Female Entrepreneurship and Poverty Reduction in Rural Communities of Ebonyi State

Odoh, N. E., Nwibo, S. U. and B.N. Odey
Department of Agricultural Economics, Management and Extension,
Ebonyi State University, Abakaliki, Ebonyi State, Nigeria
Correspondence E-mail: sunwibo@gmail.com

Abstract

The study analyzed female entrepreneurship and poverty reduction in rural Communities in Ebonyi State. Multi-stage sampling technique was employed to select 160 respondents for the study. Data were collected using questionnaire administered in the form of interview schedule. Data were analyzed using both descriptive and inferential statistics in line with the specific objectives. The result revealed that the mean age of the female entrepreneurs was 34 years while the mean household size was 8 persons as well as a mean annual income of ₦287,900. The major contributions of female entrepreneurs in reducing poverty in the area included; attracting investors (3.89), convincing farmers to belong to cooperative societies (3.68), attracting social amenities (3.66), encouraging other entrepreneurs in time of need (3.44) and supply of inputs for farming activities (3.41). The major constraints to female contribution to poverty reduction in the area were; inadequate funding, poor access to credit, high tax rate, selfish attitudes of community leaders and uncooperative attitudes of the rural people. Since X^2 –cal (100.02) > X^2 –tab (3.841), the null hypothesis which stated that female-owned enterprises do not significantly contribute to poverty reduction was rejected, whereas the alternative hypothesis which stated that female-owned enterprises do significantly contribute to poverty reduction was accepted. The study recommended recommended for a reduction on the interest charged to female entrepreneurs by credit institutions, as well as government granting tax holidays to them.

Keywords: *Female, Entrepreneurs, contributions, rural, poverty, reduction*

I.   Introduction

Poverty is one of the major economic problems in Nigeria. It is the scarcity of variant amount of material possessions or money. It is a multifaceted concept which may include social, economic and cultural elements. It has generally been defined as a state of having little or no money and the failure to get necessities of life. It is a state or condition in which a person or community lacks the financial resources and essentials to enjoy a minimum standard of life and wellbeing that's considered acceptable in the society. Poverty is the inability to adequately meet personal or family basic needs for day to day existence such as food, clothing, shelter and healthcare (Babalola, 2018). It is a condition which tends to restrict people from socio-economic opportunities. The poor is defined as a person who lacks basic necessities such as adequate feeding, clothing, good health, education, supply of portable water, electricity, good roads among others. The poor is therefore anyone who cannot boast of his/her subsequent meals apart from what he or she has for the moment; that he or she is not sure of where to get the next meals.

According to Babalola (2018), Nigeria has emerged as the country with the highest number of poor people in the world despite its abundant natural resources. However, World Poverty Clock (2018) shows that Nigeria has over 87 million people living in poverty out of which six become poor every minute. Meanwhile, it has been observed that the majority of the poor in Nigeria are women who comprised 50% in the rural areas and 46% in the urban sector. Similarly, the United Nations report (2011) estimates that approximately 70% of the world's poor are women due to lack of employment opportunities, family roles and dependence on social welfare.

To address the problem of women poverty in African society, many scholars have advocated for entrepreneurship education. Women need training as well as financial support to be able to fully participate in effective marketing of goods and services strategically. Kimani and Kombo (2010) elucidate that over the past 30 years, policies, strategies and programmes implemented, aimed at reducing poverty among women yielded limited impact as a substantial number of women continue to languish in poverty. A study carried out by Haveman and Schwabish (2000) in South Asia found out that women owned businesses are unable to effectively market their goods due to lack of marketing knowledge. They are also not well exposed to the international

market, and it makes them lack knowledge on what is accepted in the international markets. Reports by Wilson and Marlino (2007) showed that even with limited information, there is a relationship of economic activity among women to a country's economic growth. Women contribute to family finances in the area of food production, education, and creation of employment opportunities. The woman therefore becomes a big asset to the country as she represents majority of entrepreneurs who counts for more than one-third of all people involved (Egwu, 2011). Many women are creating wealth by pursuing various activities such as employment and entrepreneurship. It has been observed that the number of women in business and self employment have continued to increase steadily worldwide. Baker (2000) acknowledged that entrepreneurship is a tool to fight and eradicate poverty while promoting economic growth, increasing standards of living and reducing crime rate. Women operate small-scale businesses which act as a financial boost to the society at large. However, despite so many literatures on the importance and contributions of women in rural poverty reduction in the world at large, there seems to be a dearth in empirical knowledge on the contributions of female entrepreneurs in rural poverty reduction in Ebonyi State. To address the problem, the study described the socio-economic characteristics of female entrepreneurs in the study area; analyzed selected female-owned enterprises in the study area; analyzed the contribution of female-owned enterprises to poverty reduction in the study area and; determined the constraints to female entrepreneurs in the study area.

II. Methodology

Study Area

The study was carried out in Ebonyi State. Ebonyi is a State in southeast Nigeria. It is inhabited and populated primarily by the Igbos. It is made up of three senatorial zones (north, south & central) and thirteen (13) L.G.As with its capital as Abakaliki. Other major towns include Afikpo, Onueke, and Uburu. The area has a total population of 2.18 million people and an approximated land mass of 5,533 square kilometres. The area lies between longitude 8° 50' E and Latitude 6°15' N. It is home to six higher institutions of learning: Ebonyi State University, Abakaliki (EBSU); Federal University Ndufu Alike Ikwo (FUNAI); Ebonyi State College of Education Ikwo (EBSCOEI); Akanu Ibiam Federal Polytechnic, Unwana; College of Health Sciences, Ezzamgbo and Federal College of Agriculture, Ishiagu.

Sampling Technique

Multi-stage sampling technique was adopted in selection of 160 female entrepreneurs in the area. This was done in three stages. Stage one was purposive selection of 3 senatorial zones from Ebonyi State. Stage two was purposive selection of three L.G.As from each of Ebonyi Central and North while two L.G.As were selected from Ebonyi South senatorial zone to give a total of eight (8) L.G.As. The purpose was to cover areas of predominance of female entrepreneurship. Stage three was random selection of 20 female entrepreneurs from each L.G.A to give a total of 160 respondents. The reason for purposive selection of three L.G.As each from Ebonyi North and Central was because of areas of close proximity as well as high occurrence of female entrepreneurship in the areas.

Data collection

Primary data were collected using structured questionnaire and were administered as interview schedule. This is to enable the researcher collect data from both literate and non-literate respondents.

Analytical technique

The study employed both descriptive and inferential tools to achieve the objectives. Specifically descriptive tools such as tables, frequency, percentages, means, were employed to realise objectives i and ii. Objective iii was achieved using mean score derived from a 4-point Likert scale. Inferentially, Principal Component Factor (PCF) was used to achieve iv.

Factor Analysis Model

Factor analysis was used to analyze objective iv. Factor analysis is a statistical method used to describe variability among observed, correlated variables in terms of a potentially lower number of unobserved variables called factors. In this study, the factor analysis model is presented as:

$\text{Xij} = \phi_{i1}F_{i1} + \phi_{i2}F_{i2} + \phi_{i3}F_{i3} + \ldots \phi jmF_iK + \text{e}ij$

Where;
Xij = Observation on variable Xj for the ith sample number
F_iK = Score on factor Fk (k =1,2,3,……..,m)
F1-Fm = Common factors
eij = The value on the residual variable Ej for the ith sample member

$\varphi ji\ldots\ldots \varphi jm$ = Factor loadings (regression weights).

The associated assumptions was applied accordingly while the suitable number of factors will be subjectively selected based on Varimax rotated factor matrix obtained using SPSS analytical software. The exploratory factor analysis techniques using the principal factor model with interactions and Varimax rotation was adopted. The factor loading under each constraint (beta weight) represented a correlation of the variables (constraint areas) to the identified constraint factors and has the same interpretation as any correlation coefficient. Kaiser's criterion using factor loading of 0.40 and above in naming and interpreting the factors and constraint variable was adopted (Nwibo and Alimba, 2013).

III. Results

Socio-economic Characteristics of the Female Entrepreneurs

The socio-economic characteristics of female entrepreneurs were analyzed using simple frequency and percentage analysis method. The following were the socio-economic characteristics analyzed; age, marital status, number of years spent in formal education, family size, religion, primary occupation, years of experience and method of transportation. The result obtained was presented in Table 1. The result of the analysis on age showed that majority (51.87%) of the female entrepreneurs were of the age bracket 31 – 40 years while a few (11.250%) of them were those who were above the age of 50 years. It was further revealed that the mean age of the female entrepreneurs was 34 years. This result shows that most of the female entrepreneurs were still the age of productivity. This corroborates the finding of Gebremariam, Gebremedhin, and Jackson (2004), reported that most of the female entrepreneurs of the World were within the active age of 31 – 45 years.

The result showed that most (68.12%) of the female entrepreneurs were married while only a few (1.25%) were divorced. This connotes that most of those who engaged in entrepreneurship activities in the area were married people. The high population could be linked to the fact that most of them were of age and were expected to have gotten married and living in their husbands' houses. This concurs with Silver (2012) who opined that most of the female entrepreneurs in Nigeria were married.

The result was evident that a good number of the respondents (56.87%) were those who had spent between 13 – 18 years in acquiring formal education. This means that most of them had acquired secondary school education. Their mean years of education were 17 years. This connotes that though education was not a prerequisite for participating in entrepreneurship activities, it is important in enhancing the performance of entrepreneurs in the area. Silver (2012) reported that education is important in ensuring that entrepreneurs made more profit.

The result showed that majority (57.50%) were those whose family size was between 5 – 10 persons while the least (13.12%) were those whose family size was above 10 persons. The result further shows that the mean family size of the respondents was 8 persons. This implies that the respondents have large family size possibly because they may not have accepted family planning as a technique in reducing family size. .

The result showed that majority (86.87%) were engaged in farming and marketing of agricultural products, while the least (13.13%) were those who were engaged in farming alone. This shows that a good number of the female entrepreneurs engaged in farming as well as marketing of agricultural products as a source of livelihood. This confirms the work of Blackwood and Lynch (1994) who reported that most of the rural inhabitants in Nigeria were engaged in farming as well as marketing.

The result showed that most of the female entrepreneurs (53.75%) had spent between 5 – 10 years in entrepreneurship activities, whereas a small population (3.75%) had been into the business for more than 20 years. The mean years of experience of the respondents were 7 years. The implication of this is that most of the respondents had been into entrepreneurship activity for a long time and so may have acquired adequate knowledge and experience in business.

It was disclosed that a predominant population of the female entrepreneurs (48.75%) were those who made between ₦201,000 – ₦300,000 annually while a few (0.625%) had earned above 300,000. The result further showed a mean annual income of ₦287,900 which was slightly above the poverty threshold as reported by World Bank (2014) which showed that the poverty threshold is 1.90 Dollars daily. This means that most of the female entrepreneurs in the area lived above poverty threshold and so could participate in poverty reduction in the area since they themselves are not poor people.

Table 1: Percentage distribution of the respondents according to socio-economic characteristics

Socio-economic characteristics	Frequency (N= 160)	Percentage (100%)	Mean (X)
Age			
Less than 20	00	00	
21 – 30	37	23.15	
31 – 40	83	51.87	34
41 – 50	22	13.75	
Above 50	18	11.25	

Marital status			
Single	26	16.25	
Married	109	68.12	
Widowed	23	14.75	
Divorced	02	1.25	
Number of years spent in formal education			
Below 6	27	16.87	
6 – 12	36	22.50	
13 – 18	91	56.87	17
19 – 24	06	3.75	
Above 24	00	0.00	
Family size			
Below 5	47	29.37	
5 – 10	92	57.50	8
Above 10	21	13.12	
Occupation			
Farming alone	21	13.13	
Farming and marketing	139	86.87	
Years of experience			
Below 5	23	14.37	
5 – 10	86	53.75	7
11 – 20	45	28.13	
Above 20	06	3.75	
Annual income			
Below 100,000	45	28.13	
100,000 -200,000	36	22.50	
201, 000 – 300,000	78	48.75	287,900
Above 300,000	01	0.625	

Source; Field Survey, 2020

Female Entrepreneurial Activities

It was pertinent to analyze the different female owned enterprises in the area. Data collected were subjected to descriptive analysis and result presented in Table 2. The result of the analysis on the female-owned enterprises in the area showed that the major female-owned enterprises in the area were; marketing of agricultural products (96.85%) and poultry (67.50%) while the least female-owned enterprises in the area were; rabbitary (3.12%) and piggery (6.85%). This shows that most of the female entrepreneurs in the area were basically into marketing of agricultural products. This is because it has been generally observed that the predominant female-owned enterprises are mainly marketing inclined ventures. This is in line with the work of Agupusi (2007) who reported that females are mostly into marketing of agricultural products in Ogun state. Furthermore, Chinonye (2010) reported that most females in Nigeria were basically interested in marketing of agricultural products as a source of livelihood. According to her, the major agricultural products marketed were; fruits and food stuffs as well as agricultural inputs.

Table 2: Percentage Distribution of Female Entrepreneurial Activities

Female-owned Enterprises	Frequency (N = 160)*	Percentage
Poultry	108	67.50
Fishery	12	7.50
Rabbitary	05	3.12
Piggery	11	6.85
Apiary	06	3.75
Marketing of agro-products	155	96.85
Processing of agro-products	46	28.75

Source: Field Survey, 2020
*multiple responses recorded

Contributions of Female-owned Enterprises to Poverty Reduction

It was observed that female-owned enterprises have contributed to the reduction of poverty in the area. This section analyzed the different contributions of female-based enterprises in the area using mean score derived from 4-point Likert scale such that any variable that loads 2.50 and above was accepted while any variable that loads below 2.50 was rejected. The result was presented in Table 3. The result showed that the major contributions of female entrepreneurs in reducing poverty in the area included; attracting investors (3.89), convincing farmers to belong to cooperative societies (3.68), attracting social amenities (3.66), encouraging other entrepreneurs in time of need (3.44), supply of inputs for farming activities (3.41), provision of seedlings (3.22), ensuring consistent supply of finished products (3.11), provision of fertilizers (2.95), creation of employment (2.89) and provision of loans for farmers (2.68). This is an indication that most of the female entrepreneurs have strongly reduced rural poverty through different activities performed. In line with this, it was

observed that the predominant contributions of the female entrepreneurs which resulted to poverty reduction in the area were; attracting investors (3.89), convincing farmers to belong to cooperative societies (3.68), attracting social amenities (3.66), encouraging other entrepreneurs in time of need (3.44) and supply of inputs for farming activities (3.41). This is so because when the female entrepreneurs invest into any business in the area, such a person creates opportunity for more investors to come to the area, invest and make their profit (Ntale, 2010). The processing of attracting investors results to creation of job and wealth in the area, leading to poverty reduction in the area.

Table 3: Mean score Distribution of the Contributions of Female Entrepreneurs in Rural Poverty reduction

Contributions	Mean score	Decision (X = 2.50)
Creation of employment	2.89	Accepted
Provision of loans for farmers	2.68	Accepted
Supply of inputs for farming activities	3.41	Accepted
Provision of extension service	2.09	Rejected
Provision of fertilizers	2.95	Accepted
Encouraging other entrepreneurs in time of need	3.44	accepted
Provision of seedlings	3.22	Accepted
Convincing farmers to belong to cooperative societies	3.68	Accepted
Encouraging farmers' participation in agro-preneurship activities	3.11	Accepted
Ensuring consistent supply of finished products	3.19	Accepted
Attracting social amenities	3.66	Accepted
Attracting investors	3.89	Accepted

Source: Field Survey, 2020

4.1.4   Constraints to Reduction of Poverty by Female Entrepreneurs in the Area

Though the female entrepreneurs have contributed to poverty reduction in the area, there were some constraints that militated against their doing so. These constraints were identified and subjected to varimax rotated component matrix. Here, any variable that loads 0.40 and above was termed a constraint and vice versa. The result obtained was presented in Table 4. Result of the analysis showed that there were two major constraints to female contribution to poverty reduction in the area. They include; socio-economic/socio-cultural and institutional/political constraints. The socio-cultural/socio-economic constraints were; inadequate funding (0.921), lack of awareness (0.766), absence of target setting (0.728), selfish attitudes of community leaders (0.590), uncooperative attitudes of the rural people (0.544). The institutional/political constraints were; political and policy instability (0.889), poor environment for investment (0.886), high tax rate (0.885), poor access to credit (0.779) and corruption (0.772).

Table 4: Varimax rotated component matrix on the constraints to female entrepreneurs' contribution in poverty reduction

Constraints	Socio-economic/Socio-cultural	Political/institutional
Corruption	0.103	**0.772**
High illiteracy level	0.062	0.110
Absence of target setting	**0.728**	0.192
Lack of awareness	**0.766**	0.010
Political and policy instability	0.003	**0.889**
Inadequate funding	**0.912**	0.010
Uncooperative attitudes of the rural people	**0.544**	0.318
Selfish attitudes of community leaders	**0.590**	0.066
Poor environment for investment	0.088	**0.886**
High tax rate	0.064	**0.885**
Poor access to credit	0.038	**0.779**

Source: Field Survey, 2018

Test of Hypothesis

The null hypothesis which stated that female-owned enterprises do not significantly contribute to poverty reduction was tested using Chi-square at 5% level of significance. From the result obtained, since X^2 – cal (100.02) > X^2 –tab (3.841), the null hypothesis which stated that female-owned enterprises do not significantly contribute to poverty reduction was rejected, whereas the alternative hypothesis which stated that female-owned enterprises do significantly contribute to poverty reduction was accepted.

Table 5: Test of hypothesis using chi-square

Options	Strongly contribute	Not contribute	Total
Observed	126	34	160
Expected	160	0	160

Source: Field Survey, 2018.
Alpha level = 0.05 level
N = 160,
Of = observed frequency,
Ef = Expected frequency

$$X^2 = \frac{(Ef - Of) - 0.5)^2}{Ef} + \frac{(Of - Ef) - 0.5)^2}{Ef}$$

$$\frac{(34 - 160) - 0.5)^2}{160} + \frac{(34) - 0) - 0.5)^2}{160}$$

$$\frac{-126 - 0.5)^2}{160}$$

$$\frac{(-126.5)^2}{160}$$

$$= 60..02$$

$$X^2 - Cal = 100.02$$

Degree of freedom = (C - I)(R - I)
Where C = no of columns = 2
R = no of rows = 2
(2-1)(2-1) = 1 × 1 = 1
X^2-tab at 0.05 = 3.841

IV.   Conclusion and Recommendations

The result showed that female entrepreneurs have contributed significantly to poverty reduction though they encountered some challenges which limited their level of contribution to poverty reduction in the area. However, the study recommended for a reduction on the interest charged to female entrepreneurs by credit institutions, as well as government granting tax holiday.

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