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Assessment of Factors Hindering the Growth of Women Owned Small Enterprises in Moshi Municipality: A Case of Kiboriloni Market, Tanzania

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Abstract:

While a lot has been written about challenges which women face in the course of starting their business, this paper examine the challenges women entrepreneurs encounter in the course of growing their businesses. Increasing family responsibilities, lack of cooperation and support, unnecessary government interferences, poor business environment, increased tax burden and market challenges are some of the reasons brought forward by women as the reason for slow growth of their business. The study provides insight on what different stakeholders should do to ensure the balance ground for both men and women owned businesses.

Kiboriloni market which was chosen because it is the big market in Moshi municipal and where there is large concentration of business women in comparison to other business areas in Moshi, has enabled the researcher to get firsthand experience which what is happening in the field and therefore exposes the working reality which is important for policy makers if the developing countries should foster the growth speed economically.

Keywords: Women owned business, business environment, Kiboriloni,

1. Introduction

1.1. Background of the Study

Women entrepreneurs are significant part of global expedition for the sustained economic development and social progress (Said, 2009). Emergence of women owned business occurred during the growing industrialization and urbanization (Masood, 2011) is important in development of women and securing them a place in the society. Women are increasingly becoming conscious of their existence, their rights and their work situations. Women entrepreneurs create new jobs for themselves and others by being different and providing society with different solutions to management (UNESCAP, 2005).

While women are active in small scale enterprises they face peculiar problems and challenges in developing their problems. Rweyemamu et al (2003) revealed that, most financial institutions which have been established for the purpose of empowering women entrepreneurs have failed to serve the MSE'S in both urban and rural communities. In addition to the problems faced by small-scale entrepreneurs, it is commonly asserted that women frequently face gender biasness in the socio-economic environment in which they operate.

1.2. Statement of the Problem

The emphasis on women entrepreneurship development is relevant in poverty reduction in Tanzania in the pursuit of achieving Millennium Development Goals to promote gender quality and women empowerment (ILO, 2001). These promotions of women entrepreneurs signify positive move from the governments and community at large even though women still face additional or at least different social, cultural, educational and technological challenges than men when it comes to establishing and developing their own enterprises, and accessing economic resources (Mayoux, 2001).

While a lot has been written about challenges which women face in the course of starting their business, this paper examine the challenges women entrepreneurs encounter in the course of growing their businesses.

1.3. Objectives of the Study

This paper examines the business environment and challenges which affect women entrepreneurs in the course of growing their businesses.

1.4. Significance of the Study

The study is important in understanding the environment surrounded by women-run enterprises, their strengths and weaknesses. The findings benefit policy makers, women entrepreneurs and the community in exploring the strategies and efforts to empower women

entrepreneurs. The study is crucial in identifying several challenges facing women entrepreneurs as to work out for the measures to improve women economic life.

2. Literature Review

Lerner (2007) in his study about factors affecting performance of women entrepreneurs in Israel argued about 200 women owned businesses suffered from occupational segregation and typically earn less money than their male counter parts although women contributing greater role in enterprise creation and economic development. The study conducted by Federation of Women entrepreneurs Tanzania (FAWETA, 2003) outlined challenges facing women entrepreneurs. Among the key issues listed were lack of education and experience, lack of enough capital for expanding existing enterprise due to low amount of credit from institutions and are unable to finance their enterprises for sustainability, lack of markets which are saturated for product of many women, lack of access to information and communication technology (ICT) and lack of skill and knowledge in entrepreneurial work.

2.1. Beyond Survival to Growth

Like men entrepreneurs, it is the desire of women entrepreneurs to see their businesses growing from the survival level so that they can contribute more to the basket of income. Kibas (2006) found that, limited capital, cost of expansion, time constraints, multiple roles of women, limited management skills and record keeping, fluctuation of market prices and other force, climatic changes and nature of goods, low level of education, lack of business knowledge and skills are challenges which hinder women businesses to move from survival state to the needed growth. Although some of the factors explained by Kibas (2006) are generalized in nature, as they can affect both men and women run businesses, this study narrow down and identify the factors which specifically have impact on women owned businesses.

2.2. Business Environment of Women Entrepreneurs

Mansor and Mat (2010) observed that environmental factors influence women's involvement in entrepreneurship include access to credit markets, experience, availability of technically skilled labour force, market access, and government regulations. Women are observed to be constrained in their access to formal bank credit as they are perceived to be risky borrowers due to lack of adequate collateral. This perspective is more pronounced in cultural settings where the women have less land and property rights as compared to men, and so cannot offer to the banks the proffered type of collateral (usually land and property).

Women in the informal economy in the transition to a formal enterprise encounter difficult environment such as many of the laws and regulations affecting business (including licensing procedures) were designed for relatively large enterprises and are therefore beyond the reach of most micro enterprises, which are predominantly owned by women (UDEEC, 2002). Corruption and bureaucracy make matters worse, especially for women, who do not have the same opportunities as men to meet and negotiate with predominately male public officials.

3. Research Methodology

The case study methodology was used to direct the study on the factors affecting the growth of women entrepreneurs. The case study design was chosen so that to provide much time to concentrate on problems in particular unit and to simplify obtaining real and enlightened personal experience. The study area was chosen because of researcher familiarity with an area thus it is easy to acquire data because the area composes number of women entrepreneurs performing different kind of small scale businesses, proper availability of reliable data at time, cost management as well as accessibility of reliable information. Primary data were obtained directly from women entrepreneurs in Kiboriloni market while secondary data were obtained from women entrepreneurs records and different books and journals related to women entrepreneurs. Qualitative data analysis technique was used to analyze data based on description while quantitative data analysis technique was used to analyze numerical data.

4. Research findings

4.1. Factors Affecting Growth of Small Businesses Owned by Women

Several factors were identified by respondents which retarded the performance of the growth of the small business owned by women in area. The major factors included were the increasing family responsibility, family dependence on business, and lack of cooperation and support. Other minor factors reported in order of importance included; women inferiority, time limit, and family problems. 32.1% of respondents' views increased family responsibility as the reason for slow growth for women owned businesses, while 14.3% and 12.5% of women stated that lack of cooperation from household and time limit respectively as the reason for slow business growth.

4.2. Business Environmental Factors Hindering Women Owned Businesses Growth.

4.2.1. Government Interference

43.2% of respondents' complained that, many laws and regulations affecting businesses (including licensing procedures) were designed for relatively large businesses and are therefore beyond the reach of most micro-enterprises, which are predominantly owned by women. The UDEEC (2002) report expressed amazement that any women in the informal economy managed to achieve the transition to a formal enterprise in such difficult environment that's affect the women owned business.

4.2.2. Transportation and Marketing Challenges

About 15.9% of women mainly those engaged in business of goods like animal feed shelter, used clothes sellers and food crop sellers complained that transportation issues like inaccessible paths and roads in some areas make it difficult to transport products and raw materials. This increase costs of doing business as a result, profit is reduced and capital to expand the business is minimized. 15% of respondents' interviewed argued that the market of their products is challenging their business growth and success. Respondents argued on the existence of many similar products/goods sold by various women in a same place causes market problem. Most of women are incapable of supplying their goods/products outside, thus remain doing their business in their local areas which in turn create local intensive competition and over saturation of markets, hence low profit and failure to get quick success.

4.2.3. Increased Tax Burden and Rent

10.3% of women entrepreneurs identified are affected with increasing tax charges. The income operated by small business owners is too small compared to the tax charged and their business environment is not well maintained thus caused the failure of businesses performed by small women entrepreneur. There was also complains about landlords to increase rent at the rate which is not in consistence with the income they get from they generate from the business.

4.3. Other Factors Hindering Women Owned Business Growth

5.2 % of women argued that challenges such as insecurity and robbery were the setbacks for their business growth. 6% of women complained about lack of entrepreneurial skills as the reasons for their slow business growth. 29.4% of women argued that shortage of capital is the major reason as they can't expand their businesses.

5. Recommendations

Regarding the factors that hinder the growth of small business owned by women entrepreneurs from the research findings, the following recommendations are identified. The government must ensure the business infrastructure that is road, electricity, and premises are prospering so that can facilitate the success of the small businesses. Also it should ensure the security and protect the small business operators in the business areas. To ensure the small business can acquire it and even setting tax charges that are affordable. The financial institutions are advised to put the requirements that are affordable by the small business operators' that they can be able to access the loan to finance their business. This is due to the fact that smallest business operators lack collateral; they don't afford to pay high interest.

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