

Original Research Article

Understanding Barriers to Development and Growth in Women, Ethnic, and Minority Entrepreneurship

ABSTRACT

The study aimed to investigate factors contributing to the success of specific ethnic entrepreneurs over others and to identify challenges hindering the growth of businesses owned by women, ethnic groups, and minorities. The study employed a mix of positivist and anti-positivist research paradigms, using a deductive approach and combining qualitative and quantitative research methods. A descriptive survey design with a cross-sectional method was utilized, gathering data from 30 respondents in Tanzania through interviews and content analysis. The study found various factors contributing to the success of certain ethnic entrepreneurs, including motivations, opportunity structure, group characteristics, predisposing factors, and customer relationships. Challenges hindering women and minority-owned businesses included social-cultural barriers, financial constraints, and market accessibility challenges. Based on the study's findings, recommendations were made, including launching a nationwide campaign to address negative mindsets about women in business, developing specialized financial schemes for small businesses, and advocating for the creation of support groups and entrepreneurship clubs to collectively tackle market challenges.

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Keywords: *Women entrepreneurship, Ethnic entrepreneurship, Minority entrepreneurship*

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INTRODUCTION

Numerous African countries embarked on building their economies after gaining independence from colonial rule in the early 1940s. They introduced various economic systems and adopted different business strategies and policies from Western and European countries [6]. However, in the initial stages, many African nations struggled to establish the ideal economic structure essential for economic development. In their quest to find effective strategies, they implemented several development policies. These included importing substitute goods for domestic consumption and exporting raw materials to industrialized countries, aiming for development [5]. Nevertheless, these strategies, in the early post-independence periods, failed to yield the expected outcomes due to strong competition in the export market from emerging East Asian countries that employed innovative

technologies. Furthermore, the importation of substitute goods led to a distortion of domestic markets in African countries [18].

The economic development of countries relies on various productive activities within their borders. The collective economic activities of business organizations and individuals contribute significantly to a country's growth. Consequently, many governments have decided to create a conducive business environment to attract investments from individuals across all levels.

Entrepreneurship has emerged as a vital force in the economic development of these countries. It shifts the economic backbone from relying solely on the government for job opportunities and services toward community-driven initiatives. Entrepreneurs now play a pivotal role in creating jobs, leading to economic growth and stability by reducing unemployment and increasing the workforce.

Entrepreneurs recognized as individuals who identify opportunities and invest resources and skills with creative contributions to the production chain, and have transformed the economic landscape (Portella & Vazques-Rusaz, 2012). Their initiatives open new avenues for wealth creation beyond the dependency on natural resources, thus fostering the development of countries.

The increase in local entrepreneurship and business ownership has prompted governments to develop policies that regulate and support entrepreneurs to enhance their contributions to the economy. This support has led to the dominance of small and medium-sized entrepreneurs in business activities within most developing countries [5].

Consequently, governments have introduced diverse policies and structures to support entrepreneurs at all scales of production, aiming to enhance the country's productivity while simultaneously reducing poverty levels, especially among the younger generation. These efforts have encouraged small businesses, particularly those owned by women and other minority groups, to flourish. For instance, in Tanzania, there has been a noticeable increase in businesses owned by women and those engaged in traditional sectors.

Small businesses in Tanzania contribute approximately 40% to the country's GDP by offering various products and services, making them a critical sector for Tanzania's economy. This significance has prompted the government to focus on implementing policies that support these enterprises [11].

The ownership of many small businesses by women, ethnic groups, and other minorities in Tanzania and other developing countries has attracted the attention of governments and international organizations. Consequently, inclusive business policies are being developed to boost and promote businesses owned by minority groups,

including women and ethnic communities [10].

Despite the advantageous contributions of women and minority-owned businesses to the economic development of their respective countries, they face challenges in sustaining and expanding their operations. These businesses often have shorter lifespans, limiting their growth. There are various factors challenging women, ethnic, and minority entrepreneurs in maintaining their businesses. This study aims to explore the entrepreneurship concept, examine the challenges faced by women, ethnic, and minority entrepreneurs, and propose solutions.

From the above introduction this study will focus in two objectives:

- i. Identifying the factors contributing to the success of some ethnic entrepreneurs more than others.
- ii. Identifying and addressing the challenges that hinder the growth and development of businesses owned by women, ethnic groups, and minorities.

LITERATURE REVIEW

Theories of the study

The success of entrepreneurs is influenced by various factors that provide them with guidance in managing and controlling their businesses [11]. They explore different theories that enhance and direct their entrepreneurial skills and knowledge [11]. One such theory is the Culture Theory of Entrepreneurship.

The Culture Theory of Entrepreneurship emphasizes how cultural values, existing environments, and available resources influence entrepreneurial activities [5]. The theory focused into how specific cultural backgrounds and the utilization of local resources impact entrepreneurial behaviors and strategies [18]. This theory

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acknowledges that cultural values play a significant role in shaping entrepreneurial practices and opportunities.

In the study, the Culture Theory of Entrepreneurship was particularly relevant due to its exploration of how cultural values and environmental factors impact entrepreneurial activities among specific groups or communities [3]. It focused on understanding how cultural backgrounds, such as those of certain tribes or ethnic groups, influenced entrepreneurial behaviors and opportunities [11]. This theory was utilized to investigate how cultural values and existing resources affected the entrepreneurial activities of minority groups. The study employed the Culture Theory of Entrepreneurship to highlight the influence of cultural values and local resources on the entrepreneurial endeavors of specific minority groups. By understanding how these factors shape entrepreneurial behavior, the study aimed to shed light on how cultural values and available resources contribute to the success, challenges, and strategies of entrepreneurs within these minority communities. The implications were to emphasize the importance of recognizing and leveraging cultural values and local resources in fostering and supporting entrepreneurial endeavors within these specific contexts.

Empirical Literature Review

One of the studies that provides insights into women and ethnic entrepreneurship was conducted by [11]. They explored the socio-cultural challenges faced by women entrepreneurs in the food processing industry through interviews and focus group discussions. Their study used a descriptive methodology and concluded that ethnic, women, and minority entrepreneurs face numerous challenges in managing their businesses, including limited market access, social and cultural obstacles, and financial

barriers. The study also found that minority entrepreneurs employ various solutions to mitigate these challenges, such as forming financial support groups and entrepreneurship-based clubs.

Another study was conducted by [16] aimed to determine the influence of ethnic minority entrepreneurs and their success compared to others. The study focused on Kenya, Tanzania, Zimbabwe, and Zambia and involved interviews with selected groups of entrepreneurs of Asian and European descent. The research aimed to understand why these entrepreneurs were more successful than other minority entrepreneurs in the region. The study found that most ethnic entrepreneurs benefit from networks in the region that provide easier access to market information and financial support than other minority entrepreneurs, whether local or foreign. Additionally, their cultural backgrounds in entrepreneurship give them an advantage for success compared to many African entrepreneurs who rely on education as a means of gaining knowledge.

[8] conducted research on female entrepreneurs in Tanzania, comparing individualism and collectivism. The study spanned six weeks and involved interviews with female entrepreneurs from various locations and groups. The analysis concluded that collective female entrepreneurs face challenges in accessing capital for their businesses, while individual female entrepreneurs struggle with accessing markets due to a lack of relevant information for development. Another study, conducted in Scotland by [21] assessed the challenges and issues facing ethnic minority entrepreneurs. They conducted face-to-face interviews with more than 25 ethnic groups to gather their experiences in establishing businesses as a minority society. The study identified challenges related to the microsphere, including barriers imposed by government regulations that do not consider

the interests of small group entrepreneurs in decision-making. Social biases and financial segregation were also identified as additional challenges

MATERIALS AND METHODS

This study integrated positivist and anti-pacifist research paradigms, employing a deductive research approach that encompassed a combination of qualitative and quantitative research methods. The research utilized a descriptive survey research design employing a cross-sectional method to gather data. The sample comprised 30 respondents selected randomly from three distinct groups: women entrepreneurs, ethnic entrepreneurs, and minority entrepreneurs within Tanzania. 10 entrepreneurs from women entrepreneurs, ethnic entrepreneurs, and minority entrepreneurs situated in various locations in Dar-es-Salaam, were interviewed. Data analysis was conducted using the content analysis method. The gathered data were coded, aligned according to discernible patterns, and subsequently transformed into numerical values.

Table 1: Demographic of the population, Gender

Gender	Frequency	Percentages
Male	10	33
Female	20	67%
Total	30	100%

The population of the study will be presented by 67% of female and 33% will be male that will present ethnic and other minority entrepreneur without regarding of their education level than their entrepreneurship status.

Motivation of entering into entrepreneurship for women, and minority group

For the individual to fall under categories of entrepreneurship as most of existing definition stated should be creating or developing financial valued goods or

Ethical Consideration of the Study

Ethical considerations were diligently observed throughout the research process, from its inception to the presentation of findings. The study prioritized the anonymity of the respondents, ensured informed consent of the participants, and guaranteed confidentiality for the information provided. This was achieved by clearly explaining the study's purpose and the potential industry benefits. Additionally, participants were encouraged to share information voluntarily.

RESULTS

After collecting information from the field and analyses, the study presents the outcome of the study that will present identified challenge facing women entrepreneurs and minority groups.

Demographic of the characteristic

Demographic of the population present age, education, genders, races. This study targeting female entrepreneurs and other minority groups that will consider only genders and silence on the educations.

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services. Some of the factors that motivate minority group to inter to the business are,

- To find means of creating source of income.
- To challenge the system that segregating ethnic and minority groups.
- To create services and products that will ensure their survival.

Why some Ethnicities are More Entrepreneurial than Others

As presented in the literature review section, ethnic entrepreneurs are individuals who share a common cultural background and integrate their entrepreneurial skills with their cultural origins. Ethnic entrepreneurs are considered successful business owners among minority entrepreneurs and other ethnic groups that are less successful compared to them. The study revealed several factors that differentiate ethnic entrepreneurs, including:

Motivations and Orientation

The orientation of the business is one factor that distinguishes ethnic entrepreneurs. It provides them with social access and a network of clients from the same culture. For instance, Asian ethnic groups tend to be more successful in East Africa compared to ethnic companies from Latin and European cultures because they focus their business on customers of the same origins. Data collected indicates that 90% of Indian companies target fellow Indians initially and share a network of clients among themselves before expanding to other market segments. One Asian business owner explained, "When you are a native of the country, there are many obstacles in managing a business if your target is the entire population. You need to establish a strong foundation first before expanding. That's why most of us rely on our own connections, which, due to their large numbers, help us grow more successfully." (Respondent, 2023).

Presented Opportunities Structure

Ethnic entrepreneurs often leverage opportunities that cater to their specific ethnic group. For instance, market conditions in the Tanzanian retail sector have provided opportunities for the Chinese community to become major distributors of retail products. Similarly, Asian entrepreneurs dominate the human medical services and equipment sector. The study

reviewed data from 40 ethnic organizations and found that 30 of them were Asian-based organizations. A participant in the study remarked,

"In business, taking risks is everything. Our race is known for taking risks and investing, even though we sometimes face losses. It's all part of the process." (Respondent 2, 2023)

Group Characteristics

The background of the ethnic group plays a significant role in the success of its members in entrepreneurship. Certain tribes, such as the Chaga and Kinga tribes in Tanzania, are known for their entrepreneurial success due to their cultural background. This pattern also extends to Asian-origin individuals who dominate East Africa. One local entrepreneur explained,

"Business management is something that is in the DNA of a few tribes. You can provide the same capital to two individuals from different tribes and cultures, and they may have the same environment, but one can meet the target, while the other may fail." (Respondent 5, 2023).

Predisposing Factors

Several factors give certain ethnic entrepreneurs an advantage over others. These factors include the number of settlements, available resources, solidarity within the group, and established networks that facilitate market access. The study found that Asians enjoy a strong network in East Africa, which enhances their market position. Chinese-origin entrepreneurs interviewed in the study noted, "Over the past ten years, the number of businesses owned by Chinese-origin entrepreneurs has been increasing. This is due to the network we have created in the country, and most of our business chains are managed by ourselves until products reach the end-users."

Labor Forces and Investment Capital

Some ethnic entrepreneurs benefit from a larger pool of labor forces and easy access to capital. For example, Nigerians support each other in Europe due to their substantial diaspora, which provides them with financial support and access to labor. Indian-origin entrepreneurs and Chaga tribe entrepreneurs also mentioned the advantages of having a large ethnic presence. An Indian-origin entrepreneur explained; "We have a significant presence in East Africa compared to other foreign races worldwide. It's easier to access financial support from corporations run by people of our ethnicity, which provides us with initial capital and a workforce for managing our businesses." (Respondent 15, 2023)

Customer Relationship

Ethnic entrepreneurs often enjoy loyalty from customers within their ethnic clusters. These customers share the same cultural

Table 2: Why some Ethnicities are More Entrepreneurial than Others

Why some ethnicities are more entrepreneurial than others?	Frequency	Percentage
Motivations and orientation	18	60.0
Presented opportunities structure	22	73.3
Group characteristics	25	83.3
Predisposing factors	23	70.0
Labor forces and investment capital	28	93.3
Customer relationship	24	80.0

Challenges facing women entrepreneurs in growing and developing their business

Women and other minority ethnic entrepreneurs encounter challenges that impede their efforts to develop and grow their businesses. Addressing the second objective, which aims to identify factors hindering the growth of businesses led by women and other minority groups, the study revealed the following findings;

Social-Cultural Environment

Certain traditional and cultural beliefs do not support women's involvement in business.

background and are more likely to be loyal to products or services offered by companies belonging to their own ethnic group. This strengthens the business relations between entrepreneurs and their customers. One of the respondents contributed saying;

"Customers from same culture and origins are easy to convert them to be loyal to the products or services offered by the company, even the relations that formed can be strong" (Respondent 7, 2023).

These factors, supported by empirical evidence from studies conducted by [16] and [21] highlight the reasons why some ethnic groups are more successful in entrepreneurship compared to others. The studies reveal challenges such as government regulations, social biases, and financial segregation that ethnic minority entrepreneurs may face.

These deep-rooted issues begin from an early age, limiting women's access to essential entrepreneurial skills. More than 76.7% of participants identified cultural practices as significant obstacles to women's business growth. These practices impose barriers, hindering access to vital market information. One participant highlighted, "Even if you manage to establish a business, certain stages pose challenges due to traditional norms and cultural practices, limiting access to necessary market information." (respondent 9, 2023) Another respondent argued saying'

"Women face limitations in decision-making within a social system that doubts a woman's ability to manage businesses and organizations, creating consistency challenges without adequate social support." (respondent 11, 2023).

Another participant added,

"Just imagine, when introducing a product or service, society focuses on judging gender rather than the products themselves, which is highly discouraging." (respondent 5, 2023).

Societal attitudes towards businesses owned by minority groups, women, or traditional entrepreneurs pose barriers to their growth. There's a prevalent belief that women cannot effectively run or operate businesses, discouraging their commitment to business endeavors, especially in some countries like Tanzania and Eastern countries, where the societal norm suggests women should focus solely on improving family welfare at home [1]. For other minority groups such as immigrants and local traditional business owners, society questions the quality and legality of their products and services, creating further market hurdles [2].

Financial Accessibility Constraints

Difficulties arise when financial institutions lack trust in businesses owned by women, making it challenging for them to sustain and generate profits to repay loans. This leads to stringent financial access conditions that women entrepreneurs find hard to meet. 70.0% of participants face challenges accessing financial services due to the demanding terms imposed by microfinance and banking institutions. As woman entrepreneur expressed,

"The terms requested by microfinance or banking institutions for loan access are exceptionally challenging for women-owned businesses and other minority entrepreneurs." (woman entrepreneur, 2023).

Many financial institutions don't offer adequate financial services for women and other minority entrepreneurs, further limiting their access to funds for business growth. Interviews with women-based business owners and minority groups revealed unanimous consent on the challenges of financial constraints.

For a business to sustain operations and cover running costs, it needs efficient investment capital, both short-term and long-term. However, when these entrepreneurial groups seek funds from financial institutions, they often face rejection or encounter stringent conditions that limit their access to financial services, resulting in shorter lifespans or slower growth compared to other initiatives.

Market Accessibility Challenges

70% of participants highlighted biased market information as a challenge facing women-based entrepreneurs compared to their male counterparts. Additionally, 53.3% mentioned difficulties in accessing distribution channels and supply chains, hindering their engagement in business. Respondents expressed concerns about government regulations and standards creating barriers in accessing market opportunities. They also noted biased information distribution that favors other groups over women entrepreneurs.

These factors contribute significantly to the stagnation and limited growth of most women-owned businesses. These findings align with empirical evidence from other studies. For instance,[11] explored socio-cultural challenges faced by food processing women entrepreneurs, concluding that ethnic, women, and minority entrepreneurs face multiple hurdles in managing their businesses, such as market accessibility, social and cultural challenges, and financial accessibility.

Another study by [9] conducted research on female entrepreneurs in Tanzania,

comparing individualism and collectivism. Their findings indicated that collective female entrepreneurs struggle with capital access, while individual female entrepreneurs face challenges accessing relevant market information necessary for development.

Entrepreneurship primarily focuses on commercial objectives to generate profits.

Table 3: Challenges facing women entrepreneurs

Challenge	Frequency	Percentage
Social- cultural environment	23	76.7
Financial accessibility constraints	21	70.0
Financial accessibility constraints	28	93.3
Market accessibility challenges		
Market information	21	70.0
Distribution channels	16	53.3

Market access is crucial for business growth, but women, ethnic groups, and minority entrepreneurs face difficulties due to trade barriers arising from regulations and standardization, limited access to distribution channels, and consumer rejection of new entry brands and unfamiliar products

CONCLUSION AND RECOMMENDATIONS

After reviewing collected data and comparing it with information from various published papers, the study can conclude that women, ethnic minorities, and entrepreneurs are motivated by various factors to engage in entrepreneurship. Some of these factors include a drive to overcome segregation in accessing services and products, as well as a desire to create income and reduce dependence on others. It's evident that women and ethnic entrepreneurs play a significant role in the county's economy by dominating small businesses, constituting a large percentage of all business activities in countries like Tanzania. This highlights the importance for the government to protect and support these groups.

Certain ethnicities demonstrate higher levels of entrepreneurship compared to others due to advantages such as larger workforces and support from within the same cultural group, which provides them with connections to both markets and financial resources. The study also revealed challenges faced by

women and minority-owned businesses in their growth, especially when compared to male-dominated businesses. Some of these challenges include the socio-cultural environment, limited access to business support, financial constraints, and difficulties in accessing markets.

Recommendation of the Study

Based on the study's experiences and results, the following recommendations are suggested;

1. The government should launch a nationwide campaign aimed at educating society about negative mindsets and ideologies regarding women's involvement in business. Equal opportunities, similar to those afforded to men, should be provided to foster the development of their entrepreneurial vision.
2. Tailored financial schemes should be developed specifically for small businesses. These schemes aim to provide accessible financial support for women entrepreneurs and other minority business owners.

3. Women should consider establishing financial support groups and entrepreneurship-based clubs to

collectively address challenges imposed by market conditions.

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