

# FACTORS AFFECTING WOMEN ENTREPRENEURS' FINANCIAL PERFORMANCE IN UMUAHIA UBANI MARKET, ABIA STATE, NIGERIA

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## Abstract

This study examined the factors affecting women entrepreneurs' financial performance in Umuahia Ubani market, Abia State Nigeria by investigating their socio-economic characteristics, the financial factors affecting their performance and the financial accessibility challenges facing women entrepreneurs. A simple random technique was used to collect data from 100 women entrepreneurs in the study area, using a well-structured questionnaire. Data were analyzed using ordinary least square regression model and descriptive statistics like frequency table. The regression result showed that co-efficient of business experiences, record keeping and working capital were directly related to performance at 10% level each while age and financial accessibility had indirect relationship with performance at 5% level each. With  $R^2$  level of 0.4472 which indicated 44.72% variability in performance was explained by the independent factors. The F value of 2.82 was significant at 5% indicating goodness of fit of the regression line. The study recommends that financial institutions should map out simple ways of accessing financial facilities for women entrepreneurs and also policies aimed at educating women on financial information and accounting techniques to enhance record keeping should be encouraged by government through seminars, workshops and trainings.

**Keywords: Women, Entrepreneur, Financial performance and Nigeria**

## Introduction

Women are becoming increasingly important in the socio-economic development of both developed and developing economies as they account for significant percentage of the operators of Small and Medium Enterprises (SMEs) (Stevenson and Jarrillo, 2003). Women entrepreneurs make a substantial contribution to national economies through their participation in start-ups and their growth in small and medium businesses (United Nations, 2006). Their interests and activities in the economic growth and development especially in the area of SMEs have received outstanding interest of researchers. Global Entrepreneurship Monitor (GEM) (2005) confirmed that women participate in a wide range of entrepreneurial activities across the 37 member countries of GEM of which Nigeria is a member and their activities in different countries have paid off in form of many newly-established enterprises for job and wealth creation. This notwithstanding, entrepreneurship is usually seen from the perspective of men driven economy (Ram, 2009; GEM, 2012) due to its complexity, particularly its gender issues, the role of women entrepreneurs has not been properly documented. While women's entrepreneurship is a central aspect of economic development and public policy concern in most countries especially in Nigeria and specifically in Abia state, scholarly research about their entrepreneurial activities is comparatively scarce. The role of entrepreneurs as agents in the labor market for creation of employment, wealth creation, poverty alleviation and provision of resources has helped tremendously to increase the number of women owned entrepreneurial ventures in the world (GEM, 2012). The emergence of the private sector as the major participant/player in the industrial development of many countries has also improved

women's access in employment opportunities as against when they experienced denial in employment opportunities as wage workers because of their family responsibilities, lack of skills, social and cultural barriers (Jennings and Cohen, 2006). The role of Women Entrepreneurs needs to be considered in the economic development of the nation for various reasons. They have been recognized during the last decade as an important untapped source of economic growth. Women Entrepreneurs create new jobs for themselves and others and by being different also provide society with different solutions to management, organization and business problems as well as to the exploitation of women entrepreneurial opportunities. The operation of SMEs involves considerable risks, hard work, enormous sacrifice and sincerity of purpose which cut across various obstacles. The risks, challenges and obstacles (Ojo, 2009) perhaps affect women entrepreneurs more than their men counterparts, making their chances of success to be considerably lower than men (Morris and Kurato, 2009). Therefore, the broad objective of this study was to determine the factors affecting women entrepreneurs' financial performance in Ubani market in Umuahia, Abia State Nigeria. The specific objectives of the study were to determine the socio-economic characteristics of women entrepreneurs and the financial factors affecting performance of the women entrepreneurs in the study area.

### **Methodology**

Umuahia is the capital of Abia state, Nigeria. Umuahia North is a Local Government Area in Abia State, Nigeria. Its headquarter is in the city of Umuahia. Umuahia North Local Government of Abia State is made up of two major clans, namely Ibeku and Ohuhu which consist of many communities such as Isieke, Emede, Ubani (where Ubani market is located), Afaranta, Ossah, Ndume, Amaforo, Nkwoachara, Nkwoegwu, Umuhu and Isingwu. Ubani market is the major market in Umuahia. It is located within latitude (DMA) 5°31' 60N and Longitude (DMS) 7°28' 60E. It is bounded by Bende Local Government Area on the West, Isikwuato Local Government Area on the South, Umuahia South on the North and Ikwuano Local Government on the east. It lies within the rain forest zone with average rainfall of 2,169.9mm and at an altitude of 122m above sea level. According to National Population Commission (2009), the number of households are around 32,790 with a population density of 599 and surface area of 244,560km<sup>2</sup>. The study adopted a probability sampling techniques where all the element of the samples was given equal chance of being selected. Thus purposive random sampling was used to select women entrepreneurs in Ubani market. However, the sampling procedures involved the random selection of women from four different selling areas. 25 women were selected from consumer goods, 25 from agricultural products, 25 from baby products and 25 from clothing and textile. Thus, a total of 100 respondents were randomly selected for the study. Data were collected from respondents using a well-structured questionnaire and oral interview. Data were analyzed using descriptive statistics and ordinary least square (OLS) multiple regression model. The study adopted the use of 5 likert scale where 1 = "to no extent at all", 2 = "to small extent", 3 = "to some extent", 4 = "to a high extent", 5 = "to a very high extent" average to predict the extent to which the identified variables affect the dependent variable. The value of the five responses were added and further divided by 5 to obtain 3 which was regarded as the mean of Financial Accessibility, Record keeping, working capital management and Budgeting which are the financial factors or indicators. Any result with the mean score of 3.0 and above was accepted while the result with the mean score of less than 3.0 was rejected.

### **Regression model**

$$Y = \beta_0 + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \beta_4X_4 + \beta_5X_5 + \beta_6X_6 + \beta_7X_7 + \beta_8X_8 + \beta_9X_9 + e$$

Where;

Y= Women entrepreneur performance (proxied by profit (₦))

X<sub>1</sub>= Age (years)

- X<sub>2</sub>= Business experience (years)  
 X<sub>3</sub>= Education (years)  
 X<sub>4</sub>= Marital status (1 =married, 0=otherwise)  
 X<sub>5</sub>= Household size(number)  
 X<sub>6</sub>= Financial Accessibility (mean score of the likert scale)  
 X<sub>7</sub>= Record keeping (mean score of the likert scale)  
 X<sub>8</sub>= Budgeting (mean score of the likert scale)  
 X<sub>9</sub>= Working Capital management (mean score of the likert scale)

## Results and Discussion

### Socio-economic characteristics of the Respondents

The result of the analysis of Socio-economic characteristics of the respondents is summarized and presented in Table 1

**Table 1:Socio-Economic Characteristics of the Respondents**

Variables	frequency	Percentage	
<b>Age(years)</b>			
<18	1	1.00	
18-25	20	20.00	
26-35	16	16.00	
36-45	15	15.00	
46-55	24	24.00	
>55	24	24.00	
<b>Total</b>	100	100.00	<b>Mean 35.9</b>
<b>Household Size</b>			
1-5	37	37.00	
6-10	29	29.00	
>10	34	34.00	
<b>Total</b>	100	100.00	<b>Mean 7</b>
<b>Educational Attainment(years)</b>			
Primary	32	32.00	
Secondary	59	59.00	
Tertiary	9	9.00	
<b>Total</b>	100	100	
<b>Marital status</b>			
Single	26	26.00	
Married	45	45.00	
Divorced/separated	9	9.00	
<b>Total</b>	100	100	
<b>Business experience(years)</b>			
≤10	24	24.00	
11-15	33	33.00	
16-20	31	31.00	
21-25	13	13.00	
<b>Total</b>	100	100.00	<b>Mean 16.9</b>

Source: field survey, 2016

Table 1 showed that about 51% of the respondents were between the age ranges of 18-45 while 24% of the women were between the age ranges of 46-55. This shows that majority of the women entrepreneurs were still young and active, can develop more competence to manage business when compared to their older counterparts (GEM, 2012). About 34.00% of the women had large household size of more than 10 persons. Banmeke, (2003) noted that household size is an important index in any rural development intervention which can affect the outcomes of such intervention. Most of the women were married (45%),had secondary education (59%) and more than 77% of the

women has been in the business for more than 10 years. The level of experience is an important factor as it is a major determinant of their managerial acumen (Eze *et al*, 2000).

### Determinants of women entrepreneurs' financial performance

The result in Table 2, shows the regression estimate of the determination of performance among women entrepreneurs in the study area. The coefficient of multiple determinations ( $R^2$  value) of 0.4472 indicates 44.72% variability in women entrepreneur's performance was explained by the independent factors. The F value of 2.82 was significance at 5% indicating goodness of fit of the regression line and significant of the  $R^2$  value.

**Table 2: Regression Estimate for the Determinants of factors affecting financial Performance of Women Entrepreneurs**

Variable	Co-efficient	Std error	T-value
Constant ( $\beta_0$ )	120372.70	34200.15	3.52***
Age ( $X_1$ )	-8646.16	13669.27	-3.00**
Bus. Experience ( $X_2$ )	31309.97	13669.27	2.29*
Education ( $X_3$ )	4613.27	5793.26	0.80
Marital status ( $X_4$ )	143.13	6727.76	0.02
Household size ( $X_5$ )	14372.41	6915.63	2.08*
Financial accessibility ( $X_6$ )	-204.35	4873.95	-0.04*
Record keeping ( $X_7$ )	29331.42	12818.95	2.29*
Budgeting ( $X_8$ )	-2709.41	8073.22	-0.34
Working capital ( $X_9$ )	17242.84	8861.80	1.95*
$R^2$		0.4472	
$R^{-2}$		0.3317	
F- ratio		2.82**	

Source: Field survey (2016). \*, \*\*, and \*\*\*, shows significance at 10%, 5% and 1% level respectively.

The co-efficient of age was negative and significant 5% level. This shows that any increase in age will lead to a corresponding decrease in entrepreneur's performance. This is expected because the younger entrepreneurs are stronger and more aggressive in business skills compared to their aged counterparts. Also GEM, (2012) noted that entrepreneur's activity is more prevalent among younger entrepreneurs. The co-efficient of business experience was positive and significant at 10% level. This implies that only increase in business experience will lead to increase in performance. This also is expected because longer years of business experience correlates with managerial efficiency. The co-efficient of household size was also positive and significant at 10% level. This implies that any increase in household size will lead to increase in performance. This shows that large households are synonymous with availability of family labor for most enterprise operations and activities. Shane (1997) identified that women entrepreneurs had a larger average household size. Financial accessibility was also significant at 10% level with negative co-efficient. This implies that as the inability of the women to have access to credit, especially for starting an enterprise, access to external funds and soft loans due to the inability to provide tangible security increases and their performance decreases. Mahbub, 2000, noted that access to finance is a key issue for women. He stated that women often have fewer opportunities than men to gain access to credit for various reasons, including lack of collateral, an unwillingness to accept household assets as collateral and negative perceptions of female entrepreneurs by loan officers. The co-efficient of record keeping was positive and significant at 10% level. This shows that women entrepreneurs who keep records perform more than their counter-parts who do not keep records or reluctant to maintain proper

books of accounts as they think there is no need to keep accounting records and believe that, it would even expose their financial position for tax purposes (Morris, 2006). With record keeping, it will enable entrepreneurs channel resources to activities that earn more profit than others. The coefficient of working capital was positive and significant at 10% level. This implies that any increase in the working capital will lead to corresponding increase in performance among the women entrepreneurs in the study area. This is expected because with more working capital investment, there will be more turnovers, thereby leading to increased performance, e.g when their working capital management is positive with reduction in production cost, reduction of tax payment and less governmental bureaucracy and with good cash management techniques, the women entrepreneur's performances increases.

### Assessment of Financial Challenges

The Result in Table 3 shows the rating scale of financial challenges affecting women entrepreneurs' performance in Ubani market.

**Table 3: Assessment of Financial Challenges**

Factors	No extent	Small extent	Some extent	High extent	Very high extent	Total	Mean	Rank
High interest rates	7 (7)	4 (8)	11 (33)	16 (64)	62 (310)	422	4.22	1
Lack of collateral	14 (14)	12 (24)	8 (24)	15 (60)	51 (255)	377	3.77	3
Repayment periods	18 (18)	8 (16)	10 (30)	27 (108)	37 (185)	357	3.77	4
Gender-based obstacles	24 (24)	25 (50)	18 (54)	9 (36)	24 (120)	284	2.84	5
Cultural norms	2 (23)	3 (62)	31 (48)	16 (28)	7 (105)	276	2.76	6
Lengthy and rigorous procedures for loan application	42 (42)	12 (24)	16 (48)	9 (28)	21 (105)	255	2.55	7
Lack of awareness of existing credit schemes	46 (46)	16 (32)	12 (36)	7 (28)	19 (95)	237	2.37	9
Lack of access to external funds	11 (11)	5 (10)	13 (39)	19 (76)	52 (260)	396	3.96	2
Educational background	50 (50)	9 (18)	9 (27)	12 (48)	20 (100)	243	2.43	8

**Source:** Field Survey (2016)

The result in Table 3 shows the rating scale analysis of the factors affecting the women entrepreneur's performance in Ubani market, Abia state. The results show that the most important constraint affecting financial accessibility was high interest (4.22) which ranked the highest which means to a high extent. This was followed by lack of access to external funds (3.96) i.e. to some extent and lack of collateral (3.77) also to some extent. Others that were not important include gender (2.84), cultural norms (2.76), lengthy and vigorous procedures (2.55), educational background (2.43) and lack of awareness of existing credit schemes (2.37). The result also shows that if many of the women had access to financial aid there would be many entrepreneurs. Responses greater than or equal to 3.00 were important while responses less than 3.00 were not important.

## Conclusion

The factors that significantly influence the performance of women entrepreneurs in the study area include business experiences, record keeping, working capital management, age and financial accessibility. From the results of the findings, there is need for government policies aimed at reducing interest rates, reducing stringent requirement of providing collateral, shorter repayment periods and access to capital to enhance entrepreneurs performance in the study area. Also policy aimed at educating women in financial information and accounting techniques to enhance record keeping and working capital to increased business performance, either through seminars, trainings or workshops should be encouraged.

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