

Empowerment Strategies for Female Entrepreneurs and Role of Finance Institutions

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Abstract

Entrepreneurship has been considered to be one of the most important factors that bring about the economic growth of a country. Entrepreneurs are instrumental in initiating and sustaining economic growth and development. In Nigeria, the concept of women entrepreneurship is not a recent phenomenon, but it has not received adequate attention. Women have excelled in different sectors of the economy and thus contributed to the economic development of the country. The Government of Nigeria has given due importance to women empowerment, and private sector organizations have also contributed in economic growth by providing employment and helped empower women. Also, self help groups (SHGs) have helped empower women entrepreneurs, especially those based in rural areas. It has helped raise their social status and income. This paper thus focuses on the various issues pertaining women entrepreneur's issues, challenges and future perspectives in Nigeria.

Keywords: Entrepreneurship, Female entrepreneurship, women empowerment, self-help groups, Economic development,

Introduction

Female entrepreneurship has received considerable attention in recent times. This has been attributed to the fact that gender empowerment groups have continually advocated for better opportunities for women. It could also be attributed to the increased

awareness of the role of women in the economic development of the society. This has brought to the fore the need for increased participation of women in entrepreneurship, as it not only enables them to economically empower themselves, but also to create jobs for their fellow women and

contribute to economic development. Increase in female entrepreneurship has proved to be instrumental to economic growth and development. Studies have shown that increase in female entrepreneurship is positively correlated to economic growth. This paper therefore aims at highlighting the contribution of female entrepreneurs in society, examining the constraints militating against empowering female entrepreneurs and the role of the private sector, the public sector and self help groups (SHGs) in promoting female entrepreneurship.

Concept of Women Entrepreneurship

Following Lewis (2006), Mordi *et al* (2010) entrepreneurs tend to have a number of common traits which include characteristics concerning creativity and innovation, foresight, imagination, and daring. Theories on what makes people entrepreneurs have tended to identify traits internal to the entrepreneur or externally induced or motivated factors, such as a lack of employment opportunities, dissatisfaction at work, and supportive government initiatives.

Women entrepreneurs are simply women that participate in total entrepreneurial activities, who take the risks involved in combining resources together in a unique way so as to take advantage of the opportunity identified in their immediate environment through production of goods and services. Most of them are involved in micro, small and medium scale enterprises

(MSMEs) which contribute more than 97% of all enterprises, 60% of the nation's GDP and 94% of the total share of the employment (Iyiola and Azuh, 2014). The spectrum of women in entrepreneurship often ranges from home-based businesses (HBB) to micro, small, and medium enterprises (MSEs). Women entrepreneurs generally share the same motivations with their men counterparts.

Characteristics of Female Entrepreneurs

Women in entrepreneurship possess dual characteristics (for instance, they are firstly women and secondly entrepreneurs). Therefore, women entrepreneurs possess characteristics which include adaptability, innovativeness/creativity, strength and internal locus of control (Annenkova, 2001), ability to think and reason fast and endure (Mayoux, 2001), managerial skill, accountability and credit risk (Thomson, 2002). Factors that motivate women entrepreneurs have been identified to include, dissatisfaction with "glass ceiling" (Familoni, 2007) or limits on their earnings and advancement, need to improve quality of life, desire to earn more income, growth and innovation, desire for independence, risk-taking propensity (Brockhaus, 1980), education, freedom, job flexibility and previous experience (Mansor, 2005).

Contributions of female entrepreneurship to society

According to Ukonu and Tafamel (2011), female owned businesses grew from being only 6.7% of total businesses in Nigeria in 1999 to 11.4% in 2009. Also, Akande (2012) mentioned that female owned businesses have made major headway in sectors such as hospitality, food business and catering services. She further mentioned that these have gone ahead to set high standards for the industry and also bring about cutting edge innovations which have helped grow these industries in the country.

According to Singh (2012), female entrepreneurs have pioneered innovation in sectors such as fashion, education and consumables. She further mentioned that over the past three decades, there has been a 40% annual growth in female entrepreneurs in South Africa and that this has not only contributed to female economic empowerment but also contributed immensely to economic growth on a national scale. Similarly, Ochieng and Sije, (2013) pointed out that female entrepreneurs have also contributed immensely to corporate social responsibility (CSR) in their societies. Also, these female entrepreneurs have created business ventures that have addressed peculiar gender challenges such as teenage pregnancy problems, reduction of prostitution and other social vices amongst young women. The growth of female entrepreneurship has also helped in breaking gender barriers in

loan issuance from formal financial institutions. This was highlighted by Otunaiya *et. al.* (2013) in their study titled "Profitability and Constraints Analysis of Women Entrepreneurs in Lagos State, Nigeria" where they mentioned that the growth in female owned enterprises has made banks more willing to grant loans to female owned businesses. Also, Baba (2013) mentioned that successes recorded in female owned businesses not only encouraged banks and other financial institutions to offer credit facilities to female owned businesses, but also encouraged them in launching business grant programs which were aimed at encouraging female entrepreneurs.

Ekpe (2011) mentioned that female entrepreneurship has grown to the level of not only being just a source of income to the female entrepreneur, but to organizations which have become integral part of the economy, as 6 of the top 100 businesses in Nigeria are owned by women. This, according to Singh (2012) is taking a cue from India where 16 of the top 100 businesses in the country are owned by women including 2 of the top 20 businesses.

Constraints to Female Entrepreneurship

Despite the laudable successes that have been achieved by female entrepreneurs, female entrepreneurship faces considerable constraints in Nigeria. One of the major factors constraining female entrepreneurship is limited access to funds. This includes business grants, loans and

venture capital investments. A survey undertaken by Adesua-Lincoln (2011) showed that 58% of business women interviewed were not aware of the existence of business grants geared towards women. Also, Fapohunda (2012) noted that lack of awareness of existing opportunities was the main mitigating factor against women entrepreneurs.

Another problem faced by female entrepreneurs is that banks consider women less credit worthy and thus discourage female borrowers based on the belief that they can leave their business anytime. This has thus driven female entrepreneurs to rely on their saving (if any, and sometimes very low), and also loans from friends and family and these most times are meager and negligible. This view was buttressed by Ukonu and Tafamel, (2011) in a survey of 43 female owned businesses which applied for loans from commercial banks, mentioned that only 12 received positive response from the banks, which represents 27% rate. Also, Otunaiya *et. al.* (2013) mentioned that banks are not usually keen on lending to female owned businesses because of their belief that such an enterprise would operate only within a given small scale and would not expand beyond a given scope. Thus the fear that they may not be able grow the business beyond a certain scope makes finance institutions apprehensive in giving female entrepreneurs loans.

Limited mobility is also another factor that works against female entrepreneurs. According to Adesua-

Lincoln (2011) unlike men, women, especially married women are highly limited in mobility due to reasons such as family ties and societal suspicion. Also, Fapohunda (2012) mentioned that the low risk bearing ability of women on is partly responsible for female entrepreneurs being limited in mobility and also in scope of risk to be undertaken.

Female entrepreneurs also face the issue of stiff competition from male dominated businesses. In instances that they don't have enough funds to channel into marketing and advertising of their products and services, enough awareness is not created, thus potential customers veer towards male dominated businesses. According to Okafor and Mordi (2010), female owned businesses need to be much more creative in marketing and advertizing than male dominated businesses in order to break through stereotypes and perceptions about women.

Growth of Women Entrepreneurship in Nigeria

In Nigeria, women entry into business is a not a new phenomenon. Women entry into entrepreneurship can be traced back to extension of kitchen activities such as cooking, popularly known as "mama put". Also, female entrepreneurship has been seen long ago in farming, as women engaged in small scale farming in order to support their families. Women in Nigeria engaged in entrepreneurship because of push and pull factors. Pull factors imply factors which encourage women

to start an occupation or venture with an urge of doing something independent. Push factors on the other hand refer to factors which compel women to take up some form of business in order to tide over bad economic times and take up financial responsibilities.

With growing awareness about business and spread of education, female entrepreneurship has encompassed other sectors such as engineering, media, oil and gas, telecommunication and also the fashion industry. Various women have exploited their hidden talents and not only excelled in these sectors, but also brought about cutting edge innovation and bring about revolutionary changes in such sectors.

Women Empowerment Policies in Nigeria

According to the National Gender Policy Strategic Framework for Nigeria (2008), there is a need to focus in cultural re-orientation and sensitization in order to change gender stereotypes and perceptions, promotion of women rights, building strategic partnerships with other organizations such as faith and religious organizations, secular groups, male bodies among others.

The Federal Government of Nigeria, via the Ministry of Women Affairs also set strategic framework in place to bring about the efficient implementation of the core principles of the National Gender Policy. Some of the guiding principles as indicated in

the National Gender Policy are as follows:

- Reforming of the existing structures of the national gender management system with a view to strengthening their capacity for a more robust mandate.
- Promoting the empowerment of women through the bridging of existing gender gaps will be considered integral to the achievement of gender equality, and using policies and legislation of affirmative action if necessary and would no way be deemed discriminatory.
- The Policy builds on existing structures and practices as well as draw from international experiences and practices.

Successful Government and Private Sector Initiatives on Female Entrepreneurship

The Federal Government of Nigeria has in recent times put in place measures that encourage female entrepreneurship. A laudable initiative is the Youth Entrepreneurship With Innovation (YOUWIN) initiative in a particular year awarded grants of up to ₦10 million to 1500 female entrepreneurs with the ages of 18 to 45 years old in Nigeria. This they did in order to not only reduce unemployment in the country, but also empower women in the country and encourage them to undertake entrepreneurship activities. Also, the program gave grants to existing female owned businesses

therefore encouraging them to expand their scale of production.

Diamond Bank Nigeria PLC, a private sector organization also put in place a program called “Diamond voices”, which is aimed at promoting female entrepreneurs, giving them exposure and opportunities and also providing funding for their enterprise. Its aim is to position female entrepreneurs in order to help them compete with other businesses in their sector.

The Subsidy Reinvestment and Empowerment Programme, which was introduced by the Federal Government in 2012 also promotes female entrepreneurship by providing cash support to female owned businesses in rural areas in order to contribute to the economic empowerment of women and address household poverty.

Self-Help Groups (SHGs) and Women Entrepreneurship in Nigeria

Self-help groups can be defined as usually a financial intermediary committee, mainly based in rural areas, and set up with the purpose of mobilizing savings from members and then lending funds at very low or zero interest rates to members and in some instances non-members. Self-help groups are sometimes linked to banks for the delivery of microcredit (Baba, 2013). This enables them to be strongly linked to micro-finance banks in order to effectively permeate the rural areas and also assist micro-SMEs. According to Ekpe *et. al.* (2010), there are a more than 2,200 women SHGs in

Nigeria, and they are concentrated mainly in the rural areas. These SHGs are popularly referred to as *Osusu* or *Esusu* in local language and are instrumental in helping low income women earners access funds in a more convenient manner without the need for going through the tough and complex processes involved in obtaining funding from conventional financial institutions.

Another objective of SHGs is to help promote self employment amongst rural women who are below the poverty line. This is achieved by training them in vocations which are acceptable to the beneficiaries, by encouraging productivity in their existing vocations and also introducing them to new activities. These SHGs also help women to be productive by providing an improved environment and care for their children via the establishment of crèches to care for these children when their mothers are productively engaged.

Another important achievement of SHGs in Nigeria is that loan repayment of 92% of them is 100%. These SHGs are involved in a wide range of economic activities such as agri-business, handcraft, carpentry and other MSMEs. The majority of these SHGs are women (Iyiola and Azuh, 2014) and their effective functioning has raised the level of women’s involvement in household decision making.

Future Role of Women Entrepreneurship in Nigeria

In order to attain sustainable economic growth and development, there is a need for Nigeria to mobilize and fully utilize all its resources, including human resources. The participation of women in economic activities is thus necessary both from the human resource point of view and also for the need of raising the status of women in the society. The economic status of women is widely accepted as one of the indicators of a society's stage of development, thus it is imperative that government formulates policies for the development of entrepreneurship amongst women. The medium and long term objective of such programs should be to raise the economic status of women and bring them into the mainstream of national life and development. For this therefore, it is imperative that due recognition should be accorded to the role and contribution of women in the various social, economical, political and cultural activities.

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