RESOURCE ACQUISITION AND THE COMPLEXITY OF SOCIAL CAPITAL
Perspectives from Women Entrepreneurs in Tanzania and Pakistan

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Abstract

Women entrepreneurs all over the world contribute significantly to innovation, employment opportunities and wealth creation in their respective economies. Despite their importance as drivers of development, there is a lack of research on preconditions for women’s entrepreneurship. In particular, little attention has been given to women’s venturing in developing economies. This is troublesome, since women have the potential to play a crucial role in the development of any society, not least through venturing. Entrepreneurship has long been recognized as one of the keys to economic development and numerous studies have confirmed its economic value. At the same time, a lack of capital and other resources is a crucial constraint in starting and expanding new businesses, especially in developing economies where the financial markets are often underdeveloped or dysfunctional. Further, previous research shows that women entrepreneurs face particularly high obstacles when searching for capital and other resources, as they have to overcome both formal and informal barriers.

The aim of this thesis is to contribute to previous knowledge on women’s entrepreneurship in developing countries, by exploring and describing women entrepreneurs’ resource acquisition. The aim is further to explore the role of formal and informal institutions, as well as the role of social capital in relation to resource acquisition. The thesis is based on two field studies, conducted in two different developing contexts – Tanzania and Pakistan. Extended periods of time were spent on these contexts, where data were collected through semi-structured interviews, a questionnaire and participant observation. The focus is on how women entrepreneurs obtain access to financial and other resources. The focus is further on the role of formal and informal institutions in relation to women entrepreneurs as they acquire resources, and the role of social capital in resource acquisition. Special attention is given to contextual preconditions.

The results from the four papers of this thesis show that the studied groups of entrepreneurs use similar financial behavior. In both contexts, women have almost no access to formal capital from banks, and have to rely on informal sources of capital and resources, mainly from family members. In Tanzania, the microfinance sector plays an important role, and other semi-formal actors
(e.g. SACCOs and RoSCAs) are commonly used as well. In Pakistan, the microfinance sector is less developed. There are semi-formal actors that can be used (such as so-called “committees”) but it is more common to use one’s own savings and loans or grants from family members. Further, results show that women entrepreneurs have to navigate through a complex interplay of barriers on both formal and informal levels. Although respondents in both contexts recognize that informal contacts (such as family members, friends, and social networks) are important sources of capital and other resources, they clearly express their desire for reliable, well-functioning, formal financial institutions. Lastly, results confirm that social capital is a crucial factor for entrepreneurs. As women in the studied contexts are excluded from formal finance, they are even more dependent on informal capital, and thereby their ability to use social capital. However, it is remarkable how often their social embeddedness is not only complex but counterproductive. Results show both negative outcomes of, and limited access to, social capital for the studied entrepreneurs.

Keywords: entrepreneurship, women entrepreneurs, financing, resource acquisition, social capital, context, developing countries, Tanzania, Pakistan, mixed methods research
Swedish summary (Sammanfattning på svenska)

Över hela världen bidrar kvinnors företagande till att skapa innovationer, arbetstillfällen och ekonomiskt värde i sina respektive ekonomier. Trots att företagande kvinnor fyller en viktig funktion som pådrivare av utveckling, finns relativt lite forskning kring förutsättningar för kvinnors företagande. Detta gäller i synnerhet för utvecklingsländer, vilket är problematiskt, då kvinnor har potential att spela en avgörande roll för utveckling i alla samhällen, inte minst genom företagande. Entreprenörskap har sedan länge betraktats som en avgörande faktor för ekonomisk utveckling och en mängd studier har bekräftat entreprenörskapets ekonomiska värde. Brist på kapital och andra resurser är samtidigt en begränsande faktor för start och expansion av nya företag, speciellt i utvecklingsekonomier, där de finansiella marknaderna ofta är underutvecklade eller dysfunktionella. Tidigare forskning visar vidare att kvinnor som driver företag möter särskilt stora barriärer i sitt sökande efter kapital och andra resurser, samt att de tvingas hantera både formella och informella hinder.


Resultaten från de fyra artiklarna som ingår i avhandlingen visar att de studerade grupperna av entreprenörer har liknande finansiella beteende. I båda kontexterna saknar kvinnor nästan helt tillgång till formellt kapital från

Nyckelord: entreprenörskap, kvinnors entreprenörskap, finansiering, resursanskaftande, socialt kapital, kontext, utvecklingsländer, Tanzania, Pakistan, flermetodsforskning
Preface

When I was about five years old, my auntie was working as a social worker at a refugee camp in Sudan. She sent us thin, blue letters, marked “air mail”, and wrote us stories about her work, which seemed to be in another universe. Later on, I have realized that my interest for social and economic development probably started with those letters, even though I of course wouldn’t put it in words like that at the age of five. When I grew older, I traveled and worked as a volunteer in a number of so called developing countries. The more I saw, the more I realized how extremely important it is to strengthen women in those countries. Primarily for the value of gender equality per se, but also because women’s empowerment is linked to several other aspects of development. At some point, I became interested in the role of business for development. When I was about to write my master thesis in business, I chose to conduct a field study in Ghana, working with a microbank. At the time, there was a growing awareness about the role of microfinance among international aid organizations and for me personally, my time at the microbank was a real eye opener. To help poor people setting up a business can have many positive effects, which I saw good examples of in Ghana. At the same time, I started to realize that providing loans and other financial services is complex, especially in countries where the financial markets are underdeveloped. Microfinance is usually based on group loans, and to depend on other people is complicated, for poor people just like for everyone else. I got curious to learn more about financing for women entrepreneurs in developing countries, and with this thesis, I have started to scratch on the surface of the topic. I still find it both important and interesting!

First of all, I want to thank all respondents who participated in this study and openly shared your stories with me. Many of you struggle against sometimes impossible odds, against prejudices and other barriers, to make ends meet, and to create a better future for yourself, your families and your countries. It has been my ambition to lift your experiences and I hope that your voices come through in an accurate way this thesis.

Many thanks to my main supervisor Professor Håkan Boter, for believing in my ideas, for your patience and support. I am most grateful that you stayed with me to the very end of this project! Thanks to my supervisor Professor Darush Yazdanfar for your encouragement, for always believing in me and
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Marta Lindvert
Frösön, June 2018
List of papers

This thesis is mainly based on the following four papers, herein referred to by their Roman numerals:


1 Introduction

This thesis is based on field studies conducted in two different contexts – Tanzania and Pakistan. Therefore, this first chapter starts with glimpses from the field. This is followed by a background discussion on why the focus is on women in developing countries, and more specifically on women’s entrepreneurship. The aim and research questions are presented, as well as the overall structure of the thesis.

1.1 Background

Morogoro, Tanzania, January 2010.

The sun was shining, like most days, making it very hot around midday. I was going to the NMB, the National Micro Bank office, together with Upendo, who was assisting me with translations, since my Kiswahili was (and still is) too poor. The NMB is one of the operators in Tanzania that offer credits and other financial services and they have an office in central Morogoro. That day, I was not going to interview any entrepreneur, I just wanted to talk to a loan officer. To get a better understanding of how things work in the Tanzanian context, I thought it would be a good idea to talk to someone who evaluates loan applications, and not only to those who apply for loans. As we were waiting for the person to talk to, we were directed to a waiting room. It was nice and cool, good to get away from the heat outside, and from the noisy traffic.

There were around ten women sitting around a big table in the waiting room. I noticed that they all had a piece of paper in front of them and that they were drawing, or writing, something. I was curious to find out what was going on, so we asked the lady next to us what they were doing. So we found out that they were all practicing writing their own names. These people represented a mix of ages, some girls in their twenties and some gray-haired old ladies; they had mixed background: some farmers, some beauticians and some shop owners. Yet, they had one thing in common – illiteracy. Someone – a loan officer – had written their names at the top of their papers, and they were all trying to copy them as exactly as possible, letter by letter, just like children do in first grade. They were about to receive their first microloan, but in order to do so they had to sign the contract and therefore learn to write their own names.

I still remember that moment, because the concept of power, and lack of power, was given a new meaning to me. These women were about to sign a legal document, with
great financial consequences, but they would not know what they were signing, but had to trust that loan officers were honest and correct. Being an adult and illiterate makes you a child again, in relation to those with power. The distance between borrower and loan giver, due to illiteracy and lack of knowledge, suddenly became very clear to me.

**Lahore, Pakistan, January 2012.**

I was entering the small beauty salon together with Rabia. The two male students who escorted us there had to wait outside. It would be inappropriate for us to walk around on our own, hence the escort, and it would be inappropriate for the young men to enter the beauty salon – men and women live in different worlds here, and make sure they keep them separate. The room was dark, since the electricity was out. This was no surprise, as electricity is rationed and runs on a schedule – this part of Lahore is always out of electricity in the afternoon. Mrs. Saima sent her teenage daughters to prepare us some chai, and then started to tell us her story.

At the age of 15, Saima was married to a 35-year-old man. She remembers the age difference – she was so young, and he was so old. He opened a small wholesale shop at the market and after one year of marriage, their first baby girl was born. After a number of years, when they had five children, her husband got sick and could not continue to work. He was just lying at home, money was scarce and it was an extremely stressful situation for the family. Since the family had no income, Saima’s mother encouraged her to go on a three-month training course to become a beautician. Her mother paid for the training and for the family’s living expenses through that most difficult time. The beauty parlor was set up next to the house, and the business did well right from the beginning. It was the first beauty parlor in the area, and Saima attracted many customers. However, trouble started after a while, when her parents-in-law started to question her work. “Why did you start this business, why are you running a parlor..?” There were also complaints from neighbors, as beauty parlors have a bad reputation in the Pakistani society based on the prejudice that they are disguised brothels. The situation got so difficult that she had to shut down the business.

Later on, Saima opened the parlor again, and the income is now providing for the family’s needs. She dreams about taking more courses, to progress in her profession and to expand the business. She would need to take a loan for this, but there is no one who would give her a loan. She says that money is always a problem, but the restrictions laid down by her husband’s parents were still the worst thing. It is also very challenging to run the business and have full responsibility for the household at
the same time. To work, to look after the children and to do all the cooking the same day, every day is difficult to manage. Nowadays, her eldest daughters help out in the business sometimes, so things are getting a little bit easier, and maybe, someday, Saima will manage to expand her beauty parlor.

The two stories above are obviously very dissimilar, showing different situations and challenges faced by women in two contexts, which, in many ways, differ from each other. At the same time, both stories illustrate the situation of women in developing countries who are struggling with formal and informal barriers when searching for resources in order to start or develop their businesses. That is what this thesis is about.

1.1.1 Focus on women in developing countries

Debates on social and economic development in poor countries have been on the international agenda for decades. Scholars from a wide range of disciplines, such as economics, business administration, political science, sociology and engineering, to name but a few, have tried to understand the reasons behind poverty and underdevelopment. Practitioners and policymakers have debated different ideas for solutions, numerous development programs have been tried out and enormous amounts of money have been spent on international aid. Perspectives have shifted from time to time, and depending on political stance, different ideas on how to go about development have been promoted. However, there seems to be one question in this debate where general consensus is reached today – that poverty and underdevelopment depend on a complex set of interrelated factors, and that there are no quick fixes.

On a global scale, there have been remarkable gains in human development over the last few decades. Extreme poverty\(^1\) has diminished significantly and the number of people living in extreme poverty dropped from 1.9 billion in 1990\(^2\) to 836 million in 2015 (UNDP 2017). The mortality rate of children under

\(^{1}\) Extreme poverty is commonly defined as living on a consumption level of less than US$ 1.90 PPP (purchasing power parity) per day, according to the UNDP (United Nations Development Program).

\(^{2}\) The year 1990 is commonly used as a reference when measuring different aspects of development. The reason is the Millennium Development Goals, which comprised eight goals for global development, defined by the UN and agreed by the world community. The overarching goal was to cut extreme poverty by half. The goals were to be achieved between 1990 and 2015. They were later redefined into 17 Sustainable Development Goals, to be achieved by 2030 (UN 2017).
the age of five more than halved between 1990 and 2015. Maternal mortality has also decreased significantly, with a 45% drop globally between 1990 and 2013. Global health is improving and the proportion of undernourished people has nearly halved since 1990. Access to basic social services, such as sanitation, water and safe drinking water, has increased enormously during the same period. Another area of great importance is primary education. In 2015, 91% of school-aged children were enrolled in school, a rise from 83% in 2000 (Jahan 2016). Consequently, a larger proportion of young people can read and write; the global literacy rate was 91% in 2015 (among people aged 15-24). People’s participation in public and political life is another essential area for human development where great improvements have been made during the last few decades. Further, new technologies continue to change and improve the lives of people worldwide. They lift economies, improve communication and transportation, create new solutions within health and education sectors and spread information. In developing countries, 94% of the population owned a cell phone in 2016. In the same year, 40% had access to the Internet, compared to 7.8% in 2005 (Jahan 2016). The growing economies of populous countries like China and India, where millions of people have been lifted out of poverty, play an important role. In South America, Brazil is an example of much of the positive trend. The poverty levels in the Middle East and North Africa are generally low, and continue to fall. However, progress has been uneven, and South Asia and Sub-Saharan Africa still struggle with underdevelopment.

Despite this substantial improvement in human development, there are still more than 800 million people living in extreme poverty. These people often lack the opportunity to have their basic needs met in terms of food, clean water and decent, safe shelter. A majority of the poor are more vulnerable to diseases, partly as a consequence of malnutrition. They are often exposed to political, juridical and social injustices. Many of the poor are uneducated or illiterate, which further increases their vulnerability in relation to society (UNDP 2017). On a country level, the UN uses the definition “least developed countries” (LDCs)\(^3\), which represents the poorest and weakest segments of the international community. They are characterized by extreme poverty, 

\(^3\)There is an ongoing debate on how to categorize and label different countries. The terms “third world,” “developing world,” “global south” and “low- and middle-income countries” have been commonly used for poorer countries. All labels have their drawbacks, and it might even be misleading to use some terms. In this thesis, I use the terms “developing countries” and “least developed countries” when referring to countries defined as LDCs by the UN.
economies that have structural weaknesses and a lack of capacity related to
growth. They are identified by three criteria: a low-income criterion, a human
capital status criterion (concerning nutrition, health, education and adult
literacy) and an economic vulnerability criterion. Forty-eight countries are
currently classified as LDCs; 33 of these are in Africa, 14 in Asia and the Pacific
and one in Latin America (UN-OHRLLS 2011).

Even though significant progress has been made regarding gender equality,
there are still many immense inequalities left to address. Seventy percent of
those living in extreme poverty are women (UNDP 2017). Girls’ enrollment
in primary school globally has increased, but 60% of young people worldwide
who lack basic literacy skills are women. Women held 11% of parliamentary
seats on average in 1995, and this was still only 22% in 2015. When looking at
employment and economic freedom, women clearly earn less than men in
most countries, both because of the higher unemployment rates among
women and because of gender pay differences (for every dollar earned by
men, women earn 70-90 cents). There are huge inequalities in the labor market
in some regions, where women are excluded from job opportunities. Women
do not have equal access to goods, services or productive assets (UNDP 2017).
Further, the right to integrity and personal safety is abused in many ways.
Violence against women and sexual exploitation is a huge problem, and many
countries still refuse to recognize marital rape as a crime. One in three women
has experienced physical or sexual violence at some point. Domestic violence
is also among the causes of the spread of HIV infection. Women are more
exposed to malnutrition and diseases than men, which among other things
has to do with the cultural norm that women and girls eat after men and boys
in some regions. Affording women equal rights to economic resources, such
as land and property, is vital, as well as access to sexual and reproductive
health (UNDP 2017).

Ending all forms of discrimination against women and girls is primarily a
matter of basic human rights. Secondly, gender equality and the empowering
of women is crucial to the acceleration of sustainable development. It has been
proven over and over that the empowering of women and girls has a
multiplier effect, with strong bearings on poverty reduction, economic growth
and human development (Asher and Sijapati Basnett 2016). Birth rates are
likely to be lower in households where the woman’s position has been
strengthened, which in turn means that the children will get better health and
education (Kabeer 2009; UNDP 2017). It is also commonly known that women
tend to invest in what is beneficial for the family – food, medical treatments, housing and school fees. When prioritizing food for the children, they become more resistant to diseases, and investing in schooling means preparing them for the future. What is beneficial for women is therefore beneficial for the whole society.

One essential factor contributing to gender equality is the economic empowering of women. At the core of this is the unequal economic structures of markets and financial systems, which restrict women’s economic opportunities. Women’s economic empowerment relates to their capacity to make strategic choices and the right to be independent actors in the economic sphere and, consequently, the possibilities this opens up in other areas of their lives (Kabeer 2009). This includes equal access to, and control over, economic resources, eliminating gender-based inequalities in the labor market and a better sharing of unpaid care work. One central issue is the removal of barriers to women’s entrepreneurship and the promoting of inclusive financial services (Ahmad and Muhammad Arif 2015).

1.1.2 Women’s entrepreneurship

Within entrepreneurship theory, there have been two main standpoints. On the one hand, an entrepreneur has been defined as someone who identifies a disequilibrium, or discovers an opportunity, and strives to achieve equilibrium again (Kirzner 1997; Shane and Venkataraman 2000). On the other hand, an entrepreneur has been defined as someone who strives to move away from equilibrium through creative destruction, thereby creating opportunities (Schumpeter 1934). Entrepreneurship has also been described as a process with an episodic character (Shane and Venkataraman 2000; Shane et al. 2003). According to Alvarez and Barney (2007), opportunities are created in a process, where entrepreneurs act, receive a response and react in relation to elements in their environment. Regardless of one’s standpoint on the definition, there has been a general agreement for a long time that entrepreneurship is key to economic development. This is a widely accepted opinion that goes back to at least Schumpeter (1934). On a macro level, it has been argued that entrepreneurship drives structural change and economic growth. On a micro level, entrepreneurship can help to lift individuals out of both absolute and relative poverty, giving them preconditions for a better life, and the economic value of entrepreneurship has been confirmed in numerous

A lack of access to capital is a major hindrance to entrepreneurship, in both advanced and developing economies. The majority of firms will sooner or later need external capital, in order to start or expand the business (Austin et al. 2006). Institutionalized financiers require security from the firm in order to grant loans, which often makes it hard for small and/or new firms to obtain credit. Another reason for banks to reject small firms is that the latter often seek small amounts of capital and are expected to generate lower returns, meaning that they imply higher risks and higher transaction costs for the bank. Therefore, what is commonly referred to as “the financial gap” appears on the financial markets (Bhide 1992; Winborg 2000). Small firms face financial barriers at all stages of their development, and are therefore forced to move towards segmented and imperfect markets (Walker 1989). In order to understand the financial behavior among firms with no, or very limited, access to traditional capital markets, the concept of bootstrapping has evolved. This refers to the use of highly creative methods to acquire resources, without borrowing money or raising equity from traditional sources (Freear et al. 1995; Winborg 2000, 2003; Hanlon and Saunders 2007; Jonsson and Lindbergh 2013; Malmström 2014; Rutherford et al. 2017). It has also been argued that the business owners’ ability to find and use bootstrap finance is related to the very core of entrepreneurial skills (Bhide 1992).

When looking at women entrepreneurs, previous research shows that they face greater obstacles when searching for capital than their male counterparts (de Bruin et al. 2006). In developing countries in particular, women face multiple hindrances that diminish their potential as entrepreneurs (Goyal and Yadav 2014; Sequeira et al. 2016; Yanfei Zhao and Wry 2016). The most frequently discussed problem is the lack of access to capital and discrimination related to loan applications (Morewagae et al. 1995; Satta 2003; Ahmad and Muhammad Arif 2015). The majority of women entrepreneurs in developing countries run small-scale or micro-enterprises and they usually operate within trade or service sectors. This further increases their barriers towards external finance (Pedersen 2001; Dzisi 2008; Spring 2009). However, this is not the only obstacle, as they have to fight against numerous barriers at both formal and informal levels (Amine and Staub 2009; Haile et al. 2012). They have limited access to education and training, find it harder to enter business associations, have less freedom to select their preferred business
sector and are often met by discriminatory attitudes in property, marital and inheritance laws. Without property ownership, they lack the collateral required to gain access to formal credit (Kabeer 2009). Further, women are hindered by informal structures, based on norms and values, which shape the status of women in society and limit their economic function (Welter and Smallbone 2008).

In this thesis, the concept of financing is central, as I am interested in women entrepreneurs’ access to financial resources needed for their venturing. Financing traditionally refers to financial capital provided by external actors, for example bank loans or venture capital (Austin et al. 2006). However, the concept of financing can also be understood in a more holistic way, relating to different kinds of resources and not only financial capital. (Hanlon and Saunders 2007). This is especially relevant for groups of entrepreneurs who find it difficult to obtain external financing. According to fundamental assumptions related to bootstrapping theory, entrepreneurs may use different methods to meet the need for resources, in order to minimize or even eliminate the need for external capital. Bootstrapping methods can, for example, be to borrow equipment for production, co-operate with other business owners in different ways, ask friends or family to work at low, or no, cost or to work at home instead of renting a business location (Winborg 2000, 2003; Malmström 2014; Rutherford et al. 2017). As I am interested in women entrepreneurs’ access to financial resources (such as access to bank loans), I use the concept financing in this thesis. However, I also use the wider concept resources, as the entrepreneurs in focus have limited access to financial capital.

With no, or very low, access to formal financial capital, women entrepreneurs are, to a high degree, dependent on informal sources of financing and other resources (Tsai 2000). Thus, social capital becomes crucial, as it can provide access to resources through personal relationships and networks (Renzulli et al. 2000). Adler and Kwon (2002) describe social capital as goodwill available to individuals or groups, where its source lies in the structure and content of an actor’s social relations. For women entrepreneurs, this means that their social relations with family members, friends and other individuals may give access to resources for the development of their ventures. Social capital is not only beneficial for the individual, but is crucial for entrepreneurial success at societal level as well, and therefore plays an important role in community development (Bourdieu 1977; Putnam 2000; Estrin et al. 2013).
In this thesis, I focus on the individual perspective of social capital and the role of social capital for women as they search for resources for venturing. Further, I have chosen to use the term entrepreneurs. One might argue that the correct term for those in focus in the thesis would be small-business owners or maybe microbusinesses. Are the respondents really creating something new? Have women not always run small service businesses and shops? Have women not always relied on informal sources of capital? The rationale I draw on is bootstrapping theory, which is useful as a lens through which to understand financial behavior among those standing far from formal capital. As discussed above, there is clearly an entrepreneurial component within bootstrapping, as highly creative methods are used to acquire resources (Freear et al. 1995).

1.1.3 Research gap and motivation for this research

Within research on entrepreneurship, there is a predominant focus on Western contexts. Even though the importance of entrepreneurship for the development process has been recognized, the vast majority of all research on entrepreneurship concentrates on advanced economies (Naudé 2010, 2011; Tamvada 2010). Likewise, previous research within financing has concentrated on Western contexts, even though financial preconditions and markets differ vastly between Western contexts and developing contexts. When it comes to theory on resource acquisition and bootstrapping behavior among women entrepreneurs, the Diana group has conducted interesting research, but again, with a focus on Western contexts (Carter et al. 2003; Brush et al. 2006a, 2006b; de Bruin et al. 2006; Gatewood et al. 2009). Women entrepreneurs have the potential to play an important role in the social and economic development of any society (Bennett 2010; Bardasi et al. 2011; Kelley et al. 2013; Goyal and Yadav 2014; Asher and Sijapati Basnett 2016). It is therefore of great importance to understand preconditions for their venturing, and how formal and informal institutions interact in relation to resource acquisition, especially in complex contexts.

This thesis is about women entrepreneurs in developing countries, with a focus on how they acquire finance and other resources for venturing. There is a special emphasis on the function of social capital in relation to family and

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4 The Diana Project is a research program focused on women business owners and entrepreneurs, established in 1999. A wide range of topics are covered, but primary emphasis is on financing and growth strategies for women-led ventures in the US.
other social networks. Two empirical studies are used to exemplify the phenomenon of interest. The thesis is based on field studies in Tanzania and Pakistan, where data have been collected. The main idea is not to explicitly discuss these two contexts, but let them serve as examples for women entrepreneurs in developing countries in general.

In the light of the discussion above, there are several theoretical interrelated factors that motivate and justify this research. Nevertheless, this research is primarily driven by a deep concern over the underdevelopment of a number of countries and regions, specifically in regard to its effect on the situation of women. It is grounded on the idea that the role and status of women is one of the key issues in creating sustainable development in practically all areas of a society (UNDP 2017). It is also grounded on the idea that fighting poverty is something that is not only relevant for the poor, but concerns all of us.

1.2 Aim and research questions

The overall aim of this thesis is to contribute to previous knowledge on women’s entrepreneurship in developing countries, by exploring and describing women entrepreneurs’ resource acquisition. The aim is further to explore the role of formal and informal institutions, as well as the role of social capital in relation to resource acquisition.

The research questions can be summarized as follows:

- How do women entrepreneurs in Tanzania and Pakistan gain access to financial resources and other resources needed in their entrepreneurship?

- What is the role of formal and informal institutions in developing contexts for women entrepreneurs as they acquire resources?

- What is the role of social capital for women entrepreneurs as they acquire resources?
1.3 Structure of the thesis

This introductory chapter has presented the background and motivation for this research, as well as the aim and research questions. Next is the theoretical framework, where the importance of contextual understanding is discussed, together with theoretical perspectives on financial barriers and the importance of social capital within entrepreneurship. A method chapter follows, where the two study contexts of Tanzania and Pakistan are introduced, research perspectives are discussed and the procedure used for data collection is described. Thereafter, the four papers included in this thesis are presented. In the chapter that follows, the results from the studies are presented and discussed. In the last chapter, general conclusions from the thesis are presented, contributions from the research are discussed and suggestions for future research are given.
2 Theoretical framework

This chapter starts with an introduction to the central concepts of the thesis. Thereafter, contextual preconditions for women entrepreneurs in developing countries are discussed, followed by a discussion on financing and resource acquisition. A discussion on the role of social capital for the studied group of entrepreneurs follows. The chapter closes with a short summary of the main concepts.

2.1 Theoretical overview

In this thesis, different theoretical concepts are used to study the phenomenon of interest. Primarily, this thesis is about resource acquisition for a specific group of entrepreneurs. The theoretical field of financing has traditionally focused on resources in terms of financial capital, a perspective that does not fully explain or cover the financial behavior among the studied group of entrepreneurs, as they strive for, and use, a number of different kinds of resources. The terms financing and resource acquisition are therefore partly used alternately. The entrepreneurial aspect in this thesis also relates to the way in which resources are acquired, which is discussed later in this chapter. Secondly, this thesis focuses on the role of social capital in resource acquisition, in relation to both family ties and other social networks around the entrepreneur. The theoretical field of financing and the field of social capital have mainly evolved in Western contexts. As this thesis concerns women in developing countries, it is particularly important to contextualize the studies, in order to make sense of both previous theory and collected data. Both financial behavior and the functions of social capital are highly affected by contextual preconditions. Therefore, this is where the theoretical framework starts – with a discussion on entrepreneurship in developing countries, the role of formal and informal institutions and preconditions for women entrepreneurs in the studied contexts.

Figure 1 illustrates the central theoretical fields in this thesis as they are structured in this chapter. The theoretical discussion starts with contextual preconditions, including discussions on the role of entrepreneurship in developing countries, the role of formal and informal institutions and on the
specific preconditions for women entrepreneurs in developing countries. In the next section, theory relating to financing and resource acquisition is discussed. The financial gap facing the studied group of entrepreneurs is discussed, as well as bootstrapping theory, which explains entrepreneurial ways to find resources, despite financial barriers. Lastly, the theoretical discussion moves on to the concept of social capital and its role for women entrepreneurs, positive as well as negative, as they strive for financial capital and other resources.

**Figure 1**: Theoretical overview.

### 2.2 Contextual preconditions

#### 2.2.1 Entrepreneurship in developing countries

Entrepreneurship scholars have been arguing for a long time that entrepreneurship is central to economic development (Kirzner 1985; Baumol 1990). This is a well-known proposition, which goes back to at least Schumpeter (1934). Even though most economists agree that entrepreneurship has positive effects on growth in developed countries, there are also studies questioning whether entrepreneurship necessarily leads to growth in developing countries (Sautet 2013; Vivarelli 2013). The core issues are often how to evaluate outcomes of entrepreneurship programs (Cho and
Honorati 2014) and understanding whether the entrepreneurial process among the poor really leads to a reduction in poverty (Yessoufou et al. 2018). Overall, most literature has given attention to advanced economies and comparatively little has been written on developing economies (Naudé 2010, 2011; Tamvada 2010), despite the fact that entrepreneurship in developing countries has a number of characteristics that differentiate it from entrepreneurship in highly industrialized countries. One difference is the motivation and driving forces, where it is usually argued that entrepreneurship in developing countries is driven mainly by necessity, and the need to survive, whereas it is more commonly driven by opportunities in industrialized countries (Baumol 1990; Sahasranamam and Sud 2016). Another major difference is the role of informal versus formal sectors, where the informal sector plays a significantly more important role in developing countries, something that has often been viewed as a negative thing (Williams and Gurtoo 2011; Petrova 2016). The overall role and performance of institutions in general are vastly different, where many of the developing countries struggle with weak and dysfunctional institutions, affecting basically all areas of the society (Sautet 2013; Khoury and Prasad 2016; Adanu 2017). The performance of markets differs as well, and the labor and the financial markets in particular have influences on preconditions for entrepreneurship (Mair and Marti 2007; Bradley and Klein 2016). When it comes to women entrepreneurs in developing countries, a number of specific obstacles on both formal and informal levels need to be addressed. At the same time, one has to remember that the developing countries embrace a great diversity of institutions, markets and levels of economic and political development, not to mention the role of diverse religions, cultures and ethnicities. In some regions, there are armed conflicts, violence and natural disasters, which all influence the performance of entrepreneurship. One also has to bear in mind that even within one given context, entrepreneurs are by no means a homogeneous group, but rather represent a multiplicity of individuals with different life conditions, talents and ambitions, which of course is still the case, even when looking at the subgroup of women entrepreneurs in developing countries.

The view on entrepreneurship in developing countries has also changed over time. In the past, many economists argued that the most pressing priorities in the least developed countries was to improve infrastructure and meet basic social needs, placing the primary focus on the role of the state in development. During the 1980s and 1990s, the attention turned from policymakers towards
market-led development, and the focus was predominantly on the role of the private sector. Since the 1990s, it has been recognized among both policymakers and researchers that with persistently weak and failing markets, characterizing the least developed countries, particularly in Africa, the development of a productive private sector cannot be left to markets alone (Brixiova 2010). Thus, today scholars stress the importance of the role of the state again. In the LDCs, entrepreneurship is to a great extent sprung out of necessity, for the need to survive, rather than being opportunity driven. Starting a new venture involves a number of costs and risks, which may not be undertaken by the private sector unless there are specific incentives and support from the state for this. With well-targeted governmental interventions, productive entrepreneurship can come about and consequently facilitate private-sector take-off (Brixiova 2010).

It has also been argued that entrepreneurship per se drives structural change, because entrepreneurs take active part in working for change in institutional frameworks, instead of being passive actors under imposed institutions (Gries and Naudé 2010). While driving structural change and economic growth, other opportunities open up, such as more productive wage employment, specialization and labor mobility. This will further help people out of both absolute and relative poverty and informality (Naudé 2010). However, Goedhuys and Sluwaegen (2010) show that the type of entrepreneurship matters for economic performance. They argue that high-growth firms (with an average employment growth in excess of 10% per year) are particularly important in the least developed countries, both in catching up and in forming technological, physical and human capital.

On a macro level, it is of course positive for a country’s aggregated economic performance when people contribute to economic growth through entrepreneurship. On an individual level, entrepreneurship can be an escape from both absolute and relative poverty (inequality) (Bradley and Klein 2016). By using per capita consumption expenditure as a measure of welfare, Tamvada (2010) examines the returns to entrepreneurship in a large sample of households in India. He shows that there is a welfare hierarchy in occupations, where entrepreneurs who employ others have the highest returns in terms of consumption expenditure. Entrepreneurs who work for themselves as self-employed have slightly lower returns than salaried employees, but still higher returns than casual labor. Thus, entrepreneurship offers an escape from poverty, since self-employed entrepreneurs,
entrepreneurs who employ and their employees all have higher consumption expenditures than casual laborers (Tamvada 2010).

In general, entrepreneurs that are more educated operate in opportunity-based firms, while less educated ones operate out of necessity. It has even been argued that opportunity-driven entrepreneurship plays a significant positive role in economic growth, whereas necessity-driven entrepreneurs have almost no effect on growth (Acs and Varga 2005). Further, in many developing countries, formal and informal sectors can be seen as “dual economies” (Spring 2009). It has been estimated that around 40% of GDP in developing economies is contributed by producers within the informal sector, and in many countries, this percentage is growing (Bennett 2010). By “informal sector,” one usually means unregistered, unregulated and untaxed business, where a majority of firms are involved in service, production or street vendor trade. On the other hand, the “formal sector” includes those firms that are registered, regulated and taxed (Williams et al. 2017). However, the distinction is not always so clear. For example, microfinance institutions usually register their clients, and operators within microfinance strive for regulation. Different kinds of cooperation exist, for example when formal businesses use informal suppliers (Spring 2009).

The informal sector is often seen as undesirable from the perspective that it undermines the tax base and therefore has negative effects on investments in public infrastructure (Williams et al. 2017). Informal firms are also less efficient, due to their small size and lack of access to credit and legal protection. For the workers, employment within the informal sector is perceived as negative, because it usually comes without social benefits. Informal firms are often very small, since the entrepreneurs fear that expansion will draw attention from authorities and cause legal trouble. One reason for entrepreneurs to operate within the informal sector is simply that it is too complicated and expensive to get registered. Most entrepreneurs who start the process of registering a business legally have to be very determined, since it involves a lot of cost, time and effort. Consequently, many choose to operate outside the legal framework. They may pay for a license that gives them the right to operate as an informal entity, rather than pay formal taxes and operate as a legal business (Amine and Staub 2009; Williams et al. 2017). Thus, governments have usually been more concerned with businesses within the formal sector, while donor agencies have focused on supporting informal businesses (Spring 2009). At the same time, Bennett (2010) argues that there
are potential dynamic benefits to be gained by a firm from operating within the informal sector. He points out that entrepreneurship is characterized by uncertainty, something that is often ignored in analyses of the informal sector. When a potential entrepreneur considers whether to start a new business or not, he or she faces great uncertainty regarding potential profitability. Under these circumstances, the informal sector can function as a “steppingstone,” where the entrepreneur can test his or her business ideas. If the business is successful enough, the entrepreneur may choose to enter the formal sector. The informal sector may also function as a “consolation prize” for those who are not succeeding in the formal sector, since they can choose to stay in, or go back to, the less costly informal sector (Bennett 2010). Further, Petrova (2016) shows that even though the informal sector is an “unregulated micro-entrepreneurial sector,” it plays an important and positive role across developing countries. Based on these arguments, there are reasons for governments to be lenient in their policies towards firms in the informal sector.

2.2.2 Weak and dysfunctional institutions

Over the past 50 years, research within the fields of both entrepreneurship and development economics has evolved rapidly, but in relative isolation from each other. Research within entrepreneurship has mainly focused on the process of entrepreneurship, and the field of development economics has mainly been concerned with the global and country-level determinants of economic performance. Lately, both these research fields seem to have united in the understanding that the institutional framework in a country or region will have a major impact on the outcome of economic development as well as the outcome of entrepreneurship (Naudé 2010, 2011; Khoury and Prasad 2016). Institutions can broadly be understood as the “rules of the game” (North 1990), and development economists are therefore involved in the building and strengthening of institutions for development (Naudé 2010), while researchers within entrepreneurship recognize that the entrepreneurial performance in a country or region is dependent on the outcomes of institutions (Baumol 1990; Welter and Smallbone 2011). However, even though the importance of institutions is recognized for the outcomes in both fields, the institutional explanations are often treated as a “black box.” This could have to do with the fact that institutions in general are very context-specific, and that even if we manage to identify the need for specific institutions, we do not know how to build such institutions (Naudé 2010, 2011; Peredo and McLean 2013).
Entrepreneurship can play a significant role in developing countries, both at an aggregated macro level, through structural change and economic growth, and at an individual micro level, leading to increased consumption expenditures and welfare (Bradley and Klein 2016; Kurt and Savrul 2016). Nevertheless, it is obvious that many individuals and countries never get to reap some of the benefits from entrepreneurship. There are complex reasons for this, and they have to be addressed in the light of different contexts. The environment shaping the economy will influence the outcomes of entrepreneurship in any given context (Welter 2011). This environment is marked by interdependencies between economic development and institutions, which in turn have an impact on characteristics such as the quality of governance, financial markets and access to other resources, as well as the general perceptions of entrepreneurs (Acs et al. 2008). Using the definition of institutions as “the rules of the game” (North 1990), institutions are simply omnipresent in any context, taking different forms on both formal and informal levels. Scott (1995) defines institutions as structures and activities that give meaning to social behavior. According to him, these structures and activities can be cognitive, normative or regulative. Institutions have a major impact on both economic behavior and economic transactions and have a direct and indirect influence on both the supply and demand of entrepreneurs in a country (Acs et al. 2008).

Adanu (2017) argues that many development policies fail in Africa, and in developing countries in general, because of a lack of understanding of the current policy environment setting. Even though the African business environment is low on trust, because of ethnic diversity, African business relies more on trust than contracts, due to the weak enforcement of institutions. Rodrik (2008) discusses a number of areas where formal institutions need to be strengthened in developing countries. In the absence of reliable and effective courts, firms rely on long-term relationships with suppliers and customers, based on trust, immediate payments, screening out of unreliable partners and renegotiating when there is a problem. The first area where institutional reforms are needed is therefore the courts, which need to be strengthened in regard to capacity, autonomy and honesty. The second area has to do with entry regulations, where entry costs are often too high, property rights are not protected well enough and the contracting environment is poor. The third area has to do with import liberalization and global integration. The fourth has to do with the development of independent central banks, since this makes it possible to move away from a monetary
policy based on day-to-day control by politicians, and therefore enhances the credibility of anti-inflationary policies. However, there is no single set of best practices that can serve the needs of all countries at all times. Governments can learn a lot from what works in other countries, but sometimes binding constraints lie elsewhere than expected. The nature of binding constraints will also change over time, and there can also be multiple ways of removing a certain constraint (Rodrik 2008).

According to a study on growth-oriented SMEs in Uganda, Zambia and Zimbabwe, there are a number of constraints on growth within different areas, with direct or indirect connections to the performance of institutions in the country. The areas identified are access to finance, financial management, market orientation and competition, human resources, enterprise environment, physical infrastructure, policies and regulation, and information and networks (Trulsson 2002). Bennett (2010) argues that the great uncertainty and lack of information that entrepreneurs are facing require special attention. Goedhuys and Sluewaegen (2010) show that firms in Africa suffer from a proximity gap, where poor infrastructure is a hindrance in relation to both suppliers and customers. Therefore, they suggest that there is a need for differentiated policies for entrepreneurship.

Tambunan (2008) discusses the importance of government promotion programs for SME development in developing countries, based on data from Indonesia. He argues that governmental support is crucial for SMEs, but states that direct interventions (such as specially designed SME credit schemes) are not necessarily more important than indirect ones (for example, developing infrastructure and creating a business-friendly environment). It can be much more effective with subsidized credit together with appropriate public policies, which make it easier for SMEs to buy raw material and distribute and market their goods, instead of developing too many special supporting schemes for SMEs within a distorted market (Tambunan 2008).

The problem of corruption is another major constraint to entrepreneurship in many developing countries, where corruption can be defined as the abuse of public power or authority for private benefit. Anokhin and Schultze (2009) argue that corruption undermines the foundations of institutional trust, which in turn is necessary for the development of trade and entrepreneurship. The reason for this is that corruption increases the financial risk for the
entrepreneur, who will gain less money from his or her efforts, because operators along the value chain take their (unfair) share. The motivation for entrepreneurial activities will thus decrease. In a corrupt society, it is also risky for the entrepreneur to rely on legal contracts and impersonal enforcement of the law. Another problem is that corruption counteracts investments in innovation as well as other economic activities. Since the effects of corruption are pervasive, the consequences can be far-reaching in an economy. It is therefore of great importance to improve the control of corruption wherever it occurs, and there is a general agreement that the control of corruption leads to improvements in economic welfare, expressed as foreign direct investments, productivity, the United Nations’ Human Development Index and growth in income (Anokhin and Schultze 2009).

Entrepreneurship in developing countries also faces failing markets, where labor and financial markets are of particular importance. Those specific institutions that support a modern economy based on market principles are often missing in developing countries. The issue of whether and how markets can be created has been discussed among scholars, as well as how they can be made more efficient by the strengthening of institutions, such as property rights, governance structures and rules of exchange as preconditions for markets (Mair and Marti 2007).

Brixiova (2010) examined the main obstacles to entrepreneurship in Africa’s least developed countries, claiming that some of the main constraints have to do with the labor force in these countries, concerning both entrepreneurs and workers. There are both a shortage of skilled job openings and a shortage of skilled workers. With a great need for, and scarcity of, opportunities for entrepreneurship, governmental interventions may help in stimulating the private sector. In order to be effective, and due to limited economic resources, policy actions need to be very well targeted and address the most pressing needs. Concrete examples in a context where skilled job openings are few and far between include removing obstacles to business establishments such as a poor business climate, high taxation and excessive start-up costs. In a context where there is a scarcity of skilled workers, emphasis should be on training policies. Further, Brixiova (2010) claims that other active labor market policies are needed, such as information exchange between available jobs and job-seeking workers, which leads to a higher match between skilled openings and workers, and shorter search time.
2.2.3 Women entrepreneurs in developing countries

Gender research and the debate on equality between men and women have also influenced the field of entrepreneurship. According to Hirdman (1990) there is a gender contract, where women are subordinated and given less value than men. She points out that the hierarchy between sexes is structurally embedded in society. Ahl (2006) shows that even within research on women’s entrepreneurship, this hierarchy is continually reconstructed. This thesis is strongly influenced by gender theory, as the subordination of women is recognized as a structural problem. However, the focus is on women operating business in relation to resource acquisition and social capital. Therefore, a deeper discussion on the concept of gender per se has to be put aside.

When looking at women entrepreneurs globally, it is clear that women-owned businesses make significant contributions to innovation, employment and wealth creation in all economies (Acs et al. 2011; Bardasi et al. 2011; Williams and Gurtoo 2011; Adom 2015; Ahmad and Muhammad Arif 2015). Even though women entrepreneurs play an increasingly important role all over the world, they are understudied and we know relatively little about them. A literature review conducted by the Diana Project claims that studies about women entrepreneurs comprise less than 10% of all research in the field (Brush et al. 2010). Another literature review on leading academic journals within the field of entrepreneurship shows that only 2.9% of research papers address women-led enterprises (Berglund 2007).

Research on women entrepreneurship is generally dominated by the US, with the majority of researchers based in the US and mostly focusing on the North American context. When looking at research on women entrepreneurs in non-Western countries, very little has been done (Sequeira et al. 2016). Even though Latin America and Asia have higher rates of entrepreneurial activity among women than Europe and the US (Brush et al. 2006b), only 11% of articles on women entrepreneurship are focused on countries outside the Western context, according to the literature review by Berglund (2007). However, it has been recognized that women entrepreneurs in African countries contribute significantly to jobs, societal welfare and increasing GNP (Dzisi 2008; Nchimbi and Chijoriga 2009). Almost no attention has been given to entrepreneurship among women in Arab countries (Dechant and Lamky 2005). Shabbir and di Gregorio (1996) studied women entrepreneurs in the
urban formal sector in Pakistan, another much understudied group among women entrepreneurs. They argue that there is a problem of comparability within research on women entrepreneurship, where most studies in developing countries focus on uneducated, very poor women, operating in rural areas or in the urban informal sector. These studies are not comparable to studies on women entrepreneurs in the Western world, who are usually highly educated and operate in the formal sector, which are two completely different things. Roomi and Parrott (2008), who also studied women entrepreneurs in Pakistan, further state that even research specifically focusing on women entrepreneurs in developing countries fails to reach an in-depth understanding of the great variations among different regions and countries. They argue that the nature of women’s entrepreneurship, their impact and the role of social structures, their work, family relations and organized social lives differ greatly between different regions.

Most women entrepreneurs in developing countries run small-scale or micro-enterprises, with the majority operating within trade or service sectors (Dzisi 2008; Spring 2009; Ahmad and Muhammad Arif 2015). Enterprises within these sectors have been perceived as being less important to economic development and growth than enterprises within manufacturing and technology, a perception that has been a great disadvantage for female entrepreneurs (Bardasi et al. 2011). Yet, it has been observed that the small-scale economic activities of women in Africa have been undervalued and that their specific role and involvement in the economic development of their countries are neither well-known nor recognized (Dzisi 2008; Adom 2015). Similarly, Williams and Gurtoo (2011) show that self-employed women in India make important contributions to the economy, even when operating in the informal sector. It has also been recognized that women entrepreneurs relate their business to their family situation to a much higher degree than their male counterparts, which has been demonstrated in research in both industrialized and developing countries (see, for example, Brush 1992 concerning the North American context and Dzisi 2008 on the African context).

Although one needs to remember that women entrepreneurs in developing countries form a heterogeneous group, just like entrepreneurs in general (Vivarelli 2013), there are three levels of similarity among them to be considered. First, women all over the world usually face the same kind of role complexity, especially in combining that of a working wife and a mother.
Second, when women try to start or expand their business activities, they experience similar obstacles, wherever they live. Third, women entrepreneurs have to deal with unique obstacles related to the local domestic market environment in which they operate, unlike their male counterparts (Amine and Staub 2009). So what do these structures and barriers look like, and how do women handle and overcome them? And, given that entrepreneurship is a key driving force for economic development, how should supporting mechanisms be used to be as efficient as possible?

2.2.4 Formal and informal barriers for women

The barriers to women’s entrepreneurship are to be found in both formal and informal structures (Goyal and Yadav 2014; Sequeira et al. 2016). Formal structures that are disadvantageous for women can, for example, have to do with the regulatory system, inheritance laws, ownership of property, access to capital and access to education.

In many places, women are still excluded from the right to inherit or own land or property, due to discriminating national laws. Further, there might be regulation that prohibits women from buying land, even if they have the funds for it. Consequently, women who want to start a business have to rely on their husband’s or relatives’ land, or alternatively rent from someone else. This is, of course, particularly troublesome for women entrepreneurs operating within the agriculture sector. In some African countries, the government addresses this problem by issuing land certificates, which gives the holder a number of personal rights to use the land. However, land certificates cannot be used as collateral towards the bank. For women, who are also excluded from owning land, it is impossible to get a bank loan, which is needed to achieve business growth (Amine and Staub 2009; Mwobobia 2012).

Previous research on women’s entrepreneurship clearly shows that the most frequently discussed external barriers are the lack of access to capital and discrimination when applying for loans (Berglund 2007). Although access to capital is a real challenge for both men and women entrepreneurs in developing countries, it is usually most challenging for women, especially if they are unable to legalize their business (Goyal and Yadav 2014). Another reason for banks to exclude women from external loans is that women often run micro-scale businesses, and microbusinesses in general have a smaller
chance of obtaining bank loans (Winborg 2003; Ahmad and Muhammad Arif 2015; Shinde and Joshi 2016). It is particularly hard for women in rural areas in developing countries to overcome these types of regulatory discrimination, since usually they do not own land or have any savings or have anything else to use as other collateral for a traditional bank loan (Amine and Staub 2009). Many businesses run by women are home-based, because they do not have the funds to buy or rent other business premises. Even though this might be a convenient arrangement, especially when profession has to be combined with family responsibilities, it also means that this will function as a brake on the potential growth of the business (Amine and Staub 2009).

In many places, girls still participate in primary school to a much lower degree than boys, and when looking at high school or higher education, this imbalance is even more apparent. In an area where there is no tradition of entrepreneurship, and no formal educational support for entrepreneurship, both men and women might lack even the most fundamental concepts of how to start or run a business. For women, who are illiterate and/or have been excluded from school to a higher degree than men, the barriers to starting a business will be even higher (Goyal and Yadav 2014). At the same time, there are studies indicating that financial support targeting women micro-entrepreneurs is one of the most effective tools for promoting entrepreneurship in developing contexts (Cho and Honorati 2014).

Although formal structures, as discussed above, in many ways imply difficult obstacles for women entrepreneurs, all the barriers found within informal structures are probably even more difficult to identify, change and overcome. Informal structures are closely linked to cultural views, values and norms, and it takes a very long time to change values and attitudes in a society (Barhate and Patgaonkar 2012; Yanfei Zhao and Wry 2016). These challenges have to do with the status of women in a society in general, women’s rights and women’s role complexity, but also attitudes towards women as entrepreneurs (Welter 2011). It is, for example, even in industrialized countries more common that sons, rather than daughters, enter family business management. Daughters who become leaders in family businesses tend to move between concealing their leader identity and producing a masculinized identity, because the general idea is that a business leader is masculine (Hytti et al. 2017).
In all countries around the world, women continue to be the primary caregivers for their children and other family dependents, whether they work outside the home or not (Woldie and Adersua 2004). Moreover, in some countries, women are often the sole breadwinner of the family, and are therefore forced to seek paid employment outside the home, or alternatively start a business. Thus, it might not be surprising that a frequent theme in previous research on women’s entrepreneurship is that women run their business in relation to their family situation, which is not the case when looking at research on men’s entrepreneurship (Berglund 2007). Further, women often have a number of dependents to provide for, as apart from their husband and children, there are often aged parents, siblings and extended family members to care for, thereby placing additional burden on such women (Dzisi 2008). Looking at the general living conditions and women’s status in sub-Saharan Africa, one major constraint to potential entrepreneurship is high fertility rates. With an average of five to six births per woman, the opportunities to start a business will decrease. With repeated pregnancies, it may be difficult to run a business, or even work outside the home all, due to ill health. And with a number of children to care for, there may be little time to work outside the home. In many cases in sub-Saharan Africa, women are not only responsible for their own children, but also for young relatives who have lost their parents due to AIDS. Moreover, in these communities, children are still seen as insurance against incapacity and as potentially providing support in old age, which puts an extra physical and emotional burden on women in their most productive years (Amine and Staub 2009).

In Muslim communities in sub-Saharan Africa, it is not socially accepted for women to run their own business, or even to work outside the home. The reason is the fear that a married woman who starts to make her own money will become too independent, and that this will change traditional family roles and undermine the patriarchal domestic relations. Women who are too independent might change the balance of power within the household, which can lead to conflicts and even divorce. If a married woman works for money outside the home, it is interpreted as the husband’s inability to control his wife, or his inability to provide for his family. Due to the fear of losing such control, social standing and personal honor, many men simply forbid their wives from operating their own business. The social stigma would be even worse if the wife turned out to be more successful than the husband, leading to deep social embarrassment and dishonor of the family name. These kinds
of social constructs concerning women entrepreneurs are to be found in many cultures all over the world, and not just in Africa (Amine and Staub 2009). As discussed by Dechant and Lamky (2005), women entrepreneurs in Arab countries face similar formal and informal barriers to other countries, but there is one difference, which has to do with the influence of Islamic values. For example, women in these countries only recently obtained the right to vote, and they still often need a signature from their husband or a male relative to apply for a loan. They can also still be denied the right to open a bank account. Thus, there are formal barriers originating from informal, cultural or religious values (Dechant and Lamky 2005).

Research on women entrepreneurs in Africa shows that women’s networks are more extensive than those of men. Women entrepreneurs might have different social networks, but they have more family members and relatives among their strong ties than men. As the ties become weaker, nonfamily ties become more and more important, and are oriented towards business networks. Male entrepreneurs have more outsiders among their strong ties, which is beneficial for their business performance, since these ties often consist of partners, colleagues or ethnic group members. Thus, the different networking behaviors between men and women result in different business performance, since women are excluded from more rewarding and strategic business networks (Spring 2009). This problem is even more evident in traditional Islamic contexts. In Pakistan, women are discouraged from taking the initiative themselves and are restricted from networking outside the family, especially with men. This is troublesome, as men have more resources in Pakistani society. Women are also restricted in terms of spatial mobility, which has practical implications when setting up a venture (Roomi and Parrott 2008; Roomi and Harrison 2010; Roomi 2011).

Drawing on institutional theory, Baugh et al. (2006) discuss how the normative context affects women’s participation in entrepreneurship in a number of industrialized and transition economies. They show that the relation between women entrepreneurs in a country is not connected to the level of welfare, but rather that cultural norms and values affect the proportion of women-owned businesses. These norms and values are related to the general support systems for entrepreneurship, but also to the level of gender equality in that country. They state that the institutional context, and the preconditions it creates for women entrepreneurs, is of great importance,
because it affects the kind of support that will be available for individual women (Baugh et al. 2006).

In order to bring about lasting change and lowering of the barriers for women entrepreneurs, various actions have to take place simultaneously. Both formal and informal barriers need to be dealt with at the highest political level (Goyal & Yadav 2014). Only political decisions can bring change in the regulatory system, giving women equal right to inherit and buy land and other property. As women obtain the right to own land, not only do they obtain an improved civil status but they can also use the land as collateral for bank loans, and thereby start or expand a business. In countries where legislation already gives women equal rights to inherit and own land, action must be taken to ensure that such legislation is implemented at local community level. When it comes to the lack of access to capital, there has been a very quick growth of microfinance institutions, operating all over the world. Even though many of these specifically target women, the lack of capital still severely limits the ability of many women to start or expand a business. Rural areas in particular are in urgent need of financial services targeting women. Women’s literacy and level of education are also, of course, matters to be addressed by political reforms. Educational and training programs specifically targeting girls and women are needed, and again, in places where legislation already states that girls have the same right to education as boys, it is important to ensure that this legislation is implemented at local-community level.

It might be more complicated to remove informal barriers, as they are often deeply rooted in traditions, norms and values (Yanfei Zhao and Wry 2016). Amine and Staub (2009) suggest that normative concepts that preserve negative attitudes towards women as entrepreneurs can be transformed through social marketing. They argue that large-scale, long-term social marketing programs could bring about a change in the attitude among men towards their wives and daughters, as they begin to see them as independent individuals with their own rights. Campaigns also need to address attitudes at a community level, with the aim of increasing the social status of women by depicting women entrepreneurs as responsible parents and spouses, who can contribute economically to both the family and the society. Additionally, campaigns also need to encourage women to believe in themselves, and to believe in their ability to be entrepreneurs. At the same time, one needs to remember the cultural, social and economic embeddedness of entrepreneurship. Thus, entrepreneurship programs or policies should not
simply be imported from one country to another – the unique context has to be considered before the implementation of any entrepreneurship policies (Heinonen et al. 2010).

2.3 Financial barriers and resource acquisition

2.3.1 The financial gap and reasons behind this gap

The majority of firms will sooner or later end up in a situation where they need external financing, from a bank or venture capital, to be able to start or expand the business (Austin et al. 2006). Institutionalized financiers require a great deal from firms in terms of different kinds of security. Small and/or new firms can often find it hard to show results to the financier, and will therefore face hindrances. Another reason for banks’ unwillingness to lend capital to such firms might be that they often seek small amounts of capital and are expected to generate lower returns. From the perspective of the banks, these firms bring higher risks and higher transaction costs (Winborg 2000). Turning to venture capitalists might be an option, but these usually offer capital at a price that is too expensive for small firms. Therefore, what is commonly referred to as “the financial gap” appears between the supply and demand on the financial markets (Bhide 1992; Landström 2003). Financial difficulties occur at all stages of the development, and with limited, or no, access to many of the traditional capital markets offering long-term loans, small firms tend to move towards segmented and imperfect capital markets. The challenges in gaining access to capital will look different at different stages of small firms’ development (Walker 1989; de Bruin et al. 2006).

Research within financing has traditionally focused on the supply side, how banks and other financiers act, and why. It has been assumed that the financial gap solely depends on the supply side not being able to, or not wanting to, meet the financial demand. Today, researchers and policymakers have become more interested in the actions and attitudes among entrepreneurs in regard to their need for resources and capital (Winborg 2000; Malmström 2014; Rutherford et al. 2017).

One of the explanatory factors behind the financial gap is the information asymmetry between the loan client and lender (Stiglitz and Weiss 1981; Igawa
and Kanatas 1990). Landström (2003) argues that it does not have to be the business manager who has most information, but that both parts could have an advantage in knowledge. The manager can be assumed to have the best information about their own business, given the limited external control of small firms, among other things. On the other hand, the manager in a new and/or small firm may have very vague concepts about both their own product and the market – the experienced financier may have a better understanding of the market and of the line of business. Moreover, the business manager is often not aware of what requests different financiers have concerning information. Thus, the information asymmetry seems to go both ways – a lack of information on the business side and on the financing side can lead to increased difficulties for small firms in the search for external capital (Landström 2003).

![Figure 2: The financial gap (Landström 2003).](image)

Many small and new businesses tend to go into liquidity within a few years, leading to financiers feeling that investing in these firms is a high-risk project. Moreover, financiers often lack competence when it comes to analyzing and handling small firms, as financial instruments are developed to analyze and handle bigger, well-established firms. The reasons behind the financial gap can also, as mentioned, be found on the demand side. The business manager often lacks knowledge about the different financial solutions available. Furthermore, the manager often has a negative attitude towards external sources of finance, especially if it involves external ownership (Winborg 2000).
Another aspect to consider is moral hazard, which has to do with the risk of changing behavior (Igawa and Kanatas 1990). A new firm has no history and the bank therefore has no conception of the performance of the firm. Thus, the bank will calculate the different risks involved in investing in the firm – maybe the firm will not follow the agreement, maybe the firm will spend money on something else, other than what the manager says. If the firm has been operating in the same line of business for some time, it is more likely that it will stick to the business plan, but if it is a new business, it will be harder for the bank to trust the business manager (Repullo and Suarez 2000; Duffee 2009). Further, the assumption of adverse selection means that the bank tends to make bad choices (Brennan and Kraus 1987; Duffee 1990). The bank wants to invest in growing companies, but because of asymmetric information, it will be hard for the bank to know which firms to focus on. Small, new firms have no history, and they do not want to give too much information about their business idea. Older, well-established firms do have a history to show, but are often not the ones to grow in the future (Myers and Majluf 1984; Brennan and Kraus 1987). In a setting where the bank is a local actor, close to the people, both parties will get to know each other better. In such cases, problems with moral hazard and adverse selection will decrease or even disappear (Batabyal and Beladi 2010). This is one of the main ideas within the field of microfinance, where the microbank offers financial services to the poor, operating locally and close to the people (Robinson 2001).

Agency theory can be a relevant lens through which to further understand small firms’ difficulties in obtaining external capital. Jensen and Meckling (1976) described the relationship between a principal and an agent in terms of a contract. Using this contract governing the relationship as the unit of analysis, the focus in agency theory has been on how to develop the contract to make it as efficient as possible, based on assumptions about people (as dominated by, for example, self-interest, bounded rationality or risk aversion), organizations (where there are, for example, goal conflicts among members) and information (which is seen as a commodity to be purchased). The contract can be used in different ways, with a focus on either behaviors or outcomes (Eisenhardt 1989a). As defined by Jensen and Meckling (1976), agency costs refer to all the costs of all activities and operating systems that are implemented to align the interests and actions of the agent (manager) with the interest of the principal (owner). Agency theory has been used to highlight the roles of managerial decision rights and various external and internal monitoring and bonding mechanisms, both theoretically and empirically. It
has been shown that agency theory has great significance in financial decisions, e.g. in explaining the choices of capital structure, maturity structure, dividend policy and executive compensation (Ang et al. 2000). In the original agency theory as presented by Jensen and Meckling (1976), there is a zero-agency cost base case, where the firm is owned solely by a single owner-manager. Ang et al. (2000) have shown, based on a study on small firms, that the agency costs are indeed higher among firms that are not entirely owned by their managers, and that these costs increase as the equity share of the owner-manager declines. This is in line with Jensen and Meckling (1976), who argued that agency costs increase with a reduction in managerial ownership. Chrisman et al. (2004) compared the agency costs of family and nonfamily firms and found that family involvement in a firm can both increase and decrease financial performance due to agency costs. However, they argue that the overall agency problems are smaller in family firms than in nonfamily firms. Thus, agency costs can occur in two ways – either through debt, where the financier functions as principal and the firm as agent, or through ownership structure, where owners (shareholders) function as principal and the manager as agent.

In the case of women entrepreneurs in developing countries, the majority of firms are solely owned by the manager, where the same woman owns and runs the business, either completely on her own or with a few employees. According to the original definition of agency theory (Jensen and Meckling 1976), there are no agency costs with this ownership structure. However, they risk the second form of agency costs. As they take loans, the financier can be seen as principal and the woman entrepreneur as agent, and agency conflicts may occur between them. For many women entrepreneurs, microfinance institutions have played an important role in offering credit (Mayoux 2001; D’Espallier et al. 2011; Shinde and Joshi 2016). In order to handle agency problems, the foundational idea within microfinance is to bundle loans together and let clients form loan groups, which is also known as “solidarity lending” (Jaffer 1999). The group functions as collateral for the bank as social relations within the group ensure that loans are repaid (Van den Berg et al. 2015).

2.3.2 Bootstrapping – entrepreneurial ways to find resources
An essential part of entrepreneurship is the mobilizing of resources in order to pursue identified opportunities (Stevenson 1989; Shane 2003). In order to
gain access to resources, the entrepreneur often has to ask others for money, labor or other efforts (Dubini and Aldrich 1991). Thus, firm financing is not only about financial capital, but has to be understood in a more holistic way, where financing relates to different kinds of resources (Hanlon and Saunders 2007). Further, as argued by Jonsson and Lindbergh (2013), firm financing not only relates to the acquisition of funding but also to the management of finances. One central concept in the field, especially for firms finding it difficult to obtain external finance, is bootstrapping, which refers to the use of methods to meet resource needs and thereby minimize and/or completely eliminate the need for external financial resources (Malmström 2014; Rutherford et al. 2017). Bootstrapping has been defined as “highly creative ways of acquiring the use of resources, without borrowing money or raising equity financing from traditional sources” (Freear et al. 1995). Bhide (1992) argues that the very spirit of entrepreneurship is demonstrated in the business owner’s ability to creatively find and use bootstrap finance.

Winborg (2000, 2003) and Winborg and Landström (2001) categorized bootstrappers based on three different aspects: 1) internally based resource acquisition, 2) socially based resource acquisition, and 3) quasi-market-based resource acquisition. The first category uses methods available within the company – either to minimize the financial burden on the company or to delay the outflow of funds from the company. For example, there are private-owner-financed bootstrappers, usually to be found among newly established businesses, which are highly dependent on resources provided by the owner/manager and his/her relatives. For this group, the relationships with the family are of great importance. Socially based resource acquisition relates to methods where personal relationships are used to attract resources on preferential terms. Concepts such as social capital, networking and trust, as well as geographical location, are important for this group. The quasi-market-based resource acquisition relates to subsidy-oriented methods, where subsidies from public institutions are used to meet the company’s need for resources. “Quasi-market” refers to the fact that the public institutions operate in the financial markets, but not to market conditions (i.e. through favorable interest rates) (Winborg 2000, 2003).

There are some previous studies on women entrepreneurs’ financial bootstrapping, mainly conducted in North American contexts (Carter et al. 2003; Brush et al. 2006a, 2006b; de Bruin et al. 2006; Gatewood et al. 2009). Neeley and Van Auken (2010) studied the differences between female and
male entrepreneurs’ bootstrapping activities, and argue that government policies could alleviate capital shortages through better information to female entrepreneurs, regarding the capital acquisition process. Jayawarna et al. (2015) found that, even though bootstrapping is important for all new ventures, there are gender differences in the use of strong and weak ties to support bootstrapping outcomes.

There are also a small number of studies where financial bootstrapping has been investigated in developing countries, such as Mauritania (Padachi et al. 2012), South Africa (Fatoki 2013), Nigeria (Koko 2013; Afolabi et al. 2014) and Zimbabwe (Munyanyi 2015). However, bootstrapping has primarily been researched in Western contexts (Rutherford et al. 2017). Since the financial systems differ considerably between different countries, results from Western studies are not fully applicable to the contexts of developing countries. Therefore, there is a need for further studies in non-Western contexts, to provide a better understanding of the behavior among entrepreneurs concerning their need for capital and other resources.

2.4 The role of social capital in resource acquisition

2.4.1 Social capital and entrepreneurship

The concept of social capital has attracted a lot of attention and interest in recent decades. Social capital has been used as an explanatory factor for various phenomena within the social sciences, and has been given different definitions within political science, sociology, economics and business. According to Putnam (1993), social capital refers to “features of social organization, such as trust, norms, and networks that can improve the efficiency of society by facilitating coordinated action.” He uses social capital and the “civic community” as dependent variables to explain the development of good governance as well as economic prosperity. Woolcock and Narayan (2000) studied social capital as it pertains to economic development. They argue that research within social capital has taken four distinct approaches, with a focus on either communities, networks, institutions or synergies. According to them, the synergy approach, with its emphasis on incorporating different levels and dimensions of social capital and its recognition of the positive and negative outcomes that can be generated by social capital, has the greatest empirical support. They argue that social relations provide opportunities to
mobilize other growth-enhancing resources. Social capital does not exist in a political vacuum. Rather, the nature and intensity of the interactions between communities and institutions are key factors in understanding the preconditions for development in a given society (Woolcock and Narayan 2000). These perspectives are similar to that of Bourdieu (1985), who argued that social capital consists of social obligations and aggregated actual or potential resources linked to belonging to a durable network of mutual relationships. Thus, the focus here is on the group or collective as the unit of analysis for social capital, whereas others have focused on an individual perspective. Burt (1992) describes social capital in terms of how it provides the individual with opportunities to use financial and human capital, and Lin (1999) focuses on how individuals invest in social relations and how these relations are used to capture embedded resources to generate a return. Coleman (1988), on the other hand, defines social capital in relation to its function, and argues that it contains both group and individual dynamics. He claims that social capital can contain a variety of entities, but always contains two elements: "they all consist of some aspects of social structures, and they facilitate certain actions of actors – whether persons or corporate actors – within the structure." He argues that social capital is similar to other forms of capital, such as physical capital or human capital, in the sense that it is productive – it makes the achievement of certain ends possible that without social capital would have been impossible. However, social capital is different from other forms of capital, since it exists in the structure of relations between and among actors (Coleman 1988).

Hirschman (in Putnam 1993) argues that a core ingredient in social capital is trust, described as a form of “moral resource,” that is, “resources whose supply increases rather than decreases through use and which become depleted if not used. The more two people display trust towards one another, the greater their mutual confidence.” The core of social capital has also been described as the goodwill that others have towards us. Adler and Kwon (2002) refer to goodwill as the “sympathy, trust and forgiveness offered us by friends and acquaintances.” They discuss how definitions of social capital differ depending on whether substance, sources or effects are in focus. Definitions also depend on whether the focus is on relations between actors or the structure of these relations (Adler and Kwon 2002). Granovetter (1973) argues that there are two kinds of relations between actors in a network, i.e. strong ties and weak ties, which can be compared to bonds and bridges (as presented in, for example, Adler and Kwon 2002). Actors within the same group tend to have strong ties with each
other, whereas they have weak ties with people in other groups. We tend to build stronger ties with people who are similar to us, who seem to understand us or agree with us. The disadvantage is that these relations do not give us many new inputs. Weak ties can lead to new inputs, connect us to new people and thereby bring new information or resources (Granovetter 1973).

According to Granovetter’s (1985) theory on embeddedness, all economic action is embedded in social structures. He argues that both human behavior and institutions are so constrained by social relations that it is impossible to construe them as independent. The structure of the social relations will matter for trust formation and will therefore also affect the way people do business.

Renzulli et al. (2000) argue that social capital provides access to resources, through personal relations and networks. Viedma (2004) defines social capital as “the sum of the resources and capabilities that belong to the network of organizations that the intelligent enterprise has built in order to successfully compete.” Hence, he argues that social capital is embedded in the social texture of the nearby environment. Uzzi (1999) continued to draw on embeddedness theory in developing a framework to explain how embeddedness can influence which firms get capital and at what cost. He found that firms embedding their commercial transactions with their financier in a social relation receive lower interest rates on loans. At the network level, he found that a network with a mix of embedded ties and arm’s-length ties with the bank will find it easier to obtain loans and moreover to receive a lower interest rate. At the network level, this is explained by the fact that embedded ties motivate network partners to share private resources, while arm’s-length ties provide access to information on market prices and loan opportunities. The different benefits of different ties are thereby optimized within the same network (Uzzi 1999). Consequently, social capital can be seen either as a resource in itself (i.e. Coleman 1990) or as something that provides access to resources (i.e. Renzulli et al. 2000).

The focus in this thesis is on how women micro-entrepreneurs act in order to solve the need for financial capital and other forms of resources, when there is no, or limited, access to external finance. In the studied contexts, there are many examples where social capital is essential for entrepreneurs’ access to capital. In rotating credit associations, a group of entrepreneurs agree to make regular contributions to a fund, which is then given to each contributor in
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...rotation. Rotating credit associations, RoSCAS (also called SACCOs, Savings and Credit Cooperatives) exist in slightly different forms all over the world among very different cultures and societies. A typical situation could be that 20 inhabitants in a village form a rotating credit association, where they contribute with one dollar each month. The total sum of 20 dollars is given to one of the inhabitants. He or she will not receive any more money, but is expected to continue to contribute every month, until they all have received 20 dollars at one point. In a small, highly personalized community, the threat of exclusion from the socioeconomic system is a powerful, credible sanction, which ensures that members of the group will continue to contribute even after they have received the 20 dollars (Putnam, 1993; Bwana and Mwakujong’a 2013). Another obvious example of the relation between social capital and access to financial capital is within the microfinance sector. The majority of microfinance institutions (MFIs) operate with the help of loan groups, where a group of entrepreneurs receive individual loans, but have a collective responsibility for repayments to the financier (Robinson 2001). One crucial aspect for successful credit transactions is the ability of both borrower and lender to reduce the risk involved in the transaction (Stiglitz 1987). Within microfinance, risk is reduced through the formation of loan groups, which function as security towards the microbank. Trust among the group members is therefore essential, since no one will be granted a second loan unless everyone in the group has repaid the first loan (Robinson 2001). Consequently, for entrepreneurs without access to formal credit and individual loans, microloans might be the only option. Access to these loans does not depend on the client’s ability to provide collateral, but rather on his or her social capital, networks and personal character (Bhatt and Tang 1998).

For entrepreneurs in general, it is common to gain access to resources from those close to the entrepreneur, such as family and friends (Levie and Lerner 2009). Where formal institutions are weak, entrepreneurs tend to rely more on informal sources of capital and other resources (Tsai 2000). According to Bourdieu (1985), actual and potential resources are connected to an individual’s social relations – to the individual’s belonging to a specific group or network, with institutionalized and mutual relationships. Similarly, Coleman’s (1990) definition of social capital is also based on the individual, with focus on the relationships and context of the individual. He argues that social capital exists within social structures, which facilitate certain actions of actors within the structure. Thus, individuals within the social structure gain access to benefits from the social capital (Coleman 1988, 1990). In traditional,
developing contexts, family and extended family is usually the most important social structure. Thus, women entrepreneurs’ ability to attract resources can be expected to be highly affected by their embeddedness in family structures.

2.4.2 Drawbacks of social capital

The majority of research on social capital has focused on its positive effects, for individuals as well as for communities and even nations. But what if the same mechanisms that provide benefits for some individuals create constraints for others? Although social capital is sometimes profoundly dysfunctional and even counterproductive, little research has focused on its negative sides (Adler and Kwon 2000). Fukuyama (2001, p.7) defines social capital as “an instantiated informal norm that promotes cooperation between two or more individuals.” Individuals belonging to a group with shared norms benefit from cooperation, but the potential for cooperation may also spread beyond the immediate group, creating positive externalities. At the same time, Fukuyama highlights the fact that social capital may create negative externalities as well. There are many examples where internal cohesion within groups is achieved at the expense of outsiders. The Mafia, Ku Klux Klan and other criminal groups are based on shared norms and may have high levels of social capital within the group, but produce abundant negative externalities for the larger community where they are embedded.

According to Portes (1998, p.8), social capital is the “ability to secure benefits through membership in networks and other social structures.” Although positive consequences are acknowledged, he also highlights a number of negative effects. First, the same mechanisms that bring benefits to members of a group tend to exclude outsiders and restrict their access to opportunities. This can be exemplified by ethnic groups controlling specific markets, where social relations within the group hinder outsiders from establishing ventures. Second, social capital may create excessive claims on group members. Under certain circumstances, business development can be hindered when successful entrepreneurs are assaulted by kinsmen who expect to obtain loans, job opportunities or other benefits. Intergroup relations, such as within communities that enjoy a high level of solidarity, risk opening up huge free-riding problems if less diligent group members require benefits from the more successful, backed by a shared group belonging. Third, social capital may place restrictions on individual freedom. The belonging to a group or community comes with more or fewer demands on conformity. In a context
where everyone knows each other, such as in a small village, the level of social control is strong and personal freedoms are restricted. Thus, high levels of community solidarity reduce individual privacy and autonomy. Fourth, social capital risks leading to downward leveling norms. This can happen in groups where solidarity is cemented by a shared experience of adversity or opposition to the mainstream community. Individuals who strive to leave the group will be discouraged as they undermine the group cohesion. Thus, norms will operate to keep members in place, and the more ambitious will be forced to escape from the group. As demonstrated in Portes’ (1998) examples, sociability cuts both ways – social capital can provide individuals with benefits and lead to public good, but it can also have exactly the opposite effects for others and lead to public “bads.”

Previously, social capital in traditional societies has been viewed as an obstacle to development. Economic modernization was seen as the opposite of traditional culture and social organizations. Therefore, it would either be wiped away by modernization of the society, or development itself would be blocked by the forces of traditionalism. Fukuyama (2001) argues that the reason is the narrow radius of trust in traditional societies. In-group solidarity makes it more difficult for group members to trust and cooperate with outsiders, and often imposes negative externalities on those outside the group. This is what Granovetter (1973) refers to as a lack of “weak ties.” Traditional societies are often composed of many identical, self-contained social units, such as clans, tribes and villages. This leads to few opportunities for weak ties among different segments, which reduces the exchange of new ideas, innovation and human resources. Fukuyama argues that this is also the reason behind high levels of corruption in traditional contexts – those in power feel obliged to steal on behalf of the family or extended family. Even well-designed institutions will fail to hinder corruption as long as political leaders and others in positions of power lack proper norms of correct behavior.

Adler and Kwon (2000) discuss how social capital involves risks for both the focal actor and the broader aggregate. As with other forms of capital, it is not costlessly reversible or convertible to invest in social capital. The investment in, and maintaining of, ties may even be too costly. Weak ties may be preferable, as they are less costly to maintain. A perhaps worse risk is that solidarity benefits can backfire. Overembeddedness in social groups leads to parochialism and inertia. For the aggregate, there is a risk that strong
identification with the focal group may lead to a fragmented society. Adler and Kwon (2000) conclude that the net value of social capital highly depends on the context. The tasks of the group and how well it fits with the surrounding environment will influence both benefits and risks with social capital.

2.5 Summary

The research questions in this thesis are 1) How do women entrepreneurs in Tanzania and Pakistan gain access to financial resources and other resources needed in their entrepreneurship? 2) What is the role of formal and informal institutions in developing contexts for women entrepreneurs as they acquire resources? and 3) What is the role of social capital for women entrepreneurs as they acquire resources? In order to answer these questions, the most central concepts for the thesis have been introduced in the theoretical review. First, contextual preconditions for women entrepreneurs were discussed. Grounded on the idea that entrepreneurship is important for economic development (Schumpeter 1934; Landström 2000; van Praag and Versloot 2007; Valliere and Peterson 2009), a number of challenges for entrepreneurship were presented. Both formal and informal institutions (North 1990; Scott 1995) can either facilitate or hinder entrepreneurship. The environment shaping the economy in a given context will influence the outcomes of entrepreneurship (Welter 2011), meaning that weak and dysfunctional institutions will have strong negative effects on the development of entrepreneurship (Naudé 2010, 2011). This is particularly challenging for women entrepreneurs in developing countries, as they face both formal and informal barriers (Amine and Staub 2009; Spring 2009). Based on this contextualization, some central aspects of financing and resource acquisition were discussed. A financial gap exists between the supply and demand of capital on the financial markets (Bhide 1992; Landström 2003). Agency theory (Jensen and Meckling 1976) can be used to explain some of the difficulties for small firms in obtaining capital. At the same time, financing is not only about obtaining financial capital, but also relates to the acquisition of different kinds of resources (Hanlon and Saunders 2007). One central concept for firms finding it difficult to obtain formal capital is bootstrapping, which explains how entrepreneurs use many different methods to acquire resources, without borrowing money or raising equity (Bhide 1992; Freear et al. 1995; Winborg 2000, 2003). Lastly, the role of social capital in resource acquisition was discussed. Granovetter (1985) argued that all economic action is
embedded in social structures and social capital has been investigated at both aggregated (Bourdieu 1985; Putnam 1993; Woolcock and Narayan 2000) and individual level (Burt 1992; Lin 1999). It can either be seen as a resource in itself (Coleman 1990) or something that provides access to resources (Renzulli et al. 2000). So far, research on social capital has mostly focused on its positive outcomes (Adler and Kwon 2000). As highlighted by Portes (1998), Fukuyama (2001) and Adler and Kwon (2000), social capital can also be deeply dysfunctional and counterproductive, involving risks for both the individual and the collective. In this thesis, special attention is given to this complexity of social capital, as social embeddedness is by no means necessarily positive for the studied group of entrepreneurs. As discussed in this chapter, the theoretical fields relevant for this thesis have mainly evolved in Western contexts. Since preconditions for entrepreneurship is vastly different in developing countries, previous theory is not always fully applicable in the present study. Theoretical gaps relate to how previous theory should be understood in the studied contexts, regarding financial behavior, different solutions regarding financing and other resources, the role of formal and informal institutions and the role of social capital for women entrepreneurs.
3 Method

The following chapter starts with a description of the overall research approach and the use of case studies. The contexts of Tanzania and Pakistan are introduced, followed by a discussion on special considerations within cross-cultural research. Thereafter, the different methods used for data collection are presented. The chapter closes with a critical reflection on the choice of methods and reflections on some ethical perspectives.

3.1 Overall research approach

A researcher’s basic beliefs about the world (ontological stance) and about the nature of knowledge (epistemological stance) will affect the way research is conducted, the research design and how data are collected and analyzed. Assumptions about reality are often discussed based on the two contrasting paradigms of positivism and constructivism, which express how the researcher views and understands the “reality” being studied (Johnson and Onwuegbuzie 2004). According to the positivistic approach, reality is seen as exterior in relation to social actors. Reality is not something we create – it exists independently of us, and can be identified and described in an objective way. On the other side is the constructivist approach, where reality is seen as something created and shaped by social actors, as a process of our own consciousness and socially constructed. There is no one true reality – names, concepts and labels we use to structure reality are seen as artificial creations. The usefulness of these creations will be determined by their ability to describe, create meaning and “negotiate” with what we might see as the external world (Burrell and Morgan 1979; Johnson & Onwuegbuzie 2004).

Lately, a third paradigm, called pragmatism, has evolved within social science. Pragmatism is based on critique of the shortcomings of both previous paradigms, as well as the recognition that it might be necessary to integrate both perspectives in order to make sense of complex social phenomena (Johnson and Onwuegbuzie 2004; Pansiri 2005; Molina-Azorin et al. 2017). From a pragmatic viewpoint, there is no “truth” to be determined once and for all, as “truth” is a normative concept. A true proposition is rather one that facilitates fruitful paths of human discovery. Powell (2001, p.884) argues that
“to a pragmatist, the mandate of science is not to find truth or reality, the existence of which is perpetually in dispute, but to facilitate human problem-solving.” Pragmatism naturally leads to the use of mixed methods, as both quantitative and qualitative research methods are seen as useful and important. The goal is not to replace either of the previous approaches, but to draw from the strengths and minimize the weaknesses of both in single-method studies (Johnson and Onwuegbuzie 2004; Hohenthal 2006; Sweeney and Goldblatt 2016).

My own stance is in line with Campbell (1988), who argues that there are elements in reality, consisting of fundamental, objective patterns, that exist independently of individual interpretations. At the same time, there are other elements in reality that do not exist independently of individual, subjective understanding, meaning that reality to a large extent is socially constructed by humans. This subjective understanding is accessible to us via our respondents’ interpretations, which we as researchers in turn interpret and present. My ontological and epistemological assumptions lead me to regard mixed methods as something not only acceptable, but rather complementary while studying a phenomenon. I use both qualitative and quantitative methods in my research, which I believe can be seen as triangulation, where different approaches complement each other (Greene et al. 1989; Denzin 2012; Molina-Azorin et al. 2017; Williams and Shepherd 2017). The specific methods used in the present research are described later in this chapter.

There are also different perspectives on how to approach the phenomenon of interest. In a deductive research approach, conceptual and theoretical structures are developed and then tested by empirical observations. In contrast, an inductive research approach develops theory from the observation of empirical reality (Folger and Stein 2017). Thirdly, the abductive research approach combines deduction and induction, bringing new elements into the method (also known as an “iterative” process). In an abductive research process, the empirical observation reveals itself to the researcher, who returns to the already prepared theoretical framework and refines or revises it. There is a specific understanding involved, which neither a pure deductive nor a pure inductive approach can provide. During the abductive research process, the theoretical framework, the empirical findings and the analysis evolve simultaneously (Folger and Stein 2017). In the present study, deductive and inductive research approaches have been combined. I have been going back and forth between the theoretical framework and empirical
observations, where I started with studying theory, followed by empirical field work. After the first field study, I returned to theory, both during the analysis of the first data collection and as preparation for the second period of field work. Finally, I returned to theory again. Thus, an abductive research approach has been used.

3.2 Case studies

It is common to make a distinction between research design and research methods, where the former refers to the overall structure and orientation of an investigation. The structure provides a framework and within this framework, data are collected and analyzed. Examples of research designs are experiment, survey, case study and action research. Examples of methods are questionnaire, structured interview, participant observation, unstructured interview, simulation and archival sources of data (Bryman 1989). It is useful to make a distinction between design and method, since although particular designs tend to be associated with particular methods, one does not necessarily imply the other.

In order to answer the research questions in this thesis, two case studies have been conducted. The strategy in case studies is to explore activities, processes and other events in depth, with a focus on one or more individuals (Hohenthal 2006; Creswell 2009). A variety of techniques for data collection can be used, and often over a sustained period of time (Creswell 2009; Yin 2009). Case studies are beneficial in situations where only a little is known about the issue at hand and in situations where current theories are inadequate. They can be exploratory, descriptive or explanatory, depending on whether the question addressed is “what,” “how” or “why.” The strategy to use will have to be determined by the types of research questions, the extent of control over actual behavioral events and the degree of focus on contemporary or historical events (Yin 2009). Case studies can be based on either a single case or multiple cases, and within these cases there can be a single unit of analysis (holistic) or multiple units of analysis (embedded). Every type of design includes the desire to analyze contextual conditions in relation to the case. However, the boundaries between the case and the context are not likely to be sharp. Eisenhardt (1989b) argues that cross-case analysis may lead to more sophisticated understanding than single-case studies, as the researcher is
forced to go beyond initial impressions. In the present research, there is a multiple-case design consisting of two cases, namely women entrepreneurs in Tanzania and women entrepreneurs in Pakistan. Within these two cases, there are multiple units of analysis. Therefore I use what Yin (2009) defines as a “multiple-case embedded design.”

3.3 Introducing the contexts

3.3.1 Tanzania
Tanzania is a democratic republic situated in East Africa. After achieving independence from Britain in the early 1960s, the mainland of Tanganyika and the island of Zanzibar merged to form the nation of Tanzania in 1964. In 1995, the first democratic election since the 1970s was held. The population totals almost 54 million people, of whom 99% are Africans (mainly consisting of more than 130 Bantu tribes). In total, around 61% are Christians, 35% Muslims and the rest belong to indigenous beliefs. In Zanzibar, more than 99% are Muslims (CIA 2017).

The country has significant natural resources, but parts of the population survive on just USD $1.25 a day, and more than a third of the population lives below the poverty line. Tanzania falls under the United Nations’ definition of least developed countries (LDCs) (UNDP 2017). It is characterized by extreme poverty, economic structural weaknesses and a restricted capacity for growth (UNCTAD 2012). Its population suffers from poor nutrition, poor health, a low level of education and adult illiteracy. At the same time, the economy has shown significant growth during the last decade, and as many as nine out of 10 children finish primary school (CIA 2017).

Like many developing countries, Tanzania is struggling with foreign debts, a large trade gap, high inflation and poor communication systems. However, the country has to a large extent completed its transition towards a liberalized market economy. The economy depends on agriculture, which accounts for more than 25% of GDP and 85% of exports, and employs about 80% of the workforce. The government has implemented a number of banking reforms recently, which has helped to increase private-sector growth and investments. The financial sector has expanded in recent years, and about 48% of the
banking industry’s total assets are owned by foreign-owned banks. The quality and efficiency of financial services have improved significantly lately, to a large extent thanks to competition among foreign commercial banks (CIA 2017).

Figure 3: Map of Tanzania. The arrows mark Dar es Salaam (commercial center) and Morogoro (field study location) (Worldatlas.com 2017).

For ordinary people, access to financial services is an important aspect of managing life, and can even help in reducing poverty. Access to formal and regulated transaction bank accounts opens the door to other financial services, such as savings, payments, credits and insurances (World Bank 2017). Yet, the
level of financial inclusion in Tanzania is still low. In 2012, only 17% of the population had access to bank accounts. At the same time, nearly 43% of the adult population had access to mobile payment accounts through mobile telephone technology (Jahan 2016).

The financial markets targeting micro- and small entrepreneurs remain underdeveloped, and small firms view access to capital as the most important constraint to their development (Satta 2003). Numerous microfinance institutions operate in the country with a mix of international and local actors, some profit driven and others nonprofit. Most of these target women micro-entrepreneurs. At a country level, scholars have suggested that Tanzania enjoys high levels of social capital (Anokhin and Schultze 2009), which, in turn, provides the necessary social embeddedness required for microfinancing.

3.3.2 Pakistan
Pakistan is situated in South Asia, between Afghanistan and India. In 1947, British India was separated into the Muslim state of Pakistan (with the West section later becoming Pakistan as of today and the East section later becoming the state of Bangladesh) and mainly Hindu India. The separation was never resolved satisfactorily and the countries have fought three wars since then, with the status of the Kashmir region being one of the main issues (CIA 2017). The country is frequently subject to earthquakes, which affect the northern and western parts, as well as struggling with flooding along the Indus river (CIA 2017).

Out of the population of approximately 204 million people, 96.4% are Muslim, with a large majority being Sunni. There is also a small minority of Christians and Hindus. Sixty-eight percent of males over the age of 15 can read and write, compared to 40.3% of females. After decades of internal political disputes and low levels of foreign investment, Pakistan remains stuck with low growth, a high inflation rate and underdevelopment. This, together with rising food prices, has increased the amount of poverty and it is estimated that 30% of the population lives below the poverty line. Agriculture represents more than 20% of output and more than 40% of employment. The most important export industry is the textile industry, which is vulnerable to shifts in world demand. There is an urgent need to address long-standing issues
related to government revenues and energy production, as well as investing in education and health care (CIA 2017).

Around 100 million people in the country lack access to formal and regulated financial services, with a third of these citing distance to a financial institution as a hindrance to opening an account. Thirteen percent of the adult population have a formal bank account. Less than 5% of women in Pakistan are included in the formal financial sector (the average in South Asia is 37%). The use of digital financial instruments is low, with 6% of the adult population having mobile accounts, and only 2.9% having a debit card (World Bank 2017).

Figure 4: Map of Pakistan. The arrows mark Islamabad (capital) and Lahore (field study location) (Worldatlas.com 2017).

The formal financial markets fail to meet the needs of micro-, small and medium enterprises and these firms receive only 7% of the total bank credit to the private sector. It has been estimated that 3.2 million SMEs operate in
the country, but there are only approximately 188,000 SME loans outstanding on formal banks’ books (World Bank 2017). Women who wish to start a business face many hurdles, due to the deeply rooted sociocultural values and traditions in the Islamic context of Pakistan (Roomi and Parrott 2008). They often lack access to capital, knowledge, or training and agency assistance (Roomi and Parrott 2008). However, the status of women within the Pakistani context is not homogeneous, since gender-based discrimination is interconnected to other forms of discrimination. Religious teachings and cultural norms regarding the status of women therefore vary within the country depending on social background, and are sometimes contradictory.

3.3.3 Rationale for choosing the cases
The Tanzanian and Pakistani contexts differ from each other in a number of ways, and one might ask why I chose to study these two cases. As always, the research questions should determine the choice of methodology as well as the methods used for collecting data. The overall aim of this thesis is to increase our understanding of resource acquisition among women entrepreneurs in developing countries. Since I had the opportunity to conduct two field studies, I wanted to explore two contexts in different regions of the world, to capture various perspectives of women entrepreneurs. However, with a focus on the role and meaning of social capital and the valuation of women as entrepreneurs, rather than general financial systems, I wanted some similarities in the framing of the cases regarding development ranking and overall economic preconditions. The Human Development Index (HDI) is an international ranking based on three basic dimensions of human development – a long and healthy life (life expectancy at birth), knowledge (measured as mean years of schooling and expected years of schooling) and a decent standard of living (gross national income per capita). Altogether, 187 countries are ranked and divided into categories of very high, high, medium or low levels of human development. In 2016, Tanzania was ranked number 151 and Pakistan number 147, and thus very close to each other in an international comparison. In Tanzania, life expectancy at birth was 65.5 years, mean years of schooling was 5.8 years and GNI per capita US$ 2467. In Pakistan, life expectancy was 66.4 years, mean years of schooling 5.1 years and GNI per capita US$ 5031 (UNDP 2017). Most developing countries are

5 As a comparison, in Norway, ranked number one, life expectancy was 81.7 years, mean years of schooling was 12.7 years and GNI per capita US$ 67,614. Sweden was ranked number 14, with a life expectancy of 82.3 years, mean years of schooling of 12.3 years and GNI per capita of US$ 46,251.
characterized by weak and underperforming formal institutions. Among other things, this opens up the opportunity for corruption, which is a major problem for people in everyday situations, as well as for the development of businesses. According to a corruption index from 2016, Tanzania and Pakistan share the same ranking, as both countries were ranked 116 out of 176 countries (Transparency International 2016). Consequently, there seem to be some similarities between the two chosen cases regarding general economic preconditions. However, when looking at indicators of gender-based discrimination, there is a significant difference. In the Global Gender Gap Report from 2014 (World Economic Forum 2015), where countries are ranked according to gender-based disparities concerning economic, political, education- and health-based criteria, 142 countries were ranked. Pakistan was ranked number 141, ahead of only Yemen. Tanzania, on the other hand, was ranked number 47.

The fact that both countries are former British colonies had practical implications for my choice of field study locations. English is one of the official languages in both countries, and the primary language of commerce, administration and higher education (CIA 2017). This made it easy for me to get around using English, and I could even conduct some of the interviews in English.

3.4 Cross-cultural research

In a cross-cultural study, one not only has to define the meaning of culture, but also discuss whether the focus in the study really is cross-cultural or if it is cross-national. Culture can be defined as “a collective programming of the mind” (Hofstede 1980). Tillmar (2015) highlights the value of cross-cultural case studies, as they increase reflexivity when uncovering different social dimensions. The present thesis has a cross-cultural perspective, where I study the same phenomenon in two different cultures. This means that I am unable to generalize results to a national level – my samples only reflect the phenomenon within a specific subgroup of entrepreneurs (women, micro-entrepreneurs, within specific lines of business) and at specific geographic locations (Morogoro and Lahore).
One core methodological challenge in cross-cultural and cross-national research has to do with how more or less comparable phenomena and situational frameworks in respective contexts should be addressed. According to the emic approach, there is an assumption that commonalities of constructs across cultural groups are unlikely, whereas the etic approach assumes universalism of constructs across cultural groups (Schaffer and Riordan 2003; Tung 2008). Both pure etic and pure emic approaches have been seen as insufficient in cross-cultural research, which has led to a growing recognition that the combination of etic and emic methodologies could offer advantages.

Steenkamp and Baumgartner (1998) propose a practical, sequential testing procedure for assessing measurement invariance in cross-national research; in other words, how to handle different sets of emic and etic items in order to make comparisons between nations or cultures meaningful. However, their perspective is purely quantitative. Although studies using cross-cultural qualitative methods have begun to appear (Owusu and Welch 2007), there seems to have been little discussion on the applicability of equivalence in qualitative cross-cultural research (Polsa 2007). Douglas and Nijssen (2003) highlight the importance of assessing the relevance of a construct and its operationalization in all cultural settings when doing cross-cultural research. This is even more essential when the measurement instrument is “borrowed,” meaning that the scale used in one cultural context is developed and validated in another, and these two contexts differ regarding certain characteristics likely to affect the construct. The use of “borrowed” scales is fraught with danger, especially if the differences between the cultural contexts are significant. In order to avoid an imposed etic perspective, the researcher needs to assess construct equivalence in other countries and contexts, which should lead to a locally relevant research approach. Therefore, the influence of a dominant country or culture will be removed. This should further lead to a discussion as to whether instruments should be modified, or if an emic or country-specific instrument should be developed. Polsa (2007) defines the concept of equivalence as the comparability of two or more data sets from two or more distinctly different nations or cultures. Conceptual equivalence thus refers to whether the concepts have similar connotations in different cultures, and if concepts can be meaningfully examined in the same kind of contexts in two different cultures. According to Polsa (2007), the concepts do not have to have exactly the same meaning – they may have different aspects and
dimensions in the different cultures, as long as they serve the same purposes in those cultures.

Theory on financial behavior has mainly been developed in the USA and in other Western countries. The measurement instruments used in the field so far have been developed and validated in those countries – all highly industrialized, wealthy nations. Since both Tanzania and Pakistan differ vastly from those countries in terms of economy, business life, work in the informal sector and in many other ways, one can expect some of the measurement instruments to be inadequate. At the same time, the concepts of financial solutions for micro-entrepreneurs can be expected to be similar in the cases I study. There are also aspects related to social capital and trust, and the importance of relationships to family and friends, which could affect the choice of financial solutions. I therefore believe that some of the measurement instruments are applicable in both countries (etic approach) but that there is also a need for country-specific instruments (emic approach). By starting the field studies in Tanzania and Pakistan with pilot studies, I had an opportunity to adjust the instruments (interview questions and questionnaire), to make it suitable to the local contexts. Hereby I combine the etic and emic methods, also known as the “derived etic approach.”

3.5 Approaching the cases with mixed methods

3.5.1 Inspired by ethnographic methods

Ethnography means that the researcher attempts to study social life as it unfolds in the practices of day-to-day life (Van Donge 2006). The researcher is thus involved in people’s daily life for an extended period of time, watching what happens, listening to what is said and asking questions, basically collecting whatever data are available to throw light on the phenomenon being studied (Hammersley and Atkinson 1995). Within ethnography, it is essential to be present, to participate and act in the specific context. Geertz (1973) argues that the whole point of the ethnographic approach is to help the researcher to gain access to the conceptual world in which the subjects of the study live, so that the researcher can, in some extended sense of the term, converse with them. Further, Geertz (1973, p.10) describes ethnography as “thick description,” where the ethnographer is faced with “a multiplicity of complex conceptual structures, many of them superimposed upon or knotted
into one another, which are at once strange, irregular and inexplicit, and which he must contrive somehow first to grasp and then to render.” It is thus about understanding the complex, and describing it to others in a detailed way. The aim with this approach is to draw conclusions from small, but densely textured, facts. Thick description is not about answering our deepest questions, but making available to us answers that others have given in a specific context. Therefore, it is not possible to generalize in a traditional way, but the focus is rather on inner generalization, where the thick description creates an understanding of the context or events (Geertz 1973).

When studying an unfamiliar context, the researcher is always a novice. The ethnographer must put him- or herself into the position of being an “acceptable incompetent” (Lofland 1971, in Hammersley and Atkinson 1995). Only through watching, listening, asking questions and making blunders is it possible to acquire some sense of the social structure of the setting. From an ethnographic point of view, the ideal is not to be noticed as an observer but rather to be accepted as a normal member of social life. Artificial research situations are therefore often avoided. Such participant observation results in minimal disturbance, but is rarely achieved in practice. Artificial research situations, such as interviews, usually enter the social field that is being studied, at least to a certain degree (Van Donge 2006). The ethnographer may therefore take on different roles in the field, and there have been several attempts to map out the various roles an ethnographer may adopt. For example, roles can be categorized as “complete participant,” “participant-as-observer,” “observer-as-participant” and “complete observer.” Complete participation means that the researcher’s role is wholly concealed, and he or she participates as if being an ordinary member of the group. In contrast, complete observation means that the researcher has no contact at all with those he or she observes. However, most field research involves roles somewhere between these two poles (Hammersley and Atkinson 1995). Being an outsider in the studied context also has its benefits, as it is likely that an outsider can more easily identify contextual phenomena – an outsider does not take things for granted in the same way as insiders do (Welter 2011). Examples of previous ethnographic studies in developing contexts include Tillmar (2002), who studied trust formation among small business owners in Tanzania and Sweden, and Banerjee and Jackson (2017), who studied microfinance and poverty reduction in Bangladesh.
The present study has been inspired by ethnographic methods, where extended periods of time were spent in the two contexts. The first study was conducted in Tanzania, where I spent over three months in 2009-2010. My main supervisor had already a connection to the University of Dar es Salaam Business School (UDBS), through previous research collaboration. Through his contacts, I got in touch with a research assistant and with a family who let me stay at their house in Dar es Salaam during the initial stage. I came back to this family a number of times during my stay in Tanzania (they even generously let me keep my belongings in “my room” throughout my stay). At the beginning, I was observing and trying to understand what was going on at different levels in society, and asking everyone a lot of questions. I got to practice my Swahili with one of the girls in the house (I had taken a language course before leaving for Tanzania), and tried to figure out how to behave in a proper way. Preparations were made concerning data collection, and I found a suitable research assistant/interpreter to cooperate with. I also carried out a pilot study in Dar es Salaam, before moving over to Morogoro, where the main data collection took place. The typical Tanzanian household consists of a joint family, where different generations live together. In Morogoro, I got to live with a family consisting of a married couple and their two school-aged boys, a grandmother, an auntie, a young maid and one or two of the father’s brothers (who kept coming and going). Normally, unmarried women within the household share the same bedroom, and therefore I got to share a bedroom with the auntie and the maid. There were only two beds, and I was supposed to share a bed with the grandmother, but for some reason she moved out to a small house in the backyard while I was there. Therefore, I got one bed to myself, as the auntie and the young maid shared the other. Since we did not share a common verbal language, we had to figure out other ways to communicate. This worked out perfectly fine most of the time, and we had many laughs. The parents were English speaking, so there were always ways to sort things out otherwise. While staying with the two families, I took every opportunity to participate in their everyday lives. I followed them when visiting family and friends, went to church for Sunday services (Catholic and Protestant, depending on the family), followed them for weekend activities, watched sport on TV and helped the children with their homework. I even got to attend both weddings and funerals. Naturally, I ate whatever was served in the households, which means that I got to eat a lot of ugali (traditional maize porridge) and dried fish.
The second study was conducted in Pakistan, where I spent over three months in 2011-2012. As soon as I had decided to conduct a field study in Pakistan, I got in touch with one of the researchers who had published articles within the field of women entrepreneurship in Pakistan. Through him, I got in touch with contacts at the business research department at Superior University, a private university in Lahore. I stayed at the girls’ hostel in the campus area most of the field study time. However, when I first arrived, the campus was closed since it was the last week of Ramadan, which ends with a big celebration. Therefore, I initially got to stay with a family. Just as in Tanzania, the typical household in Pakistan consists of a joint family. According to Islamic law, a man is allowed to have up to four wives, and the custom of being married to more than one woman is widespread in Pakistani society. The family I was staying with consisted of a husband and his two wives and children, and his brother with one wife and children. There were also a number of maids plus a male guard/servant. In this case, I had a room to myself. Later on, I got to stay with other Pakistani families, as I traveled around and visited new friends. However, most of the time I stayed at the girls’ hostel, where I got a room in a building with around 100 female university students, most of them in their early twenties. In Lahore, I started by preparing for data collection, and, just as in Tanzania, a lot of energy was spent on trying to figure out what was going on in the context. I tried to learn at least some phrases in Urdu, the local language. I obtained research assistance from colleagues working at the business research department. One of the girls at the hostel was designated to help me settle in, and she became a key informant for me, as she was the one I turned to for “cultural interpretations.” As in Tanzania, I took every opportunity to follow the everyday lives of the families I was staying with, and the girls at the hostel. I would eat whatever was served (including camel and fried grasshoppers, plus heaps of sweet chai but never any alcohol), joined the girls for shopping and did my best to follow the complicated rules of cricket, the national sport. I also took the chance to visit mosques as well as historical sites of interest.

Thanks to the ethnographic framing of the studies, I gained a lot of firsthand experience that gave me the knowledge to analyze my data in a more accurate way. In the Pakistani study, this specifically relates to understanding the two modes of social control, referred to as purdah and izzat. The first, purdah, literally means “veil” and refers to a system of seclusion between men and women. The seclusion is upheld with both spatial and symbolic barriers. Women are expected to act modestly and to stay within the domestic sphere,
while men work outside the home (Roomi and Harrison 2010). The *burqa*, which covers the whole body including the face and is worn by many Muslim women, has been described as a portable means of seclusion (Papanek 1982). The second, *izzat*, means “honor” and refers to the idea that women are repositories of their families’ honor, which puts immense pressure on girls and women to maintain a good reputation (Roomi and Parrott 2008). Women are severely restricted in terms of spatial mobility and are generally not allowed to move around freely. One practical implication is that it is difficult for women to travel, due to inadequate private and public transportation means. In many cases, throughout their lives, they are discouraged from taking the initiative themselves or doing things on their own (Roomi and Harrison 2010). One very small example from my time there is that I never traveled on my own, either within Lahore or on long-distance trips. When I wanted to visit Islamabad, no one would let me go on my own, unless a female research assistant followed me, plus a male escort, plus a male driver, meaning that we ended up with four of us in the car (compared to Tanzania, where I could easily travel around on my own, using local transportation as well as for long-distance trips within the country). Another example of this seclusion is the construction of the girls’ hostel. A high wall surrounds the whole campus area and armed guards stand by the main entrance at all times. Within the campus area, there are university buildings, lecture halls, a cafeteria, a hostel for boys and a hostel for girls (hosting long-distance students). Around the girls’ hostel there is a second 2.5-meter-high brick wall, with metal gates that are always locked at night. Right opposite this gate there are two armed guards, making sure that no males ever enter the girls’ hostel (except guards patrolling around the building every now and then, and occasionally maintenance people). If a girl wants to leave the campus area, she has to show the guards written permission from her father, or have the guards call the father to get verbal permission over the phone. (It was a bit tricky for the guards to figure out how to handle me – initially they wanted to call my father every time I left the campus, but they soon realized that this was not going to work out, so after some discussion, they gave me some slack. My appearance did not fit in anyway.) At the beginning, I only felt locked up behind the walls. After some time, I started to recognize that the walls also gave the girls some freedom. Without impact from any men, they were free to have their own conversations, to run their own parties and even very popular and loud dance competitions.
I learned a lot from the girls I got to know and I am thankful for my time at the hostel. Another excellent way to study a foreign cultural context is to stay with families and I feel very privileged to have had opportunities to do so. A family household is a great place for a researcher who wants to gather rich and nuanced information about norms, gender roles, traditions, communication and everything else that goes with a culture. There is no doubt that this gave me an increased understanding of the contexts, not least regarding women’s situation. Staying with families gave me a better understanding of the lives and preconditions of the respondents I interviewed and carried out the questionnaire with. In regard to this topic, I also want to highlight the fact that I, as a female researcher, in this particular case have a huge advantage. Neither in Tanzania nor in Pakistan would it be socially acceptable to welcome a foreign male researcher into a home for an extended period of time, especially if there were unmarried women living in the household. As a Western female researcher, however, I found that I gained access to both male and female arenas in both contexts. As there were English-speaking people in all the places where I was staying, I could always ask questions about everything I found strange or was curious about. As I did my
best to adjust to the local culture and customs, I found that people were forgiving and showed great patience with my mistakes. I would adjust my clothing to dress properly, but was also kindly corrected in how to carry the scarf in Pakistan, among many other things, and I quickly learned to cover all of my hair as soon as there was a call for prayer from the mosque.

Ethnographic fieldwork implies methodological processes where many considerations and interpretations are made continuously. The researcher has to halt, reflect, interpret the situation and make strategic decisions. Therefore, the process involves frequent stops, where the researcher can describe his or her reflective interpretations. The ability to handle such stops can to a large extent be seen as silent production of knowledge (Gunnemark 2011). Within ethnographic research, the writing of field notes is the traditional way of recording observational data. Field notes generally consist of relatively concrete descriptions of social processes and their contexts, where the aim is to capture these in their integrity, noting their various features and properties (Hammersley and Atkinson 1995).

During my field studies, I was continuously writing a field journal on things I observed, and events I participated in. I took extra care to describe situations in as much detail as possible. This helped me to recall these situations later, and helped me to analyze things at a distance in time and space. Therefore, I also noted things that might seem trivial, because they soon became part of my daily life. In Tanzania, it could, for example, be reflections on the smell of the grass in the afternoon, the sound of people chopping wood while preparing dinner, monkeys running on the roof or the laughter of children playing outdoors. There are also comical reflections on public transportation, where the overloaded minivans often had to be push-started by the passengers before the journey could begin. In Pakistan, there were many reflections on the extreme seclusion between male and female arenas, on dress codes and the sound from the minarets calling the righteous to prayer five times a day. There were also reflections on spicy meat dishes, extremely generous and curious people and fascinating conversations with the girls at the hostel.

Photographs and other sorts of images are often used in ethnographic research, for deconstructing methods or in other ways (McEwan 2006). I was continuously taking photographs, but in my case it rather filled the same
purpose as the writing of field notes – for observation, to help me remember and later reflect on situations and events in the studied contexts. All the respondents I interviewed were also asked if they would let me take a picture of them, mainly with the purpose of making it easier for me to separate different interviewees from each other. In Tanzania, all respondents happily approved, whereas the majority of Pakistani respondents refused, as they were unsure whether their husbands would approve or not. In some cases, I therefore took a picture of their workplace. As an example, the pictures below show two very similar businesses, operating the same kind of service and targeting similar clientele, namely beauty salons. In Morogoro, the entrepreneur was happy to be portrayed in her salon, while in Lahore, I was asked to only take a picture of the workplace.

![Beauty salon in Morogoro](Image)

**Picture 2:** Beauty salon in Morogoro
3.5.2 Selection of respondents

When selecting respondents in different contexts, there has to be functional equivalence between them, meaning that goal antecedents and outcomes of the same behavior are the same. A conceptual dissimilarity in function will influence the study using the concept, and therefore the theory and interpretation of results (Polsa 2007). The goal of resource acquisition can be expected to be the same in both Tanzania and Pakistan, namely to be able to run a business with an income-generating purpose when there is no, or very limited, access to external finance. There could, of course, be many reasons for running a business: for example, just for fun, for someone who already has enough money, or for social reasons. However, I am focusing on entrepreneurs who run their business with the purpose of generating money in order to provide for themselves and possibly their family. I choose to focus on women entrepreneurs within service and retailing, as these lines of businesses employ many women worldwide and can be expected to have the same functions in different contexts. For example, respondents ran beauty salons, private schools, tutoring services, tailoring services, guest houses or shops for clothing or food. Within my target group, I strived for samples that
would reflect various perspectives of family situations, relationships and business conditions. In all cases, the business was the main source of income. In the majority of cases, the woman was the sole owner of the business, but some of them co-owned the venture with their husband or sister. They were all running micro-enterprises, defined as having fewer than ten employees.

In order to establish comparability, it is also important to have equivalence in sample frames and sample selection. The sample frames do not have to be identical in different contexts, but they do have to be relevant and suitable for the aim. Random sampling is often used, based on the argument that the method provides fewer systematic biases when the aim is to reach generalization. However, it is not always possible to use the method, especially in less developed countries, where other methods need to be considered. Snowball or chain sampling can be useful in fieldwork, where sampling is drawn via respondents who provide contact information of other potential respondents (Miles and Huberman 1994). Serendipitous sampling gives the researcher a chance to follow new leads and make new findings, which is suitable for emic and inductive approaches. Chain or serendipitous sampling may also in itself lead to interesting results (Polsa 2007). A combination of random and snowball sampling was used in my field studies. Research assistants who were familiar with the local contexts helped me find suitable respondents. I started both field studies with conducting pilot studies (discussed below). This gave me an opportunity to test the interview questions and modify the interview guide, so that the focus could be directed toward the most relevant areas. The same process was

3.5.3 Pilot studies

One way of increasing validity is by carrying out a pilot study. This can be very useful and bring many new insights when carried out in the researcher’s own cultural context, but may be even more useful when the study is carried out in a foreign cultural context, since it provides an opportunity for the researcher to make mistakes and learn before the “real” study takes place (Bryman and Bell 2007). I started both field studies with conducting pilot studies (discussed below). This gave me a chance to reflect on whether I found the respondents that I aimed to find or not. Since the answer was positive (in both field studies), I continued to select and target respondents in the same way, where the same criteria were met for respondents to interviews and the questionnaire.
used to develop and modify the questionnaire, where respondents were asked to answer and comment on the questions asked.

When the pilot studies were being conducted, secondary data were collected in order to gain a better understanding of preconditions for women entrepreneurs. Besides the overall ethnographic approach, which has been discussed above, I also gained information from local magazines, daily newspapers and specialized periodicals. The overall structures of the studies were also frequently discussed with researchers at the local universities.

### 3.5.4 Semi-structured interviews

When conducting interviews in different settings, contextual equivalence has to do with a cognitive or even emotional process that a respondent goes through while answering questions in an interview. Subconsciously, the respondent will recall different contexts in which the question is embedded. At least three different contexts may be employed by the respondent in an interview situation: textual, experiential and cultural. First, the textual context, also known as the “verbal context,” refers to the order of questions, but also to a wider verbal and oral environment. The order of questions will most probably affect the answers, but the little amount of small talk before the interview starts can also be expected to influence the result. Secondly, the physical context may influence the results of an interview and consequently its comparability. The physical location of an interview, such as the home or workplace, may be appropriate in one culture, but very inappropriate in another (Polsa 2007). One way for me to be better prepared for the interviews was to try to learn at least a little bit of the local languages. This does not mean that I was able to speak the languages, but at least I was able to show that I had made an effort. Being able to have a little small talk without interpretations did help to create a positive atmosphere before an interview took place. Most of the interviews took place at the business location. However, this was often also the home of the women, especially in Pakistan, where women often lack the opportunity to set up their business in the marketplaces.

One challenge for a researcher from one cultural context who wishes to collect material in another culture is that the outsiders’ past experiences will not have equipped the researcher to make sense of events in the same way as an insider would. Since no one can be an insider in multiple cultures, one way of
resolving this dilemma is to use teams of researchers, combining insiders and outsiders (Easterby-Smith and Malina 1999). To be able to carry out interviews in both contexts, I needed to collaborate with researchers and others who lived in Tanzania and Pakistan and were familiar with both the language and the culture. Those who assisted with translation were young women in their twenties, who spoke English as well as Swahili/Urdu fluently. They had university degrees in business, which was valuable as I could clarify exactly what I wanted them to ask.

The manner of respondents when answering questions can lead to a number of response effects, which can influence the comparability of data. Depending on the cultural background, respondents might give answers that are socially desirable, and tell the interviewer what they think he/she wants to hear (Baumgartner and Steenkamp 2001). Another factor that influences the responses is the mode of administration, which refers to whether the response is given in a face-to-face interview, over the telephone, via a mobile phone, on the Internet or using e-mail. In qualitative research, face-to-face interviews are often the method used to collect material. It can be assumed that face-to-face interviews intensify response styles, since the interaction between the researcher and respondents increases, meaning that the respondent will tend to give responses in a more socially desirable way, at least under the cultural condition that with face-to-face contact, respondents prefer to please the interviewer, but are freer and more neutral when responding to a questionnaire (Polsa 2007). All interviews in my study were conducted face to face. Potential bias from social desirability therefore had to be addressed when analyzing the results. However, the research assistants not only helped with verbal translation during the interviews, but also helped me “read between the lines” of what was said. After every interview we discussed the responses and I was able to ask about the interview situation in general.

An interview guide was used, covering five different themes, which had evolved from the literature review. First, basic questions about the characteristics of the firm were asked. Thereafter, I asked about the firm’s access to capital and need for capital, followed by questions about routines to solve the need for different kinds of resources. Next, I asked about the characteristics of the entrepreneur herself, and finally about her personal

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6 The interview guide is attached as Appendix 1.
network and family situation. I always concluded with asking if the respondent wanted to add anything or if she had any further comments or questions.

The interviews were semi-structured, meaning that many of the questions were open-ended. This approach was used as I needed some standard information, but also wanted to gain a deeper understanding of the respondents feelings, attitudes and behaviors, which are key (Miles and Huberman 1994). Respondents were asked to describe situations, incidents and activities from their business operations, but also to relate these to family situation and other social networks. Follow-up questions were asked when needed, in order to obtain narratives that were as rich as possible. All interviews were digitally audio-recorded, and later carefully transcribed. On average, the interviews took between 45 minutes and 1 hour and 30 minutes. Altogether, 21 interviews were conducted in each context, plus four interviews for each pilot study.

At the end of the interview, I thanked the respondent for taking the time, and gave her a small gift. I took a picture of those who approved. Finally, I asked if she also had any questions for me. I was somehow surprised that so many of these women really wanted to take the chance to discuss their situation with me, even after the interview. Not only did they want to highlight their own, private circumstances, but the situation for women in these two countries in general, and their preconditions for operating as entrepreneurs. These openhearted comments at the end were valuable, as they tended to be very energetic, full of both hope and frustration. It was clear that they often saw me as a channel through which to communicate, to bear their stories elsewhere, where someone might listen.

3.5.5 Questionnaire

Just as for cross-cultural qualitative data, there are special considerations to be made concerning quantitative data collection (Dawa and Namatovu 2015). Wulf et al. (2001) discuss different ways to increase equivalence in cross-cultural research. One way is to let expert judges check constructs and questions. These can be both academics and practitioners. Another way is to use back translation, meaning that a set of questions developed by the researcher in, for example, English is translated into the local language by someone who speaks both languages well. This translation is thereafter “back-
translated” into English by someone else, which makes it possible for the researcher to discuss the exact meaning and nuances of questions with those who are translating the questionnaire and thus adjust and modify it in a relevant way (Kostava and Roth 2002; Polsa 2007). Based on previous theory, my research questions and previous questionnaires used in developing contexts, the questionnaire was developed. I used expert judges by discussing the questionnaire with local researchers at the University of Dar es Salaam Business School. The questionnaire was developed in English, and thereafter translated and back-translated. However, the pilot study, in which early versions of the questionnaire were tested on a few respondents, was equally important in the development process, as these respondents gave valuable feedback on questions asked.

Just as for qualitative data, there are a number of response effects that can influence the usefulness of quantitative data, and some of them vary across cultures (Baumgartner and Steenkamp 2001; Dawa and Namatovu 2015). Depending on the cultural background, respondents might give answers that are socially desirable, tell the interviewer what they think he/she wants to hear (acquiescence response style, or “ya-saying”), use extremes (extreme response style) or middle points (midpoint responding) in scales differently, refuse to respond at all (by responding “no opinion” or “don’t know”) or show a tendency to prefer first or last responses (see Knight et al. 2005 for an example of how to handle bias caused by social desirability). Baumgartner and Steenkamp (2001) add some further biases that might occur, namely the tendency of “nay-saying” (disacquiescence response style), directional bias (net acquiescence response style), the use of a narrow or wide range of response categories (response range) and a tendency to respond carelessly (noncontingent responding).

In my studies, all respondents were tracked in the same way, through a combination of serendipitous and snowball sampling. Everyone who responded to the questionnaire was personally approached by the research assistants, who asked in person if the respondent was willing to participate in the study. Common problems with quantitative data collection where questionnaires are used are low response rates and high dropout rates. In the present research, this problem was almost eliminated – first of all, because

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7 The questionnaires are attached as Appendix 2 (English) and 3 (Swahili).
very few of those who were asked refused to participate. If they did not have time to participate right away, they agreed to respond later (and did so). Secondly, in the majority of cases, the research assistants read the questions from the questionnaire out loud, meaning that there was almost no internal dropout rate.

When discussing this data collection with the research assistants, I realized that many of the respondents were willing to participate, but only if the questions were read out loud to them. They often excused themselves by saying they had bad eyesight, or had forgotten their glasses, or that they wanted to work with their hands while replying to the questions. However, the real reason was often illiteracy, which they would be too embarrassed to admit. I mention this because I want to emphasize some of the advantages of conducting data collection in this way. Even though it was extremely time-consuming, there is no way I would be able to collect the same data by sending out a questionnaire by mail, for example. The overall administration of the questionnaire was the same as for the semi-structured interviews, and ended with a small gift to the respondents. Altogether, there were 114 respondents in Tanzania. No entrepreneur responded to both the interview and the questionnaire.

3.6 Analysis of data

The data were analyzed in two phases. First, there was an analysis of data related to each paper and in relation to the specific research questions in the different papers. Second, there was a more general analysis process, which was done during the completion of the thesis as a whole, and in relation to the overall research questions of the thesis. The analysis related to the four papers is summarized in table 1.

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*I collected quantitative data using a questionnaire in Pakistan as well, but those data are not presented in any of the papers included in this thesis. Therefore, I do not further discuss the development or use of the Pakistani questionnaire.*
As shown in table 1, the analysis in the different papers is primarily based on one set of data (either questionnaire or interviews) but complemented with other data (interviews or participant observation) in order to support the overall understanding and analysis process. Paper 1 is based on quantitative data from the questionnaire, and SPSS was used to test hypothesis. This was complemented with semi-structured interviews, in order to exemplify and support the analysis. Paper 2 and paper 3 are based on the same set of data; semi-structured interviews in Tanzania. In paper 2, a content analysis was conducted, where data were analyzed and interpreted in relation to institutional theory and focusing on formal and informal institutions. In paper 3, a content analysis was conducted, where interview data were sorted in first-order categories, second-order themes and overarching dimensions. This was analyzed in relation to theory on social capital and relational exchange theory. Paper 2 and paper 3 were complemented with participant observation. Field journal notes, photographs as well as impressions and experiences in general supported the overall understanding during the analysis process. In Tanzania, I had fairly good access to data and I could freely move around in the field study location. It was relatively easy to get access to respondents, as many of the respondents were operating in the public market places. My reflections on “what was going on” in the context were important parts of my

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<th>Table 1: Summary of analysis in papers</th>
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<td><strong>Context</strong></td>
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<td>Questionnaire</td>
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understanding and thus of the analysis processes. Paper 4 is based on semi-structured interviews in Pakistan. A content analysis was conducted, where data were sorted in first-order categories, second-order themes and overarching dimensions. Data were analyzed and interpreted in relation to Portes’ framework on social capital and restricting norms in society. Again, participant observation was an important part of the process. In Pakistan, I found it more challenging to get access to respondents. Due to cultural norms in the context, I could not move around on my own, but had to rely on my research contacts to a higher degree. It was more challenging to find and get in touch with my target group of respondents, as many women run their business from home. My observations, own experiences and reflections on how women are restricted from access to public space, were important aspects of my analysis and interpretations of the data. This is further discussed in the sections above.

The last step in the analysis process took place during the writing of the thesis as a whole, where I took a step back and looked at analyzes and results from the four papers. This is discussed in relation to the overall research questions of the thesis, and presented in chapter five.

3.7 Discussion of methods

One of the most fundamental decisions in almost any research project is whether to use qualitative or quantitative methods for data collection. Whatever methods are chosen, one has to consider their relative strengths and weaknesses. Albert Einstein stated that “not everything that can be counted counts, and not everything that counts can be counted” (cited in Patton 2002, p.12), which expresses perfectly the implication of methodological choices. It will have to be decided for the research questions whether a qualitative or quantitative approach is more suitable. As discussed in the sections above, the present research is based on mixed methods, where data collection has been conducted through semi-structured interviews, a questionnaire and the overall ethnographic framing. As summarized in table 1, all papers in the thesis use a combination of different data, even though they primarily are based on either qualitative or quantitative data. However, the thesis as a whole is based on all sets of collected data. The main reason for the combination of methods is to ensure triangulation of findings, in the sense of
seeking convergence of the results. Another reason is to gain complementarity, in the sense that a phenomenon may show overlapping and different facets. This can be compared to peeling off different layers of an onion. Further, the use of mixed methods can lead to expansion, where both breadth and scope are added to the study (Greene et al. 1989; Johnson and Onwuegbuzie 2004; Pansiri 2005; Sweeney and Goldblatt 2016; Molina-Azorin et al. 2017).

Validity and reliability are crucial in order to ensure that research findings are scientific. Validity relates to whether the researcher really measures what was intended or not, and thus whether the research is free from systematic (nonrandom) measure defects (Rosengren and Arvidsson 1983). Constructed validity can be increased by using multiple sources, thereby showing a chain of evidence. Internal validity has to do with the extent that it is possible to draw unambiguous conclusions from the results of a specific study. External validity refers to the extent that it is possible to generalize results beyond the specific study (Yin 2009). In order to increase validity, I carried out pilot studies in both contexts. I believe the sampling method (combining serendipitous and random sampling) helped in targeting the most relevant respondents for the study. Both field studies were carefully planned. Before, and during, all main data collection, the overall research approach was carefully discussed with local research contacts living in Tanzania and Pakistan. Both an interview guide and a questionnaire were carefully constructed in order to measure what I intended to measure and multiple sources of evidence were used in both contexts. Thus, I believe that I have achieved a high degree of constructed and internal validity. However, findings are relevant regarding women entrepreneurs in the two contexts that I have studied, and can serve as examples from two developing countries. The contexts are specific and findings cannot be generalized to women entrepreneurs everywhere, meaning that external validity is low.

Reliability refers to the trustworthiness of the measures themselves (Rosengren and Arvidsson 1983). A high degree of reliability means an absence of nonsystematic (random) measure defects. The research has a high degree of reliability if a second carrying out of the same study gives the same results. In the present research, pilot studies led to increased reliability, since they helped me to improve the interview guide and questionnaire. In both contexts, respondents in the pilot studies gave valuable feedback, guided me to adjust questions so that the main data collection was relevant and made
sense of the local cultural settings. As for the interpretation of data, there is always an element of subjectivism. However, both the interview guide and the questionnaire have been attached, and the procedure has been carefully described. This makes it possible to conduct follow-up studies.

As well as these more general issues of validity and reliability, there are a number of other aspects to consider regarding the specific situation of cross-cultural research, where a Western researcher conducts field studies in developing contexts. This has to do partly with ethical considerations in general (see below), but also with the quality of data per se. With regard to the semi-structured interviews, the major challenge was to ensure that I was working with the right interpreters. In both cases, I cooperated with young women who were skilled in the relevant languages and who had degrees in business. We discussed the whole data collection process a lot and I therefore believe that they clearly understood what I was aiming at, and that the translations were correct. Together with the overall ethnographic approach, where I was living with families and at the girls’ hostel, and spending all my time with people in the local contexts, I believe that I reached a reasonable level of understanding of what was going on in the two contexts I studied.

3.8 Ethical considerations

Resource acquisition for women entrepreneurs is a sensitive matter, and even more so when asking about the role of family members and other social networks. It is therefore of great importance to treat information with care and respect. Despite the sensitivity of the questions, I found the respondents to be surprisingly open with me. Sometimes the interviews ended in tears, because life is too tough and family relations can be difficult to talk about. And yet, these women often explicitly expressed that they appreciated the fact that I was interested in their situation and that they wanted me to be a bearer of their stories. In such circumstances, I believe it is even more important that a researcher shows good judgement in handling information.

There are also aspects of power relations and vulnerability to reflect on. According to Liamputtong (2007), vulnerability has to do with whether an individual experiences inequality due to physical, psychological or status-
related differences. Vulnerability also relates to a lack of opportunities to make choices and to take independent decisions in life. Vulnerable groups of people are often exposed to discrimination, intolerance or social stigmatization, leading to real or potential harm. The respondents in my studies can be considered vulnerable, as they are women in cultural contexts where women are subordinated and discriminated against in numerous ways. They are poor and often illiterate, which might also be stigmatizing. However, the reality is complex, and these women share the same preconditions with most other women in their own contexts. Their own self-perception might therefore be far from seeing themselves as vulnerable, but rather as strong business women who take the initiative and have control. Or, even more likely, they identify with many different, and sometimes opposing, characteristics at the same time. While interviewing women entrepreneurs, I believe that it has been a great advantage that I am a female myself, and that all research assistants have been young females. It would have been impossible for a male researcher to collect the same data.

The aspect of power relations is a critical dimension in almost any research project involving people. Any research context is riddled with, and impacted by, relationships of power, between funders of the project and the researcher, between the researcher and the researched, and between different groups within the research setting based on class, religion, clan, gender, age, and financial and educational status. When conducting data collection with the help of an interpreter, there are also possible power dimensions between the researcher and the interpreter and between the interpreter and the respondents (Brydon 2006). Although the ideal is to be “value-neutral” or “unbiased” as a researcher, the reality is inevitably that everyone has an agenda of their own. Whether this is a genuine interest in finding out what is happening in the setting, or a positively held belief in “demonstrating” a particular phenomenon, it is extremely important to strive for context sensibility and to be open and honest about one’s own interests. The researcher also needs to be aware of how this affects the research and the kinds of relationships he or she has with members of the studied community. I would by no means deny that there have been a number of power relations to relate to during my time in the field. I have done my best to understand the local settings and to decrease any gaps between me and those I have studied. As previously discussed, this has been done through studies where I have spent extended periods of time in the contexts, where I have lived with families and become friends with both research assistants and others.
Further, it is the researcher’s responsibility to obtain informed consent from respondents. This means that research can be carried out only after the researcher has clearly explained to the people in the community, or those who are targeted, why the study is being conducted and what the intended outcomes are, for the researcher as well as for those who are the focus of the study (Brydon 2006). During my field studies, it was clear to those I lived and worked with what my intentions were. I also clearly expressed the purposes of the research to those I interviewed, and thereafter obtained informed consent. There was no pressure to participate in the study, and respondents were informed that they were allowed to cancel their participation at any time. I have also chosen to use fictive names for all respondents, even though most of them did not mind having their real names cited. If the respondents agreed, I took a picture of them or their shop/workplace after the interview. I only use pictures in this thesis that have been explicitly approved for printing by the respondents. Nevertheless, I have chosen not to include any names with the pictures. After each interview/questionnaire, the respondents were given a small gift and a postcard from my own hometown with my name and local phone number, in case they had any further questions later on. The gift was not valuable (and thus was not an attempt to persuade them to participate); the main point was to show them that I appreciated the fact that they had let me take up so much of their time.
4 Paper presentations

In this chapter, the papers included in the thesis are presented. The aim, theoretical focus, data collection, methods and results of each paper are described. The chapter starts with a short overview, and concludes with a summarizing table.

4.1 Overview of papers

The four papers all deal with women entrepreneurs and their challenges when acquiring resources for venturing. The papers are presented based on an order where the focus shifts from formal towards informal institutions. The theoretical perspective moves from mainly discussing financing and resource acquisition in paper 1 to discussing the role of both formal and informal institutions in paper 2. From there, the theoretical focus moves on towards the role of social capital in resource acquisition, and the tension between conflicting social networks (loan group and family) in paper 3. In paper 4, the role of social capital and resource acquisition in relation to family is explored, with special attention given to the importance of contextual understanding. The order is illustrated in figure 5, where the circles represent different actors that are important for women entrepreneurs’ resource acquisition.

![Diagram](image)

**Figure 5:** Sources of finance and other resources
In the center of the figure is the individual entrepreneur, and closest to her is the family. Outside the family are other social networks, where microfinance loan groups are of particular importance. The outer circle represents formal institutions, in this case formal banks and governmental institutions. All financial actors are embedded in the very context they are part of, where culture, norms and values cut through, and affect, their behavior.

Three papers are co-written and one is solely written by me, and I am the first author in all co-written papers. All papers have been peer reviewed, three as journal articles and one as a book chapter. All four papers are published. I have solely conducted the two field studies and collected all the empirical data presented in all the papers. I have prepared and refined the interview guide used during all the semi-structured interviews, as well as the questionnaire used for paper 1. In all four papers, I have contributed to all aspects of analyzing and presenting data. In paper 1, one of my co-authors conducted the quantitative data analysis.

4.2 Perceptions of financial sources among women entrepreneurs in Tanzania

The focus in paper 1 is different financial sources, where formal finance from commercial banks is discussed in relation to semi-formal finance, informal finance and governmental subsidies. The main aim is to examine how women micro-entrepreneurs in Tanzania assess their ability to access different external financial sources. The aim is also to discuss financial preferences among the respondents. This is based on the idea that in order to develop support mechanisms for women entrepreneurs, it is important to first understand their own attitudes and preferences regarding capital sources.

It is widely accepted that the lack of access to capital is a severe constraint to establishing and expanding small businesses all over the world (Walker 1989; Bhide 1992; Bygrave and Timmons 1992). Financial constraints have been explained by imperfect capital markets (Stiglitz and Weiss 1981; Myers and Majluf 1984). In developing regions, where the financial markets are often weak and dysfunctional, this is especially challenging (Morewagae et al. 1995). One aspect of the problem is information asymmetry, where potential borrowers have more information about the venture and their own
entrepreneurial skills than potential lenders (Evans and Javonovic 1989). In order to meet financial needs for micro- and small business owners in the developing world, the microfinance sector has grown rapidly during the last couple of decades, with microbanks often specifically targeting female clients. The basic idea within microfinance is to let borrowers form loan groups, where the group functions as collateral towards the bank. Thus, the risk involved in the credit transactions is lowered for both lenders and borrowers (Stiglitz 1987). Other ways to provide micro-entrepreneurs with capital have also evolved, such as Savings and Credit Cooperatives (SACCOs). These are voluntary cooperatives, where members meet on a regular basis and pool their savings, and let members take loans from the common pool (Bwana and Mwakujonga 2013). Another solution is to form Rotating Savings and Credit Associations (RoSCAs), which are similar to SACCOs, but with the difference that members contribute with a fixed amount every time, and let one of the members use the common pool, based on a rotating order (Callier 1989).

In the paper, we distinguish between four financial sources. Formal finance is represented by the commercial bank sector, regulated by the government. Semi-formal finance refers to the microfinance sector and different forms of SACCOs and RoSCAs. Although many of these financial actors are registered and under some governmental control, the very core of their function is based on trust and social capital between their members. Thus, they are both formal and informal at the same time. Closest to the firm are the founder, family and friends (Levie and Lerner 2009), but also private investors who operate without any control by the state. These actors are referred to as “informal capital.” Lastly, governmental subsidies and other forms of public support are sometimes used as financial sources.

In order to understand how women entrepreneurs in Tanzania perceive their ability to access different financial sources, we used a quantitative research approach. A total of 114 women entrepreneurs responded to a questionnaire, covering questions regarding different financial sources. The questionnaire9 was also complemented by 21 semi-structured interviews.10

9 Both English and Swahili versions of the questionnaire are attached as appendices.

10 The interview guide is attached as an appendix.
Results show that the studied group of entrepreneurs perceive semi-formal finance as the most accessible financial source, followed by governmental subsidies, informal capital and lastly loans from the formal bank sector. The ranking is the same for both long-term (more than 12 months’ repayment time) and short-term (less than 12 months’ repayment time) finance; however, short-term finance is considered more accessible than long-term finance. Low access to long-term finance is a problem, as it makes planning and investments in the business more difficult. Semi-formal finance, such as loans from microbanks, SACCOs and RoSCAs, are perceived as being most accessible, which indicates that women entrepreneurs in Tanzania are familiar with, and have experience of, these financial actors. Somewhat surprisingly, governmental subsidies are perceived as the second most accessible source of funding. This could indicate that many of the respondents have used loans through state-funded business programs or similar kinds of financial support. Results show that the respondents feel that they have very low access to formal capital from commercial banks. Yet, when asked about financial preferences, this turns out to be quite different to perceived accessibility. If respondents had the opportunity to choose between different financial sources, they would prefer governmental subsidies, then formal capital, followed by semi-formal capital and lastly informal capital. The preference for governmental subsidies might be because these are regarded as cheaper than other forms of capital. The reason why formal capital is preferred over semi-formal capital is that semi-formal capital builds on group loans and social capital between group members. This is complex and often frustrating, when the group is dysfunctional or one of the group members fails to pay her mortgage. Formal capital is based on individual loans, and often involves higher loan amounts being offered, making it more attractive. Informal capital is ranked as the last alternative, maybe due to a general lack of resources in the community, and maybe due to a desire to keep private relations separate from business operations.11

11 In this paper, I collected data and took part in all aspects of writing. One of my co-authors conducted the quantitative data analysis.
4.3 Financial barriers and how to overcome them – the case of women entrepreneurs in Tanzania

Formal and informal institutions create different preconditions for men and women entrepreneurs (Spring 2009). In paper 2, the focus is on how these institutions provide women entrepreneurs with resources or hinder them from obtaining resources. Drawing on institutional theory, the aim is to discuss how women in Tanzania act in order to overcome financial barriers, as they start or develop their ventures.

It has long been argued that all economic activity is embedded in social structures (Granovetter 1985). There is a growing consensus today that in order to understand economic activity, one has to look at a multitude of contextual factors (Whetten 1989; Welter 2011), where the institutional context is a central aspect (Welter 2011). North (1990) defined institutions as *rules of the game*, and distinguished between formal and informal institutions. Examples of formal institutions are political and economy-related laws and regulations, and other organizational frameworks setting boundaries for individual action. Informal institutions relate to codes of conduct, values and norms in a social context. Scott (1995) defined institutions as something consisting of structures and activities giving stability and meaning to social behavior in a specific context. These structures and activities can be cognitive, normative or regulative. Formal institutions strongly affect preconditions for entrepreneurship directly, through the legal framework, which regulates market entry and exit. Informal institutions often affect preconditions for entrepreneurship indirectly, through values and attitudes stating whether it is desirable or not to engage in entrepreneurship (Welter and Smallbone 2011). When looking at women entrepreneurs, it is therefore important to understand how their preconditions are affected by both formal and informal institutions in a given context (Johnson 2004; Spring 2009; Haile et al. 2012).

In paper 2, data from 21 semi-structured interviews are used. All interviews were conducted with women operating microbusinesses, within trade or service sectors. As I wanted to reach a deeper understanding of the functions of values and norms in the Tanzanian context, my participant observations were also an important part of analyzing the data. The results are discussed in relation to the role of formal banks, of microbanks and of family, representing different providers of capital or other resources. In terms of formal banks, none of the respondents has taken loans from commercial
banks, and as they know that they lack collateral, most of them do not even consider this to be a serious alternative. Yet, about half of the respondents state that they would prefer commercial bank loans, as these are given to individuals and not to a loan group, and offer larger amounts of money. Even though the respondents are hindered by formal barriers (such as a lack of collateral), equally important are the informal barriers, as most of them express strong feelings of fear and insecurity towards the formal banks. As regard microbanks, these play an important role for women entrepreneurs in Tanzania. The microbanks often educate their clients in bookkeeping and other business skills, which legitimates the business towards family and customers. Although microloans create opportunities for many women, they also bring a number of informal complications. Many respondents express frustration with the loan group, which creates problems when someone fails to repay. The meetings, often on a weekly basis, are also time-consuming. Another serious problem is when family needs pressure a woman to use the loan for purposes other than business development, such as school fees or medical care. Thirdly, the family can be a source of capital and other resources. Sometimes, it is the husband or mother of the woman who encourages her to get into business, either with financial support or with emotional encouragement. At the same time, the majority of respondents conclude that they have to take great responsibility for the family, and often feel pressured to cover expenses for family and extended family members.

According to Welter (2011), an individual’s behavior should be interpreted based on contextual preconditions, which can be experienced as both an asset and a liability at the same time. In Tanzania, where formal institutions are weak and underdeveloped, informal institutions play a significant role for women entrepreneurs. The majority of respondents desire reliable, formal loans and other financial services. They often express frustration with group loans, and strive for individual loans. Although they struggle with both formal and informal barriers, they manage to find resources to start and develop their businesses, often thanks to a great ability to combine different methods and use their social capital in a constructive way.
4.4 Microfinance traps and relational exchange norms: a field study of female entrepreneurs in Tanzania

During the last few decades, microfinancing has become a tool for social and economic empowerment around the world, especially where institutional structures are weak (Jaffer 1999; Chliova et al. 2015). However, microfinance is not without complications, as it can lead to incompatible obligations for women entrepreneurs taking microloans. Microfinance traps can occur when a woman’s affective ties related to family needs are in conflict with instrumental ties related to the microloan group, and prioritizing one group over the other risks leading to poorer outcomes in the long run. In paper 3, these microfinance traps are conceptualized. Drawing on relational exchange theory (MacNeil 1980, 2000), the aim is to understand how female entrepreneurs in Tanzania manage microfinance traps.

In general, microfinance institutions have shown high success rates, which has been explained by the social context (Bhatt and Tang 1998). Social capital rates are high in communities where group members share the same social networks and common norms facilitate behavioral control (Coleman 1990; Putnam 1993). High social capital reduces transaction costs associated with lending, as members rely on trust, norms and obligations regulating loan repayments. Low degrees of social capital will, on the other hand, increase transaction costs for both lenders and borrowers, which undermines the benefits of microloans as these are based on solidarity within the loan group. However, there is a risk that the social embeddedness, which creates preconditions for microfinance, will instead increase the costs for the borrowers. Social capital with the loan group is necessary for initiating and receiving loans. Sometimes, women entrepreneurs feel pressure to use the microloan to prioritize closed networks based on affective ties, in order to meet family needs. This happens at the expense of instrumental ties, related to the micro loan group, and leads to failure to repay the loan, which reduces opportunities for future loans. Thus, an inability to repay the loan will have both social and economic consequences.

In paper 3, data from 20 semi-structured interviews are used. All interviews were conducted with women operating microbusinesses, within trade or

12 Altogether, 21 interviews had been conducted. For this paper, only 20 interviews were analyzed. One was excluded, because I was unsure about the quality of the interview.
service sectors, in the town of Morogoro, Tanzania. Participant observations were an important part of making sense of, and analyzing, the data. Based on LeCompte (2000), Van Maanen (1979) and Gioia and Chittipeddi (1991), data were analyzed and grouped into first-order categories (as expressed by respondents), then into second-order themes (theoretical order) and finally into overarching dimensions. Drawing on the data, a process was identified that risks leading to microfinance traps. To start with, it is clear that many women entrepreneurs have received benefits from taking microloans. These loans offer resources to focus on venturing, give legitimacy to the business and offer opportunities to upgrade the business by offering bigger loans in the future. The difficulties start when the woman is expected to meet incompatible norms and obligations toward competing networks. We found that norms were expressed towards both the instrumental network (loan group) and the affective network (family), and in both cases, these were expressed in both visible and invisible ways. With regard to instrumental ties, every respondent expressed frustration with the loan group arrangement, as they are forced to rely on each other and it creates problems for everyone when someone fails to repay. In terms of affective ties, it is obvious that in the Tanzanian context, the extended family functions as provider and protector for individuals, meaning that family norms and expectations significantly affect the behavior of women entrepreneurs. Although family members sometimes provide capital for establishing a business or other kinds of support, most often the women are expected to provide for the family. School fees are often especially burdensome, not only in terms of paying for their own children, but also for extended family members. Family ties are strong and in many ways positive, yet we found several cases where the family limits the woman’s business development. In these situations, the woman has to choose between obligations toward her family and obligations toward the loan group/loan supplier. We found both cognitive and affective components where the woman’s ties to the family outweigh the instrumental ties to the loan group. These situations can lead to microfinance traps, where the woman risks ending up in a worse situation than before taking the loan. This might lead to problems with repaying the loan, thereby jeopardizing the family’s financial situation as well as further venturing. Moreover, she might not be granted new loans. She might also lose focus on developing the business, due to financial stress and too many burdens.

Relational exchange theory posits that contracts between individuals range from discrete to relational, where relational contracts are based on social
relations and trust rather than formal agreements (MacNeil 1980). According to the theory, relational contracts assume an ongoing relationship, and they can have both social and economic motives. Based on MacNeil’s (2000) work on modern relations exchange, we argue that microfinance traps can be reduced if the woman entrepreneur has high role integrity, if she has the ability to preserve norms and reciprocity, and finally if she manages to harmonize the social matrix with both family and loan group.

4.5 Struggling with social capital: Pakistani women micro-entrepreneurs’ challenges in acquiring resources

Social capital has mostly been associated with positive outcomes for venturing (Stam et al. 2014), not least when looking at women entrepreneurs (Carter et al. 2003; Tinkler et al. 2015). However, the majority of research on social capital and venturing has been conducted in mature economic contexts. Recent works have raised questions on whether social capital has the same function in developing contexts, where religious and cultural norms may hinder the benefits of social capital (Mair et al. 2012; Al-Dajani et al. 2015).

Paper 4 is the only paper in the thesis where data from Pakistan are used to understand preconditions for women entrepreneurs. The overall aim with the paper is to deepen our understanding of how the degree and type of social restrictions, transmitted through social capital, hinder or slow down women entrepreneurs’ venturing efforts. The paper is guided by the following research questions: 1) Do social restrictions enable or constrain preconditions for women entrepreneurs in the studied context? 2) Do family networks facilitate access to, or hinder women from leveraging, social capital? The aim is also to understand how women micro-entrepreneurs in Pakistan “maneuver” through these constraints and how they acquire resources for venturing, despite complex social restrictions.

Previous literature on the role of social capital in relation to entrepreneurship has used different units of analysis, ranging from group level (Bourdieu 1977; Putnam 1993) to individual level (Lin 1999), and including both collective and individual perspectives at the same time (Coleman 1988). One focal debate is also on the value of bridging (diverse and weak) ties compared to bonding (cohesive and strong) ties. Sexton and Smilor (1986) pointed out this tension and proposed that embeddedness in a social context may enable or constrain
entrepreneurial outcomes. Portes and Landolt (2000, p.532) refer to social capital as the “ability of actors to secure benefits by virtue of membership in social networks or other social structures.” However, the social capital that is beneficial for entrepreneurial success in one context might function as a constraint in another context. According to Portes (1998), two sources motivate others to make resources available to the “owner” of social capital. First, there are consummatory sources, consisting of value introjection (relating to following norms in society, as a form of preprogrammed behavior) and bounded solidarity (defined as altruistic actions bounded by the limits of a specific context based on identification with one’s own group). Secondly, there are instrumental sources. These are more calculating and based on enforceable trust and reciprocal exchanges. The main point in Portes’ (1998) model is that social capital is a double-edged sword, where embeddedness in social structures may have both positive and negative consequences for the individual.

In order to understand preconditions for women’s entrepreneurship in a traditional, patriarchal society, it is crucial to understand the importance of contextual influences related to social capital (Welter 2011). When studying an Islamic context, it relates to, for example, understanding the concepts of purdah (meaning “veil” and referring to seclusion between men and women) and izzat (meaning “honor,” stating that women are repositories of their families’ honor). In paper 4, data from Lahore, Pakistan, are used. 21 semi-structured interviews were conducted with women entrepreneurs operating within service and retailing sectors. Interviews were complemented by participant observation and the writing of a field journal, and significant time was spent on studying families, gender roles and social norms.

Portes’ (1998) model on social capital was used as a lens when analyzing the data. We found that the majority of mechanisms relevant for the studied group of entrepreneurs relate to consummatory sources. First, there are positive outcomes of social capital, where family support is by far the most important source of support for the studied group, most often from the woman’s father, husband or a brother. Notably, there are only “success cases” in the sample, as all respondents are active entrepreneurs. This indicates that it would not even be possible to enter into entrepreneurship without support from male family members. Secondly, results show that there are several norms in the studied context working against women with entrepreneurial ambitions. The negative outcomes of social capital are plentiful, and we found
examples where women have restricted access to opportunities, are under restrictions on their individual freedom, are subject to excessive claims by group members and face downward leveling norms. Thirdly, results show that women also have limited access to social capital. The most important network for any individual in Pakistan is the family. As women are restricted from networking with others, especially men, outside the family, they are also excluded from potential benefits and resources from a wider network. This is a major obstacle when striving to find resources for venturing. Even networking with other women is difficult, as women are restricted from traveling or being on their own in the public arena. To sum up, the main conclusion is that social and cultural norms in the Pakistani context restrict others’ willingness to encourage women to engage in entrepreneurship. Further, women entrepreneurs primarily experience negative outcomes of social capital from their family network.

4.6 Summary of papers

Table 2: Summary of papers

<table>
<thead>
<tr>
<th>Title</th>
<th>Aim</th>
<th>Context</th>
<th>Data</th>
</tr>
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<tbody>
<tr>
<td>1: Perceptions of financial sources among women entrepreneurs in Tanzania</td>
<td>To investigate how WEs assess their ability to access different external financial sources and to discuss financial preferences</td>
<td>Tanzania</td>
<td>Questionnaire 114 firms (+ 21 interviews)</td>
</tr>
<tr>
<td>2: Financial barriers and how to overcome them – the case of women entrepreneurs in Tanzania</td>
<td>To understand how WEs in Tanzania act in order to overcome financial barriers, with a focus on formal and informal institutions</td>
<td>Tanzania</td>
<td>21 interviews Participant observation</td>
</tr>
<tr>
<td>3: Microfinance traps and relational exchange norms: a field study of female entrepreneurs in Tanzania</td>
<td>To understand how WEs manage microfinance traps, where they have to balance between conflicting obligations towards business needs and family needs</td>
<td>Tanzania</td>
<td>20 interviews Participant observation</td>
</tr>
<tr>
<td>4: Struggling with social capital: Pakistani women micro-entrepreneurs’ challenges in acquiring resources</td>
<td>To understand how the degree and type of social restrictions and norms influence/hinder WEs’ resource acquisition, with a focus on family networks</td>
<td>Pakistan</td>
<td>21 interviews Participant observation</td>
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<tr>
<td>Results</td>
<td>WEs perceive highest access to semi-formal finance, followed by governmental subsidies, informal capital and lastly formal capital. Preferences rank subsidies first, followed by formal, semi-formal and lastly informal capital.</td>
<td>WEs are hindered by both formal and informal institutions. They would prefer loans from formal banks. They gain access to capital from microbanks, but express frustration with the loan group function. Family sometimes provides capital/support, but often puts high pressure on the WE.</td>
<td>Microfinance traps occur when a WE has to weigh up between incompatible obligations towards affective ties to family and instrumental ties to loan group, and prioritize family needs. Traps can be overcome by high role integrity, preserving norms and reciprocity and harmonizing the social matrix.</td>
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5 Results and discussion

In this chapter, the results from the four papers included in the thesis are discussed, in relation to the aim and research questions of the thesis. The overall aim is to contribute to our previous knowledge on women’s entrepreneurship in developing countries, by exploring and describing women entrepreneurs’ resource acquisition. The aim is further to explore the role of formal and informal institutions, as well as the role of social capital in relation to resource acquisition. The chapter contains three sections, related to the three research questions.

Table 3: Relation between research questions and papers

<table>
<thead>
<tr>
<th>Research questions</th>
<th>Primarily addressed in paper</th>
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<tbody>
<tr>
<td>1. How do women entrepreneurs in Tanzania and Pakistan gain access to financial resources and other resources needed in their entrepreneurship?</td>
<td>1  2</td>
</tr>
<tr>
<td>2. What is the role of formal and informal institutions in developing contexts for women entrepreneurs as they acquire resources?</td>
<td>1  2  3  4</td>
</tr>
<tr>
<td>3. What is the role of social capital for women entrepreneurs as they acquire resources?</td>
<td>3  4</td>
</tr>
</tbody>
</table>

5.1 Sources of finance and other resources

The first research question was: How do women entrepreneurs in Tanzania and Pakistan gain access to financial resources and other resources needed in their entrepreneurship? To answer this question, data from both field studies have been used. Results show that the studied groups of entrepreneurs use similar financial behavior, but there are major differences between the two contexts to consider as well.

In Tanzania, women entrepreneurs use microloans to a great extent, as shown in paper 1. Loans from microbanks, SACCOs and RoSCAs are perceived as the most accessible sources of financial capital and governmental subsidies are perceived as the second most accessible source of capital. Some of the
microfinance institutions operating in Tanzania are run by the government, and offer preferential terms on loans, which might explain this somewhat surprising result. Thirdly, entrepreneurs feel that loans from informal sources, such as family members, are accessible. The least accessible are loans from formal sources (commercial banks). Short-term finance is perceived as being more accessible than long-term finance in all categories. This is a problem for entrepreneurs, as it makes planning and investments more difficult. At the same time, it is not surprising, as microloans often have a short repayment time (less than 12 months). The interesting thing is that women entrepreneurs rate their financial preferences as being quite different to how they perceive accessibility. When asked about their financial preferences, results show that they would prefer to obtain loans from formal banks rather than semi-formal loans from microbanks or informal loans from family and friends. This indicates that the financial markets are dysfunctional, and that there is a financial gap prevailing (Stiglitz and Weiss 1981; Myers and Majluf 1984; Landström 2003). Results also show that the entrepreneurs would prefer individual, formal loans over group loans, indicating that there are difficulties with the functions of group loans. This will be discussed further in the next section.

As regards resources for venturing in general, and not only focusing on loans, results show that it is very common to gain access to resources from those closest to the firm – founder, family and friends – which is in line with previous theory (Levie and Lerner 2009). Many of the women have used own savings, or work part-time elsewhere while starting the business. Many also say that they receive support (in terms of capital or other resources) from family members, often from their mothers or husbands. Overall, the results confirm previous research on financial behavior, indicating that entrepreneurs use many different kinds of resources, while asking others for money, labor and other efforts (Dubini and Aldrich 1991). Results strongly confirm the importance of bootstrapping among the studied entrepreneurs (Freear et al. 1995; Winborg 2000, 2003). In other words, they do many things at the same time in order to solve the need for resources. Although the majority of respondents use microloans, they also use other methods and strategies to gain access to resources for their venturing.

When looking at the results from Pakistan, the financial behavior is similar in the sense that women entrepreneurs have practically no access to formal sources of finance and have to rely on informal sources. However, their
financial behavior is less varied than that of women entrepreneurs in Tanzania. The majority of Pakistani respondents have used their own savings, sometimes from previous income, as start-up capital. In order to manage the business in times of troubles, when there is no profit, I find examples of how selling private property can be an option. By tradition, women are given jewelry at their wedding in Pakistan. The jewelry is considered their own personal property, and functions as a sort of insurance. Nadiya, who runs a private school, explains: “At the moment, there is no profit, and for two years, we have been putting in funds. Borrowing from people, selling some of my properties, some of my jewelry, and then, I manage to run this place.”

It is also quite common for them to use loans or gifts from family members, often from the mother or husband. Again, it is important to point out that only “success cases” are included in the sample. I have only interviewed those who are running businesses; in other words, they are more or less supported by husbands and families – otherwise, it would not be possible for them to operate. Parveen, a young clothing designer, says: “The initial investment was from my father, and he invested 15 to 18,000, and I invested that money into the machines, the stitching machines and the other small accessories I needed to start this business. […] Yes, it was like a gift.”

Results also show that women are expected to manage all the responsibilities that come with the household and children, whether they also work outside the home or not. Thus, they receive very little support in terms of nonfinancial resources.

In Pakistan, it is difficult for women to build up a network outside the (extended) family. I found very few examples where women gained access to resources from friends, based on informal relationships. However, some of the respondents saved money for the start-up through committees. These are similar to RoSCAs and SACCOs, and fulfill the same function. A group of people, who usually know each other and trust each other, save money together every month. During each meeting, one of the group members receives the full amount of savings. The group continues until every group member has received the savings once. Sometimes the group goes on with a new round of savings, perhaps many times.

There is a big difference between Tanzania and Pakistan when it comes to access to microcredit. The microfinance sector is less developed in Pakistan,
and the awareness of microfinance seems to be very low, even though there are organizations operating in the field. Although the respondents know that the opportunities are there, they still have barriers to overcome before they would actually apply for a microloan. Irum, who runs a clothing shop, says: “The people don’t know much about the microbanks, and the ladies in particular are not aware of the microbanks. There are only a few people and a few ladies who know about the microbanks in Pakistan.

In relation to formal, commercial banks, the situation in Pakistan is similar to that in Tanzania. The respondents express reluctance to commercial banks, and a lack of collateral is a major constraint. There is also a general reluctance towards the banks, which might depend on Islamic views on loans with interest. Neelofar, operating a beauty training center, explains: “In Islam, there is no permission to borrow money from the bank, because there is interest, and I would not be happy to borrow money from the bank. I can expand my business with the help of my own savings, like I can earn money, so I can save, and expand that way.”

To summarize, women entrepreneurs in Tanzania use a variety of sources when searching for capital and other resources for venturing. They use their own savings, but also loans and other forms of support from family members and friends. Semi-formal finance plays a very important role, as the majority of respondents use microloans. It is also common to save money or take loans through SACCOs and RoSCAs. There is practically no access to formal credit. Women entrepreneurs in Pakistan have fewer choices, and have to rely on informal sources to a higher degree. They use their own savings to a great extent. They use loans and other forms of support from family members, but have very little access to resources from people outside the family. Although there are examples of savings through committees, these are exceptions. None of the Pakistani respondents used microloans, and there is no access to formal credit for them. Again, results confirm previous theory on dysfunctional markets and the prevalence of a financial gap (Stiglitz and Weiss 1981; Myers and Majluf 1984; Landström 2003) in both contexts.

5.2 Conflicting interaction of formal and informal institutions

The second research question was: What is the role of formal and informal institutions in developing contexts for women entrepreneurs as they acquire resources? Primarily, data from the Tanzanian study have been used to answer
this question, and papers 1, 2 and 3 all address this question in different ways. Paper 4 does not deal with formal/informal institutions per se, but many informal institutions in the Pakistani context play an extremely important role in women’s resource acquisition, and will therefore be discussed in this section as well.

Overall, results show that women entrepreneurs in the studied contexts are hindered on both formal and informal levels, but that they also find ways to navigate through many of the obstacles they face.

As discussed above, the microfinance sector plays an important role in Tanzania. Just like in many other countries, microcredit has opened up opportunities, especially for women who want to start or develop a business. Around 90% of MFI clients worldwide are women, and repayment rates are often extremely high, often over 90% (Pereira and Mourao 2012). There is no doubt that microloans have had a positive economic effect for many women worldwide. Further, it has been argued that microloans help to build social capital among women and that they are strengthened by each other as they come together (Edward and Olsen 2006). Yet, the results from this thesis show that the outcomes of microloans are complex, and they do not come without drawbacks. The main problem, as expressed by the respondents in this research, is related to the group loan function. Agency theory, first presented by Jensen and Meckling (1976), can be a useful lens through which to interpret the problem. Women entrepreneurs in developing countries usually own and operate their business themselves and consequently there are no agency costs. However, with a wider definition of agency theory, financiers can be related to as principals (they contribute capital and want to receive interest) and loan clients as agents. The whole reason for these clients to turn to an MFI is that they lack sufficient collateral and credibility to obtain a loan from a traditional, commercial bank. However, the MFIs are facing the same high risks in regard to giving credit to the poor, and facing the same high agency costs, involving high controlling, monitoring and transaction costs for this group of people. There is a high risk involved in giving credit to these clients, who often have no previous record of running a business and lack formal business skills. The poor need small amounts of credit and short durations on loans, but the transaction costs are very high. The solution for the MFIs is that they push the agency costs down to the clients themselves, by creating loan groups with mutual responsibility for each other. This is one of the core ideas in microfinance. To a large extent, the role of being the principal is therefore
in a way decentralized to the clients, where they have the function of controlling and monitoring each other. The loan group can consist of anything from five to 50 clients or more, they often meet on a regular basis once a week or every second week and they are dependent on each other since no one will be granted a second loan until everyone has repaid the first one. By building credibility into the function of loan groups, the MFI lowers the financial risk as well as other agency costs. When a client (and her loan group) has repaid the first loan, she can usually be granted a second, and bigger, loan. After a number of group-based loans, she might be granted a bigger, individual loan. This can happen first when she is known by the MFI as a trustworthy client, there is a record of her ability to run a business and repay her credit, and this relationship and trustworthiness therefore lowers the risk for the bank. As the MFI pushes down the control function from the bank to the clients, they are also the ones to pay the price of agency costs, in terms of social control. They are the ones who have to deal with conflicts and to confront each other when someone fails to repay. This can of course affect social relationships in a negative way, and is sometimes a very high price to pay. The results from papers 1 and 2 specifically highlight this problem, which explains why basically all respondents express the view that they would prefer individual loans over group loans, and desire loans from commercial banks.

The discussion above relates to the complexity of microloans, where formal obligations of repayments to the microbank are intertwined with informal obligations towards other loan clients in the group. Another major difficulty for many women entrepreneurs is finding a balance between conflicting obligations, where they face formal expectations from the microbank on the one hand, and informal expectations from family members on the other. This conflict was investigated in paper 3, where the concept of microfinance traps was developed. Microfinance traps can occur when the woman’s affective ties to her family are in conflict with instrumental ties to the loan group, and prioritizing obligations towards one group over the other leads to poorer outcomes in the long run. Relational exchange theory (MacNeil 1980) was used to understand how women entrepreneurs handle these conflicting obligations. Results show multifaceted challenges, where women entrepreneurs navigate through incompatible norms and obligations, and where formal and informal institutions are often in conflict and put great pressure on the individual. Based on these results, and based on MacNeil’s (2000) relational exchange theory, a suggestion on how to reduce microfinance traps was presented, building on the high role integrity of the
woman, the preserving of norms and reciprocity, and the harmonization of the social matrix of both the family and the loan group.

A major difference between the two studied contexts is women’s access to the public arena. In Tanzania, women can easily go out on their own, travel on public transport or do other things in public on their own without social stigmatization. This is very different from the Pakistani context, where women are far more restricted. Due to the cultural, religious norms of purdah ("veil," seclusion) and izzat ("honor"), women in Pakistan are restricted in terms of spatial mobility and can generally not move around on their own without the protection of a male relative (Roomi and Parrott 2008; Roomi and Harrison 2010; Roomi 2011). These informal institutions have huge implications for the behavior of all women (and men) in Pakistani society, leading to extreme barriers for women entrepreneurs. To start with, throughout their lives women are discouraged from taking their own initiatives or doing things on their own. Generally, it is not socially acceptable for (married) women to work outside the home, or to engage in entrepreneurship. Even women who do get help from their families to start a business have to handle the strong gender norms in society, which makes it difficult to travel on public transport or to be exposed alone in public. This has implications for the kind of business that women can run, and explains why many of them run beauty salons from their house. Running a home-based business is a problem, as it makes marketing more difficult, and requires customers to travel to the house of the entrepreneur, thereby limiting business development. Saba Bina, who trades in jewelry, explains: "Yes, it’s very difficult. So many times, the Pakistani women want to do business, but the family, they don’t want this. And in the social society, they also criticize the women. Or if she is doing good, they say ok. But if the business is not going very well, it is not very good. Because she can’t move alone here in Pakistan, here and there for the business, so it’s very difficult to improve your business here in Pakistan. You can do better business in other countries. […] There are so many challenges, like… women can’t move alone here, it’s a big, big challenge. In the family as well as outside, everyone criticizes you all the time. To the women – don’t do this, do this, all the time, in the family. So it’s difficult to move, but… I can manage myself.”

Those who operate within retailing are limited to sectors targeting female clients (women and children’s clothing, for example) and run their shops in shopping malls, where they are surrounded by other shopkeepers and have some protection from guards. Fakhira operates in one of Lahore’s shopping
malls, where she sells ladies’ fashion wear: “And there are a lot of hurdles for females to work outside, to work in the [open] markets. We are here, in the supermarket, because it is a bit secure here. And there are a lot of other female workers who work in this supermarket, and we support each other. So even the females, the customers who come to this market, they feel comfortable in dealing with us, rather than the males. So the customers and the female workers here, they encourage us.”

Dysfunctional institutions also leave room for alternative solutions. In one case, the business is not registered, but the business owner manages to keep the business running by bribing the landowners. Mrs. Rashida deals with vegetables, and says: “I took this place from the owner of the land, and those landlords are basically living abroad, so I got their permission. But the people from government agencies have not registered my business, but they are coming to get money from me, or vegetables or fruit, it’s like they have their own personal business, the guys who are working for the government. So they are not motivating me to register, they’d rather just come to pick up something and say, ‘oh, your business is not registered, just give us some money’.”

Other respondents specifically ask for governmental rules and regulations for specific business sectors, to make competition more transparent. Many of them ask for support from the society on a general level, or a changed in the attitude towards women who run a business. Pakistani society is seen as especially difficult for business women. Fakhira again: “And the other thing is the problem of the brain drain, that why people go abroad, go to other countries, is that they do not find a friendly environment over here. They are not able to do anything over here. So that’s why they leave their country, and prefer to work in other countries, in foreign countries. So again, the environment should be friendly, and there must be some support from family as well.”

These examples all relate to informal institutions, which regulate the behavior of women (and men) in Pakistani society. These forms of informal institutions, where the mobility of women is hindered, was never mentioned by any of the Tanzanian respondents. One result of comparing the two contexts is therefore that the very access to space could be regarded as a resource for venturing. As results clearly show, a lack of access to space brings many barriers and challenges for women entrepreneurs.

The following pictures illustrate the discussion above. (They are by no means exhaustive on the topic, but serve as examples.)
Picture 4: Beauty salon in Lahore II

Picture 4: For beauty salons, it is important to cover all windows to prevent anyone from looking inside, thereby abiding to the norm of purdah. The picture shows the entrance to one of the beauty salons in Lahore.

Picture 5 shows the entrance to a retail store in one of the shopping malls in Lahore. As stated on the door, they sell undergarments for women. Notice the yellow sign at the top of the door, reminding everyone in English and in Urdu that the shop is open “For Ladies Only.”

Pictures 6 and 7 are shown as a contrast to the extreme limitation of women’s access to public space in Pakistan. Picture 6 shows a woman who runs a clothing store for women in Morogoro, where the whole entrance is open and facing the outdoor market area. Picture 7 shows a woman selling vegetables, and she is not the only one. Behind her there are other women – and men – dealing with similar products.
Picture 5: Clothing store in Lahore

Picture 6: Clothing store in Morogoro
To summarize, women entrepreneurs in the studied contexts have to navigate in a complex interplay of formal and informal institutions. As stated by Welter (2011), contextual preconditions can be both an asset and a liability at the same time. The overall results show that even though the studied group of entrepreneurs recognize that informal sources often provide capital and other resources, they clearly express their desire for well-functioning, formal financial institutions. In both contexts, respondents clearly ask for governmental support, for example business training, targeting women.
5.3 The complexity of social capital

The third research question was: What is the role of social capital for women entrepreneurs as they acquire resources? This question was primarily addressed in paper 3 and paper 4, using data from both contexts.

The results from both studies confirm that social capital is a crucial resource for entrepreneurs. Respondents give numerous examples of how social capital is perceived as a resource in itself (Coleman 1990), as family and friends inspire, encourage and give good advice. Social capital is also perceived as something that provides access to resources (Renzulli et al. 2000). Family members in both contexts play important roles in offering capital in terms of loans or gifts, but also other forms of resources. In Tanzania, social capital in relation to people outside the family is also a crucial resource when taking microloans or using SACCOs or RoSCAs, as it is necessary to cooperate with other entrepreneurs to take loans (see further in the section above). As women entrepreneurs in the studied contexts are excluded from formal finance, they are even more dependent on their ability to use informal sources, and thus use their social capital, to obtain resources. Although women in the studies recognize the benefits of social embeddedness, it is remarkable how often their social embeddedness is not only complex, but even counterproductive. As shown in paper 3, family members may support, but also put great pressure on, the woman. Most often, the woman is expected to provide for the family, including extended family members.

As the results show, it is very difficult for women in Pakistan to act as independent individuals. They depend to an extremely high degree on their families, whether they are married or not. Yet, paper 4 shows that their social embeddedness is often negative for them. Based on Portes’ (1998) model on social capital, results show both negative outcomes of, and limited access to, social capital. Negative outcomes relate to their restricted access to opportunities, restrictions on their individual freedom, the fact that they are subject to excessive claims by group members and face downward leveling norms. As women are restricted from networking outside the family, they also face limited access to social capital. This is negative for them in different ways. First, they are restricted from networking with men, which is a problem as men are the ones with resources in Pakistani society. Second, as women are restricted in terms of spatial mobility (see the discussion in the section above), it is also difficult for them to network with other women. Parveen says: “To
totally consider doing your business and totally move towards doing your business, it is important that you have contacts. And you must have networks with people around. And definitely, I want to do only my business, but since I don’t have contacts, that’s why I’m continuing my teaching as well, along with it.”

Many women even express unwillingness to cooperate with other women, or even distrust. Raheela, who runs a gym for ladies, is not interested in any cooperation with other business women: “…in our culture, in Pakistan, if I want to meet another lady who also runs a business, there is like a cold war between us because of the competition, so we cannot meet.” Shamiru, who recently opened a ladies’ café, beauty salon and beauty shop, reflects on the topic of cooperation and networking: “No, I don’t cooperate with others on a frequent basis… Actually, the psyche of Pakistani women is a little different from women from abroad. They are not very social, mentally, they don’t want to share their ideas, they don’t want to talk that much, ha ha, so I think, maybe… because I have lived abroad for a long time, so… so not in a broader way, I don’t know how to put it. I keep myself busy in my own place. Don’t go out that much, don’t meet that many women…” Fukuyama (2001) argues that in-group solidarity makes it difficult for group members to trust and cooperate with outsiders. Negative externalities are often imposed on those outside the group. As Pakistani women are strictly tied to their family networks, this could explain their reluctance to network and cooperate with other women business owners. The practical implication for their business performance is that their lack of “weak ties” (Granovetter 1973) reduces their access to new ideas, influences and even resources.

To summarize, the overall results show that social capital is more complex for the studied groups of entrepreneurs than previous research has shown. Although there are some positive aspects associated with their social embeddedness, it is remarkable how few benefits the women entrepreneurs gain from their social networks, regarding both families and nonfamily networks. The results from the Tanzanian study focus on the complexity related to social capital in loan groups within microfinance, and how women entrepreneurs further have to balance between obligations towards both loan group and family needs. The results from the Pakistani study focus on how difficult it is for women to benefit from the family network, and the problems that come with a lack of access to nonfamily networks.
6 Conclusions and contributions

In this last chapter, general conclusions from the thesis are presented. Contributions and implications are thereafter discussed, followed by a discussion on some of the limitations of this research. Finally, suggestions for future research are presented.

6.1 General conclusions

The overall aim of this thesis is to contribute to our previous knowledge on women’s entrepreneurship in developing countries, by exploring and describing women entrepreneurs’ resource acquisition. The aim is further to explore the role of formal and informal institutions, as well as the role of social capital in relation to resource acquisition. During field studies in two different developing contexts, where extended periods of time were spent, I collected various data to enable me to address this aim. Four papers are included in this thesis, where different aspects of the aim and research questions are addressed. From the results discussed in the previous chapter, some general conclusions can be drawn.

First, women entrepreneurs in the studied contexts use a variety of resources for their venturing, with informal and semi-formal actors playing important roles. In Tanzania, the microfinance sector has managed to reach large segments of the population, something that has increased women entrepreneurs’ access to loans during the last few decades. Two other semi-formal financial actors are SACCOs and RoSCAs, where individuals save money and sometimes take loans in a structured way, but without governmental control. However, informal sources of capital and resources are still crucial for women entrepreneurs. In Pakistan, they have fewer choices, and the microfinance sector is less developed. Due to cultural norms in Pakistani society, women can only get into entrepreneurship if the husband/family accepts this choice. Further, women have access to resources only from the family network or through their own savings.

Second, social capital can provide access to resources for the studied entrepreneurs, but their social embeddedness is also a severe constraint in
many ways. In Tanzania, this is most evident in the way women are often expected to provide for the family and extended family members. Family can contribute with loans or other forms of support, but put great pressure on the woman at the same time. Around one third of the interview respondents in Tanzania were either widows or divorced, making the responsibility even more burdensome. The majority of the respondents were using microloans, and were struggling with the complexity of social capital in relation to conflicting social networks – both family and loan group. In Pakistan, women do get access to resources from family members, but are also strictly controlled by the family. They experience negative effects of social capital in a number of ways, and are prevented from gaining access to social capital outside the family. In both contexts, women entrepreneurs call for governmental support, through business programs targeting women, through market regulations and most of all, through reliable loans. Thus, they gain access to resources through informal sources, but strive for formal capital. As shown in this thesis, social capital is very complex and often counterproductive for women entrepreneurs, which explains their strong desire for formal credit.

Third, when studying women’s entrepreneurship in developing countries, the contextual understanding is extremely important. There are many aspects of resources to consider, where formal and informal institutions interact in a complex way. One major difference between the two contexts is women’s access to the public arena, where Pakistani women are extremely restricted. This brings several difficulties, as it prevents them from networking with each other, from traveling on their own (to and from a workplace, for example) and from setting up a business in public, thereby limiting their business choices severely. One conclusion, therefore, is that access to public space is a critical resource.

6.2 Contributions and implications

This thesis contributes to the theoretical field of financing by increasing our previous understanding of individuals’ financial behavior. It specifically contributes to bootstrapping theory, where previous research has mainly focused on Western contexts and small and medium-sized businesses (Winborg and Landström 2001; Winborg 2000, 2003; Brush et al. 2006a, 2006b). This thesis focuses on women micro-entrepreneurs in developing contexts,
operating within service and retailing, and extends previous bootstrapping research to new contexts. There is also a contribution in relation to agency theory, as the original theory of Jensen and Meckling (1976) is used to explain how microbanks transfer agency costs to their clients, by forming loan groups. Further, this thesis contributes to social capital theory. Previous research has mainly focused on positive outcomes of social capital, both for individuals and for communities and nations. In this thesis, the functions of social capital for women entrepreneurs have been investigated, both in relation to family networks and to people outside the family. The results extend the works of MacNeil (1980) on relational exchange theory and of Portes’ (1998, 2010) model on social capital. Both theoretical aspects are developed by showing that social capital is much more complex and often has more negative outcomes for the studied groups of entrepreneurs than previous research has shown.

One theoretical implication related to financing theory is that financial behavior has to be contextualized and related to both individual aspects and aspects of family and other networks, but also to the overall context in the specific society. Thus, financial preconditions, especially for discriminated groups of entrepreneurs, have to be understood in relation to both formal and informal institutions. Another theoretical implication is that, given the results from this thesis, social capital literature has to be reinterpreted and studied from new perspectives. Previous research has not shown how negative social capital can strike women entrepreneurs in their search for resources. Obviously, this relates to cultural norms and values in the studied contexts, and the status of women.

There is a methodological contribution as well. The sort of field studies conducted in the present research is not very common within the discipline of business research. During the field studies, data were collected through a combination of qualitative interviews, a quantitative questionnaire and ethnographically inspired participant observations. Extended periods of time were spent on the contexts, and through close embeddedness, for example by living with local families, rich and nuanced data were collected. This approach increased my ability to triangulate the data and deepen the analysis. By shedding light on the studied phenomenon with varied methods and from different perspectives, the overall understanding increased and more nuanced knowledge was built. As shown in this thesis, this research approach is fully doable and can contribute to theory building within business research.
As the focus in this thesis is an understudied group of entrepreneurs – women in developing countries – the rich data collected in Tanzania and Pakistan could also be seen as an empirical contribution.

Finally, there are also some practical implications to mention, based on the results from this thesis. The most important implication is highlighting the urgent need for formal financial services for women entrepreneurs worldwide. It is of great importance that policymakers, together with formal banks, microbanks and other formal financial actors, take responsibility and develop reliable, financial services, such as business loans, for women. Respondents in the present research strongly stress their need for reliable, individual loans with reasonable interest. Another implication is that governments and other policymakers should support women entrepreneurs through, for example, business training programs for women. Such programs should focus on how women can develop their business skills and support each other, without depending on each other (as with microloans).

6.3 Limitations

This thesis also has limitations, concerning theoretical underpinnings, the empirical results and the methods used. Theoretically, the difficulty lies in what to include and what to exclude when trying to make sense of the phenomenon of interest. I have chosen to discuss women’s entrepreneurship in relation to financing theory, especially bootstrapping theory and social capital theory. Since I chose to conduct this research in developing contexts, I have also tried to frame the discussion with institutional theory. Other theoretical perspectives had to be left aside. Theory on poverty reduction and economic development in general should therefore be seen as a background discussion, to put the studies in context and demonstrate why the chosen research questions are of interest. Gender theory could have been used to frame the research as well.

Empirical data were collected in Tanzania and Pakistan, and results are therefore limited to these contexts. The results cannot be generalized to women’s entrepreneurship in all developing countries, but can serve as examples. The focus is further on the individual level, where I am interested in understanding individuals’ financial behavior, rather than financial behavior on the aggregated country level. An alternative approach could have
been to study either two contexts that are more similar to each other or two contexts that are more different from each other. For example, I could have chosen two Sub-Saharan African contexts, or I could have chosen one highly developed Western context and one developing context, such as Sweden and Pakistan. The first alternative could have highlighted regional similarities and differences, and increased the ability to draw general conclusions about the region. The second alternative could (probably) have pointed out more extreme differences between women’s preconditions for entrepreneurship.

My specific interest is on how to support women’s entrepreneurship in developing countries. Given the limited time frame, I chose to conduct only two field studies, but in different developing contexts, and to spend extended periods of time in those contexts instead.

There are pros and cons with all methods used to collect and analyze data, and this is also the case with the methods chosen in this thesis. Data were collected through semi-structured interviews, a questionnaire and participant observations. One of the biggest limitations is that I had to use interpreters for both the interviews and the questionnaire. With regard to the overall ethnographic framing, one major limitation is that subjective interpretations influence the results. I spent extended periods of time in the studied contexts, and lived with different families. My understanding of what was going on in the two contexts could have been different if I had lived with other families. The interpretations could also have been different if another researcher had conducted these studies. In the method chapter, there is a description on how different methodological challenges were dealt with.

6.4 Future research

While working on this thesis, many interesting questions arose that had to be left aside. The most striking difference between the two contexts is how different norms influence women’s mobility and access to public space. My experience is that women in Pakistan are much more limited than Tanzanian women – not only are they restricted from going out in public alone, but they seem to be more limited in all kinds of decision-making, even when the decisions affect themselves. The stigma, for example, of being a single mother or divorced is there in Tanzanian culture as well, but hits women much harder in Pakistan (Roomi and Parrott 2008; Roomi and Harrison 2010; Roomi 2011). As shown in this thesis, a lack of access to space creates severe barriers in
women’s entrepreneurship. It would be interesting to further study the meaning of public space in a society, and how it affects entrepreneurial opportunities for different groups. This could be done in Pakistan and elsewhere where women face similar limitations, but also in more gender-equal contexts.

Another aspect that had to be left aside is the influence of religion on entrepreneurship (Dechant and Lamky 2005). As already mentioned, there might be a reluctance towards microloans in Pakistan, due to religious attitudes towards loans with interest. It would be interesting to study this, and specifically how Islamic banking and/or the microfinance sector in Islamic societies could be developed to meet the financial needs of women entrepreneurs.

General attitudes regarding how women can contribute to society are very different in the two contexts. In Tanzania, women are often expected to provide for their families financially, either together with their husband or alone. This often includes extended family members. At the same time, she is also expected to take full responsibility for the household, which puts a lot of pressure on women (Woldie and Adersua 2004; Dzisi 2008). In Pakistan, on the other hand, women are not expected to work outside the household at all, especially not after marriage (Roomi and Parrott 2008; Roomi and Harrison 2010). This was mentioned by many of the respondents as a major problem, where the capacity of women is wasted in society, thereby hindering the development of the country. It is especially troublesome that many women in Pakistan are highly educated but only work in their profession for a few years until they get married. In future research, it would be interesting to further investigate how different cultural values affect how women contribute to society, and how to promote women’s participation in entrepreneurship.

As has been shown in this thesis, women in both contexts struggle with the complexity of social capital. Although there are examples of positive cooperation and networking between business women, the overall results show that women find dependency on others to be negative. In Tanzania, women primarily cooperate with other business women due to loan groups organized by microbanks. This is troublesome as they are dependent on each other regarding repayments and the ability to take loans in the future. In Pakistan, there are very few examples of cooperation between business women, and they express reluctance to network with each other, as explained
by strong in-group norms towards family networks in the context. However, it would be interesting to study how networking and cooperation between women in the two contexts could be encouraged without bringing in any aspect of interdependency – for example, how business development programs could be implemented with a focus on encouraging each other and sharing ideas, rather than building on social control and dependency.
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