODOLOGY**

#### **3.1 Introduction**

The literature on constraints to women participation in entrepreneurship is very sparse. Even where it exists a proper gender analysis of these constraints is missing.

The available literature can, for convenience of analysis, be categorised under two broad themes:

- (i) Factors, that enhance or constrain women's entry into business and those that affect their survival once they are in business.
- (ii) Strategies to overcome barriers for women's participation and effectiveness in entrepreneurship.

Our presentation in this chapter will mainly focus on the first theme.

#### **3.2 Constraints to Entrepreneurship**

To shed more light on constraints facing women in entrepreneurship a review of literature on constraints to entrepreneurship in general is necessary. A review of the literature on entrepreneurship reveals two types of hypotheses that attempt to explain entrepreneurial development and constraints. The first hypothesis focuses on entrepreneurship as an environmentally determined phenomenon. That is, entrepreneurship is influenced by social, legal, economic and political factors. The second hypothesis has its focus on the individual personality and therefore emphasises the importance of individual's entrepreneurial traits to the formation of the business.

Perhaps Morris and Lewis (1991) model provides the best insight to the understanding of environmental factors of entrepreneurship. They contend that the entrepreneurial traits are strongly influenced by political and economic systems (the infrastructure), rapid and threatening change (environmental turbulence) and one's family, school and work environment (life experience). Subsequently, according to Morris and Lewis, at national level, policy makers can have an effect by redesigning the infrastructure and facilitating innovation and change. At company level, management can create organisational environments which tolerate and support creativeness, autonomous and risk taking behaviours, while at the level of the individual the educational system has immense potential as a vehicle for helping develop characteristics associated with entrepreneurship. Education should encourage individual initiative, conceptual thinking, conflicting ideas and unstructured problem solving. According to Morris and Lewis, these factors act to

determine the level of entrepreneurship in different countries. Thus a country with conducive policies, organisational environments and educational systems is expected to have a high level or amounts of entrepreneurship. Other proponents of the environmental theory of entrepreneurship include mainly those who emphasise the importance of a conducive economic and *legal* environment. Studies by Papanek (1971), Gasse, 1990; Harris (19971); and House *et al.* (1993) are examples.

On the other hand, proponents of the trait theory of entrepreneurship contend that certain attitudinal and behavioural factors differentiate entrepreneurs from non-entrepreneurs as well successful entrepreneurs from the unsuccessful ones. Essentially this approach, emphasises the importance of the individual entrepreneur to the formation of a business. Amplifying on this aspect, Palmer (1971) postulates that in areas which possess capital and resources while suffering from a scarcity of entrepreneurs, a lag in economic development is expected.

A lot of the literature on the trait approach has been built on McClelland's work quoted earlier in this report. According to the literature, a successful entrepreneur is the one who sees an opportunity by understanding the marketing environment – the current and future needs, wants and varying habits of the consumer – and takes advantage of this opportunity by executing a business activity. Proponents of the trait theory generally agree that the entrepreneur is not motivated by the money but rather by high needs especially his/her need to achieve. It is this type of motivation that makes a better entrepreneur (McClelland, 1969). Other entrepreneurial characteristics include: innovation, risk taking, self confidence, proactiveness, people and future orientation (El Namaki, 1985; Gibb 1990; Kao, 1990; Knight, 1921; Mancuso, 1974; McClelland 1961, 1962, 1969, 1971; Miller, 1983; Palmer, 1971; Patel, 1986; Hornaday and Aboud, 1971). In their analysis, Hornaday and Aboud (1971) revealed other personality traits such as support, independence and leadership.

Nevertheless, proponents of both environmental and trait theories have come to one common conclusion namely that: entrepreneurship is not a biological trait. More precisely, entrepreneurs can be developed, and that even the much advocated entrepreneurial traits can be learnt. For example, proponents of the trait approach contend that characteristics of the entrepreneurs are related to certain sociological factors in the entrepreneurs childhood, and then moulded by personal experiences in later adult life. Entrepreneurial competencies may, therefore, be developed by training and education (Gibb, 1990, Romijn, 1989).

An analysis of the literature on entrepreneurship relevant to less developed countries is crucial in our current study. Romijn's (1989) review of similar literature distinguished three approaches:

- (a) The psychological and sociological theories of entrepreneurial supply (notably those of McClelland and Hagen (1962)) have individual personality as their common focus of study. Entrepreneurial behaviour is seen as resulting from attitudes which

- in turn are affected by the social environment (parental guidance, religion, belonging to marginal groups etc.).
- (b) The “economic approach” [exemplified by Papanek (1971) and Harris (1971)] emphasises the importance of the economic environment which is either conducive or repressive to entrepreneurial activity. In this view, entrepreneurial activity responds to a change in “demand” for entrepreneurs.
  - (c) Finally, is the functional approach as propounded by Kilby (1971). Kilby maintains that “it is the quality of entrepreneurship that is vital” rather than the supply and demand issues which are the concern of the first two approaches mentioned above. Kilby’s analysis of empirical studies on the subject concludes that it is “managerial skills that are in short supply in developing countries”.

Studies focusing on entrepreneurship in African business are few. Examples are studies by Harris (1969, 1971), House *et al.* (1993), Kilby (1971) Marris and Somerset (1971), Marris (1968), Nafzinger (1971), Beveridge and Oberschall (1979), Kennedy (1988) Marsden (1990), and Rugumamu (1992). A review of these studies reveals an emphasis on the importance of both the quantity and quality aspect of entrepreneurship. They particularly stress the importance of a conducive environment and the quality of management to entrepreneurship development. In their paper on Urban Self-employment in Kenya, House *et al.* (1993) identified resources, market and legal variables as factors that hinder entry into self-employment. Other studies have cited management as the main obstacle to entrepreneurship in Africa (Harris, 1971; Kilby, 1971, Marris and Somerset, 1971). The need for an opportunity (Reveridge and Oberschall, 1979) and a conducive policy, social, legal and economic environment (Harris, 1969), 1971; House *et al.* 1993, Marris, 1968; Rugumamu, (1992) have also been suggested.

### **3.3 Barriers to Women’s Participation in Entrepreneurship**

Most of the studies reviewed above have taken gendered differences in entrepreneurship participation for granted. They have tended to analyse constraints to entrepreneurship in very general terms without focusing their attention on barriers to female entrepreneurship. To the extent that women’s participation in entrepreneurship remains at low levels, a special research programme focusing on the aspect is important. Few recent studies, nevertheless, do exist. This recent work reflects a strong association between gender and ability to start business (El Namaki, 1990; ILO, 1995; Mathews and Moser, 1995).

A review of the few studies that have focused on barriers to female entrepreneurship reveals a similar type of analysis as reported in the literature above. In particular, the three types of approaches summarised in Romijn’s (1989) paper have come out very clearly.

The trait approach (psychological and behavioural theory) has received a great deal more attention in the literature on women entrepreneurship. The hypothesis that

requisite traits, viz; innovativeness, self confidence, proactiveness, risk-taking, independence and future orientation, and demands of the entrepreneurial function could assume a slightly different dimension when the entrepreneur is female has been discussed in a number of studies (El Namaki *et al.* 1986; El Namaki 1990; Hartman, 1970; Henning and Jardin, 1977; Hisrich and Brush, 1984; Lipman Blumen, 1980; Schreier, 1975; Schwartz, 1975, Stevenson, 1984). The whole issue is that there exist a female based set of entrepreneurial traits that appear to be non-congruent with the acceptable (generic) entrepreneurial traits (El-Namaki, 1990). If possession of these entrepreneurial traits is used to explain entrepreneurship development (because they distinguish between entrepreneurs and non-entrepreneurs and/or successful entrepreneurs from unsuccessful ones), according to the proponents of the trait approach, then implicitly, the non-possession of these traits by women would appear to explain their low or non participation in entrepreneurship.

Results of the above studies, nevertheless, have revealed interesting and mixed findings. There are those who agree that there is a significant difference between male and female entrepreneurs in the possession of “acceptable” entrepreneurial traits. They, therefore, contend that low self confidence, low achievement motivation, low future orientation, passive orientation towards risks and too much people orientation are big problems for women entrepreneurs (El Namaki 1990; Henning and Jardin, 1977; Hisrich and Brush, 1984, Lipman Blumen, 1980). Writing on risk taking, Henning and Jardin for example, report some differences between women and men: “Women view risk as negative: it is loss, danger, ruin and hurt; men see risk as negative and positive, as loss or gain, danger or opportunity”. According to Henning and Jardin, women and men also differ in their perspectives on the consequences of risk taking. “For women, taking a risk means jeopardizing the here and now, it means endangering all they have achieved so far”. Men, on the other hand, “see risks as affecting the future, as risking future gain and career advancement” (in El Namaki *et al.* 1986:11). This means that women do not perceive risk that exists in future and as a result “a woman may avoid risky actions that endangers the present, without having an eye for its potential benefits in the future: (p. 11).

Another contribution to the debate on gendered differences of entrepreneurial traits has been made by El Namaki, (1990). He writes: “femininity expressed in low masculinity indices, embody values and attitudes that seem on the face of it, non congruent with the generally accepted generic entrepreneurial traits and requisites”. To support his statement, El Namaki, gives examples of norms that embody “sympathy for the unfortunate”, “inter-dependence”, levelling and the “service ideal” which according to him, do contrast, sometimes strongly, with other generic entrepreneurial characteristics such as “self-confidence”, “money as a measure”, “competing against self imposed standards”, “individuality” and “future orientation”. According to El Namaki, however, other norms such as “people orientation” and “intuition” “two values central to any entrepreneurial effort do congrue with the generic entrepreneurial characteristics referred to above.



Hisrich and Brush (1984) also present a scale of some of the personality characteristics of the female entrepreneur viz-a-viz a set of entrepreneurial characteristics to show the gendered differences of entrepreneurial traits. Women have further been reported to be too “people-oriented” (Limpman Blumen, 1980). According to Lipman Blumen this “may impede women in organizational situations which require competence and task orientation, unalloyed with personal popularity”. Writing on achievement motivation, Stein and Baily (1973) propose that women are motivated to achieve, but their achievement efforts are directed towards areas related to the traditional feminine role. Therefore, women would define success and failure in terms of traditional female values such as a successful marriage, a close relationship to friends and the like (in El Namaki, 1986). In the literature, fear of success and sex role inappropriateness have also been used as explanation for the low achievement scores of women. The negative consequences of success, viz, loss of femininity and social rejection are used as probable explanations for this fear among the women, hence the hypothesis that “success is risky for a woman if she experiences this in a position that is higher than what is usually found suitable for women” (El Namaki *et al.* 1986).

On the other hand, some studies have observed no significant difference between female and male entrepreneurs in their possession of “acceptable” entrepreneurial traits. They contend that women entrepreneurs rate high in self confidence, achievement motivation, future orientation and risk taking (El Namaki *et al.* 1986; Hartman, 1970; Schreier; 1975; Schwartz, 1976; Stevenson, 1984). Schwartz and Stevenson, for example, found that a greater percentage of women entrepreneurs (62% in Stevenson’s study) were motivated by pull factors: the need to achieve, desire to be independent and desire to utilise a talent or skill. According to El Namaki *et al.* (1986), women entrepreneurs also appear to be primarily motivated by achievement needs just as their male counterparts. With regard to risks taking, Schreier observe that female entrepreneurs seem to differ little from their male counterparts. According to him, both men and women are moderate risk takers.

The environmental approach to the analysis of barriers facing women entrepreneurs has also received a great deal of attention. A review of the literature in this direction reveals that women’s entrepreneurial behaviour is a function of some environmental factors. Of greater magnitude are cultural and traditional values and prejudices. According to El Namaki *et al.* (1986), El Namaki, (1990), Stevenson (1984) and Rutashobya (1995) women’s early socialisation has significantly affected their level of self-confidence, achievement motivation and even their ability to take risk. The women entrepreneurs in Stevenson’s study stated that they were brought up by their parents or significant others to believe that men are better and more important and that the ultimate role in life for women is to be a wife and mother. This phenomenon has been widely documented elsewhere. Additionally, El Namaki (1990) observes that full participation of women in business is constrained by their multiple roles and the heavy opportunity cost of her entrepreneurial role. He cites a British study of a sample of 58 female entrepreneurs which revealed that “less than a half of the surveyed entrepreneurs were married or had the equivalent of a stable

marriage relationships. There was also a strong indication that participation in business placed far greater strains on the personal relationships with spouses.

The issue of ethnicity and its influence on entrepreneurship participation in Africa has also been documented though not so widely. The hypothesis that exposure to business seems to vary from one ethnic group to another has been supported by House *et al.* (1993) and Macharia (1988). These findings appear to support studies on role models and family background of entrepreneurs which suggest a strong relationship between the presence of role models and the emergence of entrepreneurs (Cooper, 1986, Mathews & Moser, 1995; Shapero and Sokol, 1982; Timmon, 1986).

Legal barriers and lack of women's access to resources have particularly been reported in the literature relevant to developing countries (El Namaki, 1985, 1990, El Namaki and Gerritsen, 1987, House *et al.* 1993, Van Der Wees and Romijn, 1987, Wahome, 1987, Yunus, 1983). Women's lower levels of education and their lack of independent access to capital in developing countries have been widely documented. Sex stereotyping in vocational training have also been reported (McCormick, 1988). Apprenticeship programs (pertinent skill development strategy) and on-the-job training appear more common for male than female employees (House *et al.* 1993). In the literature, a strong association between education, capital and business performance has frequently been reported.

Finally, women's lack of proper management skills, poor management of working capital, lack of business information (Kilby's functional approach), lack of networks, and competitive pressures have been reported to constrain women's survival in business (El Namaki, 1990). Perhaps, among the most documented problems facing female owned small business is the poor management of working capital. El Namaki (1990), for example, corroborates the point that women's small businesses "start with under capitalisation, continue with bad management of working capital (especially inventory and receivables) and culminate into delayed search for solutions including essential additional capital input. He attributes this to cultural variables especially when a firm is family owned and run and business tasks are divided among the members.

Constraints to women's entry and effective performance in business identified in the literature relevant to Tanzania include lack of access to capital, especially institutional capital, raw material problems, lack of skills and technology, lack of markets and low profitability (Kimbi, (1989; Malambugi, 1991; Mbise, 1992; Mbughuni, 1994, Mbughuni and Mwangunga, 1989; Meghji and Vivji, 1987; Omari, 1991; Rutashobya, 1991). Kimbi 1989: 79), for example, found out that non-availability of capital and credit facilities was a major factor limiting women's effective participation in business in Dar es Salaam, Tanzania. She attributed this to the many bureaucratic procedures and complexities which women entrepreneurs can not afford to undergo. This view is also shared by Malambugi (1991), Mbise, (1992) Meghji and Virji (1987), and Rutashobya (1991). Coupled with time constraints, women's opportunities in business are greatly restricted (Mbughuni, 1994). Other constraining factors such as the legal system, the lack of equal access

to education (sex stereotyping in post primary education and training) have also been reported in Tanzania (Mbughuni, 1994).

It is, however, noted that studies on female entrepreneurship in Tanzania are very few. It is further noted that most of the studies have followed the environmental approach. Subsequently, a comprehensive analysis and empirical evidence of the critical factors that restrict women's entry into business and those that adversely affect their performance are missing. This study was intended to fill this gap. Unlike previous studies in Tanzania, the analysis of the barriers to women's entry and survival in business has addressed both the trait and the environmental approaches.

### 3.4 Hypotheses

This study was mainly exploratory. To a limited extent, however, a statistically descriptive approach was employed. On the basis of the literature reviewed above, this section presents the hypotheses that were tested in the descriptive part of the research: They are as follows:

1. *Women entrepreneurs with high levels of formal education and greater experience are more likely to embark on larger projects than those women entrepreneurs with lower formal education.*

This hypothesis rests on the assumption that education contributes to general organisational, managerial and technical skills as well as to particular skills which affect the ability to undertake large projects. Education also facilitates access to important business information. Another assumption is that educated women will be more willing to take risks than uneducated women. This is because education encourages individual initiative, conceptual thinking, conflicting ideas and unstructured problem solving.

2. *Women's participation in entrepreneurship will vary among ethnic groups.*

This hypothesis relies on the findings by Macharia (1988) and House *et al.* (1993) who observed a similar phenomenon among entrepreneurs in Kenya. The hypothesis also generally relies on results of studies on role models and family background of entrepreneurs which suggest a strong relationship between the presence of role models and the emergence of entrepreneurs (Cooper 1986, Hisrich & Brush 1984, Mathews & Moser 1995).

### 3.5 Methodology

#### Sampling

To achieve the objectives of this study a sample of 43 women entrepreneurs was conveniently chosen. Convenience sampling was employed because of the paucity of statistics on the target group. More specifically, the Registrar of Companies' office does not maintain gender segregated data. The Tanzania Business Women Association (TBWA) formed in 1988 as part of business women's initiatives to promote their participation in business, was a potential source of information. It could, however, not totally be relied upon because its membership was, at least at

the time of this research very small. Nevertheless, a large number of the respondents were drawn from a list of members of the Association. The sample finally chosen included both the formal (registered) as well as the informal sector (unregistered) operators since TBWA accepted members from both categories of women entrepreneurs.

The study was conducted in Dar es Salaam Region. Dar es Salaam was chosen for two main reasons: first because it is the commercial heart of the country and secondly, because TBWA was at the time of this research only based in Dar es Salaam. Recently a new branch has been opened in Mbeya Region.

#### *Data Collection*

The study relied primarily on the survey method. One case study was also done. The case study presents the business start up history as well as the personal profile of one of the most successful women entrepreneur in the region. The name of the entrepreneur has, however, been disguised so is the type of business. It is our hope that the case study will reveal some of the problems women entrepreneurs in Tanzania encounter. A checklist of questions was used to gather information for the case study.

In the survey, a questionnaire with both structured and open-ended questions was personally administered to the chosen sample of women entrepreneurs. The questions were formulated so as to elicit information on their personal profiles, the type of business, size of the business, reasons for starting up business, location of business, source of capital, performance measured in terms of gross sales turnovers, source of business information targets and goals of the entrepreneurs, obstacles to business, use of business income etc.

#### *Data Analysis*

Frequencies and simple percentages were used to analyse most of the data. Association between some of the variables, e.g. education and size of business, were tested using the correlation analysis. A chi-square test was used to test the influence of women's background (whether they were previously employed or not or whether they are currently full time in business or have a salaried job in the formal labour market) on business performance.

## **4 CHARACTERISTICS AND DYNAMICS OF FEMALE ENTREPRENEURSHIP IN TANZANIA:EMPIRICAL EVIDENCE**

### **4.1 Introduction**

The main objective of this chapter is to present the findings which will hopefully contribute to a better understanding of the functioning and dynamics of women-owned small enterprises in Tanzania. This entails a general assessment of the

potential and performance of women's small-scale businesses. The chapter also provides findings that contribute to a better understanding of the environmental and behavioural factors which affects women's entry into, and their survival (successes and failures) in, business. Initially, the characteristics of women entrepreneurs are provided. This is followed by presentation of the characteristics of female-owned enterprises and a case study of one successful woman entrepreneur.

It is our contention that the findings of this study will lead to the identification of constraints facing women entrepreneurs and thus facilitate an identification of innovative and implementable strategies and approaches necessary for the promotion and strengthening of female entrepreneurship in Tanzania.

## **4.2 Characteristics and Extent of Women's Involvement in Small Business Entrepreneurship in Tanzania**

As reported in chapter 2, women have become increasingly involved in income generating activities in Tanzania in the 1980s and 1990s. This high participation rate of women in business appears to convey a very promising picture of female entrepreneurship in the country. On the contrary, as the findings of this study will attempt to show, the situation is not that promising. More specifically, an examination of the characteristics of women entrepreneurs, the nature of their businesses, the performance and women's own entrepreneurial behaviour, suggest a gloomy picture.

### *4.2.1 Profiles of Women Entrepreneurs*

A study of the characteristics of women entrepreneurs is important if their entrepreneurial behaviour is to be understood. Subsequently, an understanding of women's entrepreneurial behaviour is pertinent to the identification of barriers to women entrepreneurs.

#### *4.2.1.1 Age*

The women entrepreneurs interviewed were between the age of 28 and 50. On average, women entrepreneurs established their business around the age of thirty seven. There are, however, differences depending on whether one was previously employed in the labour market or not. Those who were previously employed were the oldest (38 years old) while those who were unemployed were the youngest (35 years old). Research by Devine (1994) showed that the mean age for self-employed men and women in the US was approximately 44 years. Mathews and Moser (1995) note that "for both men and women, entering the workforce may provide security and comfort that delays exercising and interest in small firm entrepreneurship". Women entrepreneurs who were previously

in wage employment in Tanzania appear to have entered into self-employment at an earlier age than their US counterparts probably of the ensuing insecurity in the labour market caused by declining real wages. The findings of this study are generally consistent with an earlier study by Ronstadt (1982) which found that most entrepreneurs initiated businesses between the age of 22 and 55.

#### *4.2.1.2 Marital Status and Number of Children*

Most of the women entrepreneurs (63%) were married, and a few were single (25%) or divorced (19%). The average number of children per respondent was four, while the average number of children plus dependants was seven. As will be shown in subsequent sections, this phenomenon is quite consistent with women's motive for entry into business, as a way of guaranteeing the livelihood of their crowded households. The phenomenon is also quite consistent with the recruitment behaviour of the women entrepreneurs interviewed. Most of the entrepreneurs (90%) were found to be employing members of the extended family.

#### *4.2.1.3 Type of Women Entrepreneurs*

About 40 percent of the women entrepreneurs were in wage employment, mainly in the civil service, and the rest (60%) were not employed. Out of those entrepreneurs who were full time in business, 54 percent had never been in wage employment and the remaining (46%) had exited previous employment in the wage sector.

From the above analysis, therefore, three groups of women entrepreneurs can be identified.

##### *(a) Part-Time Self Employed Women Who Are in Wage Employment*

These are women who are in full-time employment; but will set up enterprises to supplement their low salaries. This is a very common phenomenon in Tanzania. The structural adjustment measures have had great impact on households. Many families can no longer rely on wages. Most women, especially those in the civil service, are now found to be involved in business on part-time basis. It should be noted that most of the women activities in this category form part of the informal sector. The main aim is to support the family but they would not exit their full-time employment for fear of losing the security they get out

of a monthly wage. In some cases, women in this category had abandoned a salaried job and went into full-time self-employment.

(b) *Full Time Business Entrepreneurs*

This group of women run their enterprises on full time basis. Two types of groups are found here:

(i) *Those Women Who Were Previously in Wage Employment and Resigned to Establish Business Ventures*

These constituted 28 percent of the total women entrepreneurs interviewed. It was further found out that 70 percent of the total number of women entrepreneurs who resigned from previous full time salaried jobs had bachelors degrees or post graduate qualifications. As it will be shown in subsequent sections these women were found to be generating higher sales turnovers than the other types of women entrepreneurs. Their level of education and contacts they might have made while in employment appear to have contributed to their good performance.

(ii) *Women Entrepreneurs Who Never Had a Salaried Job*

These women constituted 32 percent of the total number of women entrepreneurs interviewed. Their level of education was lower than that of those women who were previously in wage employment. 70 percent of these entrepreneurs had primary and secondary education only. This indicates that for these women, business was the only option open to them in order to guarantee the livelihood of their families. This survival motive is also reflected in the performance of their enterprises. As it will be observed in subsequent sections the average business turnover of this group was lower than the other two groups mentioned above, suggesting the antecedent influence of education on business performance.

*4.2.1.4 Parent Occupation and Family Background*

Occupation of parents of women entrepreneurs is pertinent for an understanding of entrepreneurship development in general. In this study, the fathers of the women entrepreneurs were mainly in farming (51%) and only a few (36%) were in business and the

rest (13%) were in wage employment. This means that women entrepreneurs are in most cases first-generation entrepreneurs. There could be no significant gender difference in this respect, because most indigenous entrepreneurs in Tanzania have been found to be first generation entrepreneurs (Helsinki School of Economics, 1994). Significant difference, however, has been found between indigenous Tanzanian entrepreneurs and Tanzanian entrepreneurs of Asian origin, whereby the fathers of the Asian entrepreneurs were found to be an entrepreneur (74%) while the father of the African Tanzanian entrepreneur was mainly in farming (56%) Helsinki School of Economics (1994:39).

Finally, the spouses of most married women entrepreneurs (60%) were in wage employment and the remaining (40%) were in business (both in the formal and informal sectors). As noted earlier in this report, Tanzania has faced a very serious economic crisis from the late 1970 through 1980s. Coupled with the ensuing structural adjustment measures many households and families could no longer rely on wage employment. More specifically, women could no longer rely on spouses' wages and had basically no other alternative but to go into business in order to supplement their spouses' wages. This analysis is quite inconsistent with the analysis provided in developed countries which generally suggests that women entrepreneurs' spouses in wage employment will provide a supportive and financially sound environment in which to begin new business ventures (Hisrich and Brush, 1984).

#### 4.2.2 *Characteristics of Women's Enterprises*

A study on the nature of the female entrepreneur and her enterprise is pertinent to the understanding of factors that affect women's entry and survival in business. This section presents our findings on the nature of women's enterprises.

##### 4.2.2.1 *Ownership Patterns*

This survey revealed that sole proprietorship was dominant (80%) among the women's businesses. Only 20% of the



firms were owned by the family. The results are generally consistent with previous surveys on the informal sector in Tanzania (Bagachwa, 1993, Rutashobya, 1991). Within the sole proprietorship mode, however, family ties were found. It was sometimes not easy to distinguish between sole proprietorship and family business.

#### *4.2.2.2 Recruitment Behaviour*

In the majority of cases (55%) family members, (mostly the extended family members) provided unpaid labour inputs, and to a very limited extent paid labour. This was mainly common with those women who were doing business on part-time basis and those full time business women who had never been in wage employment.

#### *4.2.2.3 Size of Businesses*

The above entrepreneurial behaviour by women is quite consistent with the size of the enterprises operated by women. Most of them were too small to justify ownership by more than one proprietor. The enterprises were also too small to justify hired labour. The number of employees in the businesses ranged between zero and five.

#### *4.2.2.4 Ownership Structure and Ethnicity*

In this study, ethnicity appeared to influence greatly entry into entrepreneurship. Ethnicity reflects differences in social structure and child-rearing practices which subsequently condition an individual's attitude toward risks and hence participation in business. Ethnicity, therefore, influences social and occupational mobility. Results of this survey indicated that women entrepreneurship tended to be dominated by a few ethnic groups. The distribution of women entrepreneurs by ethnicity is presented in Table 4.1.

**Table 4.1. Distribution of Women Entrepreneurs by Ethnicity**

Ethnic Group	No. of women Entrepreneurs	%
Chagga	21	49
Haya	6	14
Nyakyusa	6	14
Hehe	2	4.6
Sukuma	3	7
Sambaa	2	4.6
Mixed	2	4.6
Makonde	1	2.3
Total	43	100

**Source:** Survey Data

The table shows that most of the women entrepreneurs (49%) were of the Chagga tribe. This is a very significant proportion especially when one considers the fact that Tanzania has more than 120 tribes. The concentration of business enterprises among few ethnic groups (with reference only to indigenous people) in Tanzania has been well documented. A similar trend has also been observed in other African countries. For example, Macharia's analysis (1988) on social networks in Nairobi's small businesses suggests that ethnicity plays a significant role in entrepreneurship. House *et al.* (1993) corroborate the point that having enough capital to continue through business slumps is a function of ethnic affiliation, class and sex. Ethnicity plays an important role in both information about productive resources and overcoming obstacles to their transfer (House *et al.* 1993).

In Tanzania, the concentration of businesses among the Chagga tribe has a historical explanation. Generally, the participation of Africans in businesses is quite a recent phenomenon. During pre-colonial times household surplus were disposed off through kinship distribution. Some local produce was exchanged through the barter processes in the local markets. During the German and British rule, trade was dominated by Asians, Arabs and Europeans. While the Europeans dominated the import and wholesale trade, Asians and Arabs were mainly found in small wholesale and retail businesses. Very few Africans had the experience to operate shops. They had also little contact with inter-regional and national trade.

It is only in the years after the First World War that Africans started to enter retailing. In 1925, Chagga traders began to form a Native Shopkeepers Association (Iliffe, 1979). In the same year also, the Chaggas formed the first Co-operative (Kilimangaro Native Planters' Association) in British East Africa. It would, therefore, be wrong to assume that Chaggas are first generation entrepreneurs. Hypothesis 2, that women's participation in entrepreneurship will vary among ethnic groups appear to be supported. This finding is generally consistent with studies on role models and family background of entrepreneurs which suggest the antecedent role model influence on emergence of entrepreneur (Cooper, 1984, Hisrich & Brush, 1984, Mathews & Moser, 1995, Shapero and Sokol, 1982, Timmons, 1986).

#### 4.2.2.5 Financing of Business Start-ups and Working Capital

All the women entrepreneurs interviewed had financed their business start-ups through own savings and family savings. Similarly, their business operations were solely financed through personal and family savings. Only one person reported to have received a loan from a bank and it took her one year to secure the loan. Indeed, this kind of delay has great impact on the value of the loan given the frequent devaluation of the Tanzanian currency.

It was further observed that only seven (16%) women entrepreneurs had applied for a loan from special loan schemes then operated by CRDB (Co-operative and Rural Development Bank). These applications were still being processed at the time of this research. When the rest were asked why they did not apply for a loan from banks, the majority (91%) reported complicated procedures and bureaucracy as the main reasons. To the extent that women lacked access to capital, the size of their businesses has remained inevitably small.

**Table 4.2: Responses on Why Women Entrepreneurs Did Not Apply For a Loan**

Type of Response	No. of Responses	% of Total
Inadequate collateral	25	60
Difficult process and bureaucracy	39	91
Hight interest rates	13	30
Don't need one	2	5
Don't want to incur debt	8	18.6
Don't think I will get one	30	70
<b>Total</b>	<b>117</b>	<b>275*</b>

**Source:** Survey Data. \*Total percentage adds to more than 100 because many respondents had more than one answer to the question.

#### 4.2.2.6 Sectoral Choice of Activities and Concentration

An examination of the choice of business activities by women entrepreneurs is pertinent to the understanding of women's entrepreneurial behaviour. This is necessary if barriers to female entrepreneurship are to be identified.

In this study, women were found to concentrate on activities with the following characteristics:

(i) *Easy to Enter*

Women were found to operate on activities with lower barriers to entry; that is, activities which require little

capital investment and those that do not require a unique business premise. Most of the activities could be undertaken around the home.

(ii) *Highly Competing Ventures Offering Highly Competing Goods or Services*

Women have tended to concentrate on activities that produce and/or sell goods and/or services in a perfectly competitive market structure where there are many sellers selling identical goods and services. In such a market structure, sellers become price takers rather than price setters. Women operating such businesses have no pricing freedom and therefore no competitive price advantage. Activities like poultry, piggery, animal husbandry and farming fall under this category.

(iii) *Service Oriented and Low Added Value Activities*

Women were also found to patronize service-oriented and low value added activities such as hair salons, small-scale retail businesses, bar and restaurants business, car rental, tailoring, etc.

The distribution of women's business activities by type is shown in Table 4.3. which shows that the majority of women entrepreneurs (58%) are in commercial service sectors. Those in production are concentrated in the textile sector (70%). The data further reveals that women undertake economic activities that are compatible with their reproductive roles, activities that can be undertaken around the home – such as animal husbandry, poultry, hair saloons, small scale retail businesses, tie and dye, etc.

Few women have started to move into non-traditional activities such as printing, export/import, and small/medium scale manufacturing activities. Since women have tended to concentrate in highly competing business activities, their market shares are inevitably low. This has led to low profitability thus limiting their opportunities for vertical growth and expansion. As a result women's enterprises have remained small in size.

Comparatively, men have tended to venture into activities with higher value added potential such as metalworking, tinsmithing, carpentry, shoe making, etc. This phenomenon has been well documented in Tanzania as well as in other African countries. In Tanzania especially, most men operating in the informal sector are found to be engaged in these activities (URT, 1991; Helsinki School of Economics/World Bank, 1994). There appears, therefore, to be distinct gendered differences in business activities undertaken by business people in Tanzania.

**Table 4.3: Distribution of Women's Economic Activities by Type**

<b>Business Activity</b>	<b>Frequency</b>	<b>% of Total</b>
Textile manufacturing/tie & dye	2	3.6
Soap making & oil extraction	1	1.8
Milling machine	1	1.8
Import/export	2	3.6
Tailoring (service)	5	9.1
Retail business (groceries, carving, pharmacy, stationery, ice cream, second hand clothes, timber sales, iron sheets	20	36.36
Poultry, animal husbandry & general farming	13	23.6
Printing	1	1.8
Hair Salons	4	7.3
Fish monger	1	1.8
Miscellaneous (car & house rental, food supplies to schools, fashion show etc.)	5	9.1
<b>Total</b>	<b>55*</b>	<b>100</b>

**Source:** Survey Data.

\* The number of businesses does not add up to 43 because many women operated more than one activity. Almost all the women entrepreneurs operated many other sideline activities which could not be reported in this table.

More specifically, women's income generating activities have been found to be gender-typed. Even the few women who were engaged in less traditionally female related activities such as export/import and small scale manufacturing businesses were concentrated in areas such as food processing, food export and textile manufacturing.

#### 4.2.2.7 Location of Women's Enterprises

Location of an enterprise is one among pertinent strategic decisions an entrepreneur has to make. This is because a good location is one of the business volume generating factors, other things being equal.

The findings of this study reveal that 50 percent of the women's enterprises were located in residential areas, around or close to their homes. The remaining (50%) were located in commercial areas. This finding is consistent with a previous study on women in the informal sector in Tanzania (Rutashobya, 1991). It is quite evident that women's multiple roles have greatly influenced their entrepreneurial behaviour in as far as location of their businesses is concerned. Women have tended to locate their businesses close to their home in order to combine their reproductive, economic as well as domestic work. By so doing, women are trying to minimise conflicts posed by their roles as income earners, mothers/child

carers and homemakers (ILO, 1994). Indeed, the opportunity cost of such a practice has been very high on the part of women as evidenced in the type of activities, which they operate. To the extent that women choose those activities, which can be done around the home, the options are very few. This practice inevitably limits them to low turnover and highly competing business activities such as poultry, animal husbandry, small scale retail shops, hair salons and the like.

#### 4.2.2.8 Business Performance

Performance data were very difficult to obtain for lack of record keeping by women entrepreneurs. In many cases records on expenses were not kept. This made estimation of profits very difficult.

Data on business turnovers, however, indicates significant differences between the various types of women entrepreneurs identified earlier in this chapter. More specifically, women entrepreneurs who were previously in wage employment were generating higher turn-overs (an average of T.Shs. 1,428,333 per month) than the other types of women. As revealed earlier on the women in this group were more educated than the other two groups (70% had Bachelors or Postgraduate degrees). Comparatively, women entrepreneurs who were still in wage employment and those who had never had a salaried job were earning an average monthly business turnover of TShs. 833,255 and TShs. 829,307 respectively. A chi-square test also confirmed that the two variables, viz, type of women entrepreneurs and business performance were not independent. The null hypothesis of no association was rejected at 10% significance level (see Appendix 1).

Further analysis of the data suggests a strong relationship between level of education and business performance. A correlation analysis performed between women's entrepreneurs' level of education and their business turn-overs reveals a positive relationship with a coefficient of 0.63. This finding supports Hypothesis 1 stated earlier in this study.

Generally, therefore, entrepreneurs' background, weaknesses and strengths strongly influence women's entrepreneurial behaviour and performance.

#### 4.2.2.9 Growth Strategies

In this study, women entrepreneurs were found to participate in more than one business line. The number of business ventures per respondent ranged from one to four.

Diversification was mainly in the same sector. For example, it was common to find a woman entrepreneur with three business activities such as piggery, poultry and dairy farming. This phenomenon appears inevitable given the kind of business ventures women were operating which, as observed earlier, were low turnover/profit activities due to competition. In the absence of potentially vertical growth activities, women had resorted to horizontal expansions in order to guarantee survival of family members as well as to spread the business risks over a number of activities. Multiple portfolios were also used to meet capital requirements, both fixed and working capital, especially in the absence of borrowed capital from financial institutions. It is argued here that since the activities were poor growth potential business ventures, multiple portfolios only served to reproduce women's existing conditions by diverting their energies away from more economically productive activities.

#### *4.2.2.10 Reinvestment*

Reinvestment was not very common among the women entrepreneurs. When asked about the use of business income generated, 53 percent of the entrepreneurs reported to spend their income on household demands. Often, there was no distinction between business sales turnover and profit. Sales turnovers were treated as profits. In many cases also women were not charging for the labour spent in their business.

### **4.3 A Case Study of a Successful Woman Entrepreneur**

An indepth study on the constraints to female entrepreneurship was also done through the following case study. The case study, though disguised, represents a true start-up history of one of the most successful woman entrepreneur in Tanzania.

#### **A Business Start-up History of Olivia: A Successful Woman Entrepreneur**

##### **4.3.1 Family Background**

Olivia was born in 1947 in the outskirts of Moshi town, Kilimanjaro Region, Tanzania. She is a daughter of a businessman and her mother is a housewife. Olivia, a mother of five children, is married to a famous businessman. Her spouse, however, has had long working experience, as a senior employee in both local and international organisations. He held various managerial positions and lived outside Tanzania for many years as an employee of some international corporations. Before his retirement, Olivia's husband decided to leave public employment in order to concentrate in private business.

Olivia had lived outside the country since 1968 because she had to join her husband. She lived in France, Belgium, U.S.A., Kenya, and Ivory

Coast. She admits that her living outside the country gave her a lot of exposure. She took a diploma course in management and passed well.

#### 4.3.2 *Idea Generation and Business Start-up: Enabling and Disenabling Factors*

##### 4.3.2.1 *Idea Generation*

While living abroad, Olivia got involved in a couple of small businesses. When her husband retired from public employment and finally came back home in 1982 to start and strengthen his private businesses, Olivia also returned home and had a dream to start up a more viable and high value-added business activity. It should be noted that Olivia and the rest of the family returned to Tanzania at the time Tanzania was facing serious economic crises. The economic problems manifested themselves in the form of acute commodity shortages, deterioration social and health services, deteriorating infrastructures and the like. This kind of environment gave Olivia a unique inspiration and enthusiasm to engage in businesses that would ultimately support efforts to alleviate the then rampant shortages of goods, especially essential commodities. A problem had, therefore, given birth to a business opportunity. The business idea she finally conceived was that of manufacturing textile products.

##### 4.3.2.2 *Many Hurdles*

The barriers were many at that time. She needed, first, to breakthrough the male-dominated system to enable her to register the company, to enable her to acquire a business premise as well as to acquire start-up capital from formal financial institutions. Things were then not easy for a woman with such an ambitious idea. Fortunately, Olivia's children were all grown ups, and some of them quite mature.

##### 4.3.2.2.1 *Registration and Business Premise*

According to Olivia, registration of the company did not pose much of a problem. She managed to go through the bureaucratic procedures quite easily. Getting a business premise was, however, a big problem. The male dominated ministry of lands could not quite believe this woman who was applying for an industrial business premise. By then most industrial plots were owned by manufacturers of Asian origin. It was after a very long struggle that she managed to get an industrial plot. Olivia recalls having taken one year to get the plot.



#### 4.3.2.2.2 *Business Licence*

After obtaining an industrial plot, Olivia had to look for a business licence. “It was a very big problem”, Olivia narrates. This was the time when parastatal organisations were given exclusive rights to manufacture a variety of products. In her case, the officials claimed that one parastatal organisation was going to manufacture the same product, and therefore they did not need to issue another licence to a private business person. Reports then went that this so called parastatal organisation had attempted to go into manufacturing of the product but, for various reasons, failed. With this information, Olivia decided to put pressure on the licence officials until she finally got a business licence. She recalls that she had to lobby a lot with the help of her spouse who was well known in government circles.

#### 4.3.2.2.3 *Finance*

As is typical of all other entrepreneurs, Olivia did not have enough self-generated resources to finance such a huge investment. She needed a financial loan from banks to enable her to take-off smoothly. She then applied for loans from several banks including the African Development Bank (ADB), the Tanzania Investment Bank (TIB), the National Bank of Commerce (NBC) and the Tanganyika Development and Finance Co. Ltd (TDFL). The total amount requested was US \$1,500,000. According to Olivia, this was one of the most difficult and discouraging stages. She subsequently faced many difficulties. First, the bank officials were very skeptical because they could then not understand that a woman could be that confident to apply for such a huge sum of money. The standard amounts of loan applications then made by women were between Tshs. 20,000/= to Tshs. 100,000/=. Such loans were mainly for businesses such as poultry keeping, dairy farming, piggyery and some small scale farming. To confirm their skepticism, one of the officials of the NBC one day said to her “Woman; you better stop your ambition. Do you think you can handle such a big loan? Go home and keep poultry as is typical of your fellow women”. This clearly showed the kind of prejudices bank officials had against women. To them this was a very inappropriate entrepreneurial behaviour for a woman. Second, the bank officials could not understand that a woman, of an African origin, could set up and run a factory. Most of the factories in those days, as is also typical today, were owned by entrepreneurs of Asian origin.

With her spouse's influence, however, Olivia was able to secure just a half of the total amount of money applied for from one of the international banks. This was indeed not enough for the kind of dream Olivia had. She then started thinking of other ways of raising the remaining amount of money. Joint venture was one of the ideas she had. She believed that teaming up with a foreign partner could lead to an end of her start-up capital problem. She then searched for a joint venture partner. "Nobody appeared to be interested" Olivia recalls. This was the time when foreign investment in Tanzania was at its lowest level. The economic crises facing Tanzania in those years did not appear to encourage anybody. Foremost, the political climate was not conducive to foreign investment and private investment generally. In general terms, the investment climate only served to discourage foreign investors from investing in the Tanzanian market for capital.

But Olivia did not disappear. She decided to search for a supplier credit and finally managed to secure one, in the form of machines, from a French firm. There was still, however, one snag to solve. Olive lacked local funds to enable her ultimately set-up the factory. She stepped up pressure on some of the local banks until she secured credit from one of them. After this very long and difficult struggle, Olivia was now ready to put up the factory.

Construction of the factory buildings went on smoothly – despite shortages of building materials at that time. A consignment that included machines and raw materials arrive at the Dar es Salaam port in 1984. By this time Olivia was already contented that she was free from any further hurdles. Contrary to her expectations, there was one more hurdle, and which the issue of import duties and sales taxes on the consignment lying at the port yards. The duties and sales taxes on goods were then too prohibitive because the government generally discouraged importation. She could not afford to pay the high amounts of duties charged on her goods. Yet, she was not ready to lose the machines and the raw materials after such a long struggle. She had two optional solutions to the problem. One of the options was to apply for another loan with which to pay for the duties; while the second alternative was to look for tax exemption. The first option was indeed unthinkable considering the difficulties Olivia had so far gone through. "The second option was more appealing" Olivia recalls. She then decided to turn back to the same government to ask for tax

exemption. She was able to secure this exemption, again, after a long struggle.

Within a few days' the clearing agents had cleared the goods from the port and French experts arrived in the country to install the machines.

The factory started operations late in 1984 and since then Olivia has diversified into other equally rewarding businesses. It took Olivia two and a half years to surmount the hurdles. When asked about the secret of her success Olivia believes supporting spouse to be the key factor followed by self determination, hard-work, self confidence and above all ambition.

## **5 FEMALE ENTREPRENEURSHIP: GROWTH PONTENTIAL AND CRITICAL CONSTRAINTS**

### **5.1 Introduction**

The review of the characteristics of women entrepreneurs and of their enterprises in Chapter Four clearly suggests that several environmental and socio-cultural conditions prevent women from fully developing their entrepreneurial potential thus underplaying their contribution to employment and economic growth. The purpose of this chapter is to amplify on the way gender has affected women's entrepreneurial behaviour. It will be argued that gender seriously affects individual strategic choices in business. Section One of this chapter presents the growth potential and dynamics of women owned small enterprises while in section two the critical constraints are highlighted.

### **5.2 Growth Potential and Dynamics of Female Entrepreneurship**

It is argued here that gender has had a serious impact on the strategic choices and performance of women-owned small scale businesses. This is clearly manifested in the following entrepreneurial behaviour of women.

#### **5.1.1 Financing and Investment Patterns**

In the absence of institutional finance, women appear to be contented with personal and family savings as major source of finance. Invariably, reinvestment of profits is remote in view of the pressure for immediate consumption. More specifically, the need to guarantee the survival of the family and that of the household appears to be the major priority when it comes to use of earned income. Thus, can be explained why women's small scale enterprises have remained small in size.

### 5.2.2 Sectoral Concentration and Location of Women-Owned Enterprises

The choice of business activities operated by women entrepreneurs is shaped by household-centred decisions. Household-centred pressures (multiple roles) have, further, influenced the location of women's small-scale enterprises. In order to minimise conflicts between their multiple roles women have tended to locate their economic market activities close to home thus limiting their choice of businesses. These pressures have forced women to invest in gender activities eng. those which are stereotyped, easy to enter and highly competing business activities. Inevitably, investment has been on horizontally growing sectors rather than on those activities with vertical growth potential. Thus, women have not exploited the advantages of specialisation. It is our contention that this entrepreneurial behaviour has not contributed to the development of new innovations (products) and new markets, which are key factors to effective entrepreneurship. To the extent that the above is true, women's enterprises have remained small in size.

#### 5.2.3 Growth Strategies of Women Entrepreneurs

The need to guarantee the survival of the household has forced women to spread the business risks by investing in multiple portfolios. This diversification strategy is, however, still based on household-centred considerations, thus limiting women's capability to explore and invest in high growth potential activities. Household-centred decisions have also limited women's ability to explore profitable markets. This behaviour has invariably not led to effective development of entrepreneurship among the women.

#### 5.2.4 Labour

The extended family phenomenon has been exploited by women as source of labour for their businesses, regardless of the quality of the labour. The primary reason is not just to make use of the cheap labour but also to enable every member of the household make some economic contributions to the family. By so doing, however, women entrepreneurs have often forgone quality labour thus rendering their business entities unproductive or less productive or uncompetitive.

#### 5.2.5 Part Time Versus Full Time Operations

Because of multiple roles, women are forced to engage in business on part-time basis. Given their multiple roles also, women have been forced to choose and operate those business activities that are compatible with their reproductive roles in the household. For security purposes and in order to guarantee the survival of the household, a significant number of women entrepreneurs are still maintaining salaried jobs in the formal labour market. In view of the above women entrepreneurs' labour

contribution in business has not been efficient. This has negatively affected entrepreneurship development among women.

The above analysis of women's entrepreneurial behaviour and the description presented in the previous chapter has enabled us to identify two main areas which are of critical importance for the development of female entrepreneurship in Tanzania. The first area revolves around the conditions or factors that prevent women from effective participation in entrepreneurship, or rather those factors which have prevented and which continue to prevent women from participating in high growth economic activities. The second area of concern revolves around the issue of promotion of female entrepreneurship in the light of the critical constraints identified. These issues are the subject matter of the remaining part of this report.

### **5.3 Critical Constraints to Female Entrepreneurship**

The above analysis of women's entrepreneurial behaviour and the functioning of their enterprises clearly suggests that there must be fundamental constraints to the development of female entrepreneurship in Tanzania. Put differently, women's entrepreneurial behaviour must be understood in the context of the critical factors that have influenced this behaviour and that have subsequently negatively affected their performance in business. In this section the critical constraints are highlighted and presented. The constraints which are basically environmental are socio-cultural and economic factors.

#### *5.3.1 The Social and Cultural Environment*

The findings of this study, especially as far as women's entrepreneurial behaviour is concerned, suggest that cultural values, traditions and norms have greatly affected women's participation in entrepreneurship. More specifically, the society's constructions of what constitutes male and female roles and responsibilities, behaviour and values, which have resulted into distinct gender division of labour in society, have also been manifested in the dynamics and development of female entrepreneurship in Tanzania.

##### *5.3.1.1 The Gender-Based Division of Labour*

It has been well documented elsewhere that the patriarchal gender biases are the root causes of the gender-based household and social division of labour in African societies. Within the social and power relations and the resultant gender division of labour lies the basis for the general marginalisation and subordination of women. Through the gender based household and societal division of labour, women have been assigned such tasks as child rearing, taking care of the old and the sick, taking care of the household by undertaking household chores

(reproductive) as well as productive activities. Women have undertaken these multiple roles without leisure time, supportive technology and adequate income. This has subsequently resulted into unequal work burdens, between men and women, to the disadvantage of women. As the findings of this study suggest, women's multiple roles and this overwork have greatly affected their ability to exploit more profitable economic/business opportunities. In order not to compromise their reproductive and productive roles women have been found to venture into those activities that can be done around the home thus limiting their choices in respect of strategic business decisions and operations. In order to guarantee the survival and sustenance of the household, women have been found to spread their risks over a number of business portfolios thus rendering them unable to exploit the advantages of specialisation. The need to sustain the household has also rendered reinvestment of earned profits a rare occurrence in view of the pressure for immediate consumption.

Given their multiple roles also, women entrepreneurs have been found to exploit the extended family phenomenon as a source of labour at the expense of quality labour. Women's multiple roles have, therefore, greatly shaped women's entrepreneurial decisions and behaviour, to their disadvantage, in respect of location of business, recruitment practices, choice of enterprises undertaken, growth strategies, reinvestment decisions and marketing strategies.

Furthermore, apart from causing women's overwork, the subordination of women also entails unequal access to household and societal economic resources. This has particular reference to resources such as land and other immovable property. The primary reason for such unequal treatment at both household and society levels is the treatment of women as minors or as appendages who must derive their social and economic rights from either their spouses or their male relatives. To the extent that women do not own immovable property (which serves as collateral for credit from formal financial institutions) their access to credit is restricted. In this study, only one out of the forty-three women entrepreneurs interviewed had obtained a loan from formal financial institutions.

The situation is further compounded by women's inability to save due to immediate household consumption needs. Coupled with the low returns from their businesses, the vicious circle of low income - low saving - low investment is invariably

maintained. Lack of access to resources has negatively affected women's entrepreneurial behaviour, both in respect of the choice of undertakings and their marketing strategies. Given low incomes, women entrepreneurs have ventured into easy to enter (activities requiring low capital outlays) kind of activities which in most cases are prone to lateral expansions thus earning the investor very little income due to low turnovers. The low incomes have further restricted women's ability to employ effective marketing strategies in order to promote the sale of their products. Investment to exploit market niches and to advertise the products is not possible under this situation. Given their low incomes also, women entrepreneurs cannot afford modern technologies.

The societal gender prejudices and stereotypes have further contributed to women's low access to formal credit. In this study, some women entrepreneurs reported this to be a major constraint. The case study of successful woman entrepreneur presented in the previous chapter reveals that gender prejudices and stereotypes are still held and practised by some bank officials.

#### 5.3.1.2 Reinforcing Factors

The gender social and power relations that exist in Tanzania, as well as in other African countries, have been reinforced by the plural legal systems and other forms of controls and socialisation. These conditions have been used to ensure the continued subordination of women and the performance of their prescribed roles. These have engendered women's unequal participation in important spheres such as education and decision making positions.

The customary, religious and modern statutory and common laws often overlap and contradict each other. These types of legal systems have not only tended to reinforce the subordination of women but have also affected women's economic and social position in society especially with respect to ownership and inheritance of property. This lack of equal rights has in turn restricted women's ability to exploit economic opportunities thus denying them their ability to realise their potential.

Education is one of the primary forms of socialisation which engender the development of various competencies including entrepreneurship. Despite its importance, many African societies, including Tanzania have, due to the same household based and societal gender biases and stereotypes, not

considered girls' education to be as important as boys' education. The main reason is that girls are expected to be dependant on a man (a male relative or spouse). These cultural norms and values have greatly affected women's access to basic and further education thus engendering high illiteracy rates among the women.

The resultant gender gap in education has further been compounded by the post-primary school curricula in Tanzania which has for a long time been gender stereotyped. Specifically, women who proceed to further studies are channelled into fields which do not involve the inculcation of significant technological or managerial skills. They are invariably directed to traditionally gender-stereotyped fields such as cookery, tailoring and domestic science, while men are led to technically-based subjects such as engineering, crafts and carpentry. It is quite obvious that the feminine subjects, where women are found to specialise, are not compatible with the new global technological demands.

This phenomenon together with their unequal access to education and training has worked against women in terms of their ability to enter into and perform effectively in business. The result is what we have seen in this study: Women have overwhelmingly concentrated in gender-typed, low turnover, service-oriented type of activities. Because of their ill-preparedness, women have lacked the kind of technological and managerial skills that are pertinent in large-scale business operations.

Women's early socialisation as dependants, family carers and housekeepers in conformity with the cultural values and norms of the household and the society has influenced women's subsequent ability to engage in productive entrepreneurship. Specifically, women's early socialisation has greatly affected their level of self-confidence, their achievement motivation, innovativeness and even their ability to take risk, which according to the proponents of the trait approach (McClelland 1961, 1962, 1969, 1971, Gibb, 1990; Knight, 1921; Kao, 1990; Mancuso, 1974; Miller, 1983; Morris and Paul, 1987; Palmer, 1971; Patel, 1986; Hornday and Aboud, 1971) are pertinent prerequisites for the entrepreneurial function. According to the proponents of the trait theory, these are characteristics that distinguish between an entrepreneur and non-entrepreneur or between a successful entrepreneur and an unsuccessful entrepreneur. Self confidence is needed to fight the prejudices of bankers, suppliers of inputs, employees, customers and those



of the society in general. Risk taking is required if women are to venture into relatively large-scale businesses. Innovativeness enables an entrepreneur to venture into new things, viz; technology, products and markets. Achievement motivation is required if one is to overcome obstacles in business, exercise power and accomplish difficult tasks.

The findings of this study, in respect of the evidence on the type of activities undertaken by women entrepreneurs suggest that low self confidence, low achievement orientation, passive orientation towards risk and too much people orientation are big problems for women entrepreneurs. This appears to be consistent with the literature reviewed earlier in this study. El-Namaki, (1986) and Hennig and Jardim (1977) have, for example, reported some differences between women and men in terms of the way they perceive risk. Whereas men see risk as “negative or positive, as loss or gain, danger or opportunity, women view it negatively as loss, danger ruin and hurt”. Unlike men, women do not see risk as affecting their future; they view taking a risk to mean jeopardising and endangering all what they have achieved at present. The result is that women will avoid risky actions and decisions. This phenomenon partly explains the investment behaviour of women entrepreneurs interviewed in this study. Women entrepreneurs were found to be risk-conscious by avoiding reinvestment in the same business, they were found to operate multiple portfolios which, unfortunately, were all based on household-centred decisions. Reinvestment of profits was generally not favoured by many of them. This, as observed earlier, has led to small-scale operations that have not yielded returns above the poverty thresholds.

The finding that women entrepreneurs in Tanzania are involved in service-oriented undertakings appears to be consistent with some of the literature which has reported women to be too people-oriented.

In connection with the question of the role of socialisation in shaping people’s attitude towards business, is the issue of ethnicity. Ethnicity reflects differences in social structure and child rearing practices which in turn condition an individual’s attitude towards risks and hence participation in entrepreneurship. Subsequently, the amount of exposure to business will vary from one ethnic group to another (House *et al.* 1993).

In this study, ethnicity appeared to greatly influence entry into entrepreneurship. Distribution of women entrepreneurs by

ethnicity revealed that 49 percent were of the Chagga tribe. Ethnicity in this case may act as a barrier to entry into entrepreneurship because information about availability of resources such as business premises, capital/credit, industrial inputs, technology and the like will first go to members of the ethnic group before being circulated to the general public. Such segmentation of information sources works against those outside the ethnic networks and ultimately leads to social differentiation in entrepreneurship participation. The findings of this study with respect to the role of ethnicity in shaping people's attitude toward self-employment are also consistent with previous research on role models and family background of entrepreneurs. Results of these studies have suggested a strong relationship between the presence of role models and the emergence of entrepreneurs (Cooper, 1986; Mathews and Moser, 1995; Scherer *et al.* 1989; Shapero and Sokol 1982; Timmons, 1986). Cooper's (1986) review of literature reports evidence that suggests a relationship between role models and entrepreneur's decision to become an entrepreneur.

From an environmental perspective, family influence, particularly parental influence has been found as the antecedent of small business career interest. Family members, especially parents play a key role in establishing the desirability and credibility of entrepreneurial action for individuals (Brockhaus and Horowitz, 1986; Mathew and Moser 1995; Scherer *et al.* 1989; Scott and Twomey, 1988; Shapero and Sokol, 1982).

### 5.3.2. *The Economic and Policy Environment*

The literature presented earlier in this study has shown that entrepreneurial traits are strongly influenced by political and economic systems (the infrastructure) rapid and threatening change (environmental turbulence) and one's family, school and work environment (life experience). At national level, policy makers can have an effect by redesigning the infrastructure and facilitating innovation and change. This section briefly outlines the way economic policy in Tanzania has failed to create a conducive environment of the development of effective female entrepreneurship.

It is our contention that environmental turbulence engendered by economic crises of the late 1970s and early 1980s and later on by the implementation of structural adjustment measures has succeeded in forcing women to participate in income generating activities. But it is also our contention that government policy has failed to support and promote this initiative in a way that can benefit the woman entrepreneur and the economy as a whole. The legal environment is

still not responsive to women's needs. The prevailing dual legal system in Tanzania continues to marginalise women.

Furthermore, the government education policy has failed to address the widening gender gap in education. The industrial and the Small Scale Development policies have also failed to direct women into value-adding and high growth opportunities. These policies have in general not been gender sensitive. There is therefore need of a policy guideline that would help to entice women entrepreneurs away from easy-entry low demand, low return activities. Appropriate incentives and measures should be designed to enable women to undertake more high growth market activities. Proper incentives are also required to enable women entrepreneurs to explore and exploit profitable niches in both local and international markets.

### **5.3.3 Conclusion**

The above analysis to the understanding of barriers to women entrepreneurship suggest that entrepreneurship is not a biological trait. In other words, entrepreneurs can be developed and that even the much advocated entrepreneurial traits can be learnt. The importance of education is underscored here. Education and training can develop entrepreneurship competencies. This is supported by the findings of this study which revealed a strong correlation between education and business performance. By education we also mean the kind of socialisation acquired through the family, household and the society, which has been found to underpin the plight of women entrepreneurs in a negative sense.

## **6 SUMMARY, STRATEGIES, POLICY IMPLICATIONS AND FUTURE RESEARCH**

### **6.1 Summary**

This study was motivated by the general belief that improvement in the economic situation of women is the safest and most efficient way of alleviating poverty. The study then acknowledged that women's effective participation in entrepreneurship can enable them to yield economic returns above their current poverty line to the benefit of the entrepreneur herself and the economy as a whole. The available literature revealed that women's participation in meaningful entrepreneurship in Tanzania was very low. This in the author's view was an issue of utmost concern warranting an investigation into the factors that led into such a situation.

The overall objective of the study, therefore, was to identify social, cultural and economic factors, that hinder or limit women's entry into entrepreneurship in Tanzania and those that adversely affect their performance.

The findings of the study have revealed that women participated in low demand, hence low turnover, low added value and service oriented type of business activities that were often prone to lateral expansions. The study further observed that the majority of women were participating in business primarily for survival reasons and choices in respect of their investment patterns, the use of business income, growth strategies, as well as their recruitment behaviour. Such entrepreneurial behaviour has not assisted the women to generate sustainable income. The findings generally suggest that there must be critical factors that prevent women from entering into and operating high growth potential activities.

The analysis of the critical constraints revealed socio-cultural biases, prejudices and practices that reinforce this entrepreneurial behaviour. Lack of enabling economic policy was also identified as another factor that has not promoted female entrepreneurship. Specifically, macro-economic policies have worked to the disadvantage of the informal and small-scale sectors where most women are concentrated.

The gender social and power relations as legitimised by education, culture and ideology and enforced by the dualistic legal system (both modern and customary), biased school curricula, extended families and marriage have led to an unequal division of labour between sexes as well as unequal access to resources both to the disadvantage of women. The patriarchal relations and the resultant gender division of labour had led to women's multiple roles as well as to a socialisation that has worked against their ability to engage in profitable business.

The gender social and power relations have also led to unequal access to decision making positions to the disadvantage of women. This factor has partly contributed to the existence of gender-blind economic, industrial and small-scale industry policies that have not supported the promotion of female entrepreneurship. This has generally meant that a half of the Tanzanian population has been prevented from realising their full productive potential.

Women's intensive involvement in unproductive ventures and reproductive roles has meant a gross misallocation of human resources in the economy. This phenomenon has further been responsible for the feminisation found in both the formal and non-informal sectors of the economy in Tanzania, and hence the feminisation of poverty. Unless strategies to reduce the aforementioned barriers are designed and introduced women's qualitative participation in entrepreneurship will be impaired. Strategies to promote female entrepreneurship should be geared at building up a critical mass of innovative women entrepreneurs. It is our contention that until such time when women entrepreneurs become a critical mass, both qualitatively and quantitatively, their socialisation will continue to have a negative impact on their ability to venture and operate high growth potential and hence large scale business activities.

The promotion of female entrepreneurship will, however, require that both the strategic and practical needs of women be addressed. It has been well documented elsewhere that the measures and programmes that have so far been adopted by the

government and NGOs and the past WID approaches have tended to address only the practical needs of women. Interventionary measures that address the manifestations or the gendered conditions are stopgap or safety net measures. It has been well argued in the literature that such measures cannot lead to women's empowerment in the longer terms (Mbughuni, 1994, Mhone, 1995).

In order to empower women, interventionary solutions should focus on the inputs viz, education, culture, ideology and communication. Efforts should also be made to address the structural needs that focus on the reorientation of the economic structure and generally the creation of an enabling legal environment.

### **6.2 Strategies to Promote Women's Effective Participation in Entrepreneurship**

Before we highlight on strategies that are required to promote female entrepreneurship, we define the strategic and practical needs of women in general terms, and then relate them to the needs of women entrepreneurs. The need to distinguish between the strategic and the practical needs of women arises because women's problems are hierarchical (Mhone, 1995).

According to Mhone, strategic needs of women are defined as those "aspects of women's disadvantaged and vulnerable status that are determined by fairly stable social relationships deeply embedded in the socio-economic fabric of the societies. Such relationships are related to the household, communal and social division of labour based on gender". The strategic needs of women in this sense "concern the need to resolve the unequal nature of such a division of labour in so far as it places women in a disadvantaged and vulnerable status both absolutely and relative to men" (Mhone, 1995:4). The strategic needs of women may also encompass the alleviation of the multiple roles of women in respect of domestic labour and child care, increasing women's access to strategic resources such as land and other immovable property as well as increasing their access to credit.

By contrast, the practical needs of women relate to the short term (immediate) needs of women. More specifically, practical needs of women are those needs that address the gendered conditions (manifestations) brought out by the prevailing gender-based division of labour in society.

Sustainable promotion and development of female entrepreneurship will require that both strategic and practical needs of women entrepreneurs be addressed. An identification of the strategic and practical needs of women entrepreneurs would require a focus on the major areas where women's entrepreneurial behaviour was found to have worked against enterprise growth and expansion. The major anti-entrepreneurial behaviours were, as observed earlier, found in the areas of new business creation, recruitment, choice of activity, growth strategies and reinvestment of profits. Any intervention would thus require to tackle the imbalance observed in respect of women's practices in these areas. Put differently, strategic solutions needed are those that will influence women's investment patterns, their

use of business income, recruitment practices, choice of sectoral activity, as well as their growth strategies with a view to enabling them to shift into high value-added and high growth potential businesses.

This recommendation again rests on the common conclusion that entrepreneurship is not a biological trait and therefore it needs to be developed. As earlier on presented in the literature, even proponents of the trait theory accept that entrepreneurial behaviour is related to one's childhood and then moulded by personal experiences in later adult life. The significant influence of ethnicity and education on women entrepreneurship reported in the findings of this study appears to support this conclusion. This finding further appears to be consistent with Gibb's (1990) study which concluded that entrepreneurship competences may be developed by training and education. The presence of a conducive economic, legal and social environment is again a matter of necessity towards the development of entrepreneurship. It is in the light of the above analysis that the following strategic and practical solutions to the needs of women entrepreneurs are recommended.

#### *6.2.1 Addressing the Strategic Needs of Women Entrepreneurs*

One of the strategic solutions to the needs of women entrepreneurs is the creation of a support structure and enabling legal environment that would facilitate women's access to resources. Access to resources would enable women to venture into high growth potential activities and markets. Adequate resources will also support women's ability to promote and advertise their products to various potential market segments and to acquire profitable market niches. At the moment that is not possible; since to win a market niche requires a lot of investment into activities such as market intelligence and market prospecting. Women can greatly realise their business potential if they are assisted in these areas.

To ensure equal access to resources, the government must work towards the rationalisation of the dual legal system especially as they relate to inheritance, marriage, property ownership, commercial codes and the like. Specifically, policy makers should give priority to the enhancement of women's access to land by reforming the conflicting customary and the modern (code law) land tenure laws. The government can also guarantee access to resources by women by providing a support structure that will increase their access to credit.

Women also require to be assisted to improve the productivity and competitiveness of their businesses. To increase their productivity and competitiveness they need to put some of the business income back into enterprise. This practice will guarantee specialisation and hence profitability and sustainable vertical growth in the long run. This is currently not possible given the need for immediate consumption and the kind of activities women patronise.

As alluded to earlier, women's multiple roles and early socialisation which have conditioned women entrepreneurs to adopt household-centred business strategies rather than the business-centred strategies have negatively affected their investment choices and growth strategies. Government and Non-Governmental programmes to conscientize women entrepreneurs to move away from stereotypic business activities are required.

Furthermore, special social and family support structure is required to reorient women's entrepreneurial behaviour from their current preoccupation in low profitability ventures to high growth ventures. This support can be private as well as public. Private support entails family support that will ensure redistribution of responsibilities in the family. Public support, on the other hand, will require the government and other social partners such as the NGOs, employers and community-based organisations to facilitate the formalisation of the provision of services such as children's day care centres, rehabilitation centres etc. that help to relieve women of their multiple roles. The aim should be to shift some of the reproductive burdens of women to the society or community to enhance women's participation in business on full time basis. The involvement of the government, NGOs and other partners in the provision of such services will ensure that these services are socialised and provided on a sustainable basis.

To support the above, a change in attitude at the level of the family and the society is required. This requires the government and other development partners to step up gender sensitisation, that inculcates a new attitude especially towards redistribution of responsibilities at family and society levels. The media should also be mobilised to portray the entrepreneurial role of women and eventually supporting a redefinition of societal and family gender roles.

The government, NGOs, donors in collaboration with women's organisation should develop programmes to conscientize and encourage girls to move away from stereotyped subjects and courses into more technical, flexible and competitive subjects and courses that will ensure upward mobility and productivity. The government and donors should sponsor more girls into vocational and technical education schools to enable them to acquire technical skills.

Programmes to train women entrepreneurs in skills that are relevant to new competitive domestic and international markets such as management and marketing should be developed and implemented by institutions of higher learning in Tanzania. The government and other social partners further need to promote special apprenticeship programmes that would encourage an inculcation of technical skills

by women. Currently, such programmes are not common among women probably because of the nature of the activities undertaken by women entrepreneurs.

Generally, a gender-biased curricula should immediately cease. The above strategic solutions, however, need to be complemented by structural solutions in the form of a conducive macroeconomic policy. For a long time macro-economic policies in Tanzania have produced incentives in support of the formal sector. Innovative government policies that would promote those activities where women are found to operate are called for urgently. Specifically, gender sensitive industrial and small-scale industry policies are required to support the promotion of female entrepreneurship.

### 6.2.2 *Practical Solutions*

There has been a good attempt, in past efforts, to address the practical needs of women. These efforts are however not enough. Government, NGOs, donor agencies and other community based groups should step up efforts to design interventions that address the welfare conditions of women as they relate to their participation in entrepreneurship.

Women's multiple roles should be addressed by the establishment of children's day care facilities and redistribution of responsibilities at family level. This will ensure that women have enough time for their enterprises.

Women's inability to generate high incomes should be addressed by designing and implementing special programmes to increase their access to credit, access to raw materials and other inputs, access to markets as well as marketing assistance. The government, the NGOs, donors and private sector organisations should support such programmes. For example, the Tanzania Chamber of Commerce, Industry and Agriculture (TCCIA) and Tanzania Business Women Association (TBWA) should lobby, through the Board of External Trade, for more exhibition space for women entrepreneurs at the Dar es Salaam International Trade Fair grounds. The same organisations could organise specialised trade fairs for women entrepreneurs to display their products. Donors should, through the board of External Trade, sponsor women entrepreneurs to participate in foreign and international trade fairs. This will ensure that women entrepreneurs' products penetrate foreign markets.

Donors could also be requested to support a special programme within the Tanzania Chamber of Commerce, Industry and Agriculture to support trade missions and market intelligence by women entrepreneurs. Special counselling services for women



entrepreneurs should be initiated by NGOs and Management Training Institutions and supported by donors who have special interest in small scale business development.

The government, NGOs and donors should support women's co-operative initiatives that facilitate collective purchase of inputs and collective marketing and distribution of their products and services. Sound women's co-operatives can solve women's problems of inadequate resources.

### **6.3 Institutional Support Mechanism**

Institutional backing to ensure the mainstreaming of gender concerns into all policy and programmes in all sectors is a matter of necessity – if women's strategic needs are to be met in the long run. Additionally, institutional support mechanism that ensure commitment to the development of small scale business sector where women are found to operate is needed if female entrepreneurship is to be promoted and strengthened. This section briefly outlines this institutional mechanism as it operates in Tanzania.

Government's commitment to the promotion of gender equality in Tanzania is exemplified in the creation of the Ministry of Community Development, Women Affairs and Children in 1990, a policy making body as far as women issues are concerned. Recently, in 1995, the government has approved the establishment of a Women Council (Baraza la Wanawake, Tanzania – BAWATA) a non-governmental women's machinery to be involved in advocacy, lobbying, awareness creation and monitoring processes on women's rights and other gender concerns.

In 1988, a Tanzania Business Women Association (TBWA) was established as a non-governmental initiative of business women themselves. To date TBWA has only one branch in the regions, and that is in Mbeya Region.

Despite the recorded success in some few areas, these institutions lack sufficient resources and human capital to achieve the desired objectives. Also not much has been done to promote the productive potential of women entrepreneurs. Government's policies and programmes geared towards the promotion of the small scale business sector (where most women are concentrated), and in particular the Small Scale Industries Policy of 1973, have been gender blind. Private sector efforts which have led to the establishment of the Tanzania Chamber of Commerce, Industry and Agriculture and the Tanzania Confederation of Industries (TCI) have not addressed the strategic and practical needs of women entrepreneurs. To promote female entrepreneurship these institutions should design and implement comprehensive programmes that would ensure participation by business people of both sexes. In other words, they need to design and implement programmes that are gender sensitive. One of the ways to guarantee gender sensitive programmes is the integration of women in decision making process of these institutions.

The above analysis calls for a gender-sensitive small scale industrial policy and an institutional support mechanism that is more responsive to the strategic and practical needs of women entrepreneurs.

Finally, the government should support a structure that would periodically review, evaluate and monitor programmes that are geared towards gender equality. This is not being done at the moment. Most of the policies are not backed up by concrete implementation programmes with clear target deadlines. This has rendered monitoring of the policies very difficult.

#### 6.4 Future Research

The current trend suggests that the small business sector is going to attract and create jobs for many more Tanzanians. This means that the economy's ability to innovate, diversify and grow will inevitably come from this sector. It is, therefore, pertinent that women are encouraged to participate and compete as entrepreneurs. Although the sample in this study was quite small, the study has been able to explore a number of issues that require further investigation.

Future research should seek to investigate into the factors that affect growth of women's businesses. Longitudinal data may reveal a trend in constraints to female entrepreneurship that this study was not able to uncover. Such study will provide a clearer picture of the antecedent's influence on women's entrepreneurial performance. A combination of survey and case study methods should be employed. The findings of such a study should assist various actors to focus their efforts on the growth factors.

#### REFERENCES

- Bagachwa, M. S. D.** (1993) *Estimates of Informal Parallel and Black Market Activities in Tanzania*, Paper Presented at International Conference on Development Challenges and Strategies for Tanzania: An Agenda for 21<sup>st</sup> Century, October 25 – 29<sup>th</sup>.
- \_\_\_\_\_ (1994) *Changing Perceptions of Poverty and the Emerging Research Issues* in **Bagachewa, M. S. D.** (ed.) *Poverty Alleviation in Tanzania: Recent Research Issues*, Dar es Salaam, Dar es Salaam University Press.
- Beveridge, A. A. and Obserschall, A. R.** (1979) *African Businessmen and Development in Zambia, Princeton*. Princeton University Press.
- Biersteker, T.** (1978) *Distortion or Development? Contending Perspectives on Multinational Corporations*, Cambridge, Massachusetts, MIT Press.
- Brockhaus, R. H. & Horowitz, P. S.** (1986) *The Psychology of the Entrepreneur* in **Sexton, D.** and **Smilor, R.** (eds.), *The Art and Science of Entrepreneurship*, Cambridge, M. A. Ballinger Publishing Co.
- Cantillon, R.** (1755): *Essai sur la nature de Commerce en General*, London, quoted from Palmer (1971).
- Cooper, A.** (1986) *Entrepreneurship and High Technology* in **Sexton, D.** and **Smilor, R.** (eds.). *The Art and Science of Entrepreneurship*.

- Devine, T.** (1994) *Characteristics of Self - Employed Women in the United States*, Monthly Labour Review, March, 20-34.
- Dewing, A. S.** (191) *The Financial Policy of Corporations*. New York: Ronald Press.
- Donkels, R.** and **Miettinen, A.** (eds.) (1990) *New Findings and Perspectives in Entrepreneurship* Aldershot. Avebury.
- El-Namaki, M. S. S.** (1990) *A cross-country Examination of Barriers to Women Entry and Continuity in Business and Efforts Aimed at Barrier Waving* Maastricht. ASTRO/RVB Proceedings on a Conference on Industrial and Trade Policies for 1990s: Implications for LDCs.
- \_\_\_\_\_, (1985) *Could Women be Equally Entrepreneurial* Delft, RVB Research Papers. Vol. V No. 2, October.
- \_\_\_\_\_, and **Gerristen, J. C. M.** 1985 *The Entrepreneurial Role of Women in Developing Countries*, RVB Research Papers.
- \_\_\_\_\_, and **Gerristen, J. C. M.** (1987) *Women as Human Resource in Industrialisation Process: An International Perspective*. *Journal of Women Entrepreneurship*.
- \_\_\_\_\_, **Gerristen J. C. M.** and **C. Beyer** (1986) *Women Entrepreneurship Revisited: In Search of Pertinent Entrepreneurial Traits* RBV Research Papers Vol. VI No. 1.
- Gasse, Y.** (1990) *An Experience in Training in The Area of Entrepreneurship and Starting a Business in Quebec: The Project Become an Entrepreneur in Donckels, R. & A. Miettinen* (eds.) *New Findings and Perspectives in Entrepreneurship* Aldershot. Avebury.
- Gibb, A. A.** (1990) *Enterpreneurship and Intrapreneurship: Exploring the Differences in Donckels, R. and A. Miettinen* (eds.). *ibid.*
- \_\_\_\_\_, (1986/87) *Education for Enterprises: Training for Small Business Initiation. Some Contrast*. *Journal of Small Business and Entrepreneurship* Vol. 4 No. 3, Winter.
- Hagen, E. E.** (1962) *On the Theory of Social Change: How Economic Growth Begins*. Illinois. Dorsey Press, Homewood.
- Harris, J. R.** (1971) *Nigerian Entrepreneurship in Industry* in R. Kilby (ed.) *Entrepreneurship and Economic Development* New York. The Free Press.
- Hartman, H.** (1970) *The Entreprising Woman: A German Model*, *Columbia Journal of World Business* Vol. V., No. 2, March-April. 61-66.
- Hawkins, H. C. G.** (1965) *Wholesale & Retail Trade in Tanganyika: a Study of Distribution in East Africa* New York. **Fredrich A. Praeger**.
- Helsinki School of Economics** (1994) *Regional Program on Enterprise Development: Development and Growth of Industrial Enterprises in Tanzania* Helsinki. World Bank.
- Henning, M. & Jardim, A.** (1977) *The Managerial Women* London. Pan Books.

- Hisrich, R. D. & Brush, C. G.** (1984) *The Woman Entrepreneur: Management Skills and Business Problems*, Journal of Small Business Management Vol. 22 No. 1, January, 30-37.
- Hornaday, J. A. and Aboud, J.** (1974) *Characteristics of Successful Entrepreneurs* in Mancuso, J. (ed.): *The Entrepreneurs Handbook* – 1 Artech House Inc. U.S.A.
- \_\_\_\_\_, *et al.* (1982) *Frontiers of Entrepreneurship Research*. Wellesley. M. A. Babson College.
- House, W. J., Ikiara G. K. and McCormick, D.** (1993) *Urban Self-Employment in Kenya: Panacea or Viable Strategy?* World Development. Vol. 21, No. 7, 1205-1223.
- Illife, J.** (1979) *A Modern History of Tanganyika*. Cambridge, Cambridge University Press.
- ILO (1991)** *Tanzania: Meeting the Employment Challenge* Report of an ILO/UN DP Employment Sector Review Mission, Addis Ababa, JASPA.
- \_\_\_\_\_, (1991): *Informal Sector Survey – Zanzibar: Technical Report*.
- \_\_\_\_\_, (1994): *Promoting Gender Equality in Employment in Lesotho. An Agenda for Action* Geneva.
- Kao, R. W. Y.** (1990) *Who is an Entrepreneur?* in **Donckels, R.** and **A. Miettinen** (eds.). *op. cit.*
- Kennedy, P.** (1988) *African Capitalism: The Struggle for Ascendancy* Cambridge, Cambridge University Press.
- Kent, C., Sexton, D. and Vesper, V.** (1982). *Encyclopaedia of Entrepreneurship*. New Jersey. Prentice Hall.
- Kilby, P.** (1971) *Entrepreneurship and Economic Development*. New York. The Free Press.
- \_\_\_\_\_, (1988) *Breaking the Entrepreneurial Bottleneck in the Late Developing Countries: Is there a Useful Role for Government?* USAID/World Conference on Support for Micro-Enterprises, Washington D. C.
- \_\_\_\_\_, (1982) *Small Scale Industry in Kenya Working Paper* No. 20. East Lansing; Michigan State University.
- Kimbi, L. C.** (1989) *Women Entrepreneurs in Dar es Salaam: A profile Study* MBA Research Projects, Dar es Salaam, University of Dar es Salaam.
- Knight, F. B.** (1921) *Risk, Uncertainty and Profit*. Boston. Boughton Miffin Co., 213-2, 271.
- Lipman-Blumen, J.** (1980) *Female Leadership in Formal Organisations: Must the Female Leader Go Formal* in **H. J. Leavitt**, (ed.). *Readings in Managerial Psychology*, 3<sup>rd</sup> edition, pp. 341-362.
- Little, A. D.** Inc. (1961) *Tanganyika Industrial Development*. Dar es Salaam, Government Printer.
- Macharia, K.** (1988) *Social Networks: Ethnicity and the Informal Sector in Nairobi*. Working Paper No. 463. Nairobi. University of Nairobi – IDS.

- Malambugi, B. G. E.** (1991) *The Mobilisation of Financial Resources for Women's Projects. An Assessment of Current Approaches*. MBA Research Project, Dar es Salaam. University of Dar es Salaam.
- Malyamkono, T. and Bagachwa, M. S. D.** (1990) *The Second Economy in Tanzania*. London, James Currey.
- Mancuso, J.** (1974) *The Entrepreneurs Handbook – 1*. Artech House Inc., U. S. A.
- Marris, P.** (1968) *The Social Barriers to African Entrepreneurship*. *Journal of Development Studies*. October, 29-38.
- Marris, P. and Somerset, A.** (1971) *African Businessmen. A Study of Entrepreneurship and Development in Kenya*. London. Routledge & Kegan Paul.
- Masden, K.** (1990) *African Entrepreneurs: Pioneers of Development* International Finance Corporation – Discussion Paper No. 9. Washington D. C. The World Bank.
- Mathews, C. and Moser, S. B.** (1995) *Family Background and Gender: Implications for Interest in Small Firm Ownership*. *Entrepreneurship and Regional Development*, 7. 365-377.
- Mbise, E. R.** (1992) *A Performance Study of Women-Owned Tie and Dye Businesses in Dar es Salaam*. MBA Research Project, Dar es Salaam. University of Dar es Salaam.
- Mbughuni, P.** (1994) *Gender and Poverty Alleviation in Tanzania: Issues from and for Research* in **M. S. D. Bagachwa** (ed.). *Poverty Alleviation in Tanzania: Recent Research Issues*, Dar es Salaam, Dar es Salaam University Press.
- \_\_\_\_\_, and **Mwangunga, S.** (1989) *The Integration of Women into Small Scale Industrial Sector*. Report Prepared for SIDO and SIDA, Dar es Salaam.
- McClland, D.** (1971) *The Achievement Motive in Economic Growth* in **P. Kilby** (ed.), *Entrepreneurship and Economic Development*. New York, The Free Press.
- \_\_\_\_\_, (1962) *Business Drive and National Achievement* *Harvard Business Review*- July – August, 101-103.
- \_\_\_\_\_, (1961) *The Achieving Society*. Princeton, New Jersey. **D. van Nostrand**.
- McCormick, D.** (1988) *Women in Small Scale Manufacturing: The Case of Nairobi* Paper presented at the 14<sup>th</sup> Annual Third World Conference. Chicago.
- Meghji, Z. and Virji, P.** (1987) *A Study of Credit Facilities to Women in Tanzania* paper Presented at a Workshop on Women's Employment Creation/Income Generation, Dar es Salaam, October.
- Mhone, G.** (1995) *African Women Workers, Economic Reform, Globalisation, AIDS and Civil Strife*, in ILO. *Equality for Women in Development*. Geneva.
- Morris, M. H. and Lewis, P. S.** (1991) *The Determinants of Societal Entrepreneurship: An Environmental Perspective* *American Marketing Association (AMA) Educators' Proceedings*. Enhancing Knowledge Development in Marketing, Vol. 2 Summer, 583-591.

- Nafzinger, E. W.** (1977) *African Capitalism. A Case Study in Nigerian Entrepreneurship*. California. Stanford University.
- Omari, C. K.** (1991) *The Social Dimension of Women in the Informal Sector*, University of Dar es Salaam, Dar es Salaam. Professorial Inaugural Lecture.
- Paakkari, K.** (1992) *Entreprise Sector in Changing Environment: Tanzania*. Country Background Paper. Helsinki.
- Palmer, M.** (1971) *The Application of Psychological Testing to Enterpreneurial Potensial* *California Management Review*, Vol. 13 No. 3 32-38.
- Papanek, G. F.** (1971) *The Development of Entrepreneurship* in **P. Kilby** (ed.). *Entrepreneurship and Economic Development*. The Free Press. New York.
- Patel, V. G.** (1986) *The Indian Entrepreneurship Development Programme and its Relevance for Developing Countries* World Bank Document No. 310/039.
- Romijn, H. A.** (1989) *Selected Issues in Entrepreneurship Training for Small Business in Developing Countries Working Paper Series* No. 46, Hague, Institute of Social Studies.
- Stevenson, L.** (1984) *An Investigation of the Entrepreneurial Experience of Women" Implications for Small Business Policy in Canada*. Nova Scotia. Acadia University.
- \_\_\_\_\_, (1986) *Against All Odds: The Entrepreneurship of Women* *Journal of Small Business Management*, October.
- Tibaijuka, A.** (1992) *Women and Structural Adjustment in Sub-Saharan Africa* Seminar Paper, ERB University of Dar es Salaam (Mimeo).
- Timmons, J. A.** (1986) *Growing Up Big: Entrepreneurship and The Creation of High Potential Ventures* in **Sexton, D.** and **Smilor, R.** (eds.). *The Art and Science of Entrepreneurship*. Cambridge, M. A. Ballinger Publishing.
- Tripp, A. M.** (1990) *The Urban Informal Economy and the State in Tanzania*, Ph.D Thesis. Illinois North-Western University.
- United Republic of Tanzania** (1991) *Tanzania Informal Sector 1991* The Planning Commission and the Ministry of Labour and Youth Development, Dar es Salaam, Government Printer.
- \_\_\_\_\_, (1993) *Parastatal Privatisation and Reform; MASTERPLAN* Dar es Salaam. Presidential Parastatal Sector Reform Commission. Government printer.
- Van De Wees, C.** and **H. Romijn** (1987) *Entrepreneurship and Small Enterprise Development for Women in Developing Countries: An Agenda of Unanswered Questions*, Geneva, ILO.
- Wahome, J. G.** 1987) *Issues Relating to Small Scale Industrialisation in Kenya*. Paper Presented at a Policy Workshop on Small Scale Industrialisation. A New Perspective on Urban Employment Policies, Hague. Institute of Social Studies (May).
- Weber, M.** (1930) *The Protestant Ethic and the Spirit of Capitalism*. New York, Charles Scribner's Sons.

**World Bank** (1988) *Sub-Saharan Africa: From Crisis to Sustainable Growth*. Washington D. C. The World Bank.

\_\_\_\_\_, (1991) *Tanzania Economic Report: Towards Sustainable Development in the 1990s*, Report No. 9352 – TA. June Vol. I-II.

**Yunus, M.** (1983) *Group Based Savings and Credit for the Rural Poor: The Grameen Bank in Bangladesh*. Proceedings of a Workshop on Group-based Savings and Credit for the Rural Poor, Geneva, ILO.

### Appendix I

#### Women Entrepreneurs by Type Versus Business Performance

Observed Values				
	0m to 1,0m	1.0m to 2.0m	2.0m to 2.0m	TOTAL
Previously Employed	4	5	3	
	9.30	11.63	6.98	12
	33.33	41.67	25.00	
	14.81	55.56	42.86	27.91
Currently Employed	11	3	3	
	25.58	6.98	6.98	17
	64.71	17.65	17.65	
	40.74	33.33	42.86	39.53
Never Employed	12	1	1	14
	27.91	2.33	2.33	
	85.71	7.14	7.14	32.56
	44.41	11.11	14.29	
Total	27	9	7	
	62.79	20.93	16.28	43
				100.00

CHI-SQUARE = 7.962,

D. F. = 4,

PROB. = 0930

**Appendix 2**

**Official Exchange Rate of Tanzanian Shillings per US Dollar**

1988	125.00
1989	192.30
1990	196.60
1991	233.90
1992	335.00
1993	479.87
1994	523.45

**Source:** IMF "International Financial Statistics". Washington D. C., September, 1995.