



Challenges Facing Rural Women Entrepreneurs in Micro Business in Nigeria

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Publication Process

Date

Received

June 21st, 2021

Accepted

July 5th, 2021

Published

July 30th, 2021

ABSTRACT

The aim of this study is on the challenges facing rural women entrepreneurs in micro-business in Nigeria. The specific objectives were to: investigate the effect of government business tax on the growth of the micro business of rural women entrepreneurs and determine the effect of formal education on the growth of the micro business of rural women entrepreneurs. Data for the study was generated through a sampling technique, with questionnaire administered to 513 participants selected from local markets in the area studied. The copies of the questionnaire were collected using on the spot collection method and all the 513 respondents turned in their completed questionnaire. The hypotheses generated for the study were tested at 0.05 alpha level using Ordinal Logistic Regression (OLR) analytical technique was used to test hypotheses, using Statistical Package for Social Sciences (SPSS) version 20. The findings show that: government business taxes have a negative effect on the growth of the micro business of rural women entrepreneurs ($\beta = -4.251$, $p = 0.021 < 0.05$), formal education has a positive effect on the growth of the micro business of rural women entrepreneurs ($\beta = 8.293$, $p = 0.000 < 0.05$). The study concludes that government business tax affects the growth of the micro business of rural women entrepreneurs and formal education will assist in boosting the micro-business of rural women entrepreneurs. The study recommends the formulation of fiscal policies and measures that will create enabling business environment for rural women to develop their micro business.

Keywords: Entrepreneurship; Rural Women Entrepreneurs; Micro Business

1. Introduction

An entrepreneur is a person who operates a new venture and also inherits some risks and is able to look at the environment. True entrepreneurs are resourceful, highly motivated and driven to succeed and improve their entrepreneurial skill while entrepreneurship is a process that involves a willingness to rejuvenate market offerings, innovate, risk taking, trying out of new and uncertain products, services, markets and being more proactive than competitors towards exploring new business opportunities (Ogunleye, 2010). It is important for the support of micro, small and medium enterprises (United Nations, 2006). Small and Medium Enterprise Development Agency of Nigeria (SMEDAN) in 2012 defined micro enterprise as any business employing between one to nine people and having a capital base from one Naira to 5 million Naira excluding cost of land.

Entrepreneurs operating in micro businesses contribute to economic growth of any country (International Labour Organization, 2017) and investing in women is one of the most effective means of promoting sustainable economic growth. Although progress has been achieved in opening doors to education and health protection of women, concrete efforts have to be made to ensure that women entrepreneurs make economic choices and transform their businesses into competitive enterprises, generate income and employment through improved production (Ogunleye, 2010).

When women enterprises are supported, they contribute to gender equality, employment creation, expanding the pool of human resources and talents, economic growth and poverty reduction (Olabisi and Olagbemi, 2012)). However, large gender gaps still exist in business ownership and entrepreneurial activity that have major opportunity costs for sustainable development and in developing countries; there is a strong consensus that micro and small business are important drivers of the economy (Maden 2013). In the context of entrepreneurship, rural women entrepreneurs play an important role because they invest in their families and communities (Maden 2013). Evidence from developing countries highlights the importance of non-agricultural activities in the income-generating portfolio of rural households.

In developing countries such as Nigeria, the vast informal sector business is mainly run by women and the available statistics suggests that this sector account for more than half of the economic activities in these countries (Garba, 2011). Rural women entrepreneurs in Nigeria start new businesses due to the quest for financial autonomy; passion; power and determination to succeed (Dufle, 2012).

Oseremen (2015) states that rural women entrepreneurs have impacted the Nigerian economy by playing a critical role with regards to income generation and in some instance, the women play important roles in poverty reduction of their immediate families especially if the income of the husband is very meager to cater for the family's needs. Promoting rural women entrepreneurship development demands that issues that restrict rural women entrepreneurs should be given appropriate attention. SMEDAN reports that in 2018, Micro, Small and Medium Enterprise sector contributed 47.8 percent to the Nigeria's Gross Domestic Product (GDP) which is an indication that the sector has a lot of economic benefits for any nation.

This paper adopted SMEDAN definition of micro business and focused on challenges of rural women in micro enterprises in Enugu South Local Government Area of Enugu State, Nigeria because women tend to be concentrated in specific sectors, typically those with lower entrance requirements such as retail and service sectors.

Statement of the Problem

Rural women entrepreneurs significantly contribute to the success of any economy in various nations of the world, mainly through poverty reduction. Rural women's entrepreneurship contributes to economic growth in developing countries and clearly represents an untapped potential. Micro and small enterprises offer a number of particular advantages for rural women: flexible hours, location in or near women's homes, ease of entry, and links with local markets. However, rural women entrepreneurs also face particular challenges entering new and lucrative markets and expanding their businesses. For many rural women in Nigeria, entrepreneurship is part of a broader livelihood strategy. With few employment choices, rural women often start micro businesses in highly saturated sectors in the informal economy, have minimal access to credit facilities, lack adequate education and access to information technology and have minimal social /government protection. These could hinder their entrepreneurial progress. Although considerable research has been devoted to corporate women entrepreneurs, less attention has been paid to this topic. Therefore, there is an information gap about the challenges that rural women entrepreneurs face when they start and run a micro business.

This study is aimed at investigating the challenges of rural women entrepreneurs in micro business in Enugu South Local Government Area.

Objectives of the Study

The main objective of the study is to identify the main challenges confronting rural women entrepreneur in micro business in Enugu South Local Government Area of Enugu State, Nigeria and the specific objectives are to:

- i. ascertains the effect of government business taxes on the growth of micro business of rural women entrepreneurs in Enugu South Local Government Area
- ii. investigate the effect of formal education on the growth micro business of rural women in Enugu South Local Government Area

Research Questions

- i. What is the effect of government business taxes on the growth of micro business of rural women entrepreneurs in Enugu South Local Government Area
- ii. What is the effect of formal education on the growth of micro business of rural women entrepreneurs in Enugu South Local Government Area

Research Hypotheses

These research hypotheses were formulated to guide the study.

- i. Government business taxes have positive effect on the growth of micro business of rural women entrepreneurs in Enugu South Local Government Area
- ii. Formal education has positive effect on the growth of micro business of rural women entrepreneurs in Enugu South Local Government Area

2. Literature Review

Concept of Women Entrepreneurship

Entrepreneurship represents an appropriate opportunity for women across the globe. This potential is yet to be achieved in most favorable manner in most developing countries because of constraints women experience in their business. Women entrepreneur may be defined as a woman or group of women who initiate, organize, and run a business enterprise. In terms of Schumpeterian concept of innovative entrepreneurs, women who innovate, imitate or adopt a business activity are called women entrepreneurs. Women's entrepreneurship is not broadly accepted in many societies and women face attitudinal obstacles in their starting, consolidating and developing a sustainable business (ILO, 2017). Since the turn of the century, the status of the women in Nigeria has been changing due to the growing industrialization, urbanization, spatial mobility and social legislation. With the spread of education and awareness, the traditional roles of housewives are gradually changing into women entrepreneurs. (Ayogu and Agu, 2015).

Statistics show that 41percent of micro businesses in Nigeria are owned by women (trading economics.com). Evidence from developing countries highlights the importance of non-farm activities in the income-generating portfolio of rural households: the literature indicates that they account for 42% of the income of rural households in Africa, 40% in Latin America and 32% in Asia. Evidence from developing countries highlights the importance of non-farm activities in the income-generating portfolio of rural households: the literature indicates that they account for 42% of the income of rural households in Africa, 40% in Latin America and 32% in Asia (ILO, 2017).

Regardless of women's population, educational, economic and social status, they are still not well represented in the policy making process and manpower development in Nigeria However, given the dynamic nature of the Nigerian environment, a number of changes have emerged, including the recognition of the potential of women and their contribution to the economy (Mordi., Simpson., Singh and Okafor, 2010).

Advantages

Rural women's economic and social development is necessary for overall economic development of society and nation (ILO,2017). Rural women that are entrepreneurial are on daily increase yet their entrepreneurial potential, managerial skill and socio-economic contribution remain largely neglected. Women entrepreneurship development is the instrument of women empowerment. Empowerment through entrepreneurship leads to self-fulfillment and makes women aware about their status, existence, right and their position in the society.

Women entrepreneurs tend to be highly motivated, self-disciplined and self-directed. On the other hand, empowerment of rural women is also very significant. Economic empowerment of rural women will lead to the economic development of our rural communities. (Ukonu and Tafel, 2011).

Economic empowerment of rural women will lead to poverty reduction, development of the family, community and country. It opens up new avenues for creating employment opportunities for women and men, thereby decreasing urban migration.

Entrepreneurship development among rural women helps to enhance their personal capabilities and increase decision making status in the family and society as a whole. (Kerka, 2010)

Rural women are generating employment for themselves in unorganized sectors and some provide employment for others. The participation of women in economic activities is necessary not only from a human resource point of view but also is essential even from the objective of raising the status of women in the society (Kerka, 2010).

The economic status of the women is now accepted as an indicator of a society's stage of development, therefore it becomes imperative for the government to frame policies for development of entrepreneurship among women. The long-term objectives of the development programmes for women should aim to raise their economic and social status in order to bring them into the mainstream of national life and development. For this, due recognition has to be accorded to the role and contribution of women in the various social economic and political and cultural activities.

Micro businesses are affordable and manageable by rural women. They create a large number of non-farm employments and income opportunities in relatively poorly developed areas and require small capital and little sophisticated managerial and technical skills. There are clues to suggest that if rural women entrepreneurs are given the necessary support, they would assist in running viable commercial enterprises that would impact the rural economy

Challenges of Rural Women Entrepreneurs

i. Obligations to the family – The family obligations hinder many rural women from becoming successful entrepreneurs. They are supposed to do all the household work, to look after the children and other members of the family. They are over burdened with family responsibilities. In such conditions, it will be very difficult for women to concentrate and run the enterprise successfully (Mishra and Kiran, 2018).

ii. Illiteracy- Low level of education and lack of training and business education and experience can limit the capacity of rural women entrepreneurs to consolidate sustainable enterprises. In Nigeria, 61.4% of adult females are illiterate (kmoena.com, 2015). Due to lack of proper education, women entrepreneurs remain in dark about the development of new technology, new methods of production, marketing and other governmental support which will encourage them to flourish.

iii. Lack of awareness about government programmes and schemes - Unawareness is one of the drawbacks of rural women entrepreneurs in micro business. Since most rural women entrepreneurs are not aware of government intervention programmes for micro businesses in rural communities, they do not utilize the facilities and it affects the growth of their business.

iv. Women entrepreneurs, particularly in rural areas, often experience difficulties accessing relevant financial products and services due to a lack of appropriate products, information, understanding of their needs and collateral.

v. Since women often operate home based micro enterprises, lack access to transportation, and may be barred from accessing the same networks as men by societal norms and attitudes, their networks and contacts may remain weak while these are critical to connect entrepreneurs to growth opportunities (Mordi et al, 2010).

vi. Underdeveloped rural infrastructure and services for transport, electricity, and clean water further limit rural women's access to resources, markets and public services such as healthcare, and lengthen the time needed for household, reproductive and care work. This, added to women's considerable agricultural work, creates time constraints for non-farm business-related activities (including training and seeking information and business services (Olabisi and Olagbemi, 2012).

vii. Social norms and attitudes affect the implementation of laws, policies and programmes. Even though relevant laws and regulations may not be discriminatory on paper, discrimination often takes place during their implementation (or lack of implementation).

viii. Rural women's businesses are largely informal, and sometimes fail to meet the decent work requirements (Ayogu and Agu, 2015).

ix. Women engaging in rural businesses with their spouses often invest considerable time, but do not always share decision-making power and may not identify themselves as business owners. This may limit their opportunities to grow professionally, be innovative or demonstrate entrepreneurial attitudes that could lead to business growth.

Opportunities

Successive governments in Nigeria initiated programmes to support rural women entrepreneurs. Some of them are:

i. Better Life Programme (BLP) for rural women that had one of its objectives as provision of income generating opportunities for rural women.

ii. Micro Finance Banking (MFB) The purpose of microfinance is to provide financial services to people generally excluded from traditional banking channels because of their low, irregular and unpredictable income

iii. Family Support Programme (FSP) Nigeria. The programme's objectives include

a. the generation of employment

b. the alleviation of poverty

c. agricultural and industrial development

d. economic emancipation of women

iv. Family Economic Advancement Programme (FEAP) was established to assist in reduction of poverty through advancement of loans for establishment of cottage business.

The Harvard School theory of entrepreneurship as propounded by Cole (1949) states that entrepreneurship is a purposeful activity that initiate, maintain and develop a profit-oriented business. This study tried to investigate the difficulties that rural women entrepreneurs encounter that affects the growth of their micro business.

3. Methodology

This research obtained primary data through the use of structured questionnaire designed on a five point Likert scale and administered to 513 rural women entrepreneurs currently engaged in micro businesses in Akwuke, Obeagu, Amechi and Ugwuaji in Enugu South Local Government Area of Enugu State, Nigeria. The respondents were purposively selected from the register of the market masters and assisted in filling the questionnaire by research assistants. Ordinal Logistic Regression (OLR) analytical technique was used in analyzing the hypotheses using the Statistical Package for Social Sciences (SPSS) version 20.

Test of Hypothesis one

H₀: Government business taxes have negative effect on growth of micro business of rural women entrepreneurs.

H₁: Government business taxes have positive effect on growth of micro business of rural women entrepreneurs.

		N	Marginal Percentage
Growthof rural women entrepreneurs	27	1	20.0%
	32	1	20.0%
	55	1	20.0%
	159	1	20.0%
	240	1	20.0%
Govt business taxes	40	1	20.0%
	129	1	20.0%
	258	1	20.0%
	657	1	20.0%
	968	1	20.0%
Valid		5	100.0%
Missing		0	
Total		5	

Model	-2 Log Likelihood	Chi-Square	Df	Sig.
Intercept Only	103.256			
Final	98.145	71.004	3	.000

Link function: Logit.

Significant at 0.000, hence the null hypothesis that the model without predictor is as good as the model with predictor is rejected. This shows that the model improves the ability to predict the outcome.

	Chi-Square	Df	Sig.
Pearson	62.474	9	.002
Deviance	62.474	9	.002

Link function: Cauchit.

Model fits because the good-of-fit measures have large observed significance levels at 0.002.

Cox and Snell	.616
Nagelkerke	.723
McFadden	.890

Link function: Logit.

R-square statistics are large (See Cox and Snell) in the table above which is 61.6%. This indicates that government business taxes explain a large proportion of the variation in the business growth of rural women entrepreneurs.

		Estimate	Std. Error	Wald	df	Sig.	95% Confidence Interval	
							Lower Bound	Upper Bound
Threshold	[growth =259]	9.117	0.680	11.256	1	.003	9.117	12.007
Location	[govt taxes= 36]	-4.251	0.066	26.033	1	.021	-4.251	- 6.989

Link function: Logit.

The estimate-values show the relationship between growth of the business of rural women entrepreneurs and each predictor. If the value is positive, there is a positive relationship between the predictor and the outcome (growth of

the business rural women entrepreneurs), whereas a negative coefficient represents a negative relationship. For this data, the predictor has negative b-value indicating negative relationship.

Interpretation of Result

The result shows that government business taxes have negative effect on the growth of the micro business of rural women entrepreneurs. With an increase in the probability of decreased start-up at an odds ratio of 4.251 (95% CI, = -4.251 to -6.251), Wald $\chi^2(1) = 26.033$, $p = 0.021 < 0.05$. Therefore, the alternate hypothesis was rejected and the null which states that government business taxes have negative effect on the growth of the micro business of rural women entrepreneurs is accepted.

Test of Hypothesis two

H₀: Formal education has negative effect on the growth of the micro business of rural women entrepreneurs.

H₁: Formal education has positive effect on the growth of the micro business of rural women entrepreneurs.

Table 2a: Case Processing Summary

		N	Marginal Percentage
Growth	13	1	20.0%
	48	1	20.0%
	60	1	20.0%
	161	1	20.0%
	231	1	20.0%
Formal education	67	1	20.0%
	116	1	20.0%
	200	1	20.0%
	712	1	20.0%
	957	1	20.0%
Valid		5	100.0%
Missing		0	
Total		5	

Growth = Growth of micro business of rural women entrepreneurs

Table 2b: Model Fitting Information

Model	-2 Log Likelihood	Chi-Square	Df	Sig.
Intercept Only	109.223			
Final	108.918	81.202	3	.000

Link function: Logit.

Significant at 0.000, hence the null hypothesis that the model without predictor is as good as the model with predictor is rejected. This shows that the model improves the ability to predict the outcome.

Table 2c: Goodness-of-Fit

	Chi-Square	Df	Sig.
Pearson	76.912	9	.002
Deviance	76.912	9	.002

Link function: Logit.

Table 2d: Pseudo R-Square

Cox and Snell		.598
Nagelkerke	.762	
McFadden		.866

Link function: Logit.

R-square statistics are large (See Cox and Snell) in the table above which is 59.8%. This indicates that formal education explains a large proportion of the variation in the growth of the micro business of rural women entrepreneurs.

Table4.13e: Parameter Estimates

		Estimate	Std. Error	Wald	Df	Sig.	95% Confidence Interval	
							Lower Bound	Upper Bound
Threshold	[Growth = 195]	13.009	3.258	22.893	1	.000	13.009	14.929
Location	[Formal education = 608]	8.293	11.301	39.295	1	.000	8.293	9.311

Link function: Logit.

Interpretation of Result

The result shows that formal education has positive effect on the growth of the micro business of rural women entrepreneurs with an increase in the probability of increased growth of the micro business of rural women entrepreneurs at an odds ratio of 8.293 (95% CI, 8.293 to 9.311), Wald $\chi^2(1) = 39.295$, $p = 0.000 < 0.05$. Therefore, the alternate hypothesis which states that formal education has positive effect on the growth of the micro business of rural women entrepreneurs is hereby accepted and the null hypothesis is rejected.

Conclusion

Rural women entrepreneurs have contributed in no small way to the economic growth of rural economy, mostly in the area of poverty alleviation and economic growth of their communities. Rural women entrepreneurs face a lot of challenges which may discourage them from going into business and these challenges as found out by this research include multiplication and duplication of government business taxes and poor formal education and it is recommended that government should formulate fiscal policies that will create enabling business environment for rural women entrepreneurs to grow their micro business and establish more adult education centres in the rural communities.

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