Reflection of Entrepreneurship Theory in Tanzania: A Literature Review

Emmanuel M. Tonya

Emmanuel Samwel

[1]Mbeya University of Science and Technology

[2] Mbeya University of Science and Technology

Correspondence: Author, Emmanuel Tonya +255784367641

Abstract

This paper examines the four most used theories of entrepreneurship and their reflection on Tanzania's economy. Entrepreneurship theories have remained the more researched issue in the field of development economics. There are several theories of entrepreneurship from economic theories, psychological, sociological, and several others. The paper used a narrative design to review the empirical literature available on entrepreneurship. During the review, the economic theory of entrepreneurship has many empirical works of literature as compared to others. Other theories examined included, sociological, psychological, and innovation theories of entrepreneurship. The main results from the review are that entrepreneurship has been defined differently depending on the type of study and the use of the theory. However, other scholars define entrepreneurship depending on the economic set-up. In Tanzania, no policy has been developed specifically for entrepreneurship rather the use of small and medium enterprise policy of 2003 is used for entrepreneurship which does not fit exactly with the theories. The notion of entering into business is taken as risk-taking and looking for opportunities. In Tanzania however, the use of all theories as compared to practice has been noted. The study recommends another study to make a clear definition of entrepreneurship in Tanzania by assessing all the entrepreneurship theories.

Keywords : Entrepreneurship, economics, psychology, sociological, innovation.

Introduction

A consistent universal theory does not exist in entrepreneurship, but rather it consists of several approaches including psychology, sociology, anthropology, regional sciences, and economics. No common theoretical framework even if demanded rigorously exists to synthesize the difficult point of view in entrepreneurship (Virtaren, 1997, p. 2). The diversity of entrepreneurs and new ventures should take into account in modelling entrepreneurship. There is, therefore, no average entrepreneur and thus opportunity exploitation is more connected with doing things differently than following others (Virtaren, 1997; Ahlin, Mateja, & Hisrich, 2014).

Entrepreneurship has been defined differently depending on the economy and culture of a system. Entrepreneurship is the process of discovering new ways of combining resources for taping opportunities (Zhang, 2015). Others see it as a process of designing, launching, and running a new business, which is often initially a small business (Shepherd, 2010). Furthermore, Sorensen and Nanda (2010) define it as the process by which either an individual or a group of individuals sees a business opportunity and decides to acquire and deploys the necessary resources required for its exploitation.

Entrepreneurship is simply seen as the capacity and willingness of an individual to develop, organize, and manage a business venture along with any of its risks to make a profit (Fernandes, 2019; Virtaren, 1997). The definitions of entrepreneurship typically focus on the launching and running of businesses. Due to the high risks involved in launching a start-up business, a significant proportion of start-up businesses have been closed due to lack of funds, poor marketing decisions, economic crisis, lack of market demand, or a combination of all of these.

Despite all the challenges, individuals and groups of people do still establish new business ventures and this has been attributed to the support to encourage people to employ themselves (Zhang, 2015). The reasons why people are becoming entrepreneurs differ among individuals and this depends on the motive of venturing into new business. Autonomy, the desire of becoming their bosses, set their own goals, control their progress, and run their businesses how they see fit are among the key reasons why people are establishing new businesses. Additionally,

people of such calibre are called entrepreneurs (Sorensen & Nanda, 2010). Entrepreneurs' tapes opportunities when the market value generated by the resource is greater than what can be generated elsewhere individually or in some other combination. From the combination of the mobilized resources, the entrepreneur makes a profit.

The road to entrepreneurship is often a treacherous one filled with unexpected results, roadblocks, and dead ends (Fernandes, 2019, p. 5). There are lots of sleepless nights, plans that don't work out, funding that doesn't come through, and customers that never materialize. An entrepreneur, therefore, is someone who organizes, manages, and assumes the risks of a business or enterprise for a benefit. They recognize that their business's success or failure rests with them, yet they don't view this responsibility as a burden but, instead, as a marker of their freedom (Fernandes, 2019; Shepherd, 2010). Most entrepreneurs have a clear vision of what they want to accomplish and feel compelled to work tirelessly to make that happen (Zhang, 2015). They genuinely believe that they have a product service that fills a void and is compelled by a single-minded commitment to that goal to keep pushing ahead. They hate stagnation and would rather fail while moving forward than get weaker in inactivity. Entrepreneurs are often looking to free themselves from these corporate constraints, find a better work-life balance, or work at times and in ways that may be unconventional.

One of the most interesting behaviours of these people is that they work hard to establish a financial safety net for themselves and their families, and at times to pass on some income and security to their heirs also to make a huge profit by creating the next big thing. Entrepreneurs by nature are often guided by the desire to create something that outlasts them (Sorensen & Nanda, 2010, p. 11). A segment of this group is led by ego and a passion for having a great life while developing a desire to create a brand that has longevity and becomes an institution. Entrepreneurs have hopes to make a lasting impression on the world and leave behind an innovation that improves people's lives in some tangible way.

Although the literature has identified the characteristics of an entrepreneur, still there is no conclusive remark regarding what constitutes entrepreneurship. Should a small-town housewife who opens her grocery business be counted the same as someone like Backrest? If not, how are these different activities classified, and where do we draw the line? (Fernandes, 2019). This

uncertainty has made people come up with different terminology regarding this concept, some have defined it to include lifestyle entrepreneur and gazelle (or "high growth") entrepreneur. Lifestyle entrepreneurs open their businesses primarily for the nonmonetary benefits associated with being their bosses and setting their schedules (Constable, 2015). While, Gazelle entrepreneurs often move from one start-up business to another, with a well-defined growth plan and exit strategy (Constable, 2015). While this distinction seems conceptually obvious, empirically it is hard to separate them unless their motives are known.

Entrepreneurship is the dynamic process of creating incremental wealth. The wealth is created by individuals who assume the major risk in terms of equity, time, and career commitment of providing value for some product or service. The product or service may be unique but the value must somehow be infused by the entrepreneur by receiving and allocating necessary skills and resources (Virtaren, 1997, p. 8).

The objective of this paper is to describe four theories of entrepreneurship commonly used in developed economies and to address their applicability in the context of Tanzania. The theories include the economic theory of entrepreneurship, the sociological theory of entrepreneurship, the entrepreneurship innovation theory, and the psychological theory of entrepreneurship. The common entrepreneurship theories that are used in the developed economies have been selected and discussed critically showing their applicability in the context of Tanzania's environment.

Method

The study methodology is a literature review. The literature review is based on constructivism philosophy as a social constructivist which is often associated with a claim of contradictory but equally valid accounts of the same phenomenon known as multiple realities (Greene, 2006, p. 6). Moreover, literature reviews place a high value on obtaining local, contextual, and meaning-making regarding human experience (Greene, 2006, p. 7). The main questions revolved around the context guiding the literature review constructs and interpretation of underlying context into meaning for the understanding phenomenon. The constructivism method of the literature review is based on well-established principles such as an inductive and detailed description of data and reflexivity.

This paper is built on reviewing published papers concerning entrepreneurship theories. The methodology used is search engines like Google scholar using keywords entrepreneurship theory, the theory of small business, economic theory, psychological theory, sociological theory, and innovation theory of entrepreneurship. Using search engines, 850,000 were available for access, however; only 67 published journal papers were reviewed using entrepreneurs, and entrepreneurship theories as keywords.

This paper used the narrative analysis method. Narrative analysis refers to a cluster of analytic methods for interpreting texts or visual data that have a storied form (Riessman, 1993, p. 4). A common assumption of narrative methods is that people tell stories or readings to help organize and make sense of data from reading for the purpose to explain a phenomenon (Snowde, 2010). Different approaches to narrative analysis are categorized based on whether they focus on the narrative content or structure, with the thematic version interrogating what a story is about, while the structural version asks how a story is composed to achieve particular communicative aims (Riessman, 1993; Greene, 2006; Snowde, 2010). Narrative analysis is a sort of analytical frame whereby the study interpreted published papers that are within the context of entrepreneurship (Caulfield, 2020). Scholars who conduct this type of analysis make diverse yet equally substantial and meaningful interpretations and conclusions by focusing on different elements (Caulfield, 2020). These elements of narrative analysis included, but were not limited to, how the scholarly paper was structured, what functions the paper aimed to serve, and how the data were analyzed. The focus of using the narrative analysis was to interpret different theories of entrepreneurship and the reflection in the Tanzanian context.

The main question of the study what is the interpretation of entrepreneurship in the Tanzania context? The objective of the study was to examine the different theories in entrepreneurship and how they can be reflected in the Tanzania context. The theories were analyzed textually including innovation theory, sociological theory, economic theory, and psychological theory of entrepreneurship.

Literature Review

The economic theory of Entrepreneurship

The economic theory is among the main economic theories of entrepreneurship. This theory asserts that the economy and entrepreneurship are closely linked together (Ahlin, Mateja, & Hisrich, 2014). Entrepreneurship and economic growth can only work when the economic conditions are favourable (Baumol, 1968). As such, it is usually hard for entrepreneurs to realize growth when the economy is doing poorly. This theory further states that entrepreneurs find motivation in the presence of economic incentives. The economic incentives include industrial policy, policies of taxation, financial and resource sources, availability of infrastructure, investment opportunities, marketing opportunities, and availability of information regarding the conditions of the market and technology among others (Baumol, 1968; Anderetsch, 2007). An entrepreneur is therefore a risk-taker because one can never fully predict the favourability of the economic conditions in the future (Wim, 2009; Linden, 2015).

An economic theory of the entrepreneur is needed to explain firm success or failure, firm creation and growth, economic growth and development, and income distribution (Wandeson & Casson, 2007). The essence of a theory of the entrepreneur should be both the rationalization of success and the explanation of failure. A theory of the function of the entrepreneur will have an important role in a theory of economic dynamics, the competitive process, and trade cycles (Wandeson & Casson, 2007; Wim, 2009; Anderetsch, 2007; Linden, 2015).

Casson (2009) contains the reconstructions of economic theory that, individuals differ in taste and access to information; the entrepreneur proceeds based on the unique information available to him. Also, there are inherent difficulties (transaction costs) in organizing markets; the entrepreneur often must create market institutions. The most important concept of expansion for Casson's theory explains coordination, as a problem and a process, private or social. It is the dynamic counterpart of resource allocation (Casson, 2009).

Sociological Theory of Entrepreneurship

Sociological theory is also among the contemporary theories of entrepreneurship (Goss, 2005). It argues that the success of an entrepreneur is affected by their social culture (Ripsas, 1998; Amorosj, Borraz, & Veiga, 2016). Social entrepreneurs are more likely to achieve growth in particular social settings and build a legacy. Social aspects that affect an entrepreneur include social values, customs, taboos, religious beliefs, and other cultural activities (Reynolds, 1991;

Nanda & Jesper, 2010). Social entrepreneurship starts up companies and entrepreneurs, in who they develop, fund and implement solutions to social, cultural, or environmental issues (Harper & Hamilton, 1994; Porfirio, Carrilho, & Monico, 2016). The concept of social entrepreneurship may be applied to a wide range of organizations, which vary in size, aims, and beliefs (Li, Alhlstrom, & Bruton, 2010). Among the examples of social entrepreneurship include community Projects; a community project is a relatively small-scale effort to address an issue within a specific community, Non-profit Organizations, cooperatives (Co-op), Social enterprises, and Social Purpose businesses.

Perhaps the most rewarding advantage of being a social entrepreneur is the impact you can have on society. Social entrepreneurs create businesses in a variety of industries that can have a positive impact on society, including alternative energy, health awareness, and education (Thornton, 2007; Porfirio, Carrilho, & Monico, 2016). Perhaps the most rewarding advantage of being a social entrepreneur is the impact you can have on society. Social entrepreneurs create businesses in a variety of industries that can have a positive impact on society, including alternative energy, health awareness, the environment, and education. The characteristic of a good social entrepreneur includes creativity, self-confidence, perseverance, team spirit, and adaptability (Thornton, 2007; Porfirio, *et al.*, 2016).

Creativity involves the ability to think differently, and to find innovative solutions where others do not see any change possible is a massive quality to lead a social enterprise. To be a social entrepreneur there is a need to innovate outside the box! (Shumba, 2015; Porfirio, Carrilho, & Monico, 2016) The second characteristics are self-confidence is the act of being confident as this allows you to follow your intuition, and create solutions so many others didn't dare to try (Shumba, 2015). Socioeconomics is a key success factor for social entrepreneurs. To them, this means to impulse change (Li, Alhlstrom, & Bruton, 2010). Being self-confident is a must in difficult situations, or when other stakeholders have doubts about the feasibility of a project (Thornton, 2007; Goss, 2005). Fourth, perseverance, perseverance is a huge quality of a social entrepreneur (Fernandes, 2019). Never giving up is a key success factor for any entrepreneur, and even more when one wants to change the world. To be a social entrepreneur is to try harder than others and make a lead for others to follow (Casson, 2009; Anderetsch, 2007). This goes hand in hand with the ability of convincing others to join the movements as well as inspire others

to pursue their dreams. To be a social entrepreneur is to lead the implementation of an innovative solution, and engage with a large community to change society in a sustainable way (Wim, 2009). Team spirit/solidarity is another characteristic that involves collaboration among social entrepreneurs and every stakeholder to make a social project successfully. The social entrepreneur believes that collaboration and the integration of different ideas to create solutions suitable for the needs of stakeholders. Lastly, adaptability refers to the ability of an entrepreneur to adapt to world changes and find solutions where others failed to utilize the opportunities (Pignet, 2015).

Entrepreneurship Innovation Theory

An entrepreneur does not merely conduct business to better their lives alone. Rather, through their activities, they can cause development in the economy and society at large (Mintron, 1997, p. 12). The inventor of this theory, Joseph Schumpeter, argued that an entrepreneur grows by being creative and having foresight (Goss, 2005; Lusch & Nambisan, 2015; Hagedoorn, 1993; Swezy, 1943). One of the creative things that an entrepreneur does is introduce a new product (Troy, Kroff, & Szymaniski, 2007). A new product often comes to solve a certain problem in society or make it more convenient. Another innovative aspect is that in a bid to achieve growth and have more profits, an entrepreneur introduces a new production method (Liu, Jiangyoung, Travor, & Mike, 2010). Notably, enhanced production methods lead to a reduction in the cost of production and an increase in the goods manufactured.

Innovation also comes in when an entrepreneur opens a new market (Troy, Kroff, & Szymaniski, 2007). Innovation is often done after the identification of a growth opportunity or a void in the economy. The discovery of new sources of raw materials and the establishment of organizations are also aspects of entrepreneurs being innovators (Lusch, Zacharia, & Nix, 2011; Marvel & Lumpkin, 2007). Innovative entrepreneurship doesn't always mean creating something new: innovators often take something that already exists, improve it, change it, make it better and make it the best for their customers (Lusch, Zacharia, & Nix, 2011; Ahlin, Mateja, & Hisrich, 2014). Innovative ideas are what will make a start-up competitive (Troy, Kroff, & Szymaniski, 2007; Nausmann, 1996). Innovations create bigger opportunities and are critical for the survival, economic growth, and success of a company. Innovation increases the chances to react to

changes and discover new opportunities. It can also help foster a competitive advantage as it allows for building better products and services for the customers (Lusch, Zacharia, & Nix, 2011). It is important to take note that, entrepreneurs are risk-takers, individuals who seek to push the boundaries of conventional practice wisdom. The ideas of entrepreneurs from initial strategic temperate for new ventures, products, and processes to satisfy human wants. The known activities of entrepreneurs guide the creation of jobs, and accessibility of commodities; therefore improving economic development.

The psychological Theory of Entrepreneurship

Psychological theories of entrepreneurship focus on the individual and the mental or emotional elements that drive the entrepreneurial of individuals (Hajirnis, 2013). A theory put forward by psychologist McClelland, a Harvard emeritus professor, offers that entrepreneurs possess a need for achievement that drives their activity in 1967 (Baum, Frese, & Baron, 2014). This psychological motivational theory states that the needs for achievement, power, and affiliation significantly influence the behaviour of an individual, which is useful to understand from a managerial context. The psychological theory concerning entrepreneurs' experiences growth when society has several individuals with the necessary psychological characteristics (Carsrud & Johnson, 1989; Hajirnis, 2013). These characteristics include having a vision, being able to face opposition, and having the need to achieve highly (Gielnik & Frese, 2014). A person can only possess these traits during their upbringing when they excel when they are self-reliant, and when there is low father dominance.

Psychological theories of entrepreneurship emphasized the emotional and mental aspects of the individuals that drive their entrepreneurial activities (Simpeh, 2014). McClelland's theory explains the need for achievement that often regulates the actions of an entrepreneur. McClelland's Human Motivation Theory states that every person has one of three main driving motivators: the need for achievement, affiliation, or power (Khurana & Joshi, 2017). These motivators are not inherent; are developing culture and life experiences. Achievers like to solve problems and achieve goals. Entrepreneurs are classified based on their need for achievement which is the driving factor for their economic growth (Khurana & Joshi, 2017; Carsrud &

Johnson, 1989). According to McClelland, an entrepreneur works in a structured and creative way which eventually leads to better decision-making in predicaments. Individuals possess three dominant motivators irrespective of their age, gender, or culture. These three motivators are directly proportional to life experiences and culture experienced by individuals (Khurana & Joshi, 2017).

The level of analysis in psychological theories is the individual (Carsrud & Johnson, 1989, p. 9). These theories emphasize the personal characteristics that define entrepreneurship. Personality traits need for achievement and locus of control are reviewed and empirical evidence is presented for three other new characteristics that are associated with entrepreneurial inclination. These are risk-taking, innovativeness, and tolerance for ambiguity (Ahlin, Mateja, & Hisrich, 2014). Understanding entrepreneurship from the psychological perspective helps to determine whether society has a healthy supply of individuals possessing entrepreneurial characteristics. It also helps develop the overall concept of entrepreneurship which is dynamic and changes as per the market conditions.

Results

The finding of the literature review does not present an original argument (GSU, 2021). Rather literature review studies offer an overview of what is known about the topic and evaluate the strength of the evidence on the reflection of entrepreneurship in Tanzania. This finding is a synthesis of the key arguments in the theories of entrepreneurship. This study helps distinguish what theories say and what has been interpreted and identifies what needs further research.

This study found 71 empirical papers related to the theory of entrepreneurship. The theories are major in sectors of business, production, and service industries. The finding further noted that the most used theory is the Economic theory of entrepreneurship followed by the sociological theory of entrepreneurship. The study also found entrepreneurship has several theories. The entrepreneurship theories include.

Economic Theory of Entrepreneurship

The economic theory of entrepreneurship is one which is widely researched. The theory has several propounded by experts in entrepreneurship. Schumpeter propounded the theory of innovation; Leibenstein propounded the X-efficient theory; Kirzner propounded the theory of adjustment; McClelland propounded the achievement motivation theory; Knight propounded the theory of profit, and Hayek propounded the theory of market equilibrium.

Sociological Theory of Entrepreneurship

The sociological theory of entrepreneurship has ranked second in research about the development and management of entrepreneurship. The main more profound scholars of the sociological theory on entrepreneurship theory included; Max Weber more profound religious belief theory; Thomas Cochran propounded the theory of Entrepreneurial supply; Hagen propounded the theory of social change, and Young propounded the theory of group level patterns.

Psychological Theory of Entrepreneurship

The development of entrepreneurship has the belief that develops from the psychological perspective of individuals (Baum, Frese, & Baron, 2014; Turkina & Thai, 2013; Frese, 2009). The psychological theories centre on the psychological characteristics of the individual. It is found that psychology influences supply and demand hence entrepreneurial behaviour develops. The propounders of the psychological theory include Schumpeter who propounded innovation while Carland propounded the organisation building for innovative entrepreneurs. Bygrave and Hoffer propounded the theory of the human aspect of psychology and entrepreneurship management. John Hunkel propounded the theory of entrepreneurship supply. It is found that entrepreneurship supply theory determinants include; demand structure, labour structure and opportunity structure. The study found that the psychological theory considers non-economic factors that provide inputs to guarantee the success of entrepreneurship.

Specialists in entrepreneurship

The study found the main scholars of the entrepreneurship theories from production to service sector include Walker who defined entrepreneurship as individuals being agent's production which is the first factor for entrepreneurship development; Harbison propounded the development of entrepreneurship in the relationship of entrepreneurship as the factor of economic development. It is found that Hardison also categorized the functions of modern entrepreneurship and steps for entrepreneurship development. The study found that Peter Drucker is a specialist in innovation and opportunity exploitation. Drucker propounded the function of entrepreneurs as to search for change and respond by exploitation of opportunity, two factors for change included innovation and resource management leading to entrepreneurship. The study also found that, Peter Kilby another scholar in entrepreneurship. Kilby is a famous author on economic development and entrepreneurship. Kilby propounded the important activities for entrepreneurship success including; exchange relationships; political administration and technological use for the production and exchange process.

Entrepreneurship Models

This study also found that there are two models that closely contribute to the theories of entrepreneurship. The models are a conceptual model of entrepreneurship by John Kao, and an Integrated model of entrepreneurship developed by Abdul Mahmud (Mohanty, 2012). The discussion of the study is based on four theories namely, economic theory, sociological theory, psychological theory, and innovative theories.

Discussion

The study has reviewed four theories that are more researched in entrepreneurship management. Each theory used in entrepreneurship has its strengths and weaknesses. The discussion looks at these strengths and weaknesses in each theory in relation to entrepreneurship theory application in Tanzania.

Economic theory

The strengths of the economic theory among others are the concentration on individual incentives for serving society. The economic theory emphasises the capitalization of the business

environment as resources for business development and opportunity exploitation. The main base of economic theory is the use of available resources as an opportunity. The resources include human capital, financial resources, and physical resources. The main challenge with the economic resource theory is based on economic information that has been generated by others maybe for other purposes. The use of the information can mislead the real available opportunities. Basing on unique information can distort the meaning of entrepreneurship. When the information is not sufficiently analyzed the opportunity is not seen.

Sociological theory

The sociological theory of entrepreneurship emphasizes the effect of social culture setting on the advancement of entrepreneurship. The social culture which is likely to affect entrepreneurship includes shared values, customs, and religious beliefs. Social culture setting is where one can enjoy several opportunities around the world. The strengths of the theory are that it can consider the social culture as important to establish and develop entrepreneurship. The sociological part of business undertaking also notices the importance of social networks as the necessity for entrepreneurship. Only entrepreneurs have to be creative thinkers to solve problems.

The weakness of the theory is much emphasis on creative thinking to improve offerings and collaboration; therefore it does not think the economic setup is important for development. The theory also does not consider the environment as a source of opportunity exploitation. The consideration of the social environment allows for changing with the business environment changes.

Innovation Entrepreneurship Theory

Innovation entrepreneurship theory is widely researched as the world's technological development makes the demand for different products for consumption. The theory assumes creativity and innovation are the foresight of business development. Societies have several challenges that need to be solved by entrepreneurs. Innovation theory emphasizes research and development as the basis for the increasing demand for products and services as the research is

done on challenges facing society. The theory assumes by research the costs of the products can be reduced and hence have an advantage to users.

The challenge/weakness of the theory is its emphasis on creativity as the only way to solve society's problems using research and development. Creative thinking and creativity need to go hand in hand with other variables like environment, culture, and customer tests with their references.

Psychological Theory of Entrepreneurship

The theory has been much researched by psychologists on the entrepreneur's development. The psychological theory assumption basis on individual achievement. The main concentration of the psychological theory is the interest and experience of the individual as an emotional element that drives entrepreneurship development and growth. The theory also assumes that an individual with focus or visionary strategy prospers requiring achievement to a higher level. The theory is based on three elements for entrepreneurs' growth, personal traits, locus of control, and need for achievement. The elements are important when considering entrepreneurship development and growth.

The psychological theory of entrepreneurship elements dictates the individuals to risk-taking as an individual has resources motivates to establish entrepreneurship. The theory looks at tolerance as one of the factors for entrepreneurship to prosper. The theory also recognizes the wealth of individuals who can risk venturing into the development of goods and services for community consumption. The main weakness of the theory is its consideration of the individual's motive of risk-taking to establish business ventures as the main source of entrepreneurship. The combination of an individual having human, financial, and capital ability have to be linked with the environment and incorporate economic, sociological, and innovation towards entrepreneurship development.

The discussion above concludes that entrepreneurship in Tanzania can fit into all four reviewed theories. The definition of entrepreneurship is a risk-taker, innovator, individual initiator, and using personal resources to develop ventures for supply and fill gaps of demand. In Tanzania, several definitions have been defined using the theory of psychological and social theories but have not been tested. A good example is the definition of someone doing business is termed as an entrepreneur; however, doing business itself is not entrepreneurship as per theories. Also, entrepreneurship in Tanzania has no policy to guide its operation rather than using the Small and Medium Enterprises policy.

Conclusion and Recommendation

Conclusion

The study was about the reflection of entrepreneurship theories in Tanzania. The main objective of this study was to examine the applicability of entrepreneurship theories in the Tanzania context. Many studies have been done globally concerning entrepreneurship theories. Each theory has a different definition and different variables that have empirical tests on its applicability. The study has revealed that the four entrepreneurship theories reviewed are not well articulated in Tanzania to define entrepreneurship. The reviewed theories can be well used in the Tanzanian context to dictate the development of entrepreneurship as is known the importance of entrepreneurship in the economic development of a nation. The basis of any development depends on a strong base of entrepreneurship.

Recommendation

The study suggests that a statistical study be done to establish which theory is fit for developing countries to define entrepreneurship theory fit for application. The study should include several countries to establish a true definition of entrepreneurship in developing countries. The study is limited to four theories which are the economic theory, sociological theory, innovation theory, and psychological theories. The field of entrepreneurship has so many theories being researched;

this paper suggested another paper to explore more and combine these theories to come up with only a theory relevant to Tanzania.

References

Ahlin, B., Mateja, D., & Hisrich, R. D. (2014). Entrepreneurs' creativity and firm innovation: the modelling role of entrepreneurship self-efficacy. *Small business economics, 43(1),* 102-117.

Amorosj, J. E., Borraz, F., & Veiga, L. (2016). Entrepreneurship and socioeconomic indicators in Latin America. *Latin American Research Review. 51(4),* 186-201.

Anderetsch, D. B. (2007). Entrepreneurship, capital and economic growth. *Oxford review of economic policy, 23(1),* 63-78.

Baum, J., Frese, M., & Baron, R. E. (2014). *The Psychology of Entrepreneurship.* NY: Psychology Press.

Baumol, W. J. (1968). Entrepreneurship in economic theory. *The American economic review, 58(2),* 64-71.

Carsrud, A. L., & Johnson, R. W. (1989). Entrepreneurship: A social psychology perspective. *Entrepreneurship and Regional Development. 1(1),* 21-31.

Casson, M. C. (2009). *The Entrepreneurship: An Economic Theory.* Reading: University of Illinois Urbana.

Caulfield, J. (2020). *A guide to textual analysis.* Leicester: Scribbr.

Constable, K. (2015, October 19). *www.Entrepreneurs.com*. Retrieved January 22, 2020, from Lifestyle Entrepreneurs/Articles: http://www.entreperneur.com

Fernandes, P. (2019). *Entrepreneurship Defined: What it Means to be Entrepreneur?* Shutterstock: George Rudy.

Frese, M. (2009). *Towards Psychology of Entrepreneurship: An Action Theory Perspective.* Boston: Now the Essence of Knowledge.

Gielnik, M. M., & Frese, M. (2014). The Psychology of Entrepreneurship. *The annual review of organisational psychology and organisation behaviour.1*, 413-438.

Goss, D. (2005). *Schumpeter's legacy. Interaction and emotions in the sociology of entrepreneurship.* Baylor: ET&P.

Greene, M. (2006). Towards a methodology of mixed methods social science inquiry. *Research in social science 13(1),* 93-98.

GSU. (2021, May 11). *Georgia State University*. Retrieved July 14, 2021, from Georgia State University Library: http:/research.librarygsu.edu/literature

Hagedoorn, J. (1993). Innovation and entrepreneurship: Schumpeter revised. *Industrial and cooperate change, 5(3),* 883-896.

Hajirnis, R. (2013). Evolution of Entrepreneurship development theories. *Journal of commerce and management thought. 4(2) ,* 245-250.

Harper, D. A., & Hamilton, R. T. (1994). Entrepreneurship in theory and practise. *Journal of economic studies. 21(6),* 3-18.

Khurana, H., & Joshi, V. (2017). Motivation and its impact on individual performance: A comparative study based on McClelland's three need model. *International journal of research in commerce and management. 8(7),* 110-116.

Li, H. L., Alhlstrom, D., & Bruton, G. D. (2010). *Institutional Theory and Entrepreneurship: Where are we now and Where do we need to Move in Future?* Baylor: ET&P.

Linden, P. (2015). Entrepreneurship: Theory and application in a University arts and management setting. *Journal of music and arts entertainment industry educators association. 15(1),* 81-98.

Liu, X., Jiangyoung, L., Travor, B., & Mike, W. (2010). Returnee entrepreneurs, knowledge and innovation in higher technology firms in emerging economies. *Journal of international business studies. 41(7),* 1183-1197.

Lusch, F. R., & Nambisan, S. (2015). Service innovation: A service-Dominant logic perspective. *MIS Quarterly review. 39(1),* 155-175.

Lusch, R., Zacharia, Z. N., & Nix, N. (2011). Capabilities that enhance outcomes of an episodic supply chain collaboration. *Journal of Operation Management. 29,* 591-603.

Marvel, M. R., & Lumpkin, G. T. (2007). *Technology Entrepreneurs, human capital and its effects on innovation radicalness.* Baylor: ET&P.

Mintron, M. (1997). Policy entrepreneurs and Diffusion of innovation. *American journal of political science. 41(3),* 738-770.

Mohanty, S. K. (2012). *Fundamentals of Entrepreneurship.* New Delhi: PHI Learning Private Limited.

Nanda, R., & Jesper, B. S. (2010). Workplace peers and entrepreneurship. *Journal of Management Science. 56(7),* 1116-1126.

Nausmann, U. (1996). Neither Industrial district nor innovation milieu: Entrapreneurs and the new context. *European regional science association, 36 congresses*.

Pignet, S. (2015, February 26). *www.creatorforgood.com*. Retrieved January 22, 2020, from 6 Personality Characteristics of a Good social entrepreneur: http://creatorforgood.com

Porfirio, J. A., Carrilho, T., & Monico, L. S. (2016). Entrepreneurship in different contexts in cultural and creative industries. *Journal of Business Research. 30(60),* 1-7.

Reynolds, P. D. (1991). *Sociology and Entrepreneurship Concepts and Contribution.* Baylor: ET&P.

Riessman, C. K. (1993). *Narrative analysis.* Newbury Park: Sage.

Ripsas, S. (1998). Towards an interdisciplinary theory of entrepreneurship. *Small business economics. 10(2),* 103-115.

Shepherd, D. A. (2010). Multilevel entrepreneurship research: opportunities for studying entrepreneurial decisions making. *Journal of Management. 37(2),* 412-420.

Shumba, V. (2015). The role of Christian churches in entrepreneurial stimulation. *International Journal of Business Management, Vol. 3/7,* 152-157.

Simpeh, K. N. (2014). Entrepreneurship theories and Empirical research: A summary review of the literature. *European Journal of Business Management. 3(6),* 1-9.

Snowde, D. (2010). Naturalising sense-making in Mosier and Fischer is informed by knowledge. *Expert performance*, 223-234.

Sorensen, J., & Nanda, R. (2010). Workplace peers and entrepreneurship. *Journal of Management Science, 56(7),* 1116-1126.

Swezy, P. M. (1943). Professor Schumpeter's theory of innovation. *The review of economics and statistics. 25(1),* 93-96.

Thornton, P. H. (2007). Sociology of entrepreneurship. *Rebuilding Schumpeter's Theory of Entrepreneurship* (pp. 19-46). Manchester: Techniset.

Troy, L. C., Kroff, M. W., & Szymaniski, D. M. (2007). Innovativeness and new product success: Insight from the cumulative evidence. *Journal of the academy of marketing science. 39(1),* 35-52.

Turkina, E., & Thai, M. T. (2013). Socio-Psychology determinants of opportunity exploitation. *International Entrepreneurship Management Journal*, 1-23.

Virtaren, M. (1997). The role of different theories in explaining entrepreneurship. *International Council for Small Business* (pp. 1-18). San Francisco: Research Gate Publishers.

Wandeson, N., & Casson, M. (2007). The discovery of opportunities: Extending the economic theory of entrepreneurship. *Small Business Economics. 28(4),* 285-300.

Wim, N. (2009). Entrepreneurship, developing countries and development economics: New approach and insight. *Small Business Economics. 43(1)*, 1-12.

Zhang, S. J. (2015). The study of bias in entrepreneurship. *Journal of Entrepreneurship Theory and Practice. 41(3)*, 419-454.