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### Carving a Niche

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## Abstract

While the research community is now starting to provide a more detailed understanding of the magnitude and details of small businesses' greater access to ICT, there is still a poor understanding of social capital and trust, two important (but not necessarily related) concepts that are largely missing from information and communication technology for development (ICT4D) scholarship. This paper aims to contribute to filling the knowledge gap by profiling three Tanzanian businesswomen who have managed to enter the high-profit area of bulk exporting African blackwood ("ebony") carvings. Their experience shows the successful use of a spread of ICT applications, and e-mail in particular, as crucial tools to build on existing networks and to maintain trust with wealthy foreign buyers. With the help of ICT to deal with these relationships the women stay in touch by 'keeping up appearances' at a social level – albeit it at a distance. In doing so, they are managing to do what institutions are yet to achieve: the move from personal to the impersonal exchange. Their experience has implications for how other entrepreneurs can use ICT to leverage resources, ideas and information from contacts outside their own social milieu.

## *Keywords:*

*women, information and communication technology, enterprise development, Africa*

### **(1.1) Introduction**

Studies looking at artisans in developing countries often point out the injustice cast upon carvers and other producers who have to work with parasitic middlemen. The middlemen – they are rarely called *middlewomen* – mark up the prices significantly, leaving the local producer with a fraction of the profit. The export from Tanzania of goods made from 'ebony' is no exception to this norm.<sup>1</sup> The carving of *vinyago* is only done by men; women may only polish the figures or, in some cases, act as assistants in Dar es Salaam's retail outlets.<sup>2</sup> Wealthier urban retailers – both men *and women* – then make a significant profit selling the carvings to foreign visitors and buyers abroad.

Development agencies dealing with handicraft markets now argue (e.g., the World Resources Institute (2003), Gamos (2003)) that with the spread of the internet and other information and communication technologies (ICT) artisans finally have an opportunity to access tools that give them a competitive alternative. Nevertheless, there is very little evidence to date of non-donor funded appropriation of these new technologies. Indeed, while Kingdon (2002) has done some exceptional work on the emergence of Makonde sculptural forms and West & Malugu (2003) have done some research on the retail chain, no serious attempt to date has been made at investigating the communication between suppliers and their customers in this important market. Less still appears to be done on successful women entrepreneurs in this sector, the focus often being instead on marginalised women. While this approach has its merits, a preoccupation with 'survivalist' income-generating women runs the risk of failing to learn from those successful women entrepreneurs who have a strong track record in business and who are using ICT without the assistance of donors.

A serious drawback of the absence of such basic evidence—nearly a decade now from when new ICTs were first being taken up in developing countries by mobile phone and internet pioneers—is that there is still a deficit in knowledge alerting the information and

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1 The 'ebony' is in fact African blackwood (*Dalbergia melanoxylon*). *Mpingo*, as it is known in Swahili, leaves a fine rich dark finish most often seen in the north in woodwind instruments. Traditionally the wood is crafted into one of three main styles of carving: *binadamu*, 'human being' naturalistic figures and themes; *shetani* spirit figures and themes and *ujamaa*, 'family' or 'socialist' composite works composed of a multitude of interlocking human figures.

2 *Vinyago* (sing., *kinyago*) translates from Swahili as 'carvings'. The term 'Makonde carving' is not used here since not all of the carvers of African blackwood sculptures are Makonde and the themes found in retail outlets are not always those traditionally associated with the Makonde, or styles that were originally designed by carvers of Makonde heritage.

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communication technology for development (ICT4D) community as to the more intricate socio-economic nuances of the application of ICT in developing countries. In particular, the literature lacks qualitative research that looks in detail at different subsectors of the economy and assesses how individuals are managing to interact with other entrepreneurs now that new methods are available to them for obtaining information, and communicating. This is important in light of the call (Souter et al., 2005: 27) for a strong evidence base to inform policy development if infrastructure and ICT for development applications are to be effective in achieving the Millennium Development Goals (MDGs) and other targets. The research community is now starting to provide a more detailed understanding of the magnitude and details of small businesses' greater access to ICT in these areas, a notable example being Donner's work in Rwanda (2006) and, more recently, India (2007). I aim to contribute to filling the knowledge gap by considering the hitherto neglected fields of social capital and trust, two important (but not necessarily related) terms that are largely missing from ICT4D scholarship.<sup>3</sup> It brings to the ICT4D field literature from African and development studies, economics, geography and sociology.

This paper profiles Damaris, Justina and Mary, three businesswomen who have made a niche for themselves in high-profit exports within Tanzania's *vinyago* trade. Their use of ICT is compared against that of their other counterparts in Dar es Salaam's Mwenge crafts village – a location where ICT prove to have some considerable use in facilitating these women's natural talents in business. After a short description of the method involved in conducting the field research, the paper begins with a discussion of social capital and trust. It then considers factors influencing the three case study women's graduation in their export enterprises, highlighting the role of social capital in their success. This shows how the women now use a spread of ICT applications, and e-mail in particular, as crucial tools to build on their existing networks and to maintain trust with wealthy foreign buyers. With the help of ICT to deal with these relationships, Damaris, Justina and Mary stay in touch by 'keeping up appearances' at a social level – albeit it at a distance. In doing so, they are managing to do what Fafchamps (2004: 483) sees institutions are yet to achieve: the move from personal to the impersonal exchange.

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<sup>3</sup> Exceptions are Overå's (2006) research into how mobile phones enhance trust building in Ghanaian trade networks, and Jagun et al's (2008) case study of the cloth-weaving sector in Nigeria.

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In practical terms these findings can be used to inform the ICT4D community, and practitioners in particular, of some of the experiences of more successful (women) entrepreneurs in a developing country. While some of the 'springboard' aspects of social capital that are described are not all easily replicable, various business techniques which they apply ICT to can be used in interventions that may aid the many survivalist income-generators in developing countries who are increasingly gaining access to ICT.

## **(2.1) Method**

The paper is based on fieldwork carried out in Tanzania during 2002-03 and on subsequent visits to the entrepreneurs between 2005 and 2008. During this period the country's mobile phone subscriber base grew tremendously, from 768,000 in 2002 (almost double the number from the previous year) to 11.7 million in September 2008 (TCRA, 2008). The number of internet users experienced a much slower increase, from 250,000 in 2003 to 384,000 in 2007, or from 0.7 to 1 Tanzanian per one hundred (ITU, 2004, 2008). The paper presents the findings of a case study that is part of a research project (Molony, 2005) investigating how, why, and to what affect both these ICTs—mobile phones and the internet—are being adopted for use in micro and small enterprises (MSEs) across different sectors of a developing economy. The broader study looks also at the domestic trading of perishable foodstuffs in Tanzania (Molony, 2008b) and Dar es Salaam's informal construction sector (Molony, 2008c). Together with the case study into the export of African blackwood carvings presented here, the findings of the three case studies caution that, despite the huge uptake of mobile phones in particular, some traditional pre-ICT aspects of the African business culture look set to remain for some time. Trust and the need for direct, personal interaction through face-to-face contact – one of the most pervasive features of African MSE economies (Egbert, 2004; McCormick, 1999a: 1532; Mungunasi, 2000: 4.1; Trulsson, 1997: 132-133) – emerge as a common theme across the case study industries and are likely to remain a crucial aspect of the way most MSE business is conducted (Molony, 2007).

Interviews for this case study mostly took place during the months of January-February and July-August 2003 and were conducted in Swahili and/or English. A research assistant was used in the early stages of fieldwork, with some success (Molony & Hammett, 2007). Interviewees included 11 different carvers or carving groups, 9 collectors, and 17 different retailers and exporters in Mtwara Region, Pwani Region (surrounding Dar es Salaam) and Dar es Salaam city. The idea of studying *vinyago* trade emerged during the first phase of the

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research after a particularly helpful scoping interview with Hamisi Geddy and the late Dickson Wiva, two *vinyago* retailers at the urban retail and export end of the *vinyago* trade. These men later led to an introduction with Mary Shirima, a retailer in Mwenge crafts village, and Mary's suppliers in the township and villages surrounding Dar es Salaam were visited later. These contacts led to the town of Mtwara on Tanzania's border with Mozambique and Philipo Luvale, a former carver whose business contacts were traced throughout the region. Together these individuals and groups constitute a spread of points along the marketing chain of producers, suppliers and retailers of African blackwood carvings. The carvers, buyers and sellers could then be physically followed in order to investigate their use of ICT within their network.

### **(3.1) Social capital, trust and ICT4D**

"Network" in relation to MSEs in developing countries is a term that is widely used but rarely defined. Geographically it can refer to a "local", "national" or "international" network, and the interaction may be as part of an "interpersonal" (sometimes taken to mean "face-to-face") network, and/or can be "online". (This nearly always refers to the internet and rarely the telephone, despite widespread recognition that the mobile phone is a far more commonly used ICT in developing countries.) The network can then be "formal" or "informal", depending on whether it is recognised by the authorities (be they local, national or international), and may variously be "organisation", "enterprise", or "work"-related.

When compared with the great advantages that some enterprises have derived from entrepreneurial networks in other parts of the world (Liedholm & Mead, 1999), the evidence that such networks have been beneficial to Africa is weak. A lack of trust between collaborating enterprises – a 'neglected resource' in enhancing the competitive advantage of clusters or networks (Humphrey & Schmitz, 1998: 57) and a critical aspect of network relations (Malecki, 1991) – is largely to blame. In contrast to the enterprises covered by international literature, African MSEs are considered to be incapable of reaping the benefits of joint action, because they are distracted by issues of establishing and maintaining trust (Barr, 1999; Fafchamps, 2004; Ishihara, 2003; McCormick, 1999b; Parker, 1994; Pedersen, 1999), particularly trust over money and cash (Lyons & Snoxell, 2005).

Trust refers to 'expectations about the actions of other people that have a bearing on one's own choice of action when that action must be chosen before one can monitor the actions of

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those others' (Dasgupta, 1988: 51). It can operate at the *minimal* (or 'institution-based') and *extended* (or 'long-term co-operative') levels. Minimal trust is concerned with the fulfilment of explicit promises required for basic market transactions, and must be in place for extended trust to develop. Extended trust is created when relationships require more complex interactions and inter-dependencies such as those found in supply chains and clusters. It is hampered when the institutional foundation for minimal trust is not in place (Humphrey & Schmitz, 1998). The difference between the two is one of degree. Minimal trust is a necessary but not sufficient condition for the formation of long-term (hence 'extended') commitment to a relationship. Much of the lack of trust among African MSEs has been attributed to the uncertainties created by an economic environment in which poorly functioning legal and judicial apparatuses regularly fail to sanction contracts (Murphy, 2002).

Taken together, trust and networks create social capital (Barr, 2000: 539) – those social aspects of economic activities that essentially boil down to 'who you know' or, what ordinary language calls "connections" (Bourdieu, 1993: 32). Two types of social capital can be distinguished: 'in-born' social capital, which is usually gained through family connections, ethnic and/or religious-based networks, and obtained by an individual involuntarily; and 'acquired' social capital, that is obtained over time through an individual's own choice and merit, often through repeated interaction and common interests (Fafchamps & Minten, 1999). With the contacts that are generated, one definition of social capital sees it as a 'stock' of trust and emotional attachment to a group or society that facilitates to provision of public goods (Coleman, 1988; Fukuyama, 1995; Putnam, Leonardi, & Nanetti, 1993). The other views it as an individual asset that provides private benefits to a single individual or firm (Granovetter, 1985; Montgomery, 1991). Overall, social capital can be seen as the glue holding together co-operative economic relationships; it is the social interaction that underlies all such activity and, simultaneously, serves economic, social and political functions (Szreter, 1999). Studies of enterprise in Africa acknowledge that social capital and trust are closely linked. Gabre-Madhin (2001: 85), for example, defines social capital in both quantitative and qualitative terms as the number of trustworthy trading contacts an entrepreneur has. She finds from her study of the Ethiopian grain market that together social capital and trust enable traders to carry out long distance transactions. Nevertheless, I have argued elsewhere (Molony, 2007) that, in light of the multiple interpretations surrounding social capital, trust might at this stage of ICT4D scholarship be separated from the more slippery concept of social capital that it is

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frequently associated with in much of the (generally sociological) literature. This paper also deals with the two concepts separately.

Of the few ICT4D studies that do address social capital, the bias is strongly towards the internet (e.g., Rohde, 2004). They call for a degree of “analytical scepticism” towards assertions advocating the deployment of ICT for *creating* social capital (Pigg & Crank, 2004), and suggest that whatever the relationship between online networks and social capital, studies of these phenomena are still too much in their infancy to reach any useful conclusions. Less research has been done on economic actors operating outside the aid industry. No work, other than the aforementioned paper by Overå (2006), appears to have been published specifically on trust and ICT in developing country enterprises. Some work on the use of mobile phones and social capital in sub-Saharan Africa has been conducted by James Goodman. His research for Vodafone concludes that in South Africa and Tanzania mobile phones are used mostly in strong links (family and friends), but also in weak links with others outside the community, including businessmen (Goodman, 2005: 59, 63). Recent much larger multi-country studies (Miller et al., 2005; Souter et al., 2005) also show that the telephone is used extensively to maintain social networks (Molony, 2008a). Souter et al’s research suggests that telecommunications can help in enabling producers, intermediaries and consumers to increase information about the availability and price of goods, thus enhancing market performance. Crucially, the study recognises that “the ways in which it does are much more complex than the rather naïve suggestions which are sometimes made that it enables producers to ‘bypass intermediaries’” (Souter et al., 2005: 115). None of the studies provide anything other than the most scant analysis of the relationships between those entrepreneurs who are using ICT to share this information. I now turn to the entrepreneurs themselves, the trade they operate in, and their use of ICT in their (socio-)economic relations with foreign customers in the international market.

#### **(4.1) Mwenge crafts village retailers**

Mwenge crafts village is a collection of handicrafts shops to the north of Dar es Salaam’s city centre, attracting tourists visiting Dar es Salaam on their way to the game parks, Kilimanjaro, Zanzibar or surrounding countries. The best profits in the *vinyago* trade can be made from export, with Mwenge-based retailers sending carvings and other handicrafts to other African countries and, for even better returns, to Europe, North America and the Far East. Most of these buyers are middlemen themselves, selling on to galleries and department stores, but



some come to Mwenge in a more casual capacity as tourists or departing expatriates buying souvenirs and gifts for their return, and later decide to import *vinyago* for sale at home. As I show, many customers who import *vinyago* from Mwenge do so having been to the crafts village at least once before they make repeat orders from abroad through businessmen and through businesswomen owner-managers such as Damaris, Justina and Mary. These women are so successful in their formal *vinyago* trading enterprises that they can pay for their own frequent international travel.

#### **(4.1.1) Damaris Dandi**

Damaris, from Kilimanjaro region, owns shop 17 in Mwenge crafts village and describes herself as '*a businesswoman with a keen interest in fashion, and an occasional exporter of vinyago*' (15/08/03). In terms of business ownership, Damaris could be described as a true entrepreneur in the Schumpeterian (1971) sense of breaking with established patterns of behaviour. She moved into *vinyago* in 1997 as a way of bringing in dollars with which to buy the clothes from New York and London wholesale outlets that she sells as her main business in shops in Dar es Salaam city centre. Her eye for economic opportunities, grasp of current and future trends and eloquence in business English can be seen in her projection of the *vinyago* market:

I see that worldwide the *vinyago* market is saturating, so I am paying little attention to it. The Japanese market is beginning to become over-supplied, and the European market is moving towards things people can use. (Damaris, 15/08/03)

#### **(4.1.2) Justina Matondane**

Justina, a Haya from Bukoba in north-western Tanzania and owner-manager of 'Kiwawe' shop in Mwenge, started business in the 1980s selling vegetables from a small stall near the crafts village. In 1985 she then ventured into dealing in *vinyago* and other crafts having 'suspected' that Kenya was a good nearby market for *vinyago* and *vitenge* (cloth wraps), and where she would be able to learn from the women in business there who she knew were ahead of Tanzanians in terms of their knowledge of exporting. Justina took five *vitenge* samples to the 'African Heritage' shop weekly market in Nairobi and these caught the director's eye and she soon received a big order from her. When Justina observed that African Heritage were making a good profit through sending her products abroad she then made moves into exporting *vinyago* and other crafts herself.

### **(4.1.3) Mary Shirima**

Like Damaris, Mary is also of Chagga origin. When she began her business she was still holding her job issuing business licences at the Department of Trade and Industry. Mary established her 'Star Art and Craft Company' and in 1994 'felt' that she had a good chance of making more money than in her government job and took a redundancy plan when it was offered. She moved into her present shop in 2000.

### **(4.2) Fluency in English for business administration and for face-to-face bargaining**

What most immediately sets the women *vinyago* owner-managers apart from the other women (and men) working as suppliers and retail assistants is that the Mwenge women have a strong working knowledge of English and, as Hassanin (2009: 59) acknowledges is a crucial requirement for women craft importers in Egypt, they are all confident with conversing in the language with foreigners. Justina has managed this through taking English classes, while Mary initially puts her fluency down to strict teachers who ensured that she met the standard for government employment. This employment prepared her for dealing with accountancy and in all the administrative work required in running an export enterprise, which she thinks is more important to the customer than whether she comes from a carving tribe. All three women have more formal education and exposure to office work than any carver or collector who was interviewed.

In contrast to northern stores, the women have no price tags on their *vinyago* or other goods; so the customer is drawn into talking with the salesperson who states the price as a matter of fact and with little indication to the customer that this is open to negotiation. After informing the customer about the background to a *kinyago*, the face-to-face conversation that follows between Mwenge shop owners and both tourists and foreign wholesale / bulk buyers has aspects of 'performative' bargaining (Steiner, 1994: 72). Here the seller, having purchased the object from a middleman or direct from a carver at some profit to himself or herself, has the advantage of knowing what an object is worth *in the African trade* having purchased from a middleman or even direct from a carver. At the same time it is also retail bargaining because the buyer is dealing not with a marketplace seller who – while all too aware of the foreigner's wealth and purchasing power – may not always understand an object's worth *in the northern market*. Instead the buyer is dealing with sophisticated, worldly individuals such as Mary and Justina, who are more conscious of an object's worth in the northern market *relative to its worth in the African trade*. The shop retailer is in a more favourable position because she is

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able to straddle both African and northern worlds by knowing a product's real (economic) value in the African market and also by being attuned to the tastes and desires of the northern market and how much foreigners are willing to pay for a product. Through dealing with foreigners the retailer is aware of the 'foreign' value of these goods and is able to interpret their demand.

#### **(4.3) Accessing foreign markets for international exposure**

Along with talking to customers in their shops, Damaris, Justina and Mary also gain information in what Damaris describes as, 'the places where the customers come from: the countries where the money is' (15/08/03). All three journey abroad to international trade fairs ('expos') and have travelled widely, something only a tiny elite minority in Tanzania are able to do. It is here it appears that these women exercise their 'linking' social capital, a vertical dimension that consists of relationships up and down the social scale, and allows the entrepreneurs to leverage resources, ideas and information from contacts outside their own social milieu (Woolcock, 1998: 13-14). When abroad they can reach out to new contacts entirely outside their community and who enable them to leverage a far wider range of resources than are available within the community where the horizontal 'bonding' and 'bridging' forms of social capital reside. Travel, believes Mary, was her highest learning curve in the export business:

A trip abroad makes me remember "*this* is where the market is, [it is] not in Mwenge!". I realised this when I first left Africa and I remember it every time I go on a trip. Visiting the countries I export to is the best way of learning about the export business. (Mary, 29/01/03)

Damaris, who has attended expositions in Lisbon and China but concentrates on the Japanese market thanks to 'Expo 2000' in Hanover where she made some deals with large customers, agrees on the importance of international exposure:

[Expo] fairs are the way into the export market, they are the best means of meeting serious foreign buyers, big buyers. Trade fairs bring in much more money than business in Mwenge, which has been badly hit by [repercussions of the terrorist attacks in America on] September 11<sup>th</sup> because there are less buyers who are coming from Arusha and Zanzibar because tourists are not coming to East Africa since Osama started his business. (Damaris, 15/08/03)<sup>4</sup>

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<sup>4</sup>This is a reference to Al-Qaeda activities in East Africa. On 7 August 1998 the group detonated two bombs which destroyed the American embassies in Dar es Salaam and Nairobi and led many northern governments to advise their nationals against visiting Kenya and Tanzania.

Both Mary and Justina managed to find foreign buyers quickly during their earliest visits and so, having begun to achieve their objective of supplying their first export customers, also used trade fairs as an opportunity to sell on-the-spot. Justina believes that when abroad she was helped to 'secure a market in Europe' shortly after the first two exhibitions partly because fortune was on her side: 'It was around the time of big corruption in Kenya, the time when the Kenyan shilling dropped heavily against the dollar'. Yet Mary, who on one trip to America met a business partner based in California and who she made 'a good deal of business with', puts her success less on luck and more on knowing the right people:

It is so important to know how to do business with foreigners, because this is where the big money is....You must have good products, of course, really good quality *vinyago* are so important, but you must know how to do the exporting, all the business with forms and people here [in Dar es Salaam] who can make your life easy or difficult.... I first learnt it from a friend here [in Dar es Salaam] who helped me very much. She introduced me to the Board of External Trade. (Mary, 13/01/03)

For Mary this contact at the Board of External Trade (BET) seems key to her entry into the export market while she was in her government job. Similarly, Justina believes that access to foreign markets would have been much more difficult because her contact put her in touch with donors who helped her gain exposure:

It was very difficult when I started. I knew the importance of foreign markets but I needed to find the right way of getting to the markets in Europe, America, Japan, in the world. So I got much help from my friend [at the Board of External Trade] and this helped me meet the buyers in these countries. (Justina, 01/03/03)

Like Mary, who now tries to travel for business once a year, Justina is now able to use the money she has managed to accumulate from her exporting business to pay for her own travel abroad. After her visit to Germany she was invited to return there again, and also to some paid trips to Japan, but many of her subsequent visits abroad she has managed to finance herself. In total she has visited Germany, Japan, Turkey and America 18 times, 10 of these visits as funded tours, the remaining 8 on trips that she has funded herself:

Now that I can survive alone I can get big orders without any help, but this means that I have to keep going to exhibitions, to keep sharp about the trade and know how big buyers operate and when the buyers see that you are sharp they realise that you are serious and then you can maybe be

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trusted [by them] as a supplier. But if I cannot attend the professional shows...then you [sic] cannot get orders. You have to be there to show you are serious. Big buyers who I make money from, they have to see me for me to get orders. (Justina, 01/03/03)

#### **(4.4) Factors influencing the Mwenge women's graduation in enterprise**

How then did Justina and Mary progress from small-scale traders (in Justina's case, selling fruit from a stall in Mwenge) to major *vinyago* exporters? Is there anything unusual about their ability to graduate? In the first place, both were sure after a short period of trading that exporting was the key to higher profits, and they would surely have known this because they had seen other dealers in Mwenge doing so from their shops. Mary and Justina also both indicated that the profits are far higher when exporting to foreign buyers who distribute, and that the best chance of meeting these buyer is by going to expositions, not waiting in Mwenge. However, it was not until the idea of attending international trade fairs was suggested to them (at different times) by a friend at the Board of External Trade that they started to make moves into foreign markets, and this was only made possible by their friends' ability to put them in touch with donors who would sponsor them. Having received this help they then made contacts abroad who took large orders and were then later able to finance their own international business travel.

While Mary and Justina's graduation was not one from economic *necessity* to business—both are married to wealthy men who could at the time have ensured that they were never destitute—a brief look at three factors Olomi (2001) identifies as influencing this transition among owner-managers in Tanzania also helps to explain why these individuals were able to progress from having a small turnover to businesswomen making far higher profits from international customers. Olomi first identifies resources that are under the control of the owner-manager, and Justina and Mary both believe that financial capital (DFID, 2001) is what allowed them to progress before they entered the exporting market. However, it is the ability to *build* financial capital that Mary emphasises when asked what made capital more accessible to her:

It was not banks I got my money from, it was saving my own money! Banks don't give you money for free! People do not [save their money] in Tanzania, that is the problem, even when they make money they come to you and say they have none and this is because they drink, men drink, these carvers [pointing outside] drink and spend money on women when they get money! Or they are so

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poor that they cannot save money, they do not earn much money, and they do not know how to save! (Mary, 13/01/03)

Mary is also in a privileged position because her husband's connections enable him to help her with much of the export side of her business at the port or airport. This is the only other contact she mentioned besides her BET friend, but it is likely that she knows others, particularly from her previous job at the Department of Trade and Industry, who can help her with business when problems arise. As Damaris put it in a comment that demonstrates the extent of corruption in Tanzania, *'anyone you know who is in government, in any job, they can help you because they get paid so little these days!'* (15/08/03). The majority of Tanzanians without these connections are at a disadvantage because they do not know the right people, and this is probably due in some part to Olomi's second factor influencing transition, that of the owner-manager's business concept, 'a mental image of the business in its ideal form' (2001: 300). Olomi sees that this concept is closely related to the entrepreneurs' level of education and managerial experience (which, by turn, are also positively related to growth motivation and then actual firm growth). All three are all educated women and (with the exception of Justina) have some experience in white collar employment, if not in management.

This ties in with Olomi's third factor, that of environmental conditions, which those with contacts to people in business and government are likely to be in a better position to influence—in the way Damaris eludes to above regarding proximity to those in any positions of power. Yet as Justina points out, this need not be access to people who will help in business by doing something dishonest, for it can be access to people whose job it is to help businesses:

Customers were complaining about freight charges and other things, so I went to the Chamber of Commerce and other associations and government offices, and they gave me information on licensing, and what I needed. The government is good if you get a good person and you become their friend...[When dealing with BET] I felt that the government was serious about dealing with problems. (Justina, 01/03/03)

This is not the view of the average entrepreneur, particularly those in the informal sector who feel that the government is doing little to help them. It does seem to reflect the view of women in a more elite position in Tanzanian society who are able to become friends with

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people of influence who can affect the business environment, at least for themselves when the need arises. Indeed, one could even argue in Justina and Mary's case where they were helped by their friend at the BET that, since civil servants are so poorly paid as Damaris explained (15/08/03), they work especially hard where their clients are promising entrepreneurs entering lucrative markets and who – unlike entrepreneurs in the lower echelons of the informal sector – are potential business partners or sources of information.

### **(5.1) Retailers' use of ICT**

The use of mobile phones to communicate between Mwenge and the source areas of *vinyago* in the villages of Mtwara and surrounding area of Dar es Salaam is largely to find out from collectors the progress of orders. The paper now looks at how these women have adopted new ICT for use in their dealings with the international buyers who they previously gain exposure to through using their local contacts.

To communicate with foreign customers Damaris, Justina and Mary all use fax, mobile phones and e-mail. They tend to reply by the means they are communicated by and this varies depending on the customer. Damaris, for example, gives her fax, phone and e-mail contacts to customers, and her customers tend to use fax to contact her. Mary does the same and her customers prefer e-mail. If they initiate the communication themselves, however, for short messages the women favour texting by mobile phone and, for longer correspondence, e-mail. Whether it is by landline or mobile phone, says Justina, calling internationally is far too expensive, and since most communication concerns ordering, all three women believe that e-mail is sufficient for this purpose.

Before e-mail was accessible in Dar es Salaam, international business correspondence by these women used a combination of fax, letters and landline phone calls, either using their own home or business lines or, on occasion, using call centres. The telephone was avoided as much as possible because of the high cost of a call, and letters were regarded as the most affordable means of communication. Letters were shunned in favour of fax which, though more expensive, was far faster and, significantly, deemed more 'professional', as Justina explains:

I learnt that I was taken more seriously when I started trips abroad, customers would fax me when I gave all my details at trade fairs in those days, they would use fax and they would not use other [means of communication].... [Fax] shows the customer that you are serious....it means you have

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committed yourself to business. Anybody can have a post office box number. And with a fax the customers knows that you can do business quickly with them, supply them when they have demand. Then the customer can rely on you and you get more orders. (Justina, 01/03/03)

E-mail nowadays has a similar impression on customers but, from the perspective of the Mwenge-based women retailers here, the motivating factor is not only customer's preference to use e-mail for contacting their suppliers but also its speed and the ability to store previous correspondence, as Mary remarks:

...customers like to use e-mail, and so do I because I can reply to them quickly, and I know that I will be getting a reply from them quickly, and then I can know that I'll be getting orders, and I can place my orders with the carvers. The business is quicker this way, and I know my buyer prefers it.

*So e-mail is fast. Are there other ways it helps your business?*

Yes, I can use it to store messages that I receive and send to customers. This is easy and I don't have to do anything, it just saves the message [automatically]. (Mary, 13/01/03)

Although, as might be expected, all women replied that internet access should be cheaper, none regard it to be so expensive that they cannot use it. All three women are now wealthy enough from their business pursuits to afford regular access to the internet. Cost is apparently now less of an issue in using this form of ICT, perhaps because of their ability to spend more on communications nowadays, or maybe because internet has become such an important means of communication that the costs are worth paying. This is not to suggest that the women are wealthier *because* they use the internet, nor should it be thought that the internet is used exclusively for work. Justina, for example, uses e-mail as much for corresponding with her children in the United Kingdom as for her *vinnyago* business. Nevertheless, Damaris and Justina both regard the internet to be important enough to have their own access at home, and Mary sees it necessary to check her account in an internet café every couple of days where buyers will usually be making enquiries about the state of their order or payment. Having accompanied Mary to the internet café on a number of occasions, however, it does not seem that her use of the internet is for anything more than e-mail. Damaris and Justina report similar usage, although they do consult media websites occasionally and also sometimes look at the sites of other *vinnyago* dealers they know who are based in Mwenge to see what carvings they are selling. In the main, though, other than some occasional non-*vinnyago* web browsing, the women's use of the internet is primarily for e-mail.



What is most remarkable about the three Mwenge-based women's use of ICT is that, despite their regular use of the internet, none have their own websites. This could be in part because they rarely use websites themselves and therefore do not fully appreciate the use of them (although none of the women admitted to this). When asked why they did not have websites, each woman gave very similar replies – some giving the same reply a year after they were first asked – stating that they did want to get a website or were 'planning' to do so, but had not got round to it.

### **(5.2) ICT for customer relations**

From retailers' replies it emerges that the search capability of the internet is very rarely used to find potential customers, and those with websites find that they do not entice many new clients. New clients buying in bulk tend to be found abroad by those retailers who are able to attend international trade fairs, and the remaining customers are found in Mwenge crafts village. In most cases these customers are one-time buyers (tourists and expatriates) visiting Dar es Salaam principally for reasons other than buying *vinyago* or, in rarer cases but purchasing far larger orders, foreign *vinyago* dealers who visit Mwenge every few years to inspect the entire range of *vinyago* and other handicrafts that the retailers have to offer. These customers are dealers who,

come from abroad because they don't know the choice in Mwenge – not everybody [in Mwenge] has websites and there are many styles of handicrafts and the dealers. They come about two or three times, tell the retailers what they want sent and then replicate their order. (Mochiwa, 13/08/03)

Unlike Steiner's (1994: 46) account of art and handicrafts trading in west Africa, these customers mean that some retailers are able to make some money from repeat sales.

For Mwenge-based retailers it is in communication with these repeat foreign customers – bulk buyers who they meet at expositions or who visit Mwenge on a number of occasions – that ICT prove to be most useful. Here ICT is important not in *making* customers, since this is done face-to-face in Mwenge or at expositions, but in *keeping* customers. Mary, for example, sees e-mail and text messaging as,

like being face-to-face with an *mzungu* [white person] in their country, but I am here in Tanzania, ready to find any *vinyago* the customer needs because e-mail or text is fast. And so [the customers]

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come to me every time, I am their person in Tanzania and because I have e-mail and it is fast, the customer always uses me and so I can keep my customers. (Mary, 13/01/03)

Using ICT to keep international customers is achieved through having e-mail access and text with which to receive their messages (about obtaining the *vinyago* for an order, for example), reacting swiftly to this information and replying using the same medium. In this respect the ICT is a technology that both customer and retailer employ to ensure that a message is communicated in the most efficient way possible so that both parties make a profit, and is a cheaper and usually more reliable method of conducting business that was first established when both parties met face-to-face.

Yet nothing here is particularly unusual about the way that these technologies are applied in business dealings elsewhere in Tanzania, between Tanzania and other countries, or between businesses in the north. What is new to the use of the ICT by the Mwenge entrepreneurs when compared with their other means of communication is that e-mail and text messaging is being used to convey the typically Tanzanian gesture of frequent greetings, allowing them to strengthen their relationship with their customers. Because a text message or e-mail is comparatively cheaper, more reliable and far less hassle than direct calls, fax and the postal service, retailers can send a brief greeting to their customers in the same way that they visit a colleague or customer in Dar es Salaam. As one male Mwenge-based retailer explains:

I use text or e-mail to greet my customers, maybe every few months, to say "How are you? How is your family? How is business? I hope that you and your family are well!", these greetings that we have here in Tanzania. And customers like this, I think it makes them remember...how we are friendly and [that Tanzanians] will ask these greetings...and the customers will reply and sometimes they make an order. It reminds them of our friendship. (Frank, 01/08/03)

Justina also uses the term 'friend' when referring to business customers to whom she sends Easter and Christmas greetings by e-mail or text. She refers to these recipients abroad as her 'customer-friends', contacts who later questioning reveals appear to be international customers who she is friendly with but who she first met through business. However, she appears to have little other social contact with these 'friends' other than as buyers she sends goods to and, on the odd occasion, buyers who she will sometimes meet again at expositions. Justina's motivation for these greetings, it emerges, is so that the customers will remember her name. By couching the communication in social terms through referring to 'friendship' in

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greeting business customers, ICT is being used as a tool for 'keeping up appearances' where frequent personal face-to-face contact (whether it is business or social) is not possible.

These greetings through e-mail or text message have at least two effects that benefit the Mwenge-based retailer. The first is that it allows for further learning about international markets and tastes, as Frank shows:

I try to be friends with my customers by greeting them [through e-mail or texts], and when I am friends with them, then I can learn about the market and what they think about the *vinyago* business...I can ask them a question when I text...a question like "How are *vinyago* selling in America?" or "What are the [buyer's customers] liking this year?", and I learn from this. This way I also learn about the markets in different countries. (Frank, 01/08/03)

Secondly, given the high costs of international flights, the northern customer will be aware that frequent personal contact between the two cannot reasonably be expected, so the occasional text message or e-mail greeting from a Tanzanian supplier who the northerner may well regard as a poorer – but very friendly – African probably goes a long way in personalising and strengthening the relationship between the retailer and at least some international customers. Friendships, whether social or business, are made by face-to-face contact but require continual reworking and are vulnerable to changes in the life-course and strategies of the participants (Seierup, 1994: 12), which are all the more likely at a distance such as that between retailers in Mwenge and customers around the world. Through using e-mail and text messaging these brief messages of greeting are used to reinforce relationships with customers, with the possibility that 'friendships' may bring with them more trade, or at least better market information.

In a similar vein, it could also be argued that the three women retailers in the sample choose to avoid using websites to sell their produce not because they cannot afford web construction, nor because they are illiterate – they are, after all, members of the wealthy elite who have best access to the internet and its applications (Mwesige, 2004) and to education. Rather, these women choose to avoid using websites because they prefer to trade at the personal level that they excel at, for example, by gaining the upper hand in face-to-face negotiations because they are able to play in English with their knowledge of the value of a product to foreigners. This bargaining process cannot be achieved so easily on a website without a retailer's fair knowledge of web management and e-commerce – although it can be done through price

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negotiations over e-mail or text, which are mediums that the businesswomen do apply for their business dealings. And this contact between the women and their customers is first made at the face-to-face level where the women are able to use their considerable skills as saleswomen in their shops and at expositions to establish warm relationships with their international customers. The relationships are then developed at a distance through texting and e-mails to deal with orders more efficiently and at less cost than when using other methods of communication such as fax, landline and the postal service, and to also keep in touch at a personal level through timely greetings with 'customer-friends'.

### **(5.3) ICT for 'keeping up with appearances' at a distance**

The women's approach in using ICT to develop relationships with their customers appears to work well with northerners, many of whom perceive business with Africa as a risky venture. For northerners the barrier to trade in Africa is not necessarily one of lacking trust in individuals who they do not know. Rather, the concern can often be that if contracts do fail the recourse to the courts is difficult. The women are at an advantage with many of their customers in that they have met them personally in Mwenge. Throughout the *vinyago* marketing chain and other marketing chains in Tanzania, face-to-face interaction is important (Molony, 2007). Indeed, it is suggested that personal interaction cultivated through extensive face-to-face interaction is so highly valued as the most effective method of business communication in Africa (McCormick, 1998; Pigato, 2001) that poorer enterprise owners will only act upon, and trust, information delivered on a personal level (Duncombe & Heeks, 2001: 4). Studies of ICT both in developing and more developed countries also acknowledge the efficacy of face-to-face contact in helping to establish and reproduce trust (Slater & Kwami, 2005: 3; Urry, 2002: 259).

Even so, in the absence of large corporate and governmental institutions capable of dealing fairly with contract enforcement, ICT counts for little when dealing with unknown businesses in an unpredictable world where contracts are not always likely to be respected. It is here where the two levels of trust identified in the literature converge. Minimal trust works best where 'networks of working relationships' exist (Lyon, 2000: 671), based on a long-standing trusting relationship of continued interaction where each party collects information on the capability of the other to build up confidence, and is facilitated by ICT. By extension, extended trust requires that minimal trust operates, but is concerned further with diverse commitments that arise in collaborative arrangements between enterprises seeking to compete

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in international markets (Humphrey & Schmitz, 1998). Since the women retailers supply to a sizeable amount of customers overseas (some of whom are themselves retailers), it is suggested that Tanzania-based *vinyago* retailers are expected to demonstrate extended trust within the international market.

It is notable that this new level of trust has not been encountered in other case studies covered by this research project, where mobile phones tend to be the sole ICT that is used between domestic traders in relative proximity to each other. Nevertheless, the relationship between the women *vinyago* dealers and their customers does not seem as complex as the interdependencies described by Humphrey and Schmitz (1998: 41) where retailers who supply to the international market make commitments in the expectation that the other side is committed to developing the relationship. The most common relationship here seems to be largely demand-led and in this respect it is a relationship based solely on minimal trust.

### **(6.1) Implications for future research**

One of the most significant findings from Tanzania's *vinyago* trade is that, much like Fafchamps (2004) shows of market institutions across sub-Saharan Africa, under even the crudest institutional environment contract agreements at a distance can work. The success of the agreement is conditional on the parties being able to depend (to a greater degree than in more developed economies) on social networks and personal trust, revolving around personal exchange based on long-term personal relationships. This is precisely what Damaris, Janet and Mary accomplish through using their local social networks to enter foreign markets where, by exploiting their social capital, they have positioned themselves in markets where they have met their buyers and gained their trust by reliably supplying them with carvings over the years. They are now using ICT to maintain that trust by managing to respond quickly to business enquiries from these regular customers and through applying ICT to frequently update this 'friendship' when they feel the communication and relationship may need refreshing. Here it is worth noting Donner's recent observation from informal businesses in India where he suggests that mobile phones quite possibly have a role to play in accelerating and deepening relationships that are face-to-face at their core: "a research frame of mobile-mediated versus face-to-face interactions should be replaced by one which examines synergies and interactions between them" (2007: 10). Within this area of future study we should also bear in mind that the experiences of these women suggest that the trust issue is quite different from business-to-business communication than it is between retailer and

consumer.

Despite being at a distance from their customers, these women now use ICT as a tool to maintain trust with them; staying in touch by 'keeping up appearances' at a social level. In this respect, mobile phones can be seen as a facilitating technology for existing, trust-based relationships. Perhaps then a more suitable term than social capital—the social aspects of economic activities (Fine, 2001: 198)—that the ICT4D literature could usefully explore is what has been termed 'socio-technical capital': productive resources which inhere in patterns of social relations *that are maintained with the support of information and communication technologies* (Resnick, 2004: 401).

With the help of ICT to deal with their business relationships, these women are managing to do what Fafchamps (2004: 483) sees institutions are yet to achieve, and that is to move from personal to the impersonal exchange. In the face of competition from non-traditional, foreign-based *vinyago* retailers, these women entrepreneurs are now having to deal with a new wave of foreign customers online who they cannot easily meet personally. This is the challenge many other micro and small enterprises in developing countries will also have to come to terms with as the internet becomes an ever more important global trading tool. The transition will clearly be more difficult for those women involved in more 'survivalist' income-generating activities and whose ICT access is more likely to be to a mobile phone than the internet. Yet we have seen how social capital can be enhanced through using mobile phones to facilitate repeated interaction and create a stock of trust that can be built upon from the minimal to the extended level—so long as demands for information from customers is replied to swiftly. This in turn gives the chance to develop 'linking' social capital, which brings with it the opportunity to leverage resources, ideas and information from contacts outside their own social milieu. Whilst it must be recognised that there is something organic about the generation of contacts, and this takes time, entrepreneurs lacking in-born social capital can acquire social capital given exposure to the right networks. This can be done, suggests Gabre-Madhin (2001: 86), through the promotion of institutions such as trader associations whose membership is merit-based and can be revoked depending on behaviour. A further avenue of future study would be to investigate such associations to determine the role that mobile phones play in creating and maintaining trust where existing networks of working relationships are not in place and where face-to-face interaction is not possible at all.

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