

## Factors that affect the performance of women entrepreneurs in the micro scale enterprises in Southwestern Nigeria

Abasilim Angela Nneka

Wesley University of Science and Technology, Ondo, Nigeria

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### Keyword

Women entrepreneurs, Performance, Micro scale enterprises, Economic factors, Southwestern Nigeria

### Abstract

*The purpose of the study was to investigate the effect of some economic factors (capital, credit facility, basic and social infrastructures, accessibility to raw material and market, social network) on the performance of women entrepreneurs in the micro scale enterprises in Southwestern Nigeria. Towards achieving this, the study used the survey instrument (questionnaire). The sample frame was made up of 597 women entrepreneurs purposively selected from the six states in Southwestern Nigeria.*

*Descriptive and inferential statistics were used to highlight the variables and test the hypothesis. The findings revealed that five of the economic factors under the study (credit facility, basic and social infrastructures, accessibility to raw material and market, social network) have significant but low correlation with performance of the women entrepreneurs in the region, while one of the factors (capital) is not significantly related to performance.*

*From the findings, the study concludes that for the performance of the women entrepreneurs to improve, there must be improvement in the provision and supply of these five factors (credit facility, basic and social infrastructures, accessibility to raw material and market, social network). As such the study recommends that there is need for government intervention in the areas of loan scheme for women entrepreneurs and provision of basic and social infrastructure.*

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### Introduction

One of the factors in determining the success of development is the status and position of women in the society (Dionco-Adetayo, Makinde and Adetayo, 2012). Their argument is that the neglect of women in the development process of any country constitutes a human resource waste. As such it will be a disservice for any country to ignore its women population in its development efforts. They stressed the point that economic development must involve women. True development means the development in the three categories of a woman. These are individual, social, and economic development (Rodney, 1997). According to the author, individual development means increased skills and capability, greater freedom, creativity, self-discipline, responsibility and material wellbeing. Increased capacity connotes social development, while economic development is determined by the increased capacity of the members of a society in dealing with their environment. Development is dynamic and therefore assumes a continuous transformation process and a movement towards better and improved conditions, locally and internationally.

In most of the developing countries, particularly in Africa, women constitute 70-80% of the total agricultural labour force and they account for over 80% of food production. In the micro scale enterprises(MSE) sector worldwide, women make up one-quarter to one-third of the total business population and in manufacturing they constitute one-quarter of the global labour force, (UNIDO, 2001). In Nigeria, women activities played a meaningful role in the industrialization process of the country. The role of women in social and economic development

specifically in the micro and small scale enterprises was found to be primal in the economic development of their communities, (Dionco- Adetayo et. al, 2012).

Despite the important contributions which women can offer to socioeconomic development, women suffer from various constraints, which inhibit them from fully realizing their potential for development. Personal values, social norms, and economic factors hinder the equal participation of women in society, (UNIDO, 2001). The 2006 census put Nigeria's population at 140,431,790 with the male population at 71,345,488 and female population at 69,086,302 (Nigeria Population Commission, 2006). Further analysis of the population shows that women of working age are put at 32,239,658 if the thresh hold is put at 20-69 years. About 35% (11,283,880) of this number are employed in the formal sector. This leaves about 65% (20,955,778) either self-employed or looking for job. Based on this population distribution, for any meaningful development to take place women must as a matter of necessity be involved. Women must be empowered to engage in economic activities and be able to sustain and enhance such activities.

As this study has observed initially, there are a large number of women in Nigeria that can contribute to the economic development of the country, but whose contributions are yet to be explored or they have not been adequately equipped to contribute their quota to the economic development. This may be traced to the problems that affect women entrepreneurs in the micro scale industries in Nigeria. For instance, empirical evidence has shown that entrepreneurs are surrounded by a number of challenges such as entrepreneurial capacity factors like personality, lack of managerial skills and inadequacy of some socioeconomic factors which may reduce performance (Gemechis, 2007; and ILO, 2009). In the light of the above, this study therefore, is designed to investigate the economic factors affecting women entrepreneurs in micro scale enterprises in Southwestern Nigeria.

The following research hypothesis was tested:

There is no significant relationship between economic factors affecting women entrepreneurs and their performance in the micro scale enterprises in Southwestern Nigeria.

## Literature Review

Micro and small scale enterprises are defined differently in different countries. What may be considered small in United States may be considered big in developing countries of Africa and somewhere else in the world. In Nigerian context, micro scale industry is regarded as an integral part of small scale industries. While absolute figures involved in the definition of these enterprises may differ, there are underlying similarities in the concepts used in the definitions.

World Bank (2008) uses the term small scale industries to include cottage enterprises in addition to formal small and medium enterprises, which are registered with government regulatory or data gathering agencies. Going further, it surmises that cottage or artisan enterprises include household activities and workshops and are usually resistant to change. Micro enterprises are the businesses mostly located in the informal sector (unregistered), tend to be undercapitalized marginal producers but can grow rapidly and adapt to new technologies when given the opportunity.

Dionco-Adetayo (1998) defined micro industry as a relatively small size of industry in operations which manifests all the commonly associated features of informal sector such as reliance on family labour and local resources, low capital endowments, labour intensive technology, limited barrier to entry, a high degree of competition, an unskilled workforce and acquisition of skills outside the formal education system. Micro businesses are the smallest

business entity under small scale industries. These enterprises typically employ less than ten people and represent the larger percentage of many economies.

Qualitative factor are also important in describing micro scale businesses. To be classified as 'micro', the enterprise must have at least two of the following features; management is independent because the manager usually owns the business, capital is supplied and ownership is held by an individual or a few individuals, the area of operation is primarily local, although the market is not necessary local, and the business is small in comparison with the larger competitors in its industry (Megginson, Byrd and Megginson, 2006).

There is no consensus in the literature about whether differences exist between male and female entrepreneurs. Some researchers agree that there are no differences while some actually identified some differences (Mulugeta, 2012). A woman entrepreneur is defined as the female head of a business who has taken the initiative of launching a new venture, who is accepting the associated risks and financial, administrative and social responsibilities, and who is effectively in charge of its day-to-day management (Lavoie, 2005).

It was noted that in many traditional economies, like Nigeria, there have been increased advancement in the areas of education and health protection for women but in the political and economic arenas, opportunities for women have remained limited (OECD, 1997). Going further, the report noted that concerted efforts are needed to enable female entrepreneurs to make better economic choices and to transform their businesses into competitive enterprises, generating income and employment through improved production.

Socio-economic factors are those physiological and environmental attributes that affect individual understanding and reaction to issues. Socio-economic factors will include family background, previous occupation, social networking, availability of capital, adequate supply of electricity and water, good road network, easy access to raw material and market, age, level of education, marital status and number of children, other economic activities, spouse occupation, accessibility to credit facilities. Mohd (2005) described these socio-economic factors as conditions found in the entrepreneurial environment which are capable of dictating the failure and success of the entrepreneurial firms or entrepreneurs themselves. He stated further that the role of these socio-economic factors have been widely recognized in determining and dictating the performance and continued existence of entrepreneurial firms.

Entrepreneurial performance is defined in relation to the output of the entrepreneur. It refers to the level of achievement of the entrepreneur in running the business enterprise. Sometimes, the achievement may be measured by the number of employees, level of profit, sales volume among other things. It may also refer to the outcome of efforts exerted by an entrepreneur into the business which was influenced by several factors to some extent (Dionco-Adetayo, 1998).

Entrepreneurial performance or behavior is defined by the actions taken by the entrepreneurs to reach desired goals (Delmar, 1996). Going further, he stated that it involves what an entrepreneur does and why and how these actions affect business performance. According to him, entrepreneurial performance is determined by the environment, (Social and economic factors) and the individual capacity and will, (personality characteristics) to deal with the environment.

## **Methodology**

The study was conducted on women entrepreneurs in micro scale enterprises in Southwestern Nigeria. The Southwest is one of the six geo-political zones in Nigeria which is comprised of six states and they include Lagos, Oyo, Ogun, Osun, Ekiti and Ondo. Geographical location, democratization of western education, availability of resources enhanced

in the last couple of years and some government intervention programmes have collectively enabled the Southwestern economy to rank high among other economies in Nigeria. In spite of this however, the rate of unemployment in the area is very high considering the number of people that live there. The high rate of unemployment has led to a high level of abject poverty, urban pollution, incidence of political thuggery and some other social vices (Kolawole and Adepoju, 2007). The existing situation today, in the Southwest is that many able bodied men and women roam the streets for lack of gainful employment.

The study is descriptive research intended to examine the relationship between variables. Primary data were used in the study. Primary data were sourced with the questionnaire instrument. The purposive sampling technique was used to get the sample for the study. The respondents to the questionnaire were only women owners/managers of micro scale enterprises. Descriptive and inferential statistics were used to present, analyse the data and test the relationship between the variables of the study. The descriptive statistics used were percentages, frequency distribution and measures of central tendency. ANOVA and Spearman correlation coefficient were the inferential statistics used in establishing relationship between variables and testing the hypotheses. The following table shows the distribution of respondents according to areas/towns of the states.

Table 1: Distribution of Respondents

S/N	States	Towns/Areas	Total Population	No of Respondents	Percentage (%)
1	Lagos	Ikeja	317	63	
		Mushin	432	86	
		Ikorodu	256	51	
		Total	1005	200	
2	Ogun	Abeokuta	204	41	
		Ijebuode	179	36	
		Sagamu	169	34	
		Total	552	111	
3	Oyo	Ibadan	310	62	
		Ogbomoso	155	31	
		Oyo town	185	37	
		Total	650	130	
4	Osun	Osogbo	70	14	
		Ile-Ife	125	25	
		Ilesa	95	19	
		Total	289	58	
5	Ondo	Akure	99	20	
		Ondo Town	94	19	
		Ikare Akoko	60	12	
		Total	253	51	
6	Ekiti	Ado-Ekiti	114	23	
		Ikare-Ekiti	69	14	
		Ilawe Ekiti	50	10	
		Total	233	47	
	Grand Total	18	2983	597	20%

Source: Research Survey 2015

### Data presentation, analysis and discussion of Findings

Five hundred and ninety seven (597) questionnaires were distributed to selected respondents in this study. However, out of the five hundred and ninety seven questionnaires administered on the sampled population (respondents), four hundred and eighty eight questionnaires (488) representing 81.7% of the total questionnaires were found usable for statistical analysis. The decision rule used throughout this analysis is to reject the null hypothesis ( $H_0$ ) and accept the alternative ( $H_a$ ) if the resulting p-value is less than 0.05 level of significance ( $p < 0.05$ ).

### Economic Factors Affecting the Performance of Women Entrepreneurs in Micro Scale Enterprises in Southwestern Nigeria

This section presents data on other economic factors that might affect performance of women entrepreneurs in micro scale enterprises using descriptive statistics and then using inferential statistics (ANOVA and Correlation) to analyze the effect of the factors on the performance of women entrepreneurs in micro scale enterprises in Southwestern Nigeria.

**Table 2: Descriptive analysis on economic factors**

Economic factors	Total Observation	Mean	Std. Error	Std. Deviation
Availability of capital	486	3.80	.051	1.117
Credit facility	486	2.67	.053	1.175
Electricity and water supply	487	2.98	.051	1.119
Good road network	486	3.25	.051	1.129
Market accessibility	486	3.69	.045	.989
Social network	485	2.71	.061	1.346

**Source: Field Survey, 2015**

To address the research objective in this section, Analysis of Variance (ANOVA) was used to examine the economic factors affecting the performance of women in micro scale enterprises in the region. ANOVA was conducted on the cumulated score of all the items in the research instrument (representing the performance of women entrepreneurs) to determine the joint effect of all the factors on performance. Also, correlation analysis was done using the performance variable as the dependent variable and the economic factors as the independent variables. The results showing the ANOVA and correlation analyses are presented in Table 3 and Table 4 respectively.

**Table 3: ANOVA result on economic factors affecting women entrepreneurs**

Model		Sum of Squares	df	Mean Square	F	p
1	Regression	1163.719	6	193.953	12.716	0.00
	Residual	7229.749	474	15.253		
	Total	8393.468	480			

**Source: Field Survey, 2015**

There is a joint influence of economic factors on the performance of the women as revealed in the ANOVA result with F-value of 12.716 at  $p < 0.05$  (Table 4.4.1). This answers the



research hypothesis that there is a significant relationship between these factors and the performance of women in the micro scale enterprises.

**Table 4: Correlation analysis on economic factors affecting women entrepreneurs**

		Performance
Capital	Spearman's rho Correlation Coefficient	0.040
	p	0.376
Credit Facility	Spearman's rho Correlation Coefficient	-0.166**
	p	0.000
Basic infrastructure	Spearman's rho Correlation Coefficient	-0.152**
	p	0.001
Social infrastructure	Spearman's rho Correlation Coefficient	-0.163**
	p	0.000
Market accessibility	Spearman's rho Correlation Coefficient	-0.224**
	p	0.000
Social network	Spearman's rho Correlation Coefficient	-0.309**
	p	0.000

**Source: Field Survey, 2015**

\*\*correlation is significant at 0.05 level (2-tailed)

Spearman's rho Correlation Coefficient showed that economic factors affecting women entrepreneurs have a significant but low correlation with performance. For example, availability of credit facility, basic infrastructure, social infrastructure, access to raw materials, access to market, and social network all have significant but low correlation with performance while availability of capital has a non significant correlation with performance.

## Discussion

By analyzing the influence of each of the factors on the women performance, it was observed that all the factors are significantly related to the performance of the women except capital (Table 4). The implication of this is that for there to be an improvement in the performance of the women entrepreneurs, there should be an improvement in the supply of credit facility, basic infrastructure, social infrastructure, access to raw materials, access to market, and social network. This result agrees with the research of Okpara and Wynn (2007) who examined the reasons for small business failure in Nigeria, and among the factors identified are lack of financial support, lack of management experience, corruption, lack of infrastructure, lack of training and inadequate bookkeeping and recordkeeping. It also agrees with the conclusions of International Entrepreneurship (2013), that Nigerian infrastructure limits entrepreneurial effectiveness and is a barrier to success.

The finding of this study on economic factors also agrees with Mohd (2005) who described these economic factors as conditions found in the entrepreneurial environments which are capable of dictating the failure and success of the entrepreneurial firms or entrepreneurs themselves. He stated further that the role of these economic factors have been widely recognized in determining and dictating the performance and continued existence of entrepreneurial firms.

Though capital has a positive correlation coefficient, but it has no significant correlation with performance. This finding disagrees with the study of Asaolu (2001) and Atanda (2010) that found a correlation between capital availability and performance of entrepreneurs in micro and small scale businesses which implies that when capital is readily available, there will be a corresponding effect on performance.

## Conclusions

The study concluded that there is a significant relationship between economic factors and the performance of women in the micro scale enterprises. By analyzing the influence of each of the factors on the women performance, it was observed that all the factors contributed significantly to the performance of the women except capital. The most associated factor was availability of credit facility (when the opportunity of obtaining loan from financial houses is always there) with a standardized coefficient of 0.338 (that means that 1% increase in relevant economic factor will bring about 33.8% increases in performance), thereby contributing the most to the performance of the women. Based on this, the study concludes that when women have access to credit facility, there is constant supply of basic and social infrastructures, can easily access market and the opportunity of obtaining credit facility is always, they are expected to perform better as entrepreneurs.

## Recommendations

Based on the findings of the study and the subsequent conclusions drawn from them, the following recommendations are made.

- i. Economic factors (considered in the study) were found to play vital roles in the performance of women entrepreneurs in micro scale enterprises. As such there is need for increased government intervention in the form of loan with minimal interest rate. The regulatory body for banking activities, which is the Central Bank of Nigeria, should make sure that policies are put in place to enable this class of people to obtain loan from financial houses with minimal demand for collateral.
- ii. Also basic infrastructures, like constant supply of electricity and water should be ensured, especially for women entrepreneurs who are engaged in cottage manufacturing enterprises.

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