

Entrepreneurship as a tool for women empowerment in Nigeria

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Abstract

Women entrepreneurship is one of the key areas in advancing gender equality and achieving economic empowerment among women. The women empowerment topic which stems from the SDGs 5 of gender equality is known to be one of the ways through which long term economic success can be achieved in many nations of the world. A means of achieving this is through female entrepreneurs which provide the economic stability and strength for many women and help them become independent. Women entrepreneurs account for up to a third of all businesses operating in the formal economy worldwide, however, the majority of those in developing and transitioning economies are very small and micro enterprises, with little potential for growth most especially among the female gender. Female entrepreneurship in Nigeria has often been driven by necessity and seen as a norm in emerging markets due to insufficient formal employment. Nigerian women involved in entrepreneurs are being faced with many challenges which ranges from lack of access to funds, infrastructures, entrepreneurial trainings, and small business sizes, which calls for urgent need, intervention, and appropriate measures by government. This study examined the importance of women entrepreneurship in Nigeria, it further gave a breakdown of the labor force in the aspect of women participation, the entrepreneurial reasons women venture into businesses and what strategies could be implemented to create enabling environment for female in businesses and positive impact on women empowerment in the country.

Keywords: *Female Entrepreneurship, Gender Equality, Women Empowerment, Nigeria*

JEL Classification: *B54, J16, M13*

Introduction

Problem Statement

According to the report given by SDG Resource Centre, gender equality is a fundamental and inviolable human right. Yet women around the world continue to face significant economic, social, and legal barriers to equality. Women are more likely than men to be unemployed, they are overrepresented in low wage jobs, hold fewer managerial, entrepreneurial and leadership positions, and on average, only make 77% for every dollar earned by men. In 18 countries, men can legally prevent their wives from working. Women continue to bear disproportionate responsibility for unpaid care work and often experience maternity-related discrimination. Women entrepreneurs also face challenges to building and growing their businesses including lack of access to financing and business networks. In fact, less than 1% of spending by large businesses on suppliers is earned by women-owned businesses.

International Labor Organization (ILO) further explained that, today, up to one-third of all enterprises that are now operating in the formal economy around the world are owned and operated by women. However, the majority of those in developing and transitioning economies are very small and micro enterprises, with little potential for growth. Apart from being under-represented

in enterprises of all sizes, the bigger the firm the less likely it is to be headed by a woman. Societal attitudes and norms inhibit some women from even considering starting a business, while systemic barriers mean that many women entrepreneurs stay confined to very small businesses often operating in the informal economy. This not only limits their ability to earn an income for themselves and their families but impedes them from realizing their full potential to contribute to socio-economic development, job creation and environmental stewardship (ILO, 2016).

According to the ILO, while men's productive potential is underutilized by 22%, women's is as high as 50%. By removing obstacles including discriminatory customary rules, discriminatory property and inheritance laws, limited access to formal financial institutions, and time restraints brought on by domestic and family duties, sustainable businesses led by women may have more prospects. In turn, this would support the creation of jobs, gender equality, and the economic empowerment of women.

Materials and method

The goal of this study is to synthesize research on women's empowerment most especially as it relates with female entrepreneurship in Nigeria. The study's main objective is to analyze Nigerian women participation in labor force, businesses, and entrepreneurial activities. It also explains the reasons behind their participation, challenges involved and how it can be solved. This study employs document analysis techniques and is qualitative in nature, it is fundamentally based on library research enriched with internet resources and government publications on the subject topics.

Results and Discussions

Conceptualizing Women Empowerment

Empowerment is a term widely used by academics, policy makers and development workers, making it highly contested when conceptualizing and in the methodology use (Leder, 2016). There have been different definitions and concepts given to this subject, but in simple term Empowerment as a word means to “gain control”. Chandra (2007), define empowerment as a process by which the ones without power gain greater control over their lives. This means control over material assets, intellectual resources, and ideology. It was further explained by Fox & Romero (2017) as power (control over one's own life and over resources) or the transfer of power in a dynamic way over a period (Mandal, 2013) and agency (capability to originate and direct actions for given purposes). It ranges from defining it as a primarily individual process of taking control of and being responsible for one's life and situation to defining it as a political process of granting human rights and social justice to disadvantaged groups (Priya, 2017).

This concept of empowerment originated from the work of Paulo Freire (1996) who wrote book titled “Pedagogy of the Oppressed” in a formal way for the first time in 1970s with the aim of empowering the poor (oppressed) and to resolve the contradiction to the (oppressors), those in power. Freire's approach led to an influential social and educational movement and literacy program to create empowerment through critical consciousness, most especially through educating the oppressed. After this scholar's work, many researchers built on his perspectives and raised further discussion on the topic as it relates with human potential especially for gender and women empowerment (Freire, 2020).

Women's empowerment has been a feature of development assistance since the 1990s (Perryman –de Los Arcos 2016). There have been different terms such as gender equality; female autonomy; women's status; control, and women decision-making ability are all commonly used in literatures to refer to women's power and influence over their lives. In conceptualizing women's empowerment based on Kabeer's (1999; p.435): it is "the expansion of people's ability to make strategic life choices in a context where this ability was previously denied to them." Kabeer's identifies three interrelated dimensions underpinning the ability to make choices: resources, agency, and achievements. Further on this, women empowerment was explained to be multidimensional and faceted which could either be achieved through individual choices (Budgeon, 2015) or collective ways (Kurtis et al., 2016). The outcome of these dimensions needs to be measured to quantify women empowerment, and numerous indicators are required to capture these different dimensions of women's agency and empowerment one of which is their economic activities which could be linked to income sources like businesses. Hence, the need to examine and explain the connection between women empowerment and entrepreneurship most especially in Nigeria.

Concept of Women Entrepreneurship

Women's economic empowerment is a cornerstone of the 2030 Agenda for Sustainable Development. The 2016 Report of the United Nations Secretary-General's High-Level Panel on Women's Economic Empowerment provides strong evidence that women are lagging men in terms of the number of female business owners, the size of women-owned businesses, and their access to economic resources. Specifically, women-owned enterprises are smaller and disadvantaged in their access to credit, resources, and assets (UN Secretary-General's High-Level Panel on Women's Economic Empowerment 2016, 2). With data on the existing gender gap in female entrepreneurship as against their counterpart, tracking the progress achieved by women in this area becomes more important.

Female entrepreneurs have been identified as a key instrument for, job creation, innovation, and economic growth (OECD, 1997). Women entrepreneurs are simply women that carry out total entrepreneurial role and activities, which involves taking risks and resource combination in a unique way to take advantage of the identified opportunity in their immediate locality and environment which result in production of goods and services to meet such needs (Oseremen,2015). It involves women utilizing their skills, means, and knowledge to establish a new business venture by facing the issues and challenges until attaining financial gain by business venture (Nagarajan, 2016). Women entrepreneurs represent about one in three growth-oriented entrepreneurs active in the world today. In its 2020/21 Women's Entrepreneurship Report: Thriving through Crisis - Global Entrepreneurship Monitor (GEM) found that globally, 30.2% of women entrepreneurs surveyed are expected to hire six or more employees in the next five years compared to just 18.7% in the 2019 report contributing to reduction in unemployment in the economy. The GEM 2020/2021 Women's Entrepreneurship Report showed that women's entrepreneurship is a fundamental promoting factor of inclusive economic growth in developing economies. In low- and middle-income countries, 17% of women are entrepreneurs and 35% aspire to become entrepreneurs. Taken together, this implies that over half of women in developing countries see entrepreneurship as a path to a better future, compared to only 25 percent in high-income countries.

Women Participation in Labour Force in Nigeria

The female labour force participation rate is the percent of the female population ages from 15 and above who are economically active, meaning gainfully employed. Based on the ILO estimates in 2012, the global female labour force participation rate has remained stable over the last two decades, with a slight decline in the total female working-age population (15+) from 52.2% in 1992 to 51.4% in 2012 and by the end of 2019 there has been a drop to 47.7%. Though 370.5 million women have joined the labour market in the past 20 years, women still account for just 39.8% of the global labour force (Verick, 2014). The Nigerian situation shows that between 1971 and 2004, the rate of increase of female participation rose from 12% to 70% of the work force because of women’s participation in higher education (Women and Work Commission, 2005). The female labour participation rate (% of female population ages 15 and above) in Nigeria as of 2015 and 2016 was 50% of country’s female population, while there was a decline by 2017 till date. **Figure 1** shows that, though there has been great improvement yet much still needs to be done and hence the need for development of female entrepreneurs in Nigeria which would further boost economic growth and reduce unemployment.

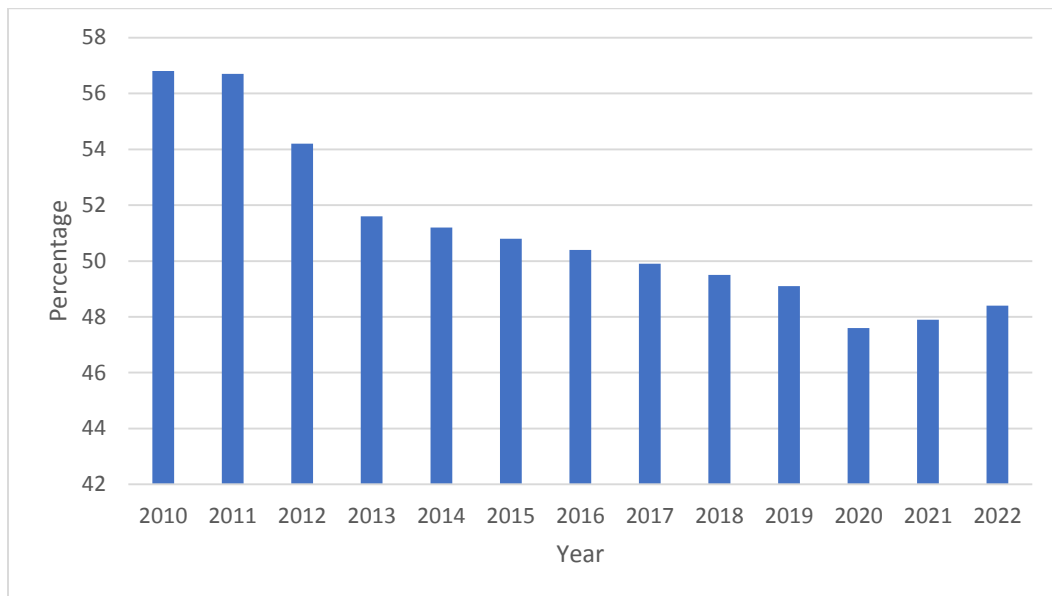


Figure 1: Female labour force participation rate in Nigeria from 2010 to 2022

Source: Statista 2022

Women Entrepreneurship in Nigeria

Nigeria has an almost even balance of the population between males and females as seen from **Table 1**, and a positive trend with respect to the labour force with has about equal share of participation (PwC,2020). However, according to assessment done PwC in 2020 to explain the women’s participation and representation in the private sector of Nigeria, the micro-business space is skewed towards men.

Participation in micro enterprise as seen in the **Table 1** is the cumulative of those who own a business unit as sole proprietor and those employed to work in micro enterprise as an employee. In total 32.5 million men are involved in micro enterprise of which 20.7 million of them are owners while the remaining 11.8million employed to work in those businesses. This is against women

whose participation accounted for 23 million as female entrepreneurs operating within this segment, out of which 19.6 million are business owners and just 3.4 million of female are employed within micro-enterprises. The high-level participation of female entrepreneurs in the country is however often driven mainly by necessity, which is the norm in emerging markets where there is insufficient formal employment (PwC, 2020).

Table 1: Gender Distribution of Entrepreneurs in Nigeria as at 2020

Parameters	Male (million)	Female (million)
Population	101.7	104.5
Labour Force	25.6	25.1
Participation in Micro Enterprise	32.5	23.0
Sole proprietor	20.7	19.6
Employment in Micro Enterprise	11.8	3.4

Source: PwC, 2020

The Organization for Economic Cooperation and Development (OECD) Future of Business Survey (2018) established reasons profiled on the motivation behind the engagement of female entrepreneurs in starting businesses in Nigeria as compared to male counterparts. Such reasons as shown in **Figure 2** includes family tradition, discontented with previous job, no other employment, need for work-life balance, market niche, need to make more money, creativity, to have a source of income, to be more independent, and to pursue an interest/hobby. Majority of women engage in entrepreneurial activities see it as their main income source and employment, enabling them to be more independent rather than looking up to their husbands or families for funds or support.

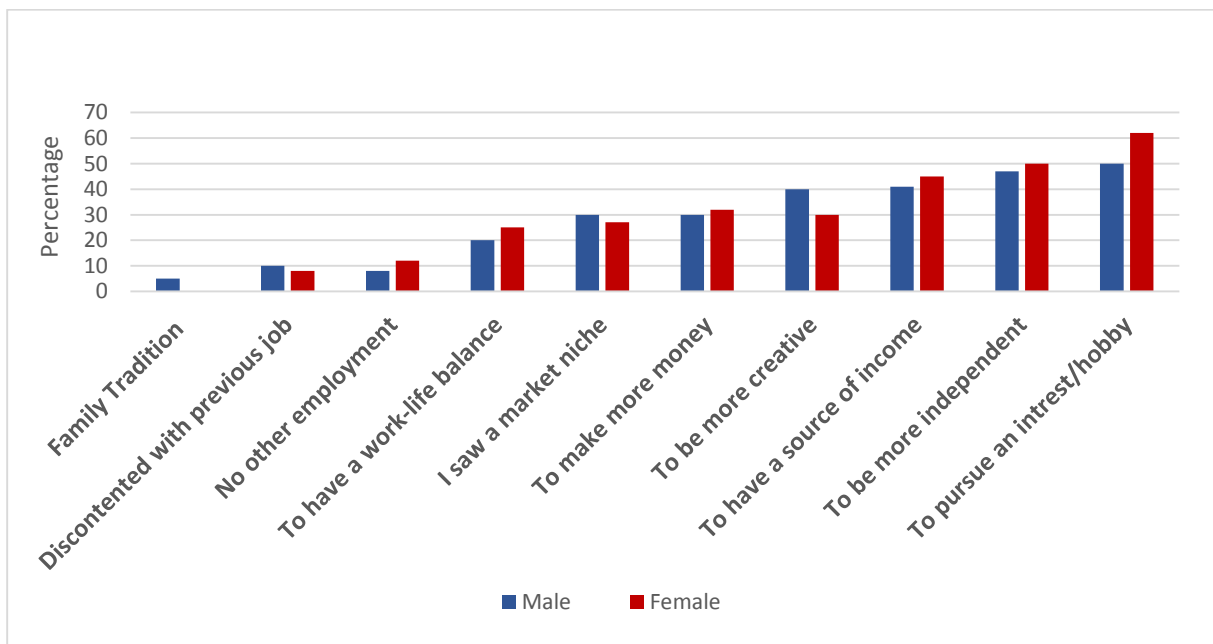


Figure 2: Entrepreneurial Reasons for Women in Nigeria.

Source: OECD, The Future of Business Survey 2018

Further findings by the OECD The Future of Business Survey 2018, revealed the source of financing the businesses owned by women as seen in Figure 3 which include self-funding, getting help from family members, support from spouse and seeking for bank loans as they seek to be financially sufficient in building their businesses. More men than women self-finance or seek loan for their businesses and women most time seek support from their husbands or family members. This shows that women still lag in terms of access to personal funds and support from financial institutions when it comes to funding their businesses.

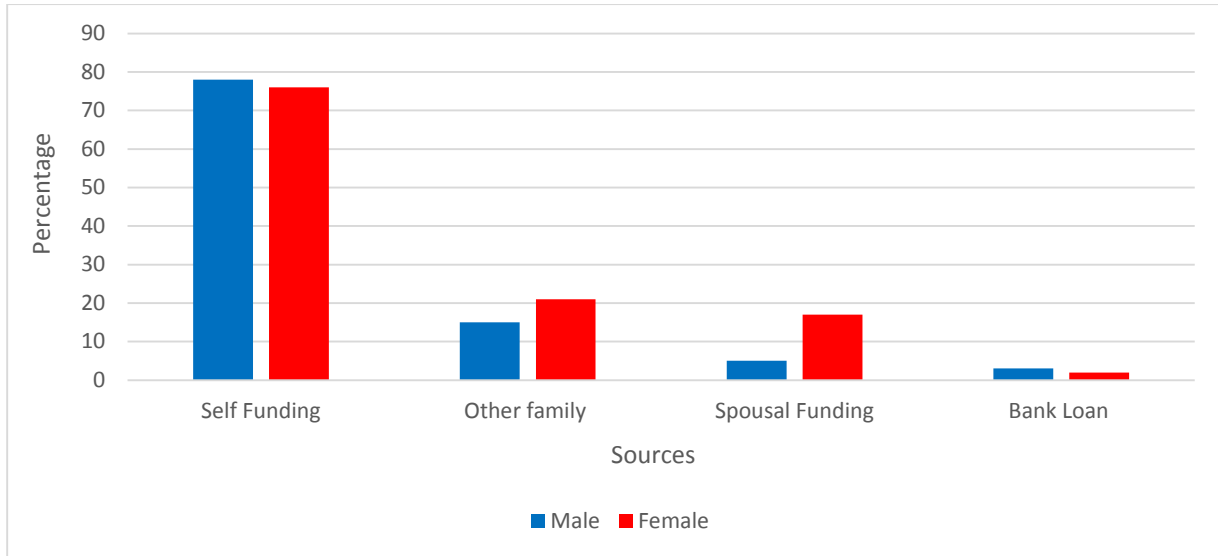


Figure 3: Funds Source Among Female Entrepreneurs in Nigeria.

Source: OECD, The Future of Business Survey 2018

Challenges of Female Entrepreneurs in Nigeria

Female entrepreneurship has played and continues to play significant roles in the growth and development of many economies the world. In the case of Nigeria, entrepreneurs typically perform below expectations due to a variety of issues, including their own attitudes and behaviors, environmental related factors, political instability, and frequent changes in government policy. (Onugu, 2005). This is even more prominent among women due to some specific obstacles that are peculiar to women involve in entrepreneurial activities in the country.

Size of Business: One of the key barriers is the size of business many women own, most of the female enterprises in Nigeria are on small and medium scale and these businesses are not legally recognized because they have not been registered thereby jeopardizing their opportunities of accessing funds and financial support. According to recent study carried out by ILO in Nigeria in 2022, to determine the barriers and opportunities to formalize women-led economic they discovered that: “Most women surveyed did not have their businesses registered, nor were they or their employees registered with the national tax or social security authorities. However, around a third women entrepreneurs pays local government taxes, such as for shop or trade permits, others pay business premise levies. The most frequent reasons for not registering their businesses appear to be the complex and tedious registration process and high costs. Another challenge of non-registration is the requirement to pay taxes regularly once having a formal business status. The majority felt that their businesses were too small to register”.

Financial Support and Awareness: One key issue with entrepreneurship is the need for capital or funding support to help with the growth of business. Many female entrepreneurs in Nigeria are not aware of the recent development that is presently in place in Nigeria. The Central Bank of Nigeria (CBN) has approved the establishment of a Micro, Small and Medium Enterprises Development Fund (MSMEDP) in 2012, with the intention of making a minimum of 60 percent of these funds available as finance support for female entrepreneurs with a view to addressing their previous financial exclusion. (ILO, 2022). Hence, a need for sensitization and raising more awareness and support to women-owned businesses, which build their entrepreneurial capacity and promote their business development and formalization in a holistic manner.

Family Responsibility: This rest heavily on women as household members looks up to them for care. According to World Bank as of 2020, the birth rate of women in Nigeria is 5.4 which means that at least 5 children are raised by women in a household. This has placed a lot of burden on them to have adequate time to start a business, or a problem of fending for the family from their business funds which later runs down the business. This was also affirmed by Obi et al., (2017), which further explained that there are issues of girl child early marriage, family ties and lack family support in starting or raising their business.

Other barriers faced by female entrepreneurs in Nigeria according to Obi et al., (2017) include social barriers, lack of education, hostile government policies, lack of entrepreneurial aptitude, inadequate information about improved technologies, lack of social awareness, inadequate security measures, lack of access to finance, credit discrimination, women economic empowerment. In addition to these, Onugu (2005) stated other key reasons such as poor management, inadequate access to finance, infrastructure, Lack of Strong Patent Law, multiple taxes and levies, Inadequate access to market information and non-availability of raw materials locally as hindrances to development of women entrepreneurs in Nigeria.

Implication and Recommendation

Women entrepreneurship has played key roles in the growths and development of many nations of the world, this can also be replicated in Nigeria if keys solutions are put in place to solve challenges and barriers faced by majority of women doing businesses in Nigeria.

First, there is a need to provide a regulated environment that allows for easy registration of businesses irrespective of the scale or size of the business. This will provide them with necessary documents to access funds and support from bodies such as Banks, NGOs and other Governmental associations that are willing to help grow their enterprise. Adequate trainings and entrepreneurial skills should also be incorporated into development policy as way of empowering women who are involved in business or willing to start one. With the right skill set and technical know-how, there will be many flourishing businesses and consequently leading to poverty reduction and economic development of the nation.

Sensitization and awareness need to be raised to inform female entrepreneurs in Nigeria about funding opportunities available to them such as the Micro, Small and Medium Enterprises Development Fund (MSMEDP) established by Central Bank of Nigeria, Coca-Cola Women Entrepreneurs, World Bank, Tony Elumelu Foundation, Shell Live Wire, United States African Development Foundation (USADF), African Development Bank, USAID, and Business Development Fund for Women (BUDFOW).

Conclusion

Women entrepreneurship is one of the key areas in advancing gender equality and achieving women economic empowerment. Entrepreneurships provide the economic stability and strength for many women and help them become independent. It directly and indirectly impacts their families, communities, nations and at the international level. Nigeria women involved in entrepreneurs are being faced with some key challenges that need to be tackled by government. The suggestions and strategies are also useful as a policy tool for planners, government policymakers, development workers, and NGOs to initiate and appropriate them to achieve excellent results in women's sphere in Nigeria.

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