

**PhD PROPOSAL**

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**By**

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**Working Title**

**Tanzanian Female Entrepreneurship: Strategy for Sustainability and Growth.**

## **Introduction**

It is believed that SMEs employ more people in the labour market within Tanzania than other sectors of employment. Tanzania is still implementing a poverty reduction strategy in giving an appropriate support to the small and medium enterprises sector. This is needed as evidenced by a number of factors as per this researcher's analysis. Lack of evidence for supportive policy making, the disconnection between economic planning (manpower available as well as training) and human capital development which means capacity gaps facing SMEs remain unaddressed. Following the World Bank Group Report (2009) it shows that, policy making within Tanzania is typically based on the assumption of continuing SMEs support (World Bank 2009).

Currently there are more female than male entrepreneurs in Tanzania getting involved in entrepreneurial activities as opposed to other Sub Saharan African countries. Females play a strong role in terms of labour force participation; women and men in Tanzania are in an approximately equal position: 88% of women versus 91% of men for those aged 15 – 64 years old in 2006 (Utz 2008). This study will investigate the factors which attract female entrepreneurs in Tanzania to entrepreneurial activities. Following the World Bank Group (2009), Tanzanian women seem to contribute heavily to economic growth, but they are at a disadvantage according to social indicators.

The above phenomenon was noted by Utz (2008) within Tanzania and is quite different from other developing countries especially Sub-Saharan Africa as whole, with 63% of women and 86% of men participating in the labour force (World Bank 2009). Within Tanzania there are only 4% of women who are working in paid jobs (formal/informal) while 9.8% of men who work on paid jobs, Labour Force Survey (URT 2002). Most of the Tanzanian women work informally with 71% of workers in the formal sector being men (Tanzania, NBS 2002).

## **Research Aim and Objectives**

### **Aim**

The aim of conducting this research study is to investigate motivational factors influencing the entrepreneurial decision among Tanzanian business women and barriers to further progression. This study is concerned with the adding to our understanding about the entrepreneurial motivational influence towards starting up small and medium enterprises among women in a different cultural environment. It will identify any opportunity creation by Tanzanian government on female entrepreneurs as well as developing a framework (model) for encouraging Tanzanian women into entrepreneurial activities, developing the model propounded by Arnold C. Cooper (1971).

### **Objectives**

The specific objectives of the study are as follows:-

1. To evaluate the motivational factors towards start-up influence among Tanzanian female entrepreneurs.
2. To identify the opportunity creation by Tanzanian government for female entrepreneurs.
3. To investigate barriers encountered by Tanzanian female entrepreneurs.
4. To develop a framework for encouraging Tanzanian females into entrepreneurial activities.

## Literature Review

Tanzania is among developing economies in Sub-Saharan Africa where micro and small enterprises (MSEs) with women's participation is increasing and is often the main source of employment and income. Within Tanzania, female entrepreneurship activities are currently increasing. Such increase is spearheaded by young women who sell their agricultural products and home based goods such as informal catering or arts and crafts (which they view as an extension of their housework) (Mbughuni 1994). The concept of women's involvement in business activities within Africa is an issue which has gained greater attention over the last three decades. Much of the focus has been on growth-oriented women's businesses as most are informal at present and considered to be unable to reach their potential growth within African societies (Sultan 2008).

Morris et al. (1996) suggest that, within developing countries the "*informal sectors*" play a great role in facilitating economic development. Their research indicated that the current employment growth in most developing economies (like Tanzania) originates from the entrepreneurial sector of the economy, which in many parts of the world is mostly regarded as the *informal sector*. This informal sector comprises of all the activities that fall outside the formal net of registration, taxation, licensing and statistically documented business enterprises. In relation to this, the present study focuses on the motivational factors which influence people (especially females) in those developing countries to involve themselves in such "*informal sectors*".

The corner stone of the research study will be drawn from the model suggested by Cooper (1970). This model will be applied to investigate the motivational factors influencing the entrepreneurial decision among Tanzanian business women. Cooper's model will be used to develop a theory of Tanzanian female entrepreneurs. The current model describes three major groups of factors: *antecedent influence*, *incubator organization*, and *environmental factors*. The *antecedent factor* includes all the background aspects which affect entrepreneur's knowledge, skills, motivation and perception. According to Birley (1989) these include genetic factors, family influence and education as well as previous career experiences.

The *incubator organizations* are the organizations where an entrepreneur worked immediately prior to start-up. These influence the geographical location, type of skills acquired, degree of contact with fellow founders and the extent to which an entrepreneur gains experience of a small business setting. Beyond all these there will be motivational triggers for an entrepreneur to either stay or leave the organization (Birley 1989).

According to Watkins (2007) the concept of incubator organizations has changed its meaning in the context of entrepreneurship over time as it originally meant an established organization that new business entrepreneurs spun out from when they first established their own independent firms. Therefore, Watkins (2007) regards these to be *accidental incubators* since these were not their primary aim. This contrasts with "purposive incubators" set up by governments or universities to actively stimulate entrepreneurial activity.

The last group of entrepreneurial decision influences under Cooper's model comprise *environmental factors*. These are regarded as external factors since they are outside an individual entrepreneur's control as well as the influence of his/her incubator organization (Cooper 1970). This includes the general prevailing economic condition, accessibility of start-up capital, role models of successful entrepreneurs and the availability of some supporting services (Birley 1989).

The research study will critically identify and evaluate the motivational factors influencing Tanzanian business women on the entrepreneurial decision. This study is important as in most of the developed economies recently the rate of female participation in business is measurable at about two – thirds that of men (GEM cited in Minniti 2003). The novelty of the present study is that, it is the first study to apply Cooper's model to investigate the motivational factors influencing entrepreneurship decision among Tanzanian business women and identifying the opportunity creation by the Tanzanian government on female entrepreneurs. This is due to realization of the value of the small business sector (*Informal Sector*) in economic development through job creation (Masten and Russell 1985).

Using Cooper's model of influence on the entrepreneur's decision in developed economies it is proposed that whilst using the model for identifying factors responsible for influencing entrepreneurship, situational and cultural bounds of the model should be investigated. This is due to the fact that the antecedent influence, incubator organization and environmental/external factors influencing entrepreneur's decision vary from one country to another; this is due to variation in culture and the economic development of a place (Birley 1989). However, the factor weightings of the three factors and the sub-factors within them may be very different in the context of economic development, such as in Tanzania and the UK. This in turn could suggest very different SMEs promotion and support policies from those routinely proposed in Europe or the USA. Therefore, in-depth interviews among Tanzanian female Entrepreneurs will be used to investigate this.

The concept of entrepreneurship has no academically accepted definition as it is multidimensional and the definition to be used depends on the focus of the research taken (Verheul et al. 2001). To most of the developing countries in Africa (like Tanzania) the term is equated with self-employment, which refers to people who provide employment for themselves as business owners rather than waiting for paid jobs (Olomi 2009). But according to Global Entrepreneurship Monitor (GEM) entrepreneurship is any attempt at new business or new venture creation such as self-employment, new business organization or expansion of an existing business by an individual or teams of individuals, or established businesses (Reynolds et al. 1999).

Rondinelli and Kasarda (1992) noted that most of the developing economies have a large share of their labour forces engaged in small-scale and informal sector enterprises. Policies for improving capacity of the small-scale enterprises to generate jobs have mixed results in most of the developing countries as challenges facing both government and private sectors including: creation of the economic environment conducive to small enterprise development; removing regulatory and administrative obstacles to small enterprise expansion; tailoring of small enterprise promotion programmes suitable to local conditions and needs; provision of capital and credit for small business owners; involving the private sector in small enterprise development programmes; and providing some technical assistance, training and educational programmes through public-private partnerships (Rondinelli and Kasarda 1992). The present research will examine the applicability of the above strategies within Tanzanian society.

Kristiansen (2001) argues that mentors have a potential role in underlining and strengthening entrepreneurial attitudes. Therefore, the government role is to be limited only on providing support in navigating towards success and promoting policies which aim at encouraging innovators within the country (Kristiansen 2001). So this study will investigate if there are any such supports available for Tanzanian female entrepreneurs to start-up and grow their businesses.

In addition, this study will identify and analyse problems to progression encountered by female entrepreneurs in Tanzania. Nkya (2003) found that Tanzanian entrepreneurship activities encounter some institutional barriers to their development. This hinders an institutional framework for transactions and creation of incentives essential for innovation and long-term business perspectives. In addition to that, (Nkya 2003) identified some of the environmental barriers which affect female entrepreneurs within the Sub-Saharan African countries. Those barriers were identified as socio-cultural, economic, legal, political and technological environments where they live. There have been unfavourable conditions in local regulatory, normative and cognitive systems which place additional burdens on females who desire to become entrepreneurs or to expand their entrepreneurial businesses (Amine and Staub 2009).

In summary, the rationale of this study will lie in obtaining deeper understanding of Tanzanian female entrepreneurs initially using the model suggested by Cooper. This will be important as the study of female entrepreneurship within Africa is very limited. According to World Bank (2007), the study of female entrepreneurs is scanty with geographically uneven distribution and skewed focus of the study and academic papers concerned with female entrepreneurship and their contribution to the economy. It is also important to note that 'African' entrepreneurship is no stronger a concept than 'European' entrepreneurship.

Accordingly Makombe (2006) has suggested that there is a real need to find out what is happening elsewhere in the world particularly Tanzania, as what might be true in Ghana or Cape Verde concerning female entrepreneurship is not necessarily to be applicable in Tanzania and other parts of the world. This is because African culture and economies vary at least as much as do European ones.

In addition Malhotra et al. (2002) found that out of 45 studies on female entrepreneurship from developing countries 25 were from Asia (particularly Bangladesh) with only 7 studies which covered Africa and 4 studies on Latin American countries. This study will enlarge the number of African female entrepreneurship studies due to very limited empirical work which has been conducted concerning female entrepreneurship activities and their contribution on the general economy of the country and the society.

## **Research Methodology**

The research approach of the study will be deductive as various literatures will be used to develop Cooper's model and ideas which will be tested using the collected data (Saunders et al. 2009). The researcher will consider the mixed method and cross-sectional research design where data will be collected from more than one source (Bryman and Bell 2007). During the data collection process the combination of both qualitative and quantitative methods including questionnaires and interviews will be used (Jankowicz 2005).

The intended questionnaires and interviews will be in both English and Swahili languages. The reason for this is because most of Tanzanian female entrepreneurs do not use English language at all; although English is the official language in Tanzania and it is used in schools and offices. Therefore, the researcher will translate the questionnaires and the interview questions for Tanzanian business women in order to make the results compatible (taking advice on the methodological pitfalls in this approach from the Southampton Solent University Language Centre).

Usually the deductive approach is compatible with positivism since the process involves developing and testing a theoretical or conceptual framework using data (Saunders et al. 2009). In this case Cooper's framework model for entrepreneurial influence will be tested to investigate the motivational factors of entrepreneurial influence in business start-up among Tanzanian female entrepreneurs.

## **Selection of the Research Sample**

Such a research topic requires the use of a large enough sample frame so as to generate reasonable and proportional results. Therefore, a structured random sampling by region will be designed and applied for this research study. 200 Tanzanian female entrepreneurs 50 from each region out of 4 self-selected business regions in Tanzania will be used for the sample. While from the main sample (the sample of 200) 50 female entrepreneurs will be picked in the same manner from Iringa region (Tanzania) to be used as a control sample (Saunders et al. 2009).

## **Questionnaires**

Semi – structured questionnaires will be designed to elicit information on the profile of respondents and their businesses. Themes will include: motive for starting the business, development, future plans and ambitions/growth motivation of the businesses, problems and barriers likely to be faced/encountered by female entrepreneurs, perceived opportunities, some possible solutions and strategies used to solve them as well as the suggested strategy/measures for future development and sustainable growth of the business.

The development of questionnaires will be a derivative of the detailed literature reviews (Saunders et al. 2009). Consultation with various academics who are expert in the field will also be undertaken as they will be asked to recommend additions to the questions in those instruments. In addition members of the Women in Research and Documentation Project

(WRDP) from the University of Dar es Salaam (UDSM) and some key figures (including the Director) from the University of Dar es Salaam Entrepreneurship Centre (UDEC) will be consulted.

The respondents of the prepared semi-structured questionnaires will be Tanzanian female entrepreneurs who are running their own business activities independently. The researcher will distribute questionnaires to respondents physically in hard copies and by posting them for Tanzanian business women as this will be appropriate. The aim will be to obtain 200 female entrepreneur respondents of questionnaires. Therefore, 500 questionnaires will be distributed to each region among of those four selected regions, for the sample of Tanzanian female entrepreneurs; with the expectation of getting at least 10% of the response from each region.

## **Interviews**

In-depth interviews of 20 Tanzanian female entrepreneurs (out of the main sample 200) will be used (Saunders et al. 2009). The researcher will use the semi-structured interviews with informal style of questioning (Bryman and Bell 2007). This will be done in order to collect and analyse individual experiences of female entrepreneurs and their attempts, motivational, successes and failures, strategies they use, and their views on developing entrepreneurial spirit among Tanzanian females.

Interviews with Tanzanian female entrepreneurs from 4 selected business regions will be conducted as sub-sets of the main sample. Within Iringa region also a sub-set of 5 female entrepreneurs will be used for in-depth interviews. The focus will be on the motivational factors, problems likely to be faced and identification of opportunities to remove barriers to entry and growth. If possible, the women chosen in each region will be matched for scale of business, business sector and age.



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