

ETHNIC DENSITY AND ENTREPRENEURIAL BEHAVIOUR: THE CHAGGA AND SUKUMA SMALL AND MEDIUM OWNED ENTERPRISES IN TANZANIA

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Abstract:

This study examines the effect of ethnic density on entrepreneurial behaviour among the Chagga and Sukuma small and medium owned enterprises (SMEs) in Tanzania. The Chagga and Sukuma are the largest ethnic groups in Tanzania. A survey of 254 small and medium enterprise owned by the Chagga and Sukuma was conducted from June to July 2013 in Kilimanjaro and Mwanza regions of Tanzania in order to collect quantitative data. Twelve (12) case studies were developed involving six Chagga and six Sukuma owned SMEs in which in-depth interview was used to collect qualitative data. Content analysis was used to analyze qualitative data in which themes were developed and interpretation was made and thereafter matched with the available theories and literatures. Descriptive analysis was performed to give means, frequencies, percent, graphs and charts. Entrepreneurial behaviour between the Chagga and the Sukuma was compared using independent samples t – test. Further, Binary Logistic Regression Model was performed to determine the effect of ethnic density on entrepreneurial behaviour. The findings of binary logistic regression indicate that ethnic density positively effects entrepreneurial behavior of SME owners. The results of independent samples t – test indicate a significant difference in entrepreneurial behaviour between the Chagga and Sukuma SME owners whereas the Chagga SME owners had higher entrepreneurial behavior than their counterpart the Sukuma SME owners. As the results, the Chagga owned SMEs were able to solicit higher capital and establish multiple businesses compared to the Sukuma. The study concludes that ethnic density is an important catalyst which entrepreneurial behaviour. The recommendation from the study is that the ethnic density demonstrated by the Chagga SME owners need to be disseminated and shared to other ethnic groups in Tanzania for improved economic growth through entrepreneurial undertakings at national level.

Keywords: Ethnic density, entrepreneurial behaviour, Chagga and Sukuma, SMEs, Tanzania