

Problems of Women Entrepreneurs in Nigeria: A Case Study of Ilorin Metropolis

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ABSTRACT

This paper examines the problems of women entrepreneurs in Ilorin metropolis, Nigeria. The study was carried out using a structured questionnaire to 197 women entrepreneurs, a Weighted Rank Analysis and a Participatory Rapid Appraisal method. The result obtained indicate that the lack of access to credit facilities is the most critical problem faced by the women, followed by low patronage by customers because of the continuous increase in the rate of inflation and incessant power outage. Given these problems, solutions, such as, macroeconomic stability, reform of the existing credit policies and institutions of government and women empowerment were suggested.

1. Introduction

The challenges of women entrepreneurs in Nigeria are enormous because they do not enjoy the same opportunities as men given their status as weaker sex, whose role only centred on all forms of domestic cores as child-bearers and child-rearers. But recent development has shown that given the opportunities, women's productive activities, particularly in industry has empowered them economically and enable them to contribute more to overall economic development. In many cases, women entrepreneurs already make an important contribution to the industrial development of their countries. Whether they are involved in small or medium-scale production activities or in the informal or formal sectors, their contribution to output and value added in the manufacturing sector is substantial, even though it remains partly invisible in official statistics. Women entrepreneurial activities are not only a means for economic survival, but also have positive social repercussions for the women themselves and their social environment (Adeyemi 1997; Adeyemi 2004; de Groot 2001).

Despite all these, most women entrepreneurs are still faced with a variety of constraints, which include poor access to market, information, technology and finance, poor linkages with support services and an unfavourable policy and regulatory environment. From the foregoing therefore, this paper examines the problems women entrepreneurs in Ilorin metropolis

are confronted with, using the Weighted Rank Analysis and Participatory Rapid Appraisal method.

The rest of the paper is structured as follows: Section two provides a conceptual overview of entrepreneur and women entrepreneurs. Section three provides the data source and methodology proposed for the study. Section four provides and discusses the results. Conclusion and recommendations are contained in the last section.

2. Conceptual Issue: Entrepreneur and Woman Entrepreneur

a. Definition

According to Pickle and Abrahamson (1990) cited in Virtanen (1997), an entrepreneur is one who organizes and manages a business undertaking, assuming the risk for the sake of profit. The entrepreneur evaluates, perceived opportunities and strives to make the decisions that will enable the firm to realize sustained growth. Udy and Agu (1997) see it as one who assumes the responsibility and the risk for a business operation with the expectation of making a profit. The entrepreneur generally decides on the product, acquires the facilities and brings together the labour force, capital and production materials. If the business succeeds the entrepreneur reaps the reward of the profit, if it falls he or she takes the loss.

Buttner and Rosen (1988) sees the entrepreneur as possessing leadership skills and attributes that include

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an ability to inspire others, autonomy and a high level of endurance; social skills such as persuasiveness, low need for support, low conformity and lack of emotionalism. In addition, its propensity to take risk is manifested in its readiness for change (see also Adeyemi 2004).

A woman entrepreneur is thus 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 responsibility and who is effectively in-charge of its day-to-day management (Lavoie 1985; Lee-Gosselin and Grise 1990; Colletterte and Aubry 1991).

In this study we adopt a more general definition of woman entrepreneur, as someone who is an owner-manager of a small business. This broad definition is necessary given the fact that women entrepreneurs in Nigeria tend to run small businesses in the retail and service sectors, which were relatively young and could eventually become big businesses in the future.

b. Significance of an Entrepreneur

According to Udu and Agu (1997), the entrepreneur is important for his/her ability to organize resources for production. This ability is the determining factor of the rate at which development of goods and services takes place in any economy. The entrepreneur also offers a product or service needed to satisfy wants. He/she provides the fund, or at least knows how to go about getting the capital needed for production. He/she controls the actual production process and directs the marketing of the outputs. The bearing of risk or uncertainty and business decision-making are also important functions of an entrepreneur.

In his study, the Austrian-American economist, Joseph A. Schumpeter stressed the role of the entrepreneur as an innovator, who develops a new product, a new market, or a new means of production (see Encarta Encyclopedia 2005).

In the last decade, a high level of economic performance has been achieved in Nigeria owing to the development and the promotion of entrepreneurial activities. Entrepreneurial firms have become an integral part of the renewal process that pervades and defines market economies. Today, the entrepreneurs play a crucial role in the innovations that have led to technological

changes and productivity growth witnessed in the country. The entrepreneurs have also become essential mechanism by which millions of people, most of them women enter the economic and social mainstream of the Nigerian society. For instance, women-owned businesses are one of the fastest growing segments of small business in Nigeria. With an increase from approximately 1 million businesses in 1982 to 1.5 million in 1990. Before 1980, women owned about 6 percent of all Nigeria's businesses, but by 2003 30 percent of the businesses are owned by women, 50 percent of them in the retail businesses and 10 percent in all the service companies (Adeyemi 2004).

3. Study Area and Methodology

3.1 Study Area

The study area covered some areas of Ilorin metropolis comprising mostly the traditional settlements of Pakata, Gambari, Oloje Okesuna, Okelele, Oja Oba and the modern settlements of Taiwo, Gaa Akambi, Tanke, Fate and Basin. Ilorin metropolis is located some 300 kilometers from Lagos and 500 kilometers from Abuja the Federal Capital of Nigeria and on Latitude North 8° 30' and Longitude East 4° 35' of the Equator. The city is situated in the transition zone between the forest and savanna regions of Nigeria. Presently, the city is the capital of Kwara State of Nigeria and has an estimated population (by 1991 census figure) of about 572, 178 people (Adedibu 1988; NPC 1993)

3.2 Methodology

a. Data Source

In addition to the use of secondary data, a survey aimed at generating primary data on the activities of women entrepreneurs in Ilorin metropolis was conducted using a structured questionnaire and Participatory Rapid Appraisal (PRA) method between the month of February and June 2007. The questionnaire was based on the industrial survey method, which deals with the contributions and problems of Small and Medium Scale Enterprises (SMEs). The Participatory Rapid Appraisal (PRA) method was also used to obtain qualitative information from the women operating in the SMEs in Ilorin metropolis (see Ruedo-Saboler and Stone 1992; Stone 1992; and Valadez and Bamberger 1994).

b. Sample Selection Method

Since this study covers the whole of Ilorin metropolis, a multi-group and multi-stage random stratified sampling method were used in the selection of the women who are entrepreneurs in the SMEs. To have an unbiased selection of samples, 22 enumeration areas were considered for the study. These areas include; Oja oba, Gambari, Pakata, Okelele, Okesuna, Oloje, Balogun Fulani, Adewole, Taiwo, Gari Alimi, Niger, Tanke Fate, Basin, Offa Garage, Maraba, Sango, Kulende, Oko Erin, Gaa Akanbi, Baboko. In accordance to these sample units, a structured questionnaire was distributed to about 8 women entrepreneurs in each sample unit considered, of which a total number of 197 women responded.

The issues raised in the questionnaire included the background of the respondents (i.e. their location, marital status, age, and educational status), the type and nature of their business, the ownership structure of their business, their employment and training capacity, capital investment, production and sales level, income generation capability, existing and potential problems of the women entrepreneurs.

c. Statistical Analysis

The data collected were first examined for omissions, errors and inconsistency before the analysis. Descriptive statistics, such as frequency distribution and percentile were used in describing the socio-demographic characteristics of the respondents and the extent of the contribution of women entrepreneurs to the economic development of Ilorin metropolis. Weighted Rank Analysis was also used in determining the magnitude of the problems of the women

entrepreneurs (see Arosanyin 1999).

As a complement to the above methods of analysis the women were also asked of their perception on the problems confronting them in Ilorin metropolis through Participatory Rapid Appraisal (PRA) method, which include an in-depth interview method.

4. Data Analysis, Results and Discussion

a. The Nature of Enterprises Owned by Women Entrepreneurs in Ilorin Metropolis

In the course of this survey certain features were identified as typical of the enterprises owned by women entrepreneurs in Ilorin metropolis. These features are the locations of the enterprises, the age range of the owners of the enterprises, their educational qualification, the most dominant occupation of the women entrepreneurs, the year of existence of the enterprises, type of ownership, reasons for establishing the enterprises, type of shops, hours of operation per day, the employment and training potentials of the women entrepreneurs, the initial capital investment, the money value of input(s) and output sold, income generated, the major market of the enterprises and membership of trade associations.

As indicated in Table 1, 47.7 percent of the enterprises owned by the women are found in the traditional settlements of Ilorin metropolis. The analysis also shows that women between the ages 31-60 years are the major owners of businesses in the metropolis (with 46.2 percent of them), and about 12.7 percent of the women are above 60 years of age.

Percentage distribution of location of the enterprises owned by the women	
a. Traditional Settlements	47.7
b. Modern Settlements	52.3
Percentage distribution of age range of owners	
a. Younger than 30 years	41.1
b. 31-60 years	46.2
c. Older than 60 years	12.7
Percentage distribution of women entrepreneur by educational qualification	
a. No school	23.9
b. Primary school	25.4
c. Secondary school	35.5
d. Koranic school	5.6
e. Tertiary	9.6
Percentage distribution by occupational category	
a. Commerce/Trade and Finance	38.1
b. Manufacturing	36.0
c. Technical Services	21.8
d. Transportation/Haulage	4.1
Percentage distribution of the range of years of existences of business	
a. Less than one year	25.9
b. 2-5 years	39.6
c. 6-10 years	29.9
d. over 10 years	4.6
Percentage distribution of type of ownership	
a. Sole proprietorship	39.1
b. Partnership	34.5
c. Family owned	21.8
d. Registered private company	4.6
Percentage distribution showing the reasons for establishing the business	
a. Personal interest	34.0
b. Influence by parent/relations	36.0
c. Need for a job to survive	22.8
d. No fund for education	4.1
e. Retrenched	2.0
f. Withdraw from formal sector/civil service jobs	1.0
g. Post retirement exercise	0.1
Percentage distribution showing the type of workshop	
a. Open sky shop/open shed shop	10.0
b. Open shed	19.0
c. Rented shop	40.5
d. Part of owner's rental apartment	38.5
e. Owner's premises	20.2
f. Uncompleted building by road -side	4.1
Percentage distribution of the number of people employed	
a. 1	70.2
b. 2-5	28.1
c. Above 6	1.7
Percentage distribution of the number of apprentice in the enterprises	
a. 0	58.5
b. 1	32.0
c. 2-5	6.2
d. Above 6	3.3
Percentage distribution of initial capital investment in Naira	

Note: Naira (N) is the name of Nigeria's national currency.

Source: Authors' Computation from fieldwork, 2007.

The level of education of the women entrepreneurs in Ilorin metropolis is low. As it indicates that, 23.9 percent, 25.4 percent and 2.5 percent of them are without education, with primary and secondary education respectively, while only 9.1 percent had tertiary education. This low education attainment is an impediment to the development and growth of the enterprises engaged by the women.

This study also indicate that the enterprises engaged by the women are predominately commerce, sole proprietorship and in existence from between 2 and 5 years. The reasons for the dominance of commerce and sole proprietorship are partly due to the fact that they are easy to established and enter, since it require little skill and capital outlay. The businesses in commerce offer opportunity for quick profit and provide the satisfaction of one being a sole owner of a business. That the enterprises are recently established is because they are meant to supplement household income given the economic hardship experienced in recent time.

This study also revealed that in establishing some of the businesses, factors such as personal interest, influence of parents or relations, the need for job to survive were taken into consideration. Of these factors, 34.0 percent of the women established their businesses because of personal interest, with 22.8 percent them establishing because of the need for job to survive and supplement family income.

The type of premises used also determined the nature

of the enterprises owned by the women. As revealed by this study, 10.0 percent of the enterprises operate in open-shed shops with 40.5 percent, 38.5 percent and 4.1 percent operating in rented shops, part of owner's rented apartments and uncompleted building by roadside respectively.

The employment and training potentials of the enterprises are also revealed in this study. As shown in the Table 1, 70.2 percent of the women are fully engaged in the businesses as owners of the enterprises, with about 28.1 percent engaging between 2-5 people with about 1.7 percent of them engaging more than 6 people as employees. With respect to apprenticeship training 58.5 percent of the enterprise do not have provision for training, with 6.2 percent training between 2 to 5 apprentices. This situation is against the backdrop of the dominance of commerce and trading in the sector.

The study revealed that 44.2 percent of the women started their business with money ranging between N5001 and N10,000, with about 6.1 percent of them starting with less than N1,000. The source of capital as indicated in Table 2 and the initial capital outlay for setting up most of the businesses also determined their nature. The capital for establishing the businesses (using the Weighted Rank Analysis) revealed that privately owned capital through own savings is the most predominant source of capital. Reasons being that the enterprises are usually small in size that require little fund to start.

Table 2: Most important source of capital to Women Entrepreneurs in Ilorin Metropolis

Source of Capital	N	VI	I	LI	Total Score Per Source of Capital			Total % Score Per Source of Capital	Cumulative Rank (CR)	
					3	2	1			
a. Own savings	197	65	81	51	195	162	51	408	23.6	1 st
b. Other family member/friends	197	17	45	135	34	90	135	259	15.0	4 th
c. Partners	197	6	43	148	18	86	148	252	14.7	5 th
d. Informal financial market	197	17	42	138	51	84	34	273	15.8	3 rd
e. Formal financial market	197	9	69	119	27	138	119	284	16.4	2 nd
f. Suppliers credit	197	11	28	158	33	56	158	247	14.5	6 th
Total								1723	100	

KEY: N = No. of observations, VI= Very Important, I = Important, LI = Less Important
Source: Authors' Computation from fieldwork, 2007.

This study also revealed the significance of the enterprises with respect to goods and services sold to the public. This situation is expressed by the total output sold per week with 43.7 percent of the women entrepreneurs accounting for between N5,001 N10,000 money value of the products sold, while 8.1 percent accounted for more than N10,000. This study also revealed that the major market of the goods sold by the

women is the market within the metropolis, which accounted for 97.1 percent, with goods and services sold outside the metropolis accounting for 2.9 percent.

Another important feature of the women entrepreneurs in Ilorin metropolis is the lack of fixed working hours. The women operate mainly on a daily basis including at times public holidays. Usually their working hours start in the early hours of the day and

close late in the evening. As revealed in this study 47.7 percent of the women operate from between 13 and 18 hours daily. The reasons for this may partly be because most of them operate within their homes. To their clients, it is an avenue to reach them any time the need arises and to the women it allow them to continue to attend to their clients with the long run effect of increasing the supply of goods and services and increasing their own income and standard of living.

Another important feature of the enterprises owned by women entrepreneurs in Ilorin metropolis is the membership of some of the women to their respective trade associations. As revealed in this study 85.4 percent of the women belong to one trade association or the other and the most important reason for joining a trade association is the need to expand their business through financial assistance as reflected by the percentage score of 80.4 percent, followed by the need to have protection from law enforcement agencies.

b. Problems of Women Entrepreneurs in Ilorin

Metropolis

Based on the questionnaire, some potential problems to the expansion of the enterprises owned by women in Ilorin metropolis were drawn. Table 3 summarizes the results obtained by the use of percentage rating of the Weighted Rank Analysis, which provides a measure of the relative difficulty of some of the major problems confronting the women entrepreneurs. As revealed by this study lack of credit facilities is the most difficult problem of the women entrepreneurs having been rated the first with 17.7 percentage score. The second most difficult problem of the sector is low patronage by customers because of the high rate of inflation and continuous price instability experienced in the country. Inadequate supply of electricity and equipment, lack of education and skills, lack of extension services are rated third, fourth and fifth respectively. The less difficult problem of the women is inadequate raw materials, which could be linked to the dominance of commerce, that need less or no physical input to operate.

Table 3: Extent of Problems of Women Entrepreneurs in Ilorin Metropolis

Problems	N	VSO	MO	NO	Total Score Per Problem			Total	Total % Score Per Problem	Cumulative Rank (CR)
		3	2	1	3	2	1			
a. Lack of Credit Facilities	197	10	47	140	30	94	140	264	17.7	1 st
b. Inadequate supply of electricity and equipment	197	5	49	143	15	98	143	256	17.2	3 rd
c. Lack of Education and Skills	197	8	28	163	24	56	163	243	16.3	4 th
d. Inadequate Raw Materials	197	3	25	169	9	50	169	228	15.1	6 th
e. Lack of Extension Services	197	6	28	163	18	56	163	237	15.9	5 th
f. Low patronage by customers	197	12	39	146	36	78	146	260	17.4	2 nd
Total								1488	100	

KEY: N = No. of observations, VSO = Very Serious Obstacle, MO = Moderate Obstacle, NO = No Obstacle
Source: Authors' Computation from fieldwork, 2007

During the interview with the researchers, inspiring information about the problem of women entrepreneurs in Ilorin metropolis also came from some of them. As indicated by one of them:

"My biggest problem is the lack of fund to expand my business, because the income incurred or profit made from this business is very merger, that at times I found it difficult to plough it back into the business, since I have to take care of other domestic needs. Our government is in a position to assist us women in business with finance, but that is not forthcoming. In fact, we don't have government because the people put there have disappointed us. It is only when the need our votes that they will come with their promises. After election they forget about us."

Another woman has this to say:

"The most critical problem to me is the continuous increase in the price of raw materials and equipment and the lack of sufficient electricity. As you can see, I am into manufacturing which need electricity power supply at all time. But because of incessant power outage, I have to buy a generating set, which cost a lot of money to maintain and fuel because the price of fuel, especially diesel has gone up more than petrol. The implication of all this is the high cost of production that I have to incur."

In the view of another woman, she said:

"For more than six years now I have been confronted with the increase in the price of raw materials I use in

my business, high tax e.g. value added tax and multiple tax from the government (state and local government), electricity outage, poor sales because of the increase in the price of goods. With all this, how would one breakeven. In fact, we are in a hopeless situation in this country."

Another woman has this to say:

"The whole problem, other women and myself are facing should be put at the door step of the government that has failed to leave to its responsibilities. It is unimaginable that since 1999 this country has continue to witness incessant power outage, shortage of good water supply, bad road network, disrupted railway system, less or no credit facility to small and medium scale enterprises, hike in petroleum prices from about N20.00 per liter in 1999 to N70.00 per liter in 2007. All the government keeps saying is that billions of Naira has been earmarked for the finance of small and medium scale enterprises. To-date none of us has benefited from it. Today most of us have to rely on boreholes for portable water and generating set for electricity supply. Because of the increase in the prices of petrol, transport fare has doubled which in turn has led to the increase in the prices of goods and services."

5. Conclusion and Recommendations

The important conclusions of this study are as follows:

a. The women entrepreneurs in Ilorin metropolis are mostly found in the modern settlement of the metropolis than in the traditional settlement. The majority of the women are adults with their age ranging between 31 and 60 years. Most of the women had secondary school education, an indication that the enterprises have the potentials for creating jobs, training and generating income for the women in the metropolis.

b. The women entrepreneurs are predominantly in commerce, owned mostly by individuals as a sole proprietor who needed only an open space with an initial capital of N5,000 or little above N10,000 to start a

business. The goods provided by the women are predominantly for domestic consumption. Very little of the goods are sold outside the metropolis.

c. Further investigations also revealed the problem the women entrepreneurs are confronted with, with the most difficult one being the lack of credit facilities from the government and its agencies, followed by low patronage by customers because of the continuous increase in the rate of inflation and price instability the country caused by high cost of transportation due mainly to the increase in the price of petrol which rose from N20 per liter in June 2000 to N75 per in June 2007 (Ugwuanyi 2007).

Drawn from the above conclusion the following measures are therefore suggested:

i. Continuous efforts should be made to stabilize some of the nation's macroeconomic variables like inflation and reduce the price of petrol to a reasonable level given their importance to the sustainability of the business of the women in Ilorin metropolis.

Efforts should be made to reform the existing credit policies and credit institutions of government in Nigeria in general and that of Kwara State in particular. The reforms should be such that would consider reducing the interest rate charged for loans provided by the banks; and that which would consider the activities of the women operating in the informal and semi formal credit institutions, like Rotation Savings and Cooperative Societies. Couple to this is to encourage savings and investment in the enterprises managed and owned by the women by curtailing the instability experienced in some of the key macroeconomic variables like interest rate, exchange rate and inflation.

Government should also invest in the human resources of the women. This investment should go in line with building the capacity of the women by upgrading their skills and introducing new innovations in entrepreneurship, especially for women in the manufacturing and the service sub-sector.

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