

Institutional theory and the Growth-Oriented Women Entrepreneurs in Tanzania

A normative Approach

By

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Introduction

Recent years have seen increasingly widespread recognition of the institutional theory associated with various approaches and myriad extensions and amplifications since the times of Thorstein Veblen (Scott 1987, North 1990, Steinmo 2008, Tolbert and Zucker, 1996, Kostova, 1997, Meyer and Höllerer. 2014, DiMaggio and Powell 1983, Bo Rothstein and Stolle 2002, Busenitz et al. 2000.) . The institutional theorists have led to the manifestation on a variation of perspectives on the concepts of institutionalization and institutions (North 1990, Wiseman, 2007, Di Maggio, 1988, Kostova, 2000, 1997, Garrido et al 2013). In addition, the institutional theory is based on the classical and neo classical perspectives on analysis of organizations. The neo Institutional theorists have stipulated that informal and formal institutional structures in the society shape and influence entrepreneurial behaviour and growth of enterprises(Kostova 1997, Busenitz et al, 2003). Researchers on this view argue that government policies, codified laws and rules known as the regulatory dimension, informal institutions that can be regarded as norms, values and beliefs that shape what is socially acceptable known as the normative dimension and the cognitive dimension which is the knowledge, underlying beliefs and skills possessed by the people shape entrepreneurial activities(Williams and Shahid 2016, Kostova, 2000). Over time there has been considerable interest on the cognitive and regulatory dimensions that shape women enterprises on various aspects such as contribution to economic development, leadership, performance, motivation, success factors, growth and entrepreneurial intentions (Yousoufavalet al, 2015, Coboonet al 2010, Acset al 2011). However there has been little consideration on the normative institutional dimension that has been considered to play a great role in shaping the entrepreneurial activities of growth oriented African women entrepreneurs in less developed countries like Tanzania.

Growth oriented women entrepreneurs in Tanzania like any other African country play a distinctive role at both at national, community and household level. Tadmira, 2007 argued that

"African women continue to be an important mainstay of family livelihoods all over the continent, and many thrive in the informal economy, in spite of the hardships. Some women are able to make the transition from the small-scale, informal sector to the medium- and large-scale sectors"

The distinctive role played by women has inspired more women to participate in the private sector and small, micro, medium enterprises. According to Mori (2014) the proportion of women owned enterprises in Tanzania has increased from 35% in 1990 to 54.3% in 2012, despite of the sector been male dominated. Mori (2014) further observes that three quarters of the women enterprises had only one employee. There have been efforts to encourage women participation in SMEs and creating a conducive environment by the government. These efforts include the SME policy of 2002, establishment of Tanzania women Chambers of commerce and the recognition of women's role in various sectoral policies. However, despite these efforts, their potentials are still regarded as untapped and they are more disadvantaged by men, due to legal, mobility cultural attitude and perspectives. To deal with this societal stigma the Government has made deliberate attempts in recognizing the value of women entrepreneurs in the society by introducing various programs, promoting the establishment of NGOs, and Advocacy groups that have a role of changing the cultural perception and attitude towards women in the society (Shumaila et al, 2015, Cutura 2007, Mzumbe study.). However, the stereotypes of women entrepreneurs, among others, that include women have gone into business by default, women have limited access to formal education and women have no experience in business still overshadow the contribution women have done over the years (Richardson et al, 2004; Maleko, 2008).

Numerous studies have shown that women entrepreneurs have been successful in formal and informal business, despite of the myth that women lack business savvy in the African societies (Shumaila et al, 2015) Moreover, women owned enterprises have been growing despite of their combined needs of family and business (Mbithi, 2012). Dalborg et al, (2012) indicated that only a few women-owned enterprises are growing in the formal sector, while Stevenson and Onge (2005) on the other hand observed that most of the women entrepreneurs are striving well in informal sector despite of the constraints they face. This argument reveals that as the women struggle for the growth of their enterprises they have been influenced by several factors. Factors that have been considered by scholars to influence the growth of women owned enterprises include psychological, economic and personal characteristics, governments' legal and regulatory framework, bureaucracy, access to financial services, harassment by government officials, leadership, balancing work and family life, education and training, information, life satisfaction, aspiration (Mori, 2014, Mbithi, 2012, Brush et al, 2006, Richardson et al, 2004, Desta, 2010, Towo, 2012, ILO, 2003, Verheul. 2006, Maleko, 2008. Berdasi, 2008, Mashene and Rumanyika, 2014, Nkonoki, 2010). Others have posited that women activities in the formal and informal sectors in rural and urban areas may be influenced by the existing social and cultural conditions in the society (Prakesh, 2003; Amine and Staub, 2009. Furthermore, the link between growth oriented women entrepreneurs and informal institutional factors (normative factors) especially in the

context of a developing country like Tanzania has received little attention. The critical question that comes up is how the existing informal institutions in the society influence growth-oriented women entrepreneurs.

Scholars have described the word entrepreneurship and entrepreneur with different perspectives. Warnecke, (2013) describes entrepreneurship using a holistic gender neutral approach in terms of an outcome (such as the incidence of start-ups or the self-employment rate), a way of thinking or acting (being creative, resilient, risk-taking), or a process (shattering the status quo of existing products and services)., Amine and Staub (2009) gender neutral definition also considers entrepreneurship as the pursuit of an opportunity irrespective of existing resources, and entrepreneurs as those who perceive themselves as pursuing such opportunities. This definition takes into account that an entrepreneur operates and responds spontaneously to the changing environment which is highly complex and dynamic (Abebresse,2012). However, symbolically the perception of entrepreneurship in African societies has left women on the disadvantaged side as postulated by Bennett (2006) pg 142

“enterprises have been male dominated due to what has been referred as the as "the patriarchal equilibrium,” or the fact that women 's disadvantaged status vis—à—vis men has persisted across time"

Furthermore, the features of enterprises are characterized on the male domain and when transposed to the female domain they are uncertain, as Brune et al (2004) observes the enterprise is:

“encapsulated by the mythological figure of Mercury, and by the mercurial personality: shrewd, pragmatic, creative, open-minded and adventurous.”

These symbolic stereotypes in the societies have placed women on the disadvantage side in the society with respect to access to resources, ownership and type of enterprises. As a result most of the women involved in formal small, micro and medium scale enterprises are practicing businesses with low barriers to entry and low startup capital in the service sector, such as food processing, restaurants, handcrafts, wholesale, retail trade, clothing and the textile sector (Anderson et al, 2007)The growth oriented women entrepreneur can be regarded as the one who has an important need to achieve growth, whose actions are based on her own decisions and efforts, operates in a dynamic environment and is prepared to change despite of the female stereotypes that exist in the society. Thus, it can be recognized that socio-cultural factors in the society play an important role in shaping growth oriented women owned enterprises. However, the socio-cultural influence of growth oriented women in the African context remains to be understudied. Therefore, at this juncture, there is a need to examine the influence of the existing norms and values in the society on growth oriented women entrepreneurs. Following, the argument that institutions are shaped by culture, values and norms in the society, and that the female stereotypes in the society may influence growth of women owned

enterprises an institutional approach with its theoretical foundations is well positioned in explaining this phenomenon.

The new institutional theorists have defined institutions in political, sociological and economic perspectives. North (1995 in Fredrik, 2004) consider institutions as the structures and rules of the game in a society that function as constraints and opportunities shaping human interaction. These structures and rules are both formal and informal as perceived North (2005). Thus, in the entrepreneurship context institutions represent the set of formal and informal rules that articulate and organize the economic, social and political interactions between individuals and social groups, with consequences for business activity (Garidoa et al, 2014). However, North (2005) noted that the informal institutions are fundamental in laying the foundations of the formal institutions and hence recognizing the importance of informal institutions. A group of modern institutional theorists that include Busentiz et al (2000) and Kostova, 1997 came up with the view of the three dimension institutional theory that consist of cognitive, normative and regulatory structures that provide stability and shape the enterprise.

Various scholars have since then conducted research on using the three dimensions of institutional theory. Kostova (1997), Buzenitz et al (2000) and Ethem (2008) focused on the normative, cognitive and regulatory profiles at country level and amongst graduate students respectively. Many researchers have recognized the importance of the cognitive and regulatory institutions in shaping entrepreneurs, but few have recognized the importance of the normative institutional dimension in shaping women entrepreneurs. Arasti et al (2012) conducted a qualitative study in Iran and examined the influence of the normative institutions in information Technology sector. Moreover, Akhter and Sum (2014) examined the influence of socio-cultural aspects on entrepreneurship in Bangladesh. Studies that have specifically addressed the women dimension and normative institutional factors include Noguera (2012) who examined women entrepreneurship in Spain and observed that informal institutional factors such as social networks, role models, entrepreneurial career, perceived capabilities play a pivotal role in growth of entrepreneurs. In Uganda, Vogelius (2013) emphasized that the normative and cultural-cognitive elements as the key factors that influence women entrepreneurs. These studies have addressed most of the normative institutional factors affecting women entrepreneurs either in starting or operating their enterprises, but they have not been exhaustive. For example, none of the studies has examined the aspects of norms and culture that influence growth oriented women entrepreneurs in urban settings. Tanzania by using the three dimensional institutional theory. This study is important as it will add knowledge on the understanding of issues related to culture, norms, values and social capital, by examining further the influence of these factors on growth oriented women entrepreneurs in Tanzania. It will further guide policy makers and development practitioners on designing

appropriate mechanisms for intervention that will address the challenges and obstacles facing growth oriented women entrepreneurs in less developed countries like Tanzania.

Methodology

The study was carried out in Moshi Municipality, Kilimanjaro region. The study focused on women entrepreneurs in the urban setting. These women were conducting various businesses, that included, retail shops, hair dressing saloons and handicrafts. Moshi Municipality was selected due to proximity to Mount Kilimanjaro, a major tourist attraction and taking into consideration that most of the urban areas in Tanzania have similar characteristics; it was considered a good representative of the urban setting. Moshi Municipality is also considered to have a strong cultural influence of the Chagga tribe that dominate the area. The study was survey in nature and both semi structured and in-depth questionnaires were utilized in order to get in-depth information on the entrepreneurship environment.

Sample

The sample included 100 registered women entrepreneurs. The Municipality officials assisted in identifying these entrepreneurs. In addition, officials at the municipality also assisted in providing information regarding these women entrepreneurs who are perceived to be growth oriented. These women were therefore purposively identified, by using snowball approach.

Data Collection

Interviews were conducted by using both structured and semi-structured questionnaires. The questionnaires were personally administered and therefore the response was from all the targeted respondents.