

Analysis of Women Small Scale Entrepreneurs Practices during Business Negotiations in Tanzania Agribusiness

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Abstract

There is a growing interest in the women participation in business ventures in Africa. The move has seen huge endorsements of capital from donors, governments and private sector to entrepreneurial development among women. Despite these efforts business growth among women entrepreneurs seems to be slower than is the case with their male counter parts. Studies that have so far been conducted in Africa have been focusing much on emancipating women from various social cultural and economic barriers. Negotiation is very important in business success. This article explores women entrepreneurs' business negotiations practices in Tanzania agribusiness. Purposive sampling technique was used for selection of the respondents to participate in the study. The study employed interview-administered questionnaire and 131 women small-scale entrepreneurs involved in selling of agri-food participated in the study. Descriptive analysis employed and data were analysed by using the Statistical Package of Social Science (SPSS) window 16.0. In general study indicates that women lack soft skills during business negotiations and feel shy when negotiate with their male counter parts. For the growth of the business owned by women some advice were provided for building business negotiation skills of entrepreneurs.

Key words: Tanzania, negotiation, and women small-scale entrepreneurs

Introduction

Following the introduction of macroeconomic policies in Tanzania in the mid 1990s, and which was characterized by retrenchment of public workers, women out of necessity became breadwinners in some households. As a result, most of women started their own businesses, such as shops, hospitality industry, and education and micro finance services.

Several initiatives were taken to support women endeavors of becoming entrepreneurs in Tanzania. Some of the significant initiatives included the establishment of women banks, loan schemes and agro processing clusters specifically for women under various organizations such as Small Industry Development Organization (SIDO).

Despite donor agency and NGO support for over 30 years, the expected growth and transition of most of informal sector micro-to- small-scale enterprises have been realized (Rugimbana and Spring, 2008). In Tanzania, various programmes have not been introduced to support women at various levels but the growth of such businesses seems to be slow (Maziku, 2012, Makombe, 2006). On the other hand, entrepreneurship and gender emerged to be the main focus research in Africa. Scholars have been more concerned about the factors that hinder performance of women entrepreneurs. Women entrepreneurs in Tanzania faced a number of challenges including access to finance (Maziku, 2012, Rutashobya, 1998), lack of business skills (Kamuzora and Kamuzora, 2003), and limited support from spouses (Mbwambo and Tundui, 2003). The focus on the growth of female owned businesses in Africa was mainly on the institutional arrangement. However, the success of business practices depends much on the type of business an entrepreneur has, and this could either be favourable or unfavourable. In practice business is the field where unethical behaviours, which may include actions adulteration, reduction of weight and measurement, cheating and conning, are very common. To minimise these good business skills were required. As Gerhart and Rhynes (1991) observe, some time negotiations skills have never been linked in the study of entrepreneurship. This chapter intends to explore agribusiness negotiation with focus on WSSEs.

Women in Business of Agricultural Produce

The agricultural sector has great contribution to the country's economy contributing about 24 per cent of Tanzania's GDP (URT, 2010). However, Tanzania's consumers rely heavily on the convenient stores and consumption of fresh procured is highly favored. Therefore, the growth of retail agribusiness is very important for the economic growth of the sector.

According to Spring (2009) women micro entrepreneurs in East Africa specialised in grains, tubers, vegetables and fruits. According to the World Bank (1995) women accounted for 17 per cent of the micro and small business owners found in the Tanzania. Despite being the

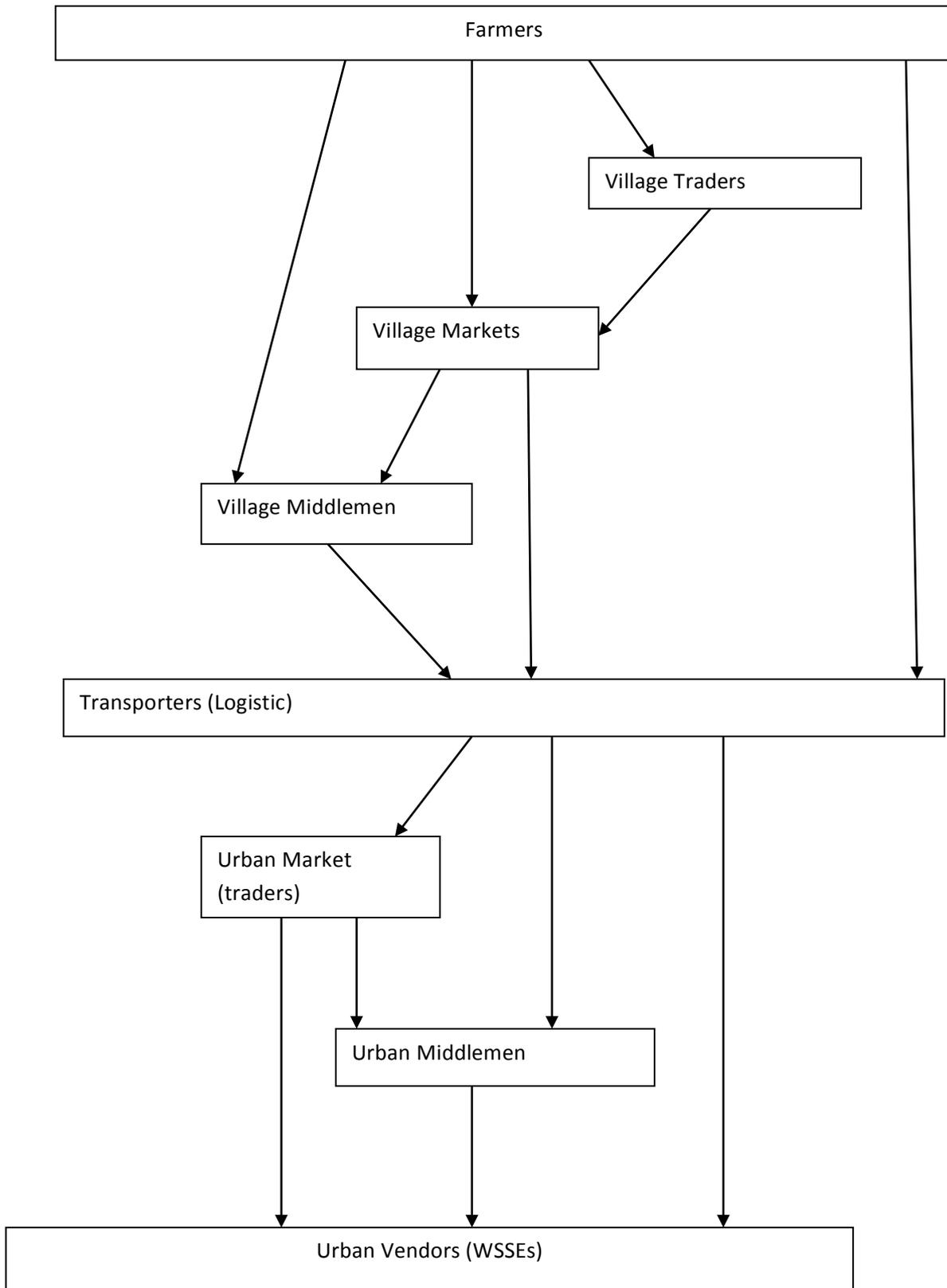
leading population which is 51 per cent (NBS 2013) of the entire country's population than their male counterparts who are heavily represented in the decision making organs in the country. Women are the majority in the informal private sector due to macroeconomic policy introduced in the country.

The focus of the article is on women small-scale entrepreneurs (WSSEs) in Tanzania engaged in selling fresh commodities at wet market. Agricultural sector employs 80 per cent of the country's population, and women are the ones mostly involved in farm activities. Furthermore, Tanzania depends on agriculture as a source of foreign exchange, and that agriculture accounts for 30 per cent of the GDP (ADB 2011).

The value chain of agricultural produce in the country is very complicated and has a number of actors at different nodes. The fresh produce that is sold at Mawenzi market is sourced from different parts of the region, country and sometimes it can be from outside Tanzania is the mangoes from Mombasa in Kenya.

Figure 1 shows the value chain of agricultural fresh produce comprising farmers as primary producers, village buyers, brokers (middleman), wholesalers, vendors in the market as well as logistic from village to the market. WSSEs are vendors who sell fresh produce and they normally buy directly from the village market, the farmers or middlemen. Normally women buy agricultural commodities in cash or in trade credit. Because they have a shed at the market it is easy for them to buy through trade credit.

Figure 1: Fresh produce Agribusiness Value Chain



Source: Study interviews

Research problem

The study of SMEs growth in Tanzania has been focusing much on the environmental factors (Tundui 2012; Isaga 2012; Mbwambo and Tundui 2003; and Kuzilwa and Kuzilwa 1999). On the other hand, the factors that make certain businesses grow, and in particular business negotiation skills, have not been well studied. For the business to grow there has to be a better deal for the owner (entrepreneur) regarding various aspects of doing business, such as conditions of loans, terms of payment, delivery of goods durations of accepting rejections. According to Fulton *et al* (2012) restriction on access to business inputs due to financial factors limitation prevent women from succeeding in business. To overcome these problems business negotiations skills become very important. For instance as for logistics issues the buyer has to be aware of the terms of transport, delivery time and mode of payment. However, WSSEs do not possess good negotiation skills to attain better deals for them in business (Kibanja and Munene, 2009).

In business negotiations, variables such as status and personality have an important role to play for successful negotiation. According to Shane (2007), the success of SMEs depends on the characteristics of an entrepreneur. In this study we adopt the same approach of understanding the characteristics of Women Small Scale Entrepreneurs (WSSEs) during business negotiations in Tanzania.

Literature review

The use of laboratory test for negotiation has been a method with contrary findings in previous (Kolb and McGinn, 2008, McGinn and Riley, 2002). On the other hand, gender and negotiations seems to be contradictory. Various studies on to measuring differences across gender divide have shown contrastive findings. For instance, Koner and Major, (1984) found that men and women have different negotiation powers on salary in that women tend to negotiate lower salary than is the case with men.

The study on price negotiations shows that gender is not a factor on price negotiations. Because even female counter parts if identify that the other side is female lower the offer (McGinn and Riley, 2002). This implies information searching is very important for each part before the start of business negotiations. In general, it can be suggested that women are more disadvantaged when engaged in face-to-face means of communication with the male counterparts.

In another laboratory test, Rilley (2000) found that sellers of real estate reported setting significantly higher intended initial offers when engaged in negotiation with female as opposed to male buyers. Even though the previous research was based on laboratory experiment, the findings have shown that gender dimension may sometimes matter but other times it may not.

Why do women underperform is perhaps the question that needs to be addressed in order to build women's capacity and improve their entrepreneurial skills. Lewinian's (1939) theory suggests that social behaviour is the product of an individual in interaction with the situation. Women entrepreneurs in Africa are the victims of social exclusion due to a long history of limiting them from accessing education, land, and finance.

Scholars on entrepreneurship are of the opinion that demographic factors such as age, education, marital status and gender have a great role to play for the growth of SMEs (Ishengoma, 2005, Kibanja and Munene, 2011). According to Shane (2007), education can increase the chance of an entrepreneur to access certain opportunities. This implies that women with formal education have a better chance of succeeding in business negotiations with male. At school women learn important soft skills such as negotiations and communication skills that will equip them with business acumen in the world of business.

According to entrepreneurship scholars (De Silva, 2010, Wagner and Ziltener, 2008) entrepreneurs are persons who are creative in findings ways of adding to their owned wealth, power and prestige. To achieve their dream entrepreneurs have to have a better long time deal on the table for the benefits of their organisations. On the other hand, business negotiations are the situations in which unethical business behaviours are practiced (Fraser and Zarkada-Frasser, 2001). These situations make unskilled WSSEs more marginalised. To survive in such business situation, experience in the business is necessary in helping WSSEs to identify good and unethical counter parts. To be successful in business one has to have three years in operations (Taormina and Lao, 2007). The assumption here is that WSSEs with more than three years will have wide experience on how to deal with their business counter parts in agribusiness negotiation. Other African studies suggested five years as a good threshold level (Hinton, *et al* 2006 and Sentsho, *et al*, 2007)

The Survey Design

This study investigates the performance of women small-scale entrepreneurs (WSSEs) in agribusiness negotiations in Tanzania. The target population for the study was 131 WSSEs doing businesses at Mawenzi market in Morogoro Municipal in Tanzania. Morogoro is the country's 'food basket' and is the commercial hub where traders from different parts of the country and outside the country meet. This situation made the business environment in the region to be local but the practices are more challenging because different traders with different background come together.

Local traders who buy agricultural commodities come from Zanzibar, Tanga, Dar-Es-Salaam, Arusha, Kilimanjaro, Mwanza, Dodoma, Mtwara, Lindi and Cost. International traders come from Kenya, India and Comoro.

A total of 131 questionnaires were administered by the researcher to WSSEs with sheds for business operations at Mawenzi market. The questionnaire had two major parts: the first part respondents were asked to give their demographic profiles such as age, education, and demographic data for their firm such as the number of employees, business life span and commodities sold. The second part of questionnaire contained one item designed to assess

how WSSEs perform in agribusiness negotiations using a 5-point Likert scale ranging from 1 (strongly *agree*) to 5 (strongly *disagree*). Descriptive analysis was used to present and analyse the data. Questionnaire was developed from literature on the studies focusing on gender and negotiations (Kibanja and Munene, 2009, Riley, and McGinn, 2002).

Data collection and analysis

Researchers introduced themselves to the market administration and after explaining the aim of the study; the market administration introduced the researchers to the first woman. Other women were approached by the researchers and engaged in the study based on their availability. About 131 questionnaires were collected during the survey for data collection in February 2013. Questionnaires were administered by the researcher to the respondents at the market; and the respondents were asked some questions and researcher filled in the questionnaire. For the respondents with literacy skills, a sample of questionnaire was given to them and the researcher guided them in reading the questions. This style provided an opportunity for the researcher to explain some of the unclear questions from the respondents. The language used in the questionnaire was Kiswahili, because is the first language used in the country.

Purposive sampling technique was used for selection of the respondents to participate in the study. The technique identifies and targets individuals who are believed to be 'typical' of the population being studied or to interview all individual within that is deemed to be typical of the whole (Davies, 2007). Descriptive analysis was used for the analysis of the data. Data were coded and analysed using the SPSS version 16. Descriptive analysis is used to determine the extent of differences in needs, attitudes and opinions among subgroups (Zikmund, 2000). The method does not provide causal evidence, but seeks (Davies, 2007 and Zikmund, 2000) to determine the answers to who, what, when and how questions.

Results

Respondent Characteristics

The respondents involved in the study comprised of age from 21-30 are 28 percent, 31-40 of age comprised of 23 percent while those from 41-60 of age comprised of 24 percent. Of the WSSEs participating in the study, 18 percent had not attended any formal education, 75 percent had attended primary school and the remaining 7 percent had reached secondary school. These findings to those in the study by Spring (2009), which show that micro entrepreneurs in Africa usually have none or little primary education.

WSSEs are involved with selling horticulture products such as tomatoes, okra, cabbages, onions, local spinaches, carrots, sweet pepper, Irish potatoes and bitter pepper. The findings are consistent with the Spring's (2009) observation that businesses dealing with daily subsistence and local markets are usually controlled by women. The respondents were asked to state when they started their business, table 1 shows that 15 percent started in 2012, 30

percent of WSSEs reported to have started their business in 2011, 28 percent in 2010, 14 percent in 2009, 7 percent in 2008 and before 2008 is 7 percent.

Table 1: Year started business

Year Started Business	Frequency	Percentage
2012	20	15.3
2011	39	29.8
2010	36	27.5
2009	18	13.7
2008	9	6.9
Before 2008	9	6.9
Total	131	100.1

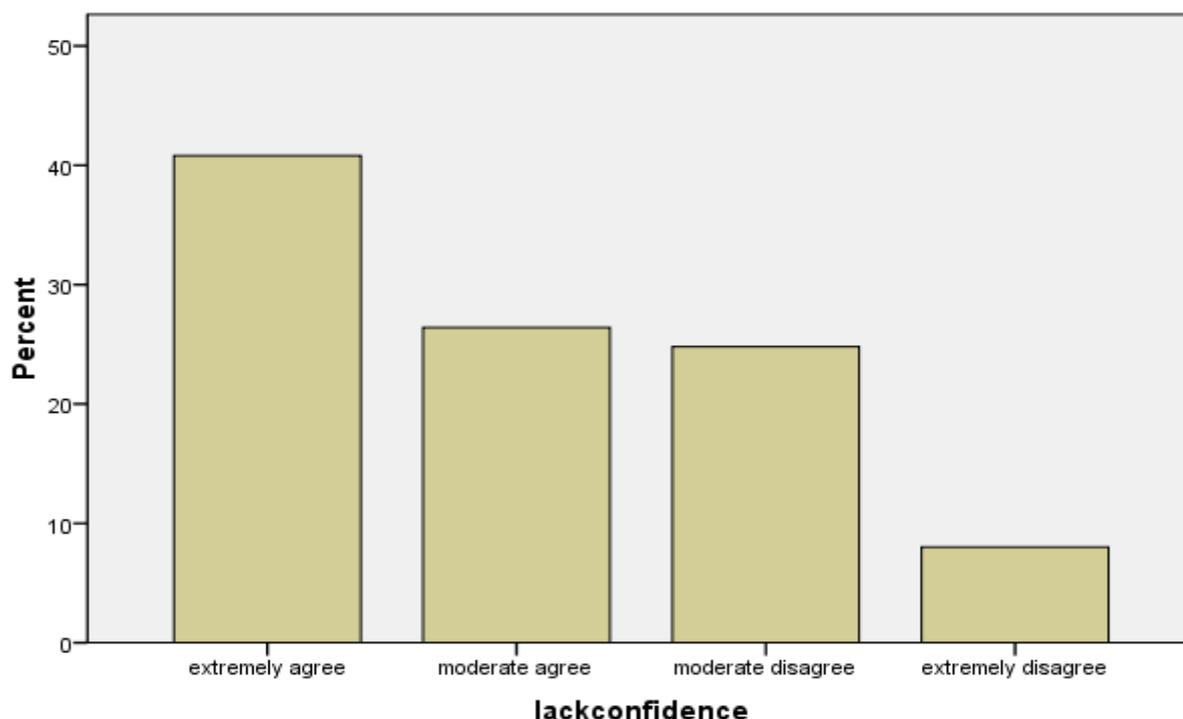
Preferred Means used for conducting businesses negotiations

The respondents were asked to mention the medium of communication they used during their business negotiations. Eighty six (86) percent of the respondents mentioned that face-to-face as the means the commonest means used. Furthermore, the respondents were asked to mention the reasons that influenced them in choosing the mode of communication they use. Two reasons emerged as strong, first in agribusiness when someone buys commodities it is wise to see the commodities (to ascertain quality); the second reasons is that the seller can sympathize with the buyer when seeing eye to eye become considerate when negotiating the price. This finding implies that in business negotiation in the country, there are a lot of unethical practices that are taken for granted among the trading parties. The emergence of modern technology such as e-mail and mobile phone was expected to minimize such practices by having more WSSEs using the mechanism.

Lack of confidence

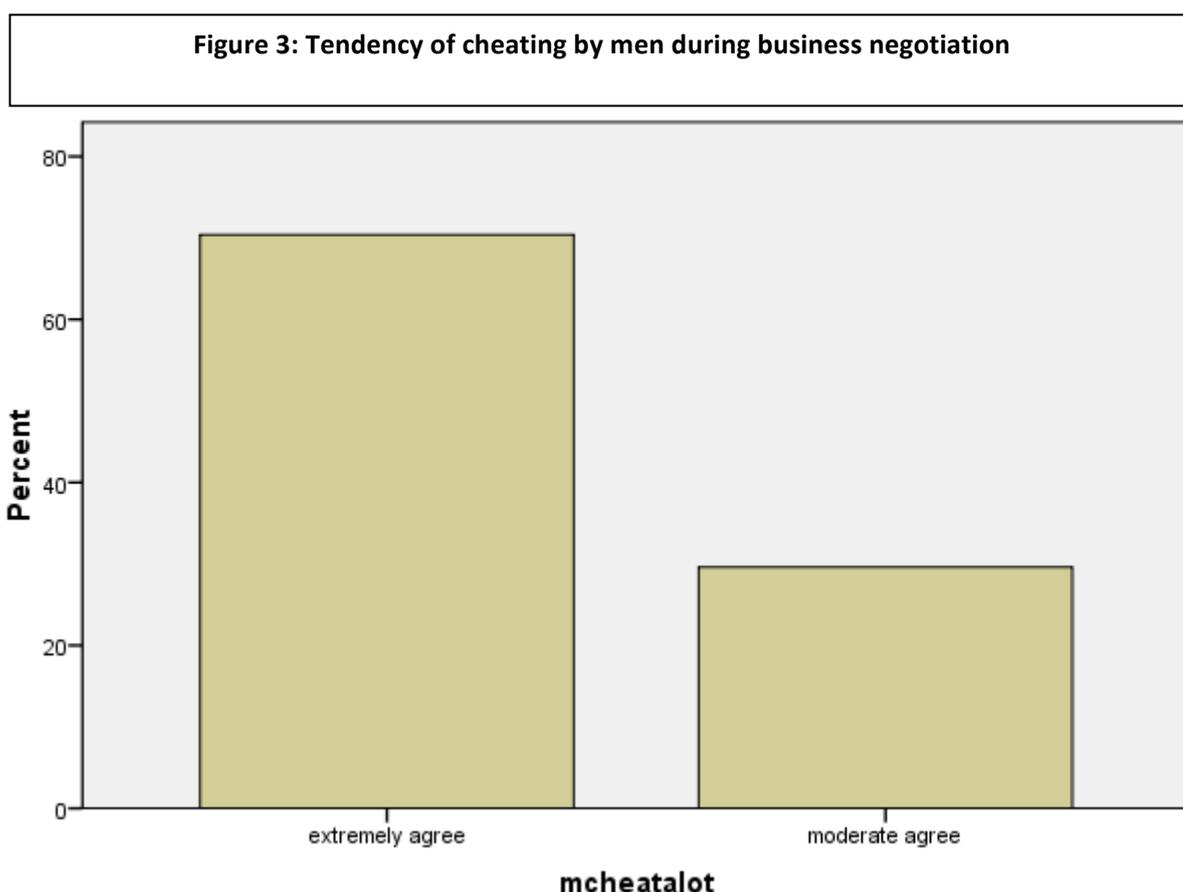
The female respondents were asked to state the way they feel when negotiating with their male counterparts (men) in agribusiness. Figure 2 shows that 67 of WSSEs cited lack confidence as a common phenomenon when negotiating with men. This implies that WSSEs have a challenge of applying soft skills. Lack of confidence among women has an implication that their chance of getting better deal quite is minimal. Similarly, women whose level of education is lower than their male counterparts are more likely to be less confident during agribusiness negotiations. This problem is the long history among many African countries including Tanzania, where women have been lagging behind in many aspects of social aspects such as access to formal education, and access to loans. According Haan (2006), the informal sector is the only option for women in Africa due to long time exclusion. However, lack of soft skills is another problem and it makes it difficult for this group people to employ themselves in agribusiness.

Figure 2: Women confidence during business negotiation with men



Men deceive a lot

The respondents were asked to state their experience of working with men. Figure 3 shows that WSEs in general agrees that men deceive a lot during business negotiations. Previous research shows that parties which do not expect further future interaction tend to be less cooperative (Ben-Yoav and Pruitt 1984; Dobb 1966) than those with future interaction prospects. The finding suggests that men found WSEs are found to be irregular thus men decide them to cheat on various business deals during negotiations. On the other hand, WSEs in most cases prefer face to face interaction during agribusiness negotiations with men due to the latter's immoral business behavior. Deceiving is immoral; however, it is a common practice in business if the trading partners do not have any prospects for future cooperation.

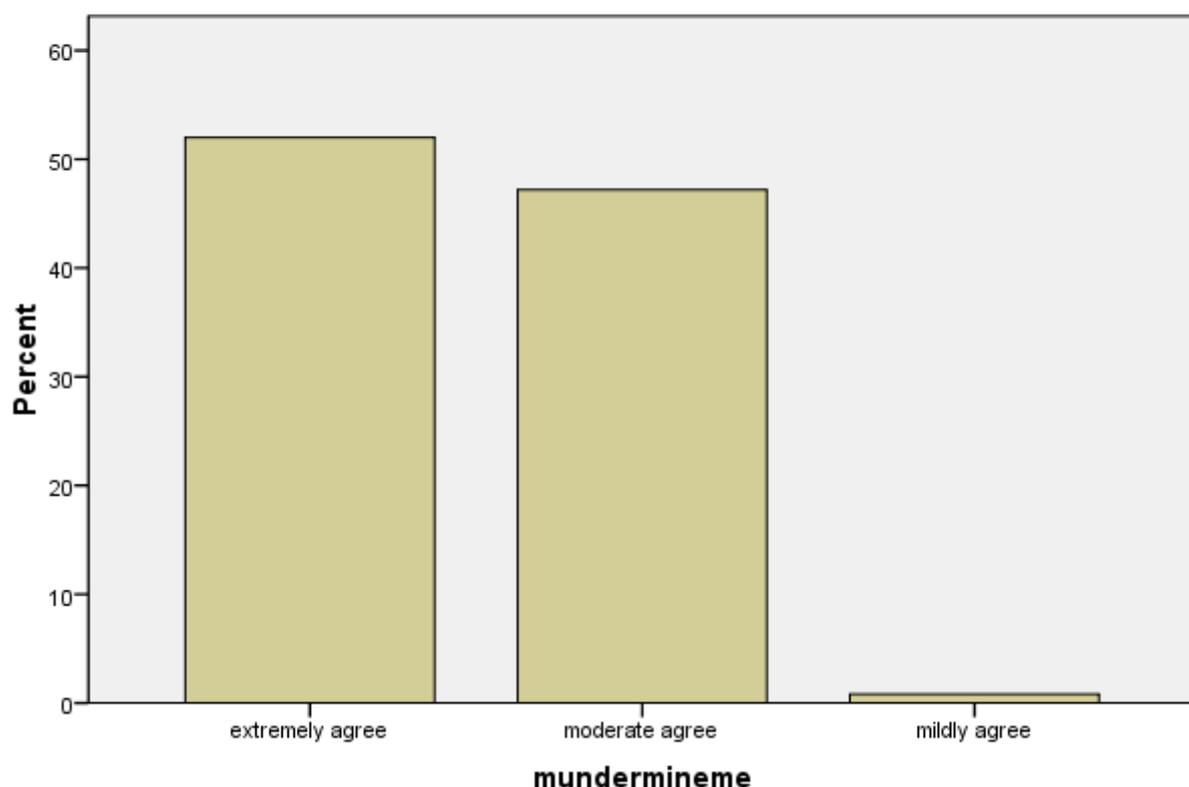


Men undermine me during business negotiations

Figure 4 shows that women experience hardship in business negotiations due to being undermined by their male counterparts. WSEs admit to have been undermined by men during agribusiness negotiations. Women in Africa are taken to be second citizens, a notion

which needs to be rectified. When further asked how male treat them WSSEs responded ‘*a lucrative business could portend your end*’. The mentality is that ‘*A beautiful women ought to stay at home waiting for her husband to bring her everything*’. This mentality implies that WSSEs are perceived to be of low status in business negotiations. According to Nkamnebe (2010) found that African community perceives that a place for women is in the kitchen. This findings is consistent relate with the findings by (Clenney and Miles 2010) which show that males have higher status in a society than female.

Figure 4: Men undermine women during business negotiation



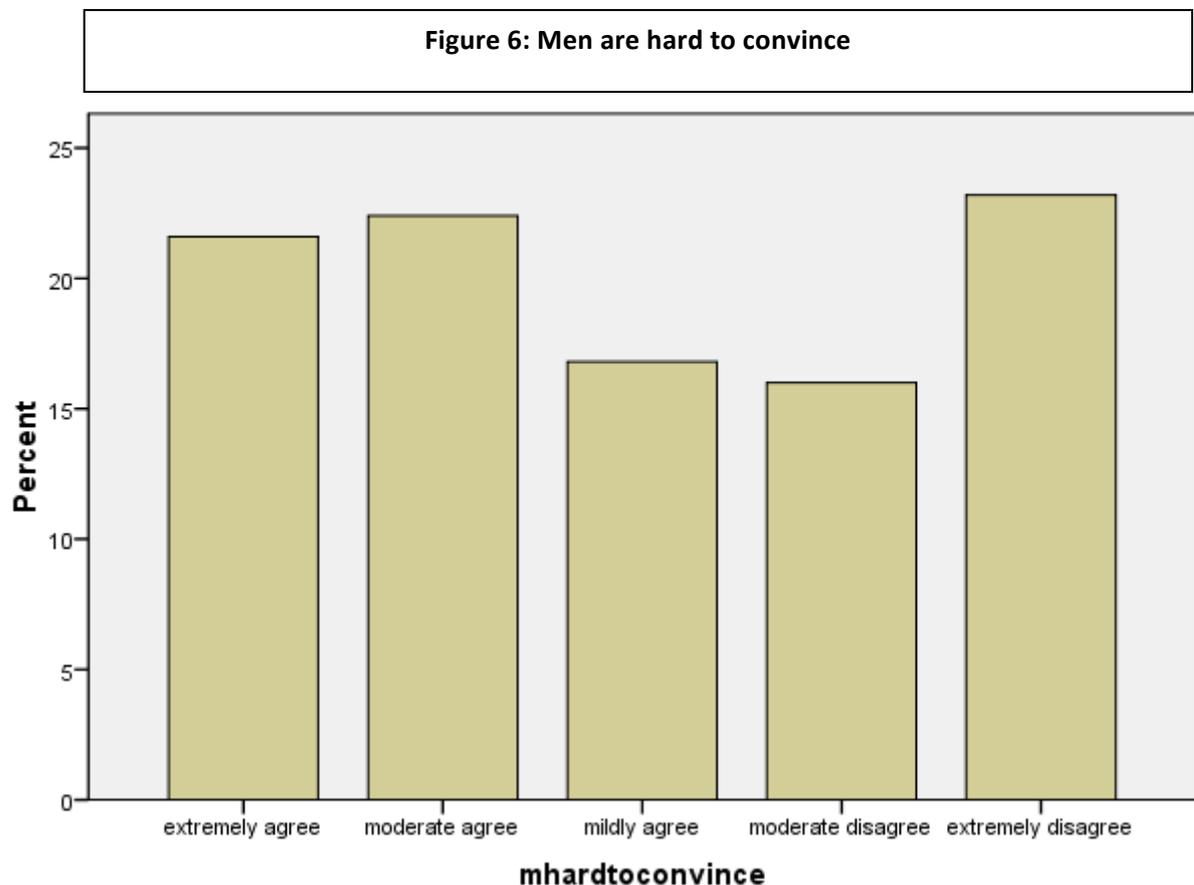
Do women feel shy during business negotiations?

Among the soft skills that can determine either you lose or gain in business negotiation is how you feel when you are negotiating for a deal. Maintaining an eye contact is an expression of mutual respect for the negotiating parties. Because this implies that you are serious and sure with what the discussion. The findings of this study show that women fell shy when negotiating with men. Figure 5 shows that forty (40) percent of the WSSEs extremely agree that they feel shy when negotiating with men. And generally 71 percent of WSSEs agree that they feel shy to negotiate with men. The findings are similar to the observation by Eagly and Wood (1999) who show that women are more preoccupied with the social aspects of the interaction than in the case with men. This tendency jeopardizes their chance of winning an argument when negotiating with their male counterparts.



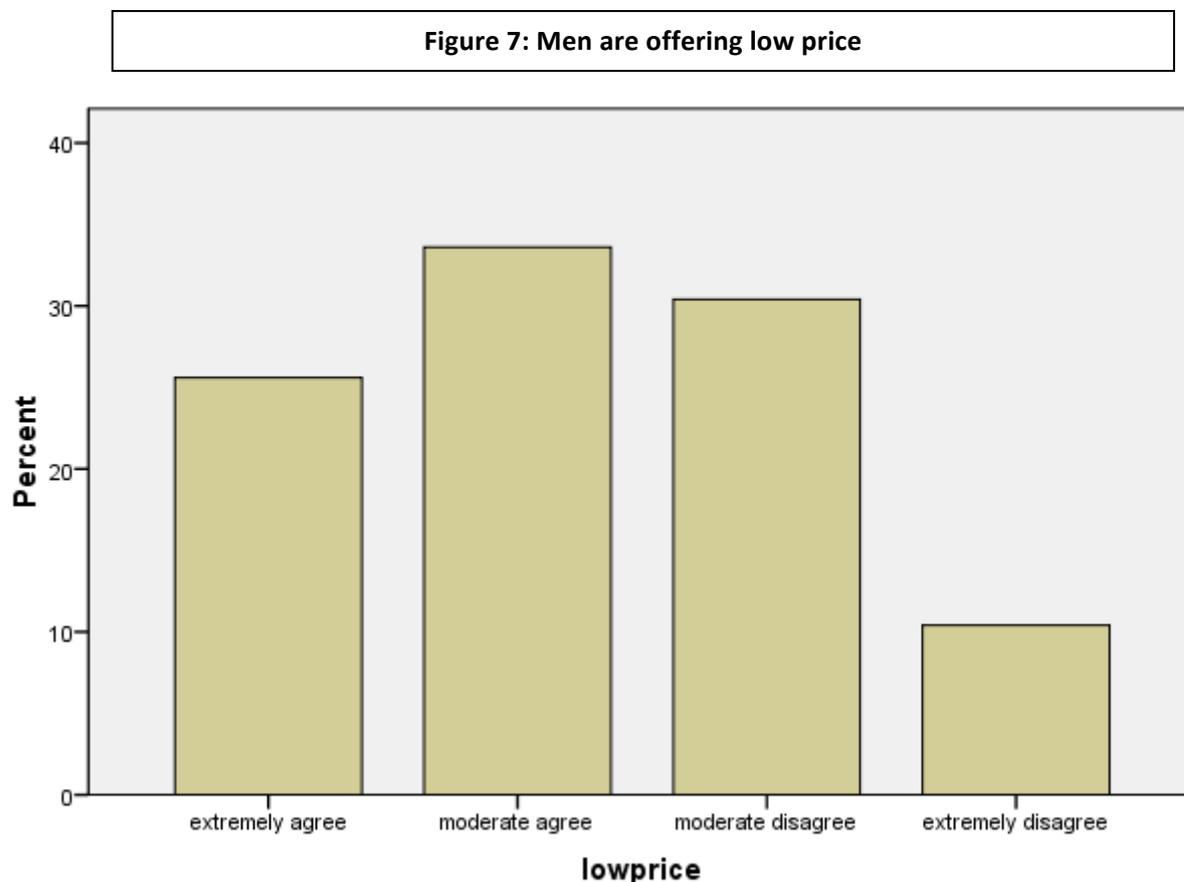
Men are hard to convince

Figure 6 shows that twenty three (23) percent of the respondents extremely disagree that man are hard to convince. However, 61 percent of the WSSE agree that men are hard to convince. Previous research on business negotiation indicates that status and position are very important in negotiation (Clenney and Milles 2010) and that a person with good status has a wider chance of winning in a business negotiation. Men in Africa are considered to be breadwinner, heads of the family and political leaders. This gives them a chance of being considered as people of high status (Tarimo 2004). Hence, WSSEs found very hard to convince men based on the culture and long history African societies have. To minimize the impact of this in business negotiation, the WSSEs have to be imparted with soft skills such as business communication skills.



Men pay low price

The respondents were asked to state basing on their experience of doing business with men if men provide better price or low prices. Fifty nine (59) percent of the respondents indicate that men offer low price during business negotiation as shown in figure 7. The findings are consistent with the findings on the practices of women during business negotiation. That some of them are feeling shy and are not confident when doing business negotiation with men. This limits their chance to succeed in business, because they likely get bad deals.



Discussions and recommendation

The study has shown that WSSEs face big challenges during negotiations with men. The findings have shown women are weak negotiators because lack some important skills. Furthermore, the findings have shown that WSSEs have no soft skills that could enable during negotiations. The findings compliment the findings in the study of Kibanja and Munene (2012), which show that men have been raised to believe that they are always winners at the negotiation table.

Business research has shown that negotiation is the key to business success. However, this soft skill does not seem to be imparted to WSSEs in Tanzania. Among the import skills that in business negotiations include confidence (HBS, 2010). Because, WSSEs do not posses this skills they are more likely to become losers in various business deals.

Negotiations seem to be ridden with unethical practices especially among the men. However, the major macroeconomics change that occurred in Africa has made it necessary for this soft skill to be imparted to underprivileged women of Africa. Different programmes have been introduced in Africa with the aim of empowering women in the continents. However, these projects witnessed the low growth of economy as well as the growth of business owned by

women. This implies that such efforts have had little impact, and that more efforts need to be expanded to impart soft skills to women in the continent.

The findings have shown that most of women involved in business are those with low level of education and most of them have not attended formal education but have only experiences.

On the other hand, Tanzania encourages the private sector to participate in the country's economy. To meet this goal the country has to embark on the improvement of the soft skills among small-scale entrepreneurs especially women in acquiring skills on business negotiations.

- Business development services in the country need to introduce training on business negotiations for entrepreneurs focusing on women
- Currently in the country there are few Universities that offer courses, which focus on business negotiations and business ethics. For instance Jordan University College offer certificate in ethics and other related courses in business ethics. Other University in the country mix between the law and business ethics, which we argue that the two are different, whereas business is not only law compliance but also one has to go an extra mile to protect the right of stakeholder even though the law does not limit.
- The soft skills has to be introduced at primary school and secondary school syllabus to equip those without chances to go for further education.

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