

THE ROLE OF FEMALE ENTREPRENEURS IN NATION BUILDING

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ABSTRACT

Women's participation in economic activities in the developing world is mostly confined to the informal sectors of the economy. In most cases, women are significantly over represented in the more vulnerable areas of employment such as unpaid family work, seasonal agricultural laborers and domestic servants. Female entrepreneurs are highly marginalized and disempowered in the formal sectors in the developing world economies. This is evident from the patriarchal system that largely assumed women as naturally inferior to men. In most developing economies, the contribution of female entrepreneurs to the national development and economic transformation is very minimal. The paper aims at examining the current trend in female entrepreneurship in the developing world. The central focus is on women in small and medium scale enterprises (SMEs) and the role they played in the economic transformation of their communities. The methodology is based on the review of recent relevant literature and the analysis of secondary data. The findings revealed that the representations of women in entrepreneurial activities in most developing countries are very low due to low levels of education and gender inequality. The paper concludes by making some recommendations that, there should be positive action beyond political rhetoric, government at all levels should adopt appropriate invention strategies that will address the issues of inequality, better education for female entrepreneurs in order to ensure their full participation in gainful economic activities.

Keywords: Entrepreneur, Entrepreneurship, Female Entrepreneurs, Informal Sector, Small and Medium Scale Enterprises (SMEs).

1.0 Introduction

Women have been generally recognized as a significant, yet relatively untapped, source of entrepreneurial potential in both the developed and

developing countries (O'Reily & Hert, 2004). This is particularly true in the areas of new venture creation and enterprise development. As new areas of research, female entrepreneurship and the efforts of women to establish and develop growth-oriented business are largely underdeveloped and neglected (Brush,1994).

In the last couple of decades there has been a change in attitude and entrepreneurs are considered to be important in relation to both wealth creation and economic regeneration. Indeed, the role and importance of female entrepreneurship and new business creation to both developed and developing economies have received increased attention from academics and policy makers in recent years. This growth in interest in the economic contribution of entrepreneurship has been reflected in an increased level and variety of public and private sector policy initiatives at local, regional and national levels to stimulate and support of the development of the sector (Henryet al,2003).

Small and medium-sized enterprises (SMEs) represent the backbone of local economies in most developing countries. Yet, most of these enterprises remain in the informal sector because they lack the ability to grow beyond the neighborhood and comply with the demands of the complex business environment in the formal sector. SMEs need access to affordable credit and create a network of partners in the public and the private sector that actively assist them in improving their product or service to a level that meets the regulatory standards and in the effective marketing. In view of the growing importance of entrepreneurship-oriented development assistance and in response to the fact that about 40% of enterprises in developing countries are owned and run by women (Zororo., 2011).

Gender equality is a human right that we believe can build stronger and more sustainable equitable societies. Arguments are on the increase on the specific role women should play in the society. One opinion is that women's role is predominantly in the homes while another is that women can engage in other socio-economic and political activities just like their male counterparts. Right from the beginning, girls grow up with the impression that one day they will establish a family and become somebody's wife. The practice of discouraging

woman from becoming independent was supported by traditional rules and laws. Observation and empirical evidence point to and reveal that a number of factors have facilitated to the second fiddle role women are playing in political and economic activities. Some of these factors are identified as a function of natural status of women while others are manmade deliberately designed by their counterparts to further confine women to sedentary activities (Oketch, H. 2000).

2.0 Research on Female Entrepreneurship

Various studies have been undertaken on the topic of entrepreneurship and one popular research topic is female entrepreneurship. Such studies include those on factors influencing the performance of women entrepreneurs. In a global economy plagued by myriad perennial problems, entrepreneurs, both men and women, faced various uphill tasks and challenges. Minniti's (2003) report on women in entrepreneurship reveals that women are 50 percent less likely to become entrepreneurs compared to men, have smaller amount of start-up capital, smaller proportion of equities, have smaller businesses, and slower company growth compared to men. The Organization for Economic Co-operation and Development (OECD) study in the year 2005 on the issues and policies on women's entrepreneurship in Turkey identified obstacles faced by women entrepreneurs as lack of role models, poor education, and weak social position as well as lack of access to time because of domestic engagements and financing.

Kumar (2006) identified 12 major problems faced by women entrepreneurs in India which include gender bias, skepticism of women's entrepreneurial abilities, inadequate funding, conflicting roles, low access to knowledge, etc. In Nigeria, Okafor and Mordi (2010) noted that inequality and sexism are the major challenges faced by women entrepreneurs. In Sri Lanka, Ayadurai (2004) established that lack of funds is the number one constraint faced by women in war-torn areas.

Women entrepreneurs in Africa tend to be reliable and successful, hence the need to recognize their efforts and support them. He emphasized the endurance and sense of responsibility that characterize women entrepreneurs in developing countries. This is because they demonstrate the ability to do business in an environment that is not always conducive to their efforts to become more empowered and independent (Patriarchal and cultural reasons). He further argued that ' entrepreneurs in developing countries face a lot of challenges because access to knowledge and entrepreneurship training are not sufficient. He

therefore states that the successful promotion of local entrepreneurs in Africa can only be realized if there is more exchange and understanding between the cultures of business, academia and development cooperation (Kinzelbauch, W 2008).

The intensity of women as entrepreneurs or owning own businesses is still low, though the rate varies by country due to differences in local factors such as employment opportunities, education, institutions, culture, or even religious belief of the people. Many studies such as that of Sinhal (2005) observed that less than 10% of the entrepreneurs in South Asia, comprising Bangladesh, Bhutan, India, Maldives, Nepal, Pakistan and Sri Lanka, are women.

2.1 Contribution of Female Entrepreneurship

The female entrepreneur are those women who think of a business enterprise, initiate it, organize and combine the factors of production, operate the enterprise, undertake risk and handle economic uncertainties involved in running a business enterprise. With education and training, the female entrepreneur can gained confidence to do all work, which was the prerogative of man and do it excellently, rather better than men. Over the years, the educated women have become ambitious, acquired experience and basic skills, knowledge and self-assurance. The most important role played by an average female entrepreneurs include the following (Hafsat, S.2013).

- Exploring the possibilities and prospects of starting a new business venture.
- Risk taking and handling of economic uncertainties involved in running a business venture.
- Serving as agents of innovations and imitations of innovative tendencies.
- Coordinating all factors of production, administration and control of their businesses.
- Supervision and effective leadership style.

2.2 Enhancing women's contribution to the economy:-

Enhancing women's contribution to the economy involves factors influencing women's productivity. Women workers comprise the majority of those classified as workers with "family responsibilities" by the ILO. They are faced with the need to reconcile their dual tasks at work and at home. Given the fact that women still have to perform their domestic duties, factors which increase the burden of domestic duties make it more difficult for women to be efficient at work, they are classified into two broad groups i.e. access to

resources and socio-cultural constraints (ILO, 2008).

Access to resources includes affordable education, credit facilities, technology, land, extension services, transportation and marketing services. In the modern sector, additional constraints includes inflexible working hours inadequate, child care services and employer prejudices various cultural restrictions inhibit women's economic activities. Women are regarded as subordinate to men within and outside the home. A common feature of many Nigerian societies is their patriarchal structure a system of social stratification and differentiation on the basis of sex which provides material advantages to males while at the same time it places severe restrictions on the roles and activities of females. Various institutions i.e. legal, social and economic support the institution of patriarchy. One dimension of patriarchy which limits women's economic activities is the practice of Purdah of female exclusion, whereby women are confined to the house. Furthermore, patriarchy restricts women's access to economic resources such as land, credit and extension services by giving preferential access to males. It also explains men's attitudes towards women in the society, and the neglect of women in the planning process. Higher productivity contributes to improved living standards, environment, housing, higher incomes etc. Thus policies are required to increase labour (output per man/woman) so as to enhance labour's contribution to the economy (Hafsat, S.2013).

3.0 Research Findings

The performance of small businesses, usually determined by their economic contribution to job and wealth creation through business start up and growth, has become an important area of recent policy and academic debate. When compared with the other sub- sectors of the economy very little rigorous and in-depth research on the issue of gender and business performance has been conducted.

In a study conducted by Clift, (1998) revealed that female entrepreneurs perform less than male entrepreneurs on quantitative measures such as job creation, sales turn over and profitability. They further argued that female entrepreneurs do not enter business purely for financial gain but to pursue intrinsic goals like self fulfillment and goal attainment. However, men are assumed to measure their success using quantitative measures like profits and growth.

In a related development (Collins-Dodd et al, 2004) argued that the structural disadvantages facing female entrepreneurs and their consequent lack of human, social and financial capital are

mainly responsible for their poor business performance.

In Kano, a study of 220 businesses was conducted by Garba,B, (2013) which revealed that 53 were female owned and it was discovered that women proprietors have created more stable enterprises than their male counterpart. However, the sales turnover, profits and growth rate for women was lower than for males.

Siwadi and Mhangami (2011) adds that it is undeniable that women entrepreneurs are the major actors in some sub- sectors and their contributors to economic development are becoming increasingly visible in the local economies of the developing counties. Promoting women's economic and political empowerment has gained greater attention over the last three decades. According to the 1999 National MSEs Baseline survey, there were 612,848 women in Micro and Small Enterprises (MSEs) in Kenya, accounting for 47.4 per cent of all those in MSEs. The results showed that women tended to operate enterprises associated with traditional women's roles, such as hairstyling, restaurants, hotels, retails shops and wholesale outlets(Athanne (2011).

4.0 Obstacles to Female Entrepreneurs

4.1 In Adequate Access to Finance

The greatest barrier facing women entrepreneurs in developing countries is access to finance which is an issue because of requirements of collateral. In Kenya only 1% of women own property and that makes it very difficult for women to provide collateral for banks loans. Most women who venture into businesses in the rural areas and need financing lack the needed collateral to enable them secure bank loans. Family responsibilities of female entrepreneurs have limited their opportunities to make good savings or undertake business expansion and diversification. The financial aspects of setting up a business are without doubt the biggest obstacles to women (Zororo 2011, Brush 1992).

4.2 Multiple Responsibilities

One other challenge facing women entrepreneurs is the responsibility of providing for the extended family and relatives. Most micro-enterprise financial resources are not usually isolated from personal finances and hence these family obligations are met from resources earned in the business. Their demands tend to drain the savings and income made by the business, since such finances would otherwise have been used in the enterprise for expansion and growth. Though some of them do assist in providing services in the enterprise (or in the family), the financial

obligations in supporting them usually exceeds the services they provide.

4.3 Inadequate Education

Lower education levels puts women entrepreneurs at a disadvantage position in developing countries compared to men. While gender gap in education has decreased in recent years, the gap remains high at tertiary education levels. Lack of sufficient education and training for women is another impediment to micro-enterprise success. Culturally, and especially in the rural setting, the girl child was not given equal opportunity to study like the boys; hence they had limited education and training (if any) which tends to affect effective performance in later life. One woman laments: *"We are isolated socially; we lack previous work experience, and access to enterprise information and marketing facilities which the men entrepreneurs acquire. The excessive demand on our time as wives, mothers and 'managers' of the home front due to our chores, make it nearly impossible to successfully operate an enterprise. It is only by God's grace that we manage to survive. This is besides our position in the family and the structure of power relations. One, who ventures out there to follow the entrepreneurial spirit, does so at the expense of her family."*(ILO, 2008).

Common wealth secretariat (2002) records that women often have few or no contacts in the bureaucracy, and there may be a bias against women's businesses. Women have little representation on policy-making bodies, partly because they tend not to belong to or reach leadership positions in mainstream business organizations.

5.0 Conclusion and Policy Recommendations

Recently, there is an increasing interest in women entrepreneurship development among policy makers, academics and practitioners in developing countries. This interest comes from the recognition that the creation of women entrepreneurship, especially in rural areas, will contribute to the creation of many new rural enterprises that will increase local capabilities to bring rural economic growth, and more importantly, it will help significantly the government's efforts to alleviate poverty. Also, many developing countries have strong commitment with respect to the achievement of the MDGs by 2015, of which women empowerment is among the goals. Women capacity building, including their capability to become productive and innovative entrepreneurs, in many countries have become an important element in government's overall social and economic development plans and policies.

5.1 Recommendations

- Access to credit by female entrepreneurs at the level of micro and small-scale enterprises, should be facilitated through innovative programs and financing arrangements that go beyond the conventional banking approaches that required collateral and other stringent conditions.
- Married women should be given special support by their family members, government and other non-governmental organizations (NGOs) in respect of finances, motivational encouragement, and advice and to some extent the actual involvement in the running of business.
- The public sector and the private financial institutions should be adequately informed on the value of gender-balanced participation in the SMEs. The central focus should be to promote the social and economic empowerment of women, as they constitute a vulnerable social category that is critical in sustainable development endeavors.
- Micro finance institutions should portray a non gender based environment in order to stimulate women entrepreneurs in the developing countries.
- Strategies should be put in place with different instruments to address access to finance issues for female entrepreneurs, like mentoring them, helping them prepare proposals for bank loans and even providing a guarantee for them by the NGOs.

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