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Determinants and constraints of women's sole-owned tourism micro, small and medium enterprises (MSMEs) in Tanzania

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ABSTRACT

This paper explores the determinants and challenges affecting women sole owners of tourism-related enterprises. It identifies factors that determine sole ownership, assesses the extent to which women participate as sole owners and the challenges encountered in establishing and operating enterprises. Primary data on 475 women-owned enterprises is analysed using a probit model. We find that post-primary education, attendance of specialised training in tourism, engagement in other economic activities, and being previously employed reduces the likelihood of solely owning a business, while initiation of the business idea increases it. We recommend offering women entrepreneurial education to enable them acquire experience, develop right attitudes and foster networks for entrepreneurship. Furthermore, increasing awareness on availability and access to the Women Development Fund (WDF) and strengthening the enforcement of laws governing ownership of land could provide women with start-up capital and means to access formal loans that require collateral.

KEYWORDS

MSMEs; entrepreneurship; tourism; sole ownership

1. Introduction

The involvement of women in various entrepreneurship activities enhances their contribution to economic growth in nations, and is crucial for job creation and in producing positive spill-overs in the economy related to increase in expenditure on health and education (World Bank 2018). Indeed, the importance of women's entrepreneurship to development and growth is highly recognised, and various research findings point to positive effects on growth, resilience to financial crises and economies experiencing less economic slowdowns (Meunier et al. 2017). Besides contributing to growth and development, women's involvement in various entrepreneurial activities is also important for reducing gender inequality (United Nations 2018). For women who become entrepreneurs by choice, they are empowered through earning an income that enables them to be independent in household decisions on expenditure, through their contribution to household income, and having a say or voice in the way expenditure in the

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household is undertaken. More importantly, studies show that women who contribute to household income are able to prioritise children's welfare in their expenditure decisions (Opata et al. 2020) and their participation in income-generating activities enhances their economic and social status (Islam 2011; Khan & Bibi 2011).[1] Their involvement in such livelihood decisions contributes to reduction in the level of poverty at the household level (ILO 2016). Despite these positive aspects emanating from women undertaking entrepreneurial activities, globally, the participation of women lags behind that of men, and differences exist by gender in the types of businesses managed and owned, often attributed to cultural limitations and constraints they face in owning and managing certain businesses (Goby & Erogul 2011; Bosma et al. 2020).

One of the goals of the Tanzania Development Vision 2025 under one of its specific achievements of a high quality of livelihood of its people is 'gender equality and the empowerment of women in all socio-economic and political relations and cultures' (United Republic of Tanzania (URT) 1999: 12). Over the years, strategies have been put in place to enable the country to achieve this goal through its national development plans. In its Five-Year National Development Plan II (2016/17–2020/21) whose theme of 'Nurturing Industrialization for Economic Transformation and Human Development', the quest for industrialisation was buttressed by the need to establish micro, small, medium scale enterprises (MSMEs) as well as large-scale industries in order to attain the middle-income status country by 2025 (URT 2016a). It is from this theme that promotion of industrialisation and entrepreneurship became an important agenda in national development. In its current Five-Year National Development Plan III (2021/22–2025/26), with the theme of 'Realising Competitiveness and Industrialisation for Human Development', the role of MSMEs in realising the industrialisation goal is recognised as key in harnessing linkages between inflows of foreign investment and local businesses in promoting the maximum use of local inputs (URT 2021).

We argue that efforts towards the attainment of these profound targets can be augmented by the involvement of women as entrepreneurs in various activities, and the type of ownership that contributes to the empowerment of women is sole ownership[2] of enterprises. Thus, we focus on answering two questions: what determines sole ownership of MSMEs in tourism by women? What constraints do women face as entrepreneurs?

Why sole ownership and tourism sector? Firstly, we focus on women who are sole owners of tourism MSMEs because women who have been at a disadvantage can escape from marginalisation by setting up their own businesses.[3] This offers them

[1]It is important though to note that not all income generating activities provide positive effects on women's status. Some studies have found that involvement of women in income generating activities means mere provision of labour especially for activities that men control in cultural settings where patriarchal norms are dominant. With added chores at home, women are often overwhelmed with work, resulting in time poverty (International Fund for Agricultural Development (IFAD) 2016).

[2]Sole ownership refers to an individual owner who is in control of her own enterprise. The enterprise is unincorporated by a single individual, making it the simplest form of business to establish and run. A distinct feature that distinguishes it from other forms of legal ownership such as limited liability and partnership is the absence of legal separation between the business and the owner (see Ehrhardt & Brigham, 2011).

[3]The underlying assumption is that the women's enterprises become successful. In reality, the success of women-owned small and micro enterprises is not guaranteed. While some research findings indicate the more women-owned enterprise face a higher failure rate (Farlie & Robb 2009; Haupt & Ndimande 2019; Yang & Triana 2019; Kamberidou 2020), others show that the difference in success rates of men and women-owned enterprise is not significant (Watson 2003), and some find that female-owned enterprises out-survive male-owned ones when factors such as industry and location are accounted for (Kalnins & Williams 2014).

opportunities for self-determination through managing and owning resources and tangible assets such as equipment, land and money, and intangible ones such as entrepreneurial skills and ideas. Moreover, sole ownership provides women with flexibility between work and domestic life (Goffe & Scase 1983). As opposed to other forms of ownership such as partnership, limited liability company and cooperative, sole-ownership of MSMEs in the tourism industry by women empowers them economically. This is because as active participants and being fully engaged in their enterprises, women are key decision-makers, with total command on the employment of resources, which could help them in increasing their income and welfare. Secondly, historically, women become entrepreneurs relatively later compared to men, mainly due to the dominant patriarchal norms that exist in many developing countries, which constrain women's full engagement in entrepreneurship activities, and thereby relegating them to marginal positions (Gentry 2007; Thrane 2008; Tugores 2008). Thirdly, this paper contributes to the growing number of studies on sole ownership of enterprises by women in general, by focusing on Tanzanian women. Despite activities in the sector being predominantly labour-intensive, flexible and can accommodate people with various skills, women are still over-represented in the sole-owned enterprises characterised by many backdrops that hinder their entrepreneurial growth due to resource constraints (Ashley & Roe 2002). We contribute to the body of knowledge by identifying the determinants and constraints that the women sole owners of tourism enterprises in Tanzania by applying a probit quantitative model to primary data collected on women and their tourism MSMEs.

Recent studies have focused on the contribution of tourism in fostering the livelihoods of vulnerable people such as women (Ashley & Roe 2002). Nambiar et al. (2020) outline the psychological factors that affect women-owned enterprises, and Garwe & Fatoki (2012) focus on the impact of gender on SME characteristics and access to debt finance. Mahadea (2001) examines the similarities and differences between male and female entrepreneurial attributes in manufacturing firms in the informal sector in Transkei, and Callaghan (2014) highlights the gender effects of street trading in Johannesburg. Our study investigates some socio-economic factors that may affect women's sole ownership of tourism MSMEs, such as; religion, capital, post-primary education, idea, special training, other activities, preoccupation, own savings, land, loan, awareness of the existence of a Women Development Fund, marriage, number of children, parents' engagement in the same line of business, location and age.

We focus on the tourism sector because first and foremost, the fifth Sustainable Development Goal (SDG) that entails the achievement of gender equality and women empowerment by 2030, the tourism industry has been identified as a tool for achieving this goal. This is because the sector can endow women through setting up of direct occupations and revenue generation from MSMEs, and thus providing ownership prospects for them. Therefore, the tourism sector is an avenue for unlocking employment opportunities to the majority of marginalised groups in low income countries, and for addressing the historical predicament of income inequality between men and women.

Secondly, the tourism sector provides opportunities that promote the participation of women in earning an income compared to other industries, and it possesses a greater comparative advantage for women to participate (Crouch & Ritchie 1999). This results

from the different forms of jobs that can be carried out by different segments of population regardless of age. Moreover, its peculiar nature of employing a large number of unskilled labour and the most disadvantaged members of the community provides a unique opportunity for women to establish enterprises. Furthermore, Ashley & Roe (2002) explain that being labour-intensive sector, it tends to favour women.

Thirdly, studies have shown that the involvement of women in tourism enterprises empowers them economically (ability to afford assets such as land and to provide for their families), socially (ability to engage with people in the community including foreign tourists) and psychologically (not to rely on men for their livelihood and confidence to make decisions on their lives including undertaking measures to further empower themselves through training) (Moswete & Lace 2015). Further, women entrepreneurs in tourism firms provide wider development impacts on their communities as vectors of social entrepreneurship[4] in that while pursuing their commercial goals, they at the same time, contribute to developing their communities (Kimbu & Ngoasong 2016).

Fourth, at the macro level, the tourism sector's contribution is undeniable; in the past five years, its contribution to GDP and exports averaged 9.5% and 26.7%, respectively. The trend of the contribution to export is plotted in Figure A1. The sector is promising to the nation due to the increase in the number of foreign tourists in various tourist destination areas since 2010, after a fall in 2009 due to the global financial crisis (Cunningham et al. 2015). Due to the COVID-19 pandemic, the number of tourist arrivals declined by approximately 60%,[5] but indications in 2021 are that the sector is picking up again. This hike in the tourism industry is expected to offer various entry points and opportunities for women in securing self-employment in MSMEs.

Lastly, the tourism sector stands as an alternative to traditional exports of agricultural commodities, hence it is a viable option for diversifying the economy and supplementing earnings from the traditional agricultural crops.[6] In terms of foreign exchange earnings, the tourism sector has been outstanding in its contribution, averaging more than a quarter of total export earnings between 2000 and 2019 (World Development Indicators Online, 2021), and it is the third leading recipient of foreign direct investment (FDI) after mining and manufacturing (URT 2016). Amid the COVID-19 crisis, receipts from tourism fell drastically. However, the sector is recovering, and this calls attention to building a sustainable, resilient and inclusive sector (World Bank 2021a, 2021b). With the transformation of the tourism sector, it will be more important for job creation, generation of foreign exchange earnings and contributing to poverty reduction. Figure A1 in the appendix gives three key indicators on the sector, namely tourism arrivals, current earnings and the percentage contribution of travel and tourism to exports, which all show a steady increase, albeit with some fluctuations, between 2000 and 2019.

This paper argues that efforts towards the tourism sector stand in a unique way to contribute to Tanzania's Development Vision of gender equality and women empowerment, and the promotion of SMEs to achieve its industrialisation goals through establishing

[4]Social entrepreneurship is 'the field in which entrepreneurs tailor their activities to be directly tied with the ultimate goal of creating social value. In doing so, they often act with little or no intention to gain personal profit' (Abu-Saifan 2012).
[5]TanzaniaInvest.com (2021).
[6]Given that most farmers rely on rainfed agriculture, the area under irrigation is less than 10 percent due to weak agricultural infrastructure (URT 2016a). The agricultural exports are also dominated by exports of agricultural products in their raw form, hence providing lower export earnings than if they were processed.

SMEs. The attainment of these profound targets can be augmented by women solely owning tourism enterprises. We thus examine the factors determining sole ownership of the tourism enterprises, and the challenges that the women face as entrepreneurs. We answer these two questions: what determines sole ownership of tourism MSMEs by women? What constraints do women face as entrepreneurs?

The paper is structured as follows: Section 2 gives a brief theoretical review, followed by Section 3 that discusses the data used. Section 4 discusses the methodology, Section 5 presents the estimation results, and Section 6 concludes and discusses the policy implications.

2. A brief theoretical review

Literature on entrepreneurship alludes to a number of socio-economic and demographic factors behind owning income generating enterprises or entrepreneurship. The level of education has been found to be positively associated with entrepreneurship. Using a multi-country dataset, Jiménez et al. (2015) investigated the role that the level of education plays in entrepreneurship and they found that having tertiary education increased formal entrepreneurship, while it reduced informal entrepreneurship. They also found that having secondary school education had a positive effect on formal entrepreneurship. The positive impact of education on entrepreneurship results from confidence gained, the lower perceived risks of undertaking the activity or venture, and the enhanced human capital acquired (Jiménez et al. 2015). In a study done in Malawi on the education effect on female-owned and male-owned firms' profitability, Chirwa (2008) found that completing junior secondary education and higher education was positively associated with profitability, and only statistically significant in the female-owned firms, while education did not play a major role in determining the profitability of male-owned firms. Thus, training and education positively contribute to starting, ownership and performance of enterprises owned by women.

Other factors that contribute positively to ownership of enterprises are: special training; possession of assets such as land; source of capital; and location. With regards to special training, its positive impact on entrepreneurship is due to its ability to enable people to recognise and seize entrepreneurial opportunities, as well as giving individuals cognitive abilities to take advantage of entrepreneur opportunities. In general, higher levels of education are associated with better performance of entrepreneurs and enterprise formation. This finding has led to a global proliferation of entrepreneurship education and training (EET) (Valerio et al. 2014).

When women possess assets such as land, it affords them the security and collateral to start an enterprise. Thus, the existence of any legal barriers or customary laws that prevent women from legally owning land stifles the development of women as entrepreneurs. Culture influences women's ownership of productive resources such as land (Ajadi et al. 2015), and as such, in places where patriarchal values are predominant, it leaves women lagging behind in owning resources such as land. This in turn causes income poverty among women due to inability to acquire credit when having collateral is one of the conditions needed. More importantly, they are unable to engage in agricultural production activities and generating income from the land. The patriarchal values can also stand in the way of women furthering their education and training, and hence

making them to lag behind in economic, social and political spheres of life (Food and Agriculture Organisation (FAO) 2004).

Another key factor is source of capital.[7] In the developing world, research findings on the source of capital for MSMEs that are owned by women shows that the predominant sources are; own savings, loans from friends and informal lenders (Organisation for Economic Co-operation and Development (OECD) 2011; Triki & Faye 2013; Singh et al. 2016). Although these sources of funding enable women to set up their enterprises, the extent to which women's enterprises could grow and expand might be much more if the source of funding were predominantly from banks or credit facilities specifically set up for women. In a study on the impact of gender on SME characteristics and access to debt finance in South Africa, Garwe & Olawale (2012) found that among others, lack of collateral discouraged women entrepreneurs of small and medium enterprises (SMEs) from applying for bank credit that would have contributed to growth of their enterprises.[8] Thus, despite the fact that source of capital is generic to both men and women, the problem is more pronounced among women.

In general, women entrepreneurs who locate their businesses in urban areas in developing countries tend to take advantage of better services available there compared to women's businesses that are located in rural areas. For example, availability of financial services tends to be skewed towards urban areas, hence making rural women unable to utilise the formal sources of finance, as well as other services that might be provided such as training (Kapinga & Montero 2017).

Some factors have ambiguous effects on ownership, such as marital status, having children, and religion. For example, married women faced with responsibilities of taking care of children may find the pressure of these responsibilities obliging them to find ways of addressing the family needs through starting enterprises. Hence, being married and having children could have a positive impact on ownership and starting of an enterprise, and the decision to start an enterprise is out of necessity and duty (Cesaroni & Paoloni 2016). On the other hand, the responsibilities of marriage and taking care of children may be challenging in terms of balancing the home care responsibilities with finding enough time to attend to income generating activities, and hence constraining them from starting and owning successful enterprises (Alsos et al. 2016).[9] In certain cultural

[7]Although source of capital affects both men and women owned MSMEs in developing countries, studies indicate that women-owned enterprises face greater constraints when sourcing capital for start-up and for expanding their enterprises (International Finance Corporation (IFC) 2011). For instance, women owned SMEs were on average found to have less access to banking services, and were more likely to source their funding for their enterprises from their own savings, loans from families, friends, churches and microfinance institutions (IFC 2011; Brixiová & Kangoye 2019).

[8]The need for women to be encouraged to access funds to build their enterprises has impelled some governments and international funding organisations to establish national funding programmes for women entrepreneurs. Affirmative action in funding for women entrepreneurs is important due to the funding gaps between men and women entrepreneurs that is prevalent even in the European Union (European Investment Bank 2020). Through the Affirmative Finance Action for Women in Africa (AFAWA), the African Development Bank launched a call for proposals for funding to augment the business and financial skills of SMEs owned by women, and to enable them to grow in order to create employment African Development Bank 2021, (https://www.afdb.org/en/news-and-events/press-releases/african-development-bank-invites-business-enablers-apply-funding-support-women-entrepreneurs-43569; accessed: November 2021).

[9]In a study of Victorian entrepreneurship using census data, Van Lieshout et al. (2019) found that the life cycle of a women, notably, marriage, motherhood and widowhood, were important in her decision to work, the type of work to take up, and whether to become an entrepreneur. In general, they found that while marriage and motherhood removed women from work, their effect on their levels of entrepreneurship was not much. The women who had young children were more entrepreneurial than those with none, and their entrepreneurial rates rose as more children came along.

contexts, restrictions on the mobility of women dampens the entrepreneurial aspirations of women (Asian Development Bank 2018).

As for religion's effect on women's entrepreneurship, while most studies focus on the effect of religion on performance of women's enterprises, not many have actually dealt with the effect of religion on ownership of enterprises. Still, studies have found mixed results; in some regions religion has had a constraining effect in terms of not allowing women to venture outdoors to engage in income generating activities. In other areas, religion and its basic tenets has enabled women to run successful enterprises and to access networks that have contributed to successful performance of their enterprises (Sayers 2016). For example, Holland's (2015) study that investigated how religious values impact on starting and success of women entrepreneurs involving twenty-six American business owners in South Carolina, found that religion, being a cultural aspect of societies, influenced the entrepreneurial processes and aspirations of women. While strong beliefs of religion fostering the launch and start of enterprises have been found in Christian and Muslim communities, but in others such as Buddhism and Hinduism, ownership and success in entrepreneurship has actually discouraged them (Devi 2015; Holland 2015). Hence, religion as a social norm has had both negative and positive effects on ownership of enterprises by women.

This review of literature guided our choice of variables to include in our model to investigate the determinants of sole ownership of tourism MSMEs by Tanzanian women. Further, in the descriptive analysis of the data, we discern the constraints that women face as entrepreneurs.

3. The data

3.1. Data source

Primary data was collected from nine regions; Dar es Salaam, Coast, Arusha, Kilimanjaro, Tango, Morogoro, Manyara and Iringa in Tanzania mainland and Zanzibar Islands, owing to their tourism-oriented activities, as well as being tourist destinations. Data was collected using a structured questionnaire that had closed and open-ended questions. Construction of the questionnaire was guided by the objective of the project and extensive review of literature, and it contained eight sections.[10] A quantitative research design is employed to analyse the data.

Enterprises owned by women were randomly sampled[11] from the selected regions by drawing a list of enterprises obtained from the National Bureau of Statistics (NBS) in Tanzania mainland, and from the Chief Government Statistician's office in Zanzibar. As guided by the Tanzanian Small and Medium Enterprise Development Policy (2003) (URT, Ministry of Industry and Trade (MIT) 2002), large-scale enterprises and those

[10]The sections are: profile of the respondent; background of the business; operation of the business, its management and obstacles; the women's economic role and control over assets; their involvement in decision making in the business and household; their time use; group participation; and social norms and stereotypes. The questionnaire can be requested from the Principal Investigator for the Tourism Project at the School of Economics, University of Dar es Salaam. Before embarking on data collection, research clearance was obtained through the Deputy Vice Chancellor's office and the project was registered as CoSS-EC18025.

[11]Simple random sampling was used by applying the numbers generated using the random number generator in Excel to the list of firms.

with no record of the record of business capital investment were eliminated.[12] Since there was no specification of the gender of the business owner in the list of enterprises, a replacement list was used if the enumerators found that the owner of the enterprise was male.

3.2. Descriptive statistics

Table A1 in the appendix gives the descriptive statistics of the data, which help in discerning some constraints that women face as entrepreneurs. Out of 475 women-owned entities, about 87 percent were sole owners of tourism-related enterprises while the remaining 13 percent comprised other forms of ownership such as partnership, limited liability company and cooperative. Most of the women are concentrated in micro and small enterprises, and among the factors behind this are; low start-up capital, and low entry barriers in these enterprises, which tend to encourage women to be sole owners as people of different skill levels are absorbed (World Tourism Organisation (WTO) 2019).

Religious beliefs influence the selection of entrepreneurship activities, ownership of the enterprise, entrepreneur's network pattern and influences someone's decision on becoming an entrepreneur (Dodd and Seaman 1998). Studies in Asia show that Muslim women whose beliefs on social movement are strict tend to choose activities that are home-based (Nazneen 2017). Table A1 shows that about 27 percent of the MSMEs are owned by Muslim women (of which 51 percent were based in Zanzibar), while the rest, 73 percent, are owned by women from other religions. The location of enterprises shows that about 79 percent of the women-owned entities are located in urban areas while 21 percent are in rural areas, confirming the fact that most of women in rural areas engage in agricultural activities (Omari 1989; TGNP 2007). In general, rural women face constraints in establishing and running enterprises due to cultural and superstitious beliefs, lower levels of education than their urban counterparts, and they face tougher credit repayment conditions from informal lenders (TGNP 1997; Ssendi 2013).

A family where entrepreneurship is prevalent may also motivate self-employment. Aldrich and Kim (2007) explain that children whose parents are entrepreneurs have a greater chance of being entrepreneurs in their adulthood through the experience they attain from their parents. However, Table A1 reveals the opposite: only 24 percent of the enterprises owned by women were in the same line of activities that their biological parents did, while the other 76 percent performed activities that are different from their parents. The marital status and number of children that a woman has have ambiguous effects on the involvement of women in entrepreneurship. Table A1 shows that 57 percent of the women were married while the remaining 43 percent were not married, and majority of women (80%) had more than four children while the remaining 20 percent had at least four children. This reveals that establishing a tourism enterprise allows women to supplement income to support the family, and that tourism-related activities are flexible in that they can be done from home, work or the community (Jucan & Jucan, 2013; Figueroa-Domecq et al. 2021). As such, they allow women to attend to their responsibilities of child care if done within the household.

[12]The study used start-up capital instead of current capital due to numerous gaps in the data, as most respondents could not provide the information.

The level of education and availability and access to finance are enablers of women's entrepreneurship. Amongst women entrepreneurs, there is a variation in the level of education attained by individuals, with 57 percent having post-primary education while the remaining 43 percent had no post-primary education. Table A1 also shows that 28 percent of women were aware of the Women Development Fund (WDF),[13] while the remaining 72 percent were not aware of such funds, revealing the existence of information asymmetry on these credit funds.

The source of start-up capital used to establish the enterprise affects the growth and sustainability of the business. Table A1 shows that 61 percent of women established their enterprises from their personal savings, while 39 percent were set up by using other sources.[14] Hence, the most common way women get their start-up capital to establish their enterprises is own personal savings. Although the predominant way of sourcing start-up capital is through personal savings, women also apply for loans, although the extent to which they do so is limited. Table A1 indicates that 40 percent of women-owned enterprises had applied for a loan from formal financial institutions to sustain or expand their business while 60 percent had not applied for it. This could be attributed to the micro nature of many women-owned enterprises that makes it difficult for them to afford the high interest rates set and repayment plan of the loans as the businesses often have low returns.[15] Another factor is the failure to provide collateral due to low command over assets and resources.

The ability to come up with an idea to start an enterprise indicates innovation and creativity. This can come from women having some training or having interest in the areas that they choose to start a business in and seeing an opportunity. Our data shows that among the women-owned enterprises, 71 percent initiated their own business idea while the remaining 29 percent obtained ideas from other sources such as spouse, other family members, friends and herself and husband. Ownership of land by women shows that 19 percent of women owned land while 81 percent did not, which reflects the general unequal access to land that makes women not to use land as collateral when applying for loans to either start their businesses or for expanding them.

Having specialised training in tourism could have advantages to women owners of enterprises. Table A1 shows that about 25 percent of women who owned enterprises had specialised training in tourism-related activities while the remaining 75 percent did not. The dominance of women who own businesses without having specialised training in tourism is due to the nature of most of the activities that women involve themselves in; most require domestic skills such as cooking in restaurants and cafes. Also, the tourism sector accommodates people with different skills, even those with low skills can be self-employed (Aynalem et al. 2016). Regarding whether a woman engaged herself in any other occupation before participating in the tourism sector, Table A1 show that 70 percent of women owners were previously employed while 30 percent were not employed. This might imply that unemployed women are reluctant

[13]The major goal of WDF is to empower women by enhancing their involvement in economic activities in the society (URT 2016b).

[14]These are: selling of some assets, loan from spouse or partner, other family members, friends, commercial bank, microfinance, money lenders, cooperative, gift of money from other family members, borrowed from friends, rotational credit, and fund from the government.

[15]Table A1 shows that 99 percent of women owned enterprises had a small start-up capital while the remaining 1 percent had a large start-up capital.

to establish enterprises, probably due to insufficient funding, which is a key constraint faced by female entrepreneurs (Tambunan 2009).

The flexibility and seasonality of the tourism industry enables women to engage themselves in tourism activities during the peak season, and then focusing on other activities in low season (WTO 2019). During high season, the tourists' products are highly demanded, while during the low season, sales of the products are low. Table A1 shows that 80 percent of women who owned enterprises engaged themselves in other economic activities such as crop production and animal husbandry, while the remaining 20 percent did not engage themselves in other economic activities.

4. Methodology

Given that the dependent variable is binary, which takes a value of 1 if the respondent is a sole owner of the tourism enterprise, and 0 otherwise, we adopt the probit model over the logit[16] and LPM[17] models. The probit model is expressed as:

$$P(SO_i = 1|X) = F\left(SO_i^*\right) = F(X'B)$$

where F is the Cumulative Distribution Function (CDF) for a standard normal distribution. In this case, the empirical model of the determinants of women sole-owned tourism MSMEs is specified as:

$$\begin{aligned} SO_i^* = {} & \beta_0 + \beta_1\, Religion_i + \beta_2 Capital + \beta_3 Postprimaryed + \beta_4 Idea \\ & + \beta_5 Specialtraining + \beta_6 Otheractivities \\ & + \beta_7 Previousoccupation + \beta_8 Ownsavings + \beta_9 Land + \beta_{10} Loan \\ & + \beta_{11} WDFawareness + \beta_{12} Married_i \\ & + \beta_{13} Nchild_i + \beta_{14} Familysimilarity_i + \beta_{15} Location_i + \beta_{16} lnAGE_i \\ & + \beta_{17} AGEsquare_i + \varepsilon_i \end{aligned}$$

Where SO is a dependent variable for sole ownership, i stands for a woman participating in tourism business, β_0 is a constant term and ε is an error term. Numerous independent variables, given in Table A2 in the appendix, were hypothesised to be factors affecting women as sole owners of tourism enterprises.

Before estimating the determinants of sole ownership of tourism MSMEs, some diagnostic checks of the data for any problems that could affect the regression results were done, specifically, checks on heteroscedasticity, model misspecification and multicollinearity. The Breusch–Pagan test was used to check for heteroscedasticity, and the

[16]The probit is founded on standard normal distribution while the logit model is centered on standard logistic distribution. Practically, in some circumstances, for mathematical convenience, there are reasons for favouring the choice of one over the other, although it is difficult to justify the choice of one distribution over the other on theoretical grounds (Green 2012). However, in most cases, the choice between the two seems similar, the core distinction being that the logistic function has apparently flatter tails (the tails are heavier, it more closely looks like a t-distribution with seven degrees of freedom) (Gujarati 2004; Green 2012).

[17]The LPM model suffers from various shortcomings that make the logit and probit model more superior to LPM: non-constant variance, the error term is not normally distributed and nonsensical predicted probabilities (Gujarati 2004).

results are given in the appendix (Table A3). The null hypothesis that the error variance is homoscedastic is rejected, since the probability of chi-square is zero, showing that heteroscedasticity exists in our model. This would make the properties of the probit estimators unbiased and consistent, but inefficient. To address this problem, we used White's heteroscedasticity corrected standard errors (robust standard errors), which made our estimates asymptotically valid such that the statistical inferences can be done with the true parameter values (Gujarati 2004).

In our model, multicollinearity was suspected due to the presence of many independent variables bearing in mind that some variables could simply mean the same concept. The Pearson Correlation Matrix showing pairwise correlation between the regressors was used to check if multicollinearity was a problem. The guiding rule of thumb is that multicollinearity is severe if the correlation coefficient between two independent variables exceeds 0.8. Table A4 in the appendix shows that there is no pairwise correlation that surpasses 0.8, and hence multicollinearity is not a serious problem in our regression model.

A model specification test was done using Link Test, and the results are given in Table A5. There are two types of variables generated from the computation of this test; _hat and _hat sq. The model is said to be specified accurately if _hat is statistically significant (Wooldridge, 2010). From the results in Table A5, _hat is statistically significant at 5 percent level of significance with a *p*-value of 0.005 and *z*-value of 2.78, which is greater than 1.96. However, _hat sq. is found not to be significant at 5 percent level of significance since the *z*-value is less than 1.96. Therefore, we conclude that the model is correctly specified.

5. The results

The regression results of the marginal effects at the mean of a change in the independent variables on sole ownership of a tourism MSMEs are given in Table 1. Religion plays a substantial impact on a woman to solely own the tourism enterprise. The coefficient on the variable is positive and significant, and it means that *ceteris peribus*, a Muslim woman is 68 percentage points more likely to be a sole owner of a tourism-related enterprises as opposed to a woman belonging to another religion. The finding corroborates that of Ullah et al. (2013). The tendency for more Muslim women to involve themselves in tourism-related enterprises could be explained by the fact that divorce among Muslim women forces them to participate in business ventures. In some cases, when a woman is divorced and does not remarry, she is forced to own a tourism enterprise to meet her daily needs for survival. In addition, Islamic religion allows polygamous marriage, which may result in husbands being overburdened in catering for the multiple families' needs, hence forcing women to take up self-employment as sole owners of tourism enterprises to supplement the family income.

The effect of post-primary education on sole ownership is negative and significant at 10 percent level of significance. Other things being constant, a woman with post-primary education is 5 percentage points less likely to be a sole owner of a tourism enterprise in comparison to a woman with primary education. This implies that women with little education opt to be self-employed because it is an imperative opportunity for them to achieve economic independence. Further, the level of education of a woman and the probability of seeking paid employment are directly related, and hence reducing the

Table 1. Marginal effect at the mean.

Variable	*dy/dx*	Standard error	*Z*
RELIGION	0.6765	0.0259	2.6100
CAPITAL	−0.0592	0.0529	−1.1200
POSTPRIMARY EDC	−0.0527	0.0295	−1.7800
IDEA	0.1834	0.0431	4.2500
SPECIAL_TRAINING	−0.0702	0.0374	−1.8800
OTHER ACTIVITIES	−0.0551	0.0272	−2.0300
PREVOCCUPATION	−0.0562	0.0272	−2.0700
OWN SAVINGS	0.0169	0.0296	0.5700
LAND	0.0123	0.0337	0.3600
LOAN	−0.0213	0.0292	−0.7300
WDF AWARENESS	0.0020	0.0297	0.0700
MARRIED	−0.0330	0.0282	−1.1700
NCHILD	0.0281	0.0437	0.6400
FAMILY_SIMILARITY	−0.0484	0.0362	−1.3400
LOCATION	−0.0126	0.0362	−0.3500
ln AGE	1.4388	1.1761	1.2200
ln AGEsquare	−0.1883	0.1599	−1.1800

(*) *dy/dx* is for discrete change of dummy variable from 0 to 1.
Source**:** Authors' computation from survey data.

possibility of being self-employed by solely owning a tourism MSME. This finding parallels that of Johansson (2000), who explained that it is less likely for highly educated individuals to be self-employed because higher wages in paid employment imply higher opportunity costs of being self-employed.

In the literature, the effect of the level of education on entrepreneurship is mixed: for example, studies such as Carr (1999), Blanchflower (2000), Moore & Mueller (2002), Tervo (2006), and Blanchflower (2004) found that education increases the likelihood of self-employment, while Van Praag and Van Ophem (1995) found that the level of education does not have an effect on the probability of being self-employed. These different findings on the impact of education on entrepreneurship results from people with a higher level of education preferring paid employment to self-employment and agriculture in developing countries (Van der Sluis et al. 2005). Further, the level of education enhances the capacity of individuals to recognise payable opportunities, knowledge on the market and entrepreneurship process (Casson 1995; Johansson 2000; Parker 2009).

A woman's own initiation of a business idea increases the likelihood of being a sole owner of the tourism enterprise by 18 percentage points as opposed to initiation of the business idea by other people. The coefficient is significant at 1 percent level of significance. This can be explained by the fact that when a business idea arises from the owner of the enterprise herself, the probability of being in the driving seat to solely own the enterprise is higher since they would want to know where the enterprise is heading to and how the firm will get there.

The effect of specialised training in tourism on sole ownership is negative and significant at 5 percent level of significance. This means that a woman who has received specialised training in tourism industry is 7 percentage points *less* likely to be a sole owner of an enterprise compared to a woman with no specialised training in tourism. This could be because women who have received specialised training in tourism industry may look for paid employment opportunities rather than self-employment, while women with low levels of skills may look for self-employment as sole owners of tourism enterprises to offer economic support to their families.

The effect of engaging in other economic activities on sole ownership is negative and significant at 10 percent level of significance. A woman who engages herself in other economic activities is about 6 percentage points *less* likely to be a sole owner of a tourism enterprise as compared to a woman who is not engaged in other economic activities. This could be due to being overburdened by family responsibilities that consume a lot of women's time and energy, making it laborious to focus and run more than one enterprise.

The effect of previous employment on sole ownership is negative and significant at 10 percent level of significance, meaning that being previously employed *reduces* the likelihood of a woman being a sole owner by about 6 percentage points as compared to a woman who was previously unemployed. This is contrary to our expectations as it was anticipated that a woman who was previously employed would have accumulated some savings that would assist her to establish her business, and is likely to solely own an enterprise due to the experience that she might have acquired in her previous occupation.

6. Conclusion and policy implications

This study set out to address two questions: first, what determines the sole ownership of tourism-related MSME? Second, what constraints do women sole owners of tourism MSMEs face? The involvement of women in various entrepreneurship activities has been recognised as important in enhancing their contribution to economic growth and in creating jobs, and in providing women with the independence to manage their businesses and resources. The fact that the tourism sector offers opportunities for women to engage in sole ownership of MSMEs in activities that the women can do using a variety of skills and education levels and with modest start-up capital, it makes it ideal for investigation.

Using primary data collected under the IDRC project and a binary probit model for analysis, we found that the following demographic and socioeconomic factors are key determinants of sole ownership by women of tourism MSMEs: religion, having post-primary education, initiation of own's idea, special training in tourism, engagement in other economic activities, and being previously employed.

Further, our analysis found that women face some constraints as sole owners of tourism MSMEs: first, is the information asymmetry on availability of funds under the WDF. The lack of widely known information on its existence deprives women of access to the funds for engaging in entrepreneurial activities and in expanding their income generating activities. Secondly, few women own land, meaning that they are deprived of equal rights to possess it, which is antithetical to the revised land law (see The Land Act CAP 113, Revised Edition 2019) that stresses equal rights of ownership of land by both women and men (URT 2019). Due to limited ownership of land, women fail to access finance from formal financial institutions as collateral is a requirement for securing loans. This leaves them to rely on their own savings to start their enterprises or to fund their operations albeit at a micro and small scale.

Three key policy implications emerge; first, the government should develop a mechanism to deal with information asymmetry on WDF. The availability of information on WDF would enable women to access an affordable source of funds to establish, expand

and sustain their enterprises. Further, in order for women to effectively utilise the fund, its availability and disbursement could incorporate training the women on managing finances and entrepreneurship. The training can be undertaken by community development officers, who could ensure that a database exists for credit provision to women who attend the skill-enhancing training. Having skills and accessing government funds would thus empower women to contribute to enhancing their income and welfare, and in general to the development of the nation.

Second, enforcement of laws and policies that provide equal rights and access to land for women and men should be strengthened. This will enable women to engage more in entrepreneurship activities since access and ownership of land can be used as collateral for accessing loans. The long run effect on women's livelihood and contribution to the economy could all but escalate via an upward trajectory in the numerous activities that women would be involved in, and in expanding their activities through investing more in them.

Third, women's lack of access to finance to start their enterprises and to grow them is a major challenge that women entrepreneurs encounter. Other studies have identified this constraint as a major one that women entrepreneurs face in general, not just those in the tourism sector see for example, Alene (2020) and ILO (2018). A sustainable way that could be considered to access finance is to encourage women who own tourism MSMEs to establish collaborative networks ' … for networking, skills development and access to resources and agency … ' (Kimbu et al. 2019: 161). Such initiatives have been found to enhance women's social capital and avenues for securing funds for their enterprises (see a study on Ghana, Cameroon and Nigeria) (Kimbu et al. 2019).

This study has two limitations: first, the analysis is based on data collected on women-owned businesses only. This does not allow a comparison of enterprises owned by women against those owned by men, which would provide knowledge on whether the factors that affect women as sole owners of businesses are also generic to men, or if there are specific challenges that women face and men do not. A suggestion for further research would be to collect data on both men and women owned MSMEs. The findings of such a study would inform policy makers and other stakeholders to be attentive in considering gender-based differences in the operation and establishment of tourism-related enterprises.

The second limitation is that the data collected and employed in this study is a one round cross-section data that cannot examine the change in these variables used in the model, let alone to capture any change in economic empowerment of women and growth of the women's enterprises. Further research could collect longitudinal data to capture the dynamics in the factors that determine sole ownership of tourism enterprises and empowerment of women, which would be captured by inclusion of a lag in the model.

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Appendix

Table A1. Descriptive statistics of the variables.

Variable	Mean	Standard deviation	Min	Max
SO	0.8716	0.3349	0	1
RELIGION	0.2674	0.4431	0	1
CAPITAL	0.9874	0.1118	0	1
POSTPRIMARY ED	0.5747	0.4949	0	1
IDEA	0.7095	0.4545	0	1
SPECIAL TRAINING	0.2505	0.4338	0	1
OTHERACTIVITIES	0.8021	0.3988	0	1
PREVIOUS OCCUPATION	0.6989	0.4592	0	1
OWNSAVINGS	0.6063	0.4891	0	1
LAND	0.1895	0.3923	0	1
LOAN	0.4042	0.4913	0	1
WDFAWARENESS	0.2758	0.4474	0	1
MARRIED	0.5663	0.4961	0	1
NCHILD	0.8021	0.3988	0	1
FAMILY SIMILARITY	0.2358	0.4249	0	1
LOCATION	0.7853	0.4111	0	1
lnAGE	3.6828	0.2553	3.0445	4.4427
lnAGEsqr	13.6280	1.8758	9.2691	19.7372

Source**:** Authors' computation from survey data, 2018.

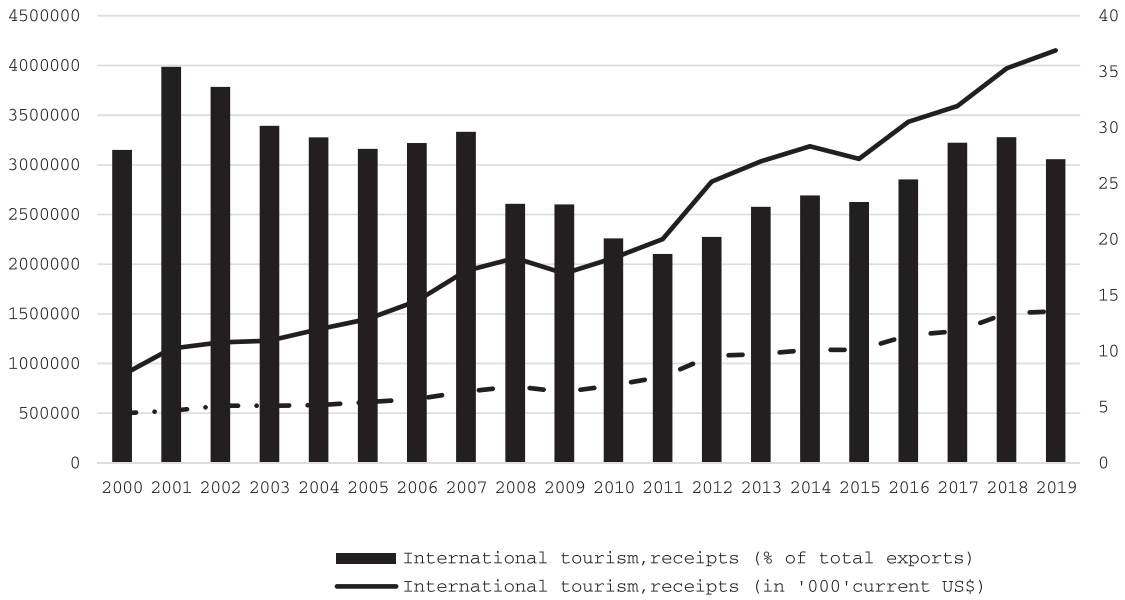


Figure A1. Key tourism indicators, 2000–19. Source: World Bank Indicators Online; accessed; August 2020–November 2021.

Table A2. Variables used, measurement and expected signs.

Variable name	Measurement	Expected sign
Sole owner (SO)	1 if the owner of the enterprise is a sole owner and 0 otherwise	
Age of owner of enterprise (lnAGE)	Number of years from birth (log)	(+)
Age of owner squared (AGE^2)	Square of number of years from birth (log)	(−)
Start-up capital of the enterprise (CAPITAL)	1 if a small capital was used to initiate a tourism-related enterprise and 0 otherwise	(−)
Religion of owner (RELIGION)	1 if the owner is a Muslim and 0 if belonging to other religions.	(+) or (−)
Location of tourism enterprise (LOCATION)	1 if the business is in urban and 0 otherwise	(−)
Similarity of business with biological parents (FAMILY SIMILARITY)	1 if the owner engages in the same business line as her biological parents and 0 otherwise	(+)
Marital status of the owner (MARRIED)	1 if the owner is married and 0 otherwise	(+) or (−)
Number of children (NCHILD)	1 if the owner has at most four children and 0 otherwise	(+) or (−)
Owner attained post-primary education (POSTPRIMARY ED)	1 if the owner has post primary education and 0 otherwise	(−)
Awareness of existence of Women Development Fund (WDF AWARENESS)	1 if the owner is aware of Women Development Fund and 0 otherwise	(+)
Initiator of idea of the business (IDEA)	1 if the owner-initiated idea and 0 if the otherwise	(+)
Ownership of land (LAND)	1 if the owner owns land and 0 otherwise	(+)
Specialised training in tourism industry (SPECIAL TRAINING)	1 if the owner has specialised training in tourism and 0 otherwise	(−)
Engagement in other economic activities (OTHER ACTIVITIES)	1 if the owner engages herself in other economic activities and 0 otherwise	(+) or (−)
Owner previously employed (PREVIOUS OCCUPATION)	1 if the owner was previously employed and 0 if the owner was previously unemployed	(+)
OWNSAVINGS (Own personal savings)	1 if the source of start-up capital is from own personal savings and 0 otherwise	(+)
LOAN (Loan from a formal financial institution)	1 if the owner has applied for a loan from a formal financial institution to sustain or expand the business and 0 otherwise	(−)

Table A3. Breusch-Pagan/Cook-Weisberg test for heteroskedasticity.

$chi^2(1)$	124.0000
Prob > chi^2	0.0000

Source: Authors' computation from survey data, 2018.

Table A4. Pairwise Pearson correlation matrix.

	LNAGE	LNAGE SQR	LNCAPITAL	MUSLIM	URBAN	FSIMILAR	MARRIED	NCHILD	POST-PRIMARY	WDF AWARENESS	IDEA	LAND
LNAGE	1											
LNAGE SQR	0.999	1										
LNCAPITAL	-0.223	-0.224	1									
MUSLIM	-0.060	-0.057	0.117	1								
URBAN	0.074	0.076	-0.157	-0.055	1							
FSIMILAR	-0.036	-0.034	0.021	0.068	0.013	1						
MARRIED	0.110	0.104	0.061	0.077	0.039	0.046	1					
NCHILD	-0.249	-0.246	-0.015	-0.201	0.126	0.064	-0.104	1				
POSTPRIMARY	0.082	0.087	-0.064	-0.029	0.287	0.006	0.210	0.086	1			
WDF AWARENESS	0.065	0.067	0.120	0.010	0.036	0.079	0.036	-0.013	0.045	1		
IDEA	-0.130	-0.132	0.095	-0.106	-0.018	-0.092	-0.167	-0.062	-0.157	-0.010	1	
LAND	0.242	0.242	-0.252	-0.183	0.096	-0.003	0.033	-0.030	0.144	0.014	0.014	1
SPECTRAIN	-0.041	-0.042	0.024	0.002	0.054	0.055	0.055	-0.091	0.114	0.056	0.049	0.055
OTHERECO	-0.232	-0.235	0.066	0.109	0.075	-0.029	-0.029	0.151	0.011	0.035	0.101	-0.070
PREV_OCC	0.149	0.149	-0.029	-0.122	0.216	-0.068	-0.009	-0.003	0.076	0.066	0.065	0.153
OWN_SAVINGS	-0.063	-0.061	0.041	0.078	0.019	-0.039	-0.114	-0.087	-0.066	0.054	0.263	-0.039
LOAN	0.059	0.054	-0.066	-0.071	0.044	-0.003	-0.024	0.065	-0.003	-0.018	-0.002	0.062

	SPECTRAIN	OTHERECO	PREV_OCC	OWN SAVINGS	LOAN
SPECTRAIN	1				
OTHERECO	-0.042	1			
PREV_OCC	0.072	0.019	1		
OWN SAVINGS	-0.002	0.011	0.054	1	
LOAN	0.108	-0.086	0.064	-0.153	1

Source: Authors' computation from survey data, 2018.

Table A5. Link test results.

SO	Coef.	Std. Err.	*Z*	*P* > *z*	[95% Conf. Interval]
_hat	1.1362	0.4090	2.78	0.005	0.3346 to 1.9379
_hat sq	−0.0667	0.1873	−0.36	0.722	−0.4338 to 0.3004
_cons	−0.0466	0.2089	−0.22	0.823	−0.4562 to 0.3629

Source: Authors' computation from survey data, 2018.