

PROBLEMS FACING WOMEN ENTREPRENEURS IN MBULU DISTRICT, TANZANIA

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Abstract

The full potential of the small scale business sector has yet to be tapped due to the existence of a number of constraints in this regard, this paper seeks to address the situation of women entrepreneurs engaged in small scale businesses in Mbulu district. Specifically, the paper examined the types of businesses in which female entrepreneurs engaged in and the problems they were facing in their business activities. A sample size of 120 women conducting small businesses and government officers from local government authority were subjected to structured and semi-structured interviews. In addition, field observation, focus group discussion and documentary review were used to collect the required data.

The study indicated that 92% of women engaged in small businesses because of push factors and only the remaining 8% was due to pull factors. Most of women were engaged in retail trading, business, food vendors, hair dressing and tailoring. The findings revealed problems faced by women entrepreneurs as lack of: capital, credit, business education and skills, problems in marketing and gender discrimination. Others were poor support from the government, long procedures and bureaucratic in getting a trade license and corruptions of the government officers; this indicated that women had to fight harder in the entrepreneurial world to succeed.

The study recommends the business education and skills to be provided to women entrepreneurs, credits to be provided, unnecessary bureaucracy and long procedures to get a trading license to be removed and their roles and contribution to be supported and appreciated by the community.

Keywords: Entrepreneurship, Women entrepreneurs, collateral, credits,

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1.0 Introduction

Entrepreneurship is very important for economic growth and development for countries like Tanzania. Through innovativeness and creativity entrepreneurs produce new goods and services, which enable them to survive in a competitive environment and earn substantial profits (Leggie and Hindle, 1997). Entrepreneurship in small, medium and micro enterprises, although not a panacea, is believed to be one way of ensuring socio-economic empowerment, equity in income distribution and development of both women and men.

Small and Medium Enterprises (SMEs) sector provides employment to a large number of people especially in the informal sector. The available data shows that micro enterprises operating in the informal sector alone employ more than 6 million persons, which was about 15% of the Tanzanian labor force. Given the fact that Tanzania is characterized by low rate of capital formation, SMEs address this problem and tend to be more effective in the utilization of local resources using simple and affordable technology.

Women entrepreneurship is a process through which women identify opportunities, allocate resources and create value. This creation of value is often through the identification of unmet needs or through the identification of opportunities for change. The study done by Tripp (1992) in Tanzania indicated that there has been a tremendous increase of self-employment among women, especially in small scale business earning up to ten times the amount they were earning before engaging in business. Women constitute more than 51% of the total population of the nation and contribute expansively in both production and reproduction in the society (URT, 2002).

Women engage themselves in small scale entrepreneurship because it often does not require large sums of money to start a business. Their engagement in business contributes to increase of household income, participation in decision making in the household and improve attitude towards women in the household and community in general. *Female entrepreneurship helps to ensure equity in income and wealth distribution* (O'Neill et al., 2001).

While women are active in Micro and small enterprises (MSE's) they face a lot of problems and challenges in managing, controlling and organizing their businesses. It is commonly asserted that women frequently face gender bias, social, cultural, educational and technological challenges in the socio-economic environment in which they operate. They face additional or at least different challenges than men when it comes to establishing and developing their own enterprises, especially in accessing economic resources (Mayoux, 2001). Furthermore, it is recognized that women in most societies carry the added burden of family and domestic responsibilities, and this has a limiting impact upon their ability to generate income outside of the home. Due to their reproductive roles in society women are the main providers of food and other material needed for their families.

It has also been noted that due to problems women face, their businesses perform less efficiently compared with their male counterparts. The house-to-house baseline survey carried out in a number of African countries, including Tanzania, indicates that female-headed MSEs grew at an average of 7% per year, while those headed by their male counterparts grew at approximately 11% per year (Mead *et al.*, 2008). The underperformance of women-owned businesses are also contributed by lack of collaterals (because they cannot inherit land) and lack of formal education and skills to run their businesses (Kibera, 1999).

To enhance capacity and strengthening entrepreneurship in the country, the Tanzania Government has set amount of money for capacity building and training of business management skills to assist the entrepreneurs develop provided through schemes under Small Industries Development Organization (SIDO), the Vocational Education Training Authority (VETA), Micro Finance Bank (NMB) and other Industrial Support Organizations.

2.0 Methodology

Primary and secondary sources were used to collect the required data for the study. Primary data were collected directly from 120 respondents through structured interviews and Focus group discussion. The secondary data were collected from published books, reports, journals, various web sites and other related studies done on small scale entrepreneurship, specifically women. The cross section survey method was employed in the study area to collect data from sampled

women entrepreneurs. The sample size was obtained through probability sampling by the use of simple random sampling, by which any woman entrepreneur was selected as the respondent. Then the non-probability sampling based on purposive sampling was used to select the key informants such as official leaders. The data collected were classified and analyzed in relation to the objectives of the study. Statistical tools like frequencies, percentages and means were used and then presented by using figures, tables, charts and word text

3.0 Results and Discussion

3.1 Characteristic of respondents

3.1.1 Education level of respondents

The results indicated that among 120 respondents interviewed, 13% had none formal education, 60% of the respondents had primary education, 24% had secondary education and the remaining 3% had different training course. This shows that most of the respondents (women) engaged in entrepreneurship have low levels of education. Historically, parents in Tanzania invested in the education of boys because this was viewed as a long term investment, whereas the girl's reproductive and productive capacity became the effective possession of her husband's kin upon marriage (Adepoju, 1994). *High level of education is strongly associated with the probability of business success* (Aidis, 2002).

Table 1: education level of respondents

Variable	Description	Frequency	Percentage (%)
Education level	Non formal education	15	13
	Primary education	72	60
	Secondary education	29	24
	College training	4	3

Source: Fieldwork Survey, 2012

3.1.2 Age of the respondents

The results show that age group of most of women entrepreneurs lies between 31-35 years, followed by those respondents between 26-30 years. This is the group of people can actively make decision compared to other ages. The findings revealed that 4 % of women were aged

below 25 years, 24% aged between 26 and 30, 49% aged between 31 and 35, 8% aged between 36 and 40, 11% aged between 41 and 50 and 4% aged above 51. Also the results concur with URT (2007) arguments that economically active and productive group in Tanzania is from the age of 16 years to 45 years as majority of women's income generating activities fall age of 25-40 years. Temu (2008) supported by saying that the age of a person is a factor that can explain the level of production and efficiency as age influences experience, health and decision-making capacities.

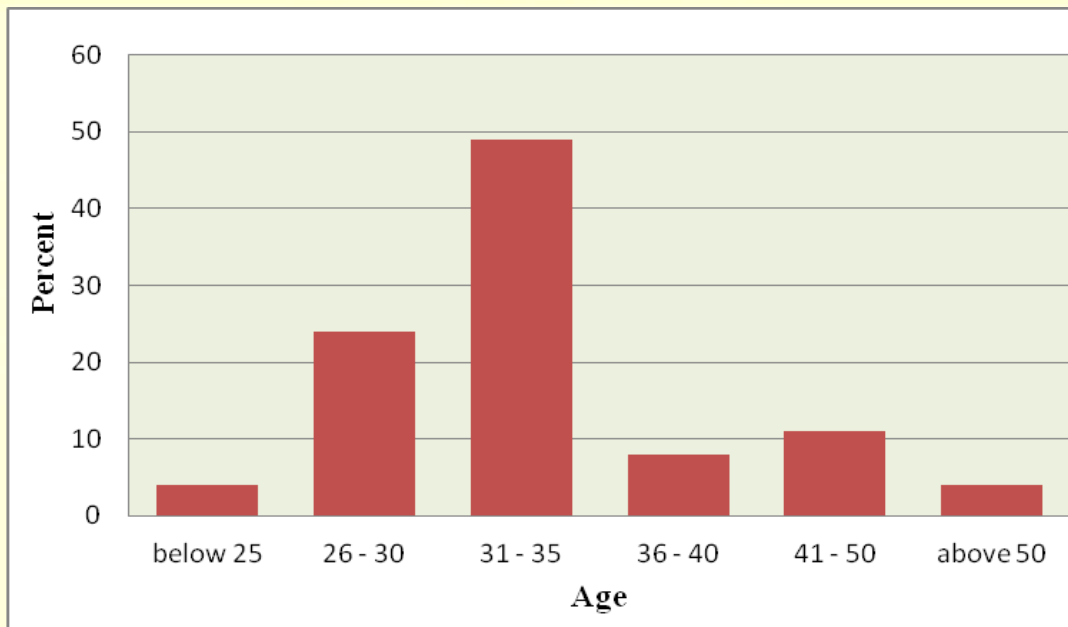


Figure 1: Age of the women entrepreneurs

3.1.3 Marital status

The results indicated that 84% of the respondents were married, 10% of women entrepreneur are single, 4% widow and 2% were separated. These findings imply that the majority of the women was engaged in family life, responsible to meet the family needs and participate in multiple roles which affect the development of their business.

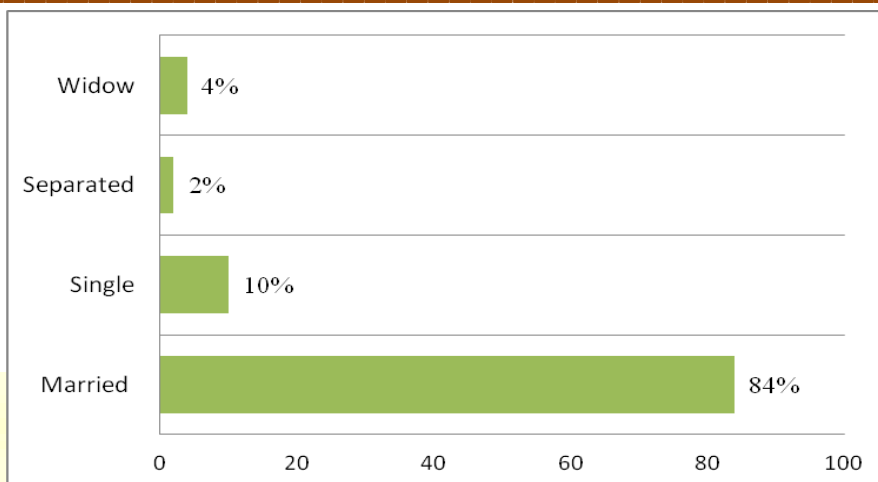


Figure 2: Distribution of respondent by marital status

3.2 Duration in business engagement

The information indicated that more than the half (53%) of women entrepreneurs had been conducting business activities for the period of 6 to 11 years, this indicate that they have enough experience on the challenges and problems affecting women entrepreneurs. The majority indicated their involvement in business help their families by paying school fees of their children, buying food and other family requirements. Other remaining part was saved in the bank and later invests more in the business.

Table 2: Duration in small scale business activity

Variable	Description	Frequency	Respondents (%)
Duration of years	1-3 years	12	10
	4-6	32	27
	7-11	64	53
	12-20	10	8
	above 20 years	2	2

Source: Fieldwork Survey, 2012

3.3 Type of businesses engaged by Women

The women whom participated in this research were engaged in retail and service industries, such as retail shopping, sewing, fruit and vegetable vending, food vending, saloon work, animal husbandry (poultry farming and piggyery). Younger women tended to be involved predominantly

in hairdressing, food vending and sewing while older women tend to be involved in pottery and weaving. The findings show that 24% practice food vending, 12% practices tailoring, 16% selling clothes and shoes, 8% vegetable and fruit vendors, 16% retailing shop, 8% hairdressing, 4% pottery and 4% animal husbandry.

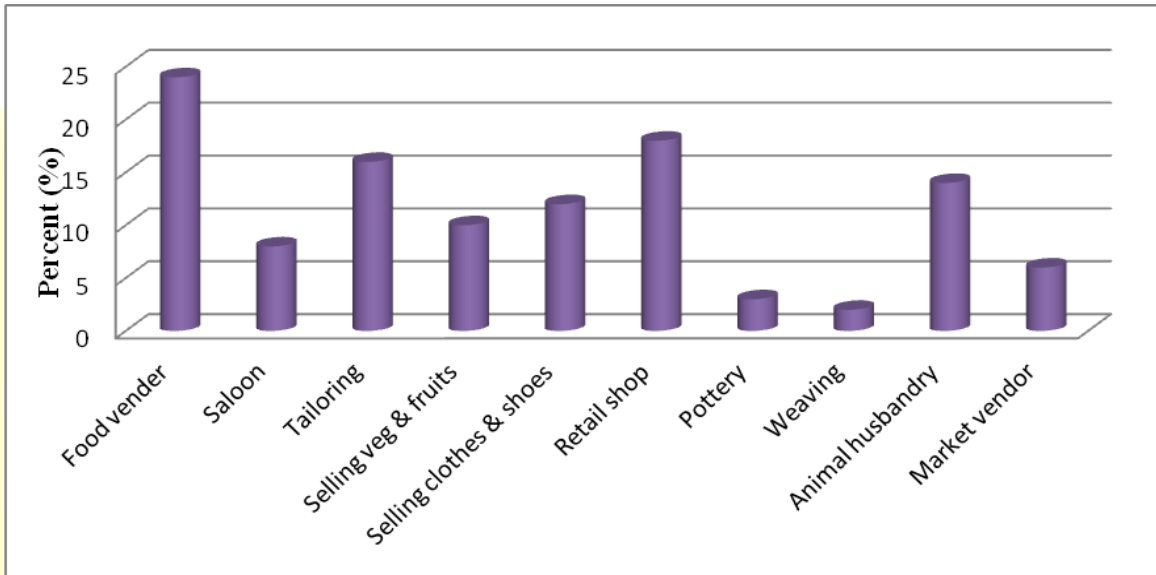


Figure 3: Type of businesses engaged by women

This indicates the influence of the gender division of labor on women's enterprises. The predominance of women entrepreneurs in service and retail services has also been noted in Kenya by Kibera (1999). However, Aidis (2002) argues that in most countries, SME owners are highly represented in the service sector regardless of the gender of the owner. Although the study did not utilize gender-disaggregated data to indicate the number of men and women in retail and service industries, The distribution of men and women across the sectors is uneven: Women are slightly in the majority in agriculture (52 percent versus 48 percent) and in trade (55 percent versus 45 percent), whereas men dominate in manufacturing, construction, transport, and finance. A detailed study by Brush (2002) indicates that the predominance of women in service and retail industries is due to the fact that women business owners have experience in teaching, retail sales, office administration or secretarial work. Men's work background, on the other hand, includes executive management and scientific or technical positions.

3.4 Reasons for women starting up businesses

The respondents interviewed gave push and pull factors for them to engage in entrepreneurial activities. According to Schwartz (1979) the prime motivations for women to start business were need to independent, need for job satisfaction and economic necessity.

Push factors

The data indicated that the majority of women were engaged in business due to the push factors. About 52% of women entrepreneur said poverty pushed them into business while 40% women wanted to increase the income of their families and provide basic necessities such as food, education and health care services. Aidis, (2002) support this assertion that in Africa, women venture into business because of their reproductive roles, they start-up business to meet family requirements. The findings of this study indicate that other women started business ventures because of not employed or after losing their job if previously employed. In a focus group discussion, a certain woman said *"I failed to secure a job in the formal sector and had to find alternative means of earning a living for myself and dependant family members."* Goffee *et al*, (1983) argued that lack of opportunities for paid employment force women to start their own businesses as a source of earnings

Pull factors

The findings revealed that 8% of respondents said it's their interest from their nature, women said that they ventured into entrepreneurship because of their desire to be independent from their husbands and to be in control of their lives. Some said it was due to the profitability of the business experience, others perceived entrepreneurship as a tool to earn quick money while others perceived their businesses as a network of relationships connecting family, work and community.

3.5 Problems faced by female entrepreneurs

3.5.1 Multiple domestic roles

The gender division of labor negatively impacts on women in all spheres of life, including women's performance in business. The study revealed that, 36% of women are affected in their business during pregnancy period, 40% due to home activities, 16% due to child caring and 8%

due to period of breastfeeding. Due to these factors women entrepreneurs are constrained in the development of their business. The study findings indicated that women's enterprises are adversely affected by the multiplicity of roles, especially the reproductive role which is considered women's primary responsibility. They are expected to perform domestic chores, such as cooking, providing wood fuel, child rearing and bearing and assisting in community projects. Brush (2002), observed that women entrepreneur activities were affected by their family responsibilities. Women entrepreneurs have to balance their triple roles, namely the reproductive, productive and community service roles therefore they have less time to devote to entrepreneurial activities.

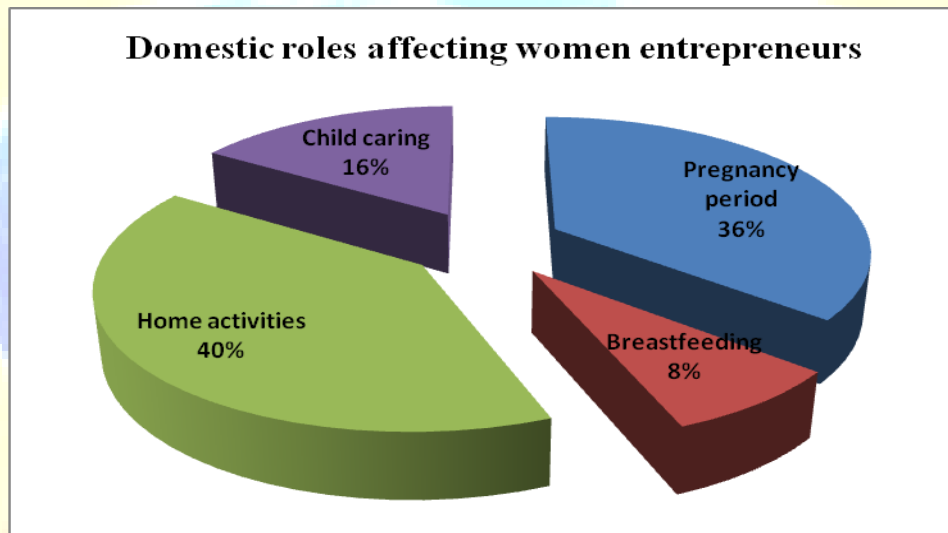


Figure 4: Domestic roles affecting women entrepreneurs

Kibera (1999) contends that because of multiple roles, entrepreneurship tends to occupy a secondary position less time devoted and generally appears to be a casual activity for women. Different comments were provided during the focus group discussion, one was *“to balance all the roles as a woman is a challenge. I wake up as early as 04:00am to clean the house and cook for my family, so that at 08:00am I can open my shop.*

3.5.2 Lack of capital to start up and expand the business

The study revealed that women entrepreneur faces the problem of less capital in the development of their business. About 60% of respondents mentioned lack of enough capital for the business as

one of the problems affecting their businesses. To start-up the business, most of the women entrepreneurs interviewed, 68% got their capital from their relatives and husbands, 20% of their own savings, 12% from micro credit organizations and non of the respondent said the government had empowered them to get the capital to start up the business. These findings imply that the government should devise appropriate schemes, like the Empowerment Fund, to assist women entrepreneurs to finance their businesses.

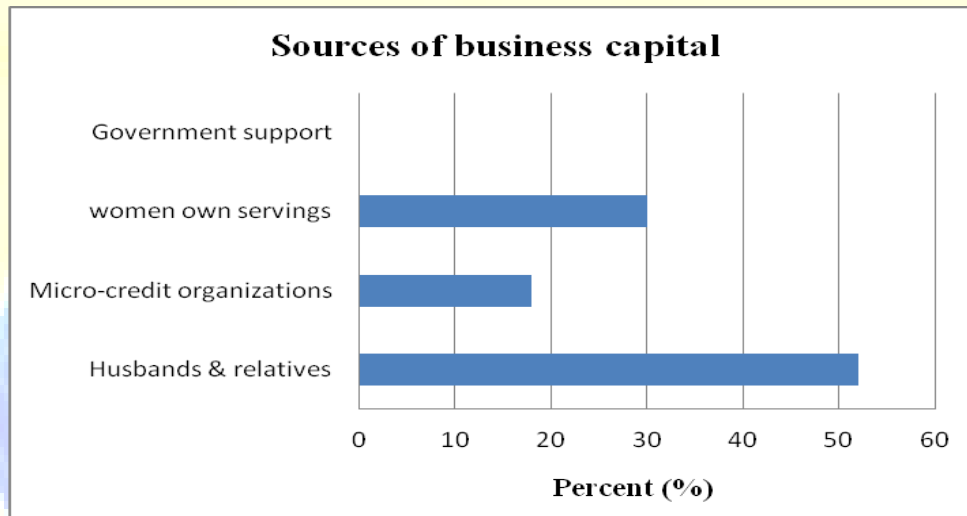


Figure 5: sources of business Capital

3.5.3 Poor access to loans

One of the challenges faced by women entrepreneurs is access to funding because of the lack of proper information on credit procedures and collaterals required by financial institutions, like banks. The study revealed that most of the women entrepreneurs don't get a loan due to lack of collaterals, because they don't own assets like land or houses. When interviewed only 12% had assets like houses, land, cars while the majority 88% do not own any asset for collaterals. This implies that the majority of women do not have collaterals to acquire enough loans for development of their business.

The problem of collaterals faced by women entrepreneurs is partly attributable to the fact that historically men were the sole owners of the means of production, including land. According to Hisrich *et al*, (2004) female entrepreneurs experience problems with collaterals to obtain credit

resulting in society's belief that women are not as serious as men about business. Richardson, *et al.*, (2004) added that credit discrimination is one of the barriers to female entrepreneurs.

3.5.4 Business licensing

Research participants argued that the process of acquiring business licensing is cumbersome and very costly; a lot of time and procedures were required. The study revealed that 76% of the respondents do not have the license so their business were not registered and only 24% of business have trade license.

Table 3: Business registration

Business registration	Frequency	Percent
Registered	29	24.0
Not registered	91	76.0
Total	120	100.0

Source: Fieldwork Survey, 2012

The respondents provided several reasons as to why their businesses were not registered. The majority of respondents (71%) mentioned high cost and time of getting licenses as one of the main reasons why they did not register their businesses. It was found out that long and cumbersome procedures to follow hinder women entrepreneurs to access business license. During Focus group discussion it was said that most of business registration offices were found in the towns; women cannot travel due to household duties and registration need money and ability to read and write to fill the forms. It was also found out by 12% of the respondents that they didn't register their business because they conduct it at their homes and 17% lack permanent business premises for conducting the business. These findings imply that women entrepreneurs do not conduct their business in a safe way; they were in a very huge risk of losing everything.

3.5.5 Lack of business education and skills

The study indicated that a large proportion of the women interviewed (78%) lack business education/training and skills to conduct business activities only 22% agreed to have certain

knowledge and skills of business. This goes in line with the findings of Musubira (2005) that majority of women are not educated, they lack business knowledge and financial planning experience. These made women fail to understand how to run and improve the products/services so as to develop their business.

It was well explained in one of the Focus Group Discussion conducted in Sanu ward that;

‘Women are not only less educated, but even when they do attend university they are less likely to study fields which equip them with business knowledge and skills needed to manage business’ (FGD data, Sanu ward 2012).

3.5.6 Other problems

Other problems identified by respondents were lack of markets for their products, lack of business education, experience and skills, more business competition, gender discrimination, inadequate government support, lack of society encouragement and corruptions of the government officers.

4.0 Conclusion and Recommendations

The study indicated that women entrepreneurs are playing a very significant role in the development of Tanzania although at the same time they are facing a lot of problems which affect their development. The study revealed that type of business in which women are engaged is an extension of their traditional reproductive roles, hence the predominance of women businesses in retail and service industries, such as sewing, fruit and vegetable vending, retail shops and food catering which are small in size and render low income.

The study reveals various factors which hamper women’s entrepreneurial activities, mainly the problem of obtaining loans from financial institutions, low level of business education and skills of women entrepreneurs and lack of capital to start and develop their businesses. Women businesses are also affected by the gender division of labor, which assign women multiple roles as a result fewer hours were devoted to entrepreneurial activities and women fail balancing business activities, household chores and community service.

It has been established in this study that for women to fully exercise their potential in entrepreneurship appropriate policies should be crafted to enable and assist women to fully participate in business activities. Gender issues must be mainstreamed in government and non-governmental services and activities, to ensure that development and policy making address the specific needs of both men and women. Government should promote the culture of women entrepreneurship in Tanzania and make efforts to introduce technical education, secondary and post-secondary education to women.

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