Prospects and Challenges of Entrepreneurial Woman in Nigeria’s Informal Sector

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Abstract
Women are active participants in the informal sector with many achieving successes in different areas of the sector. Many notable women entrepreneurs are increasingly contributing to the global economy through the informal sector but despite their role as business owners and entrepreneurs, they are more likely to be the primary parent, housekeeper and even emotional nurturer. This paper is anchored on structuralist theorization which views informal entrepreneurship as a form of low-quality work, carried out under poor conditions for low wages by population often marginalized from the formal economy and who conduct such activities out of necessity in the absence of alternative means of survival. Women are involved in the informal sectors in many ways such as forestry, fishing, crop productions, plantations and other agricultural activities. Women entrepreneurs are also involved in non-farming business activities as manufacturing, sales, food delivery services, and other sundry supplies. As a result, women entrepreneurs dominate and contribute significantly to the growth in Gross Domestic Product (GDP) in both developed and developing countries. Notwithstanding the important roles women entrepreneurs play in the informal sector, they are faced with several obstacles to growth; lack of interaction with successful entrepreneurs, social rejection as women entrepreneurs, family responsibilities, gender discrimination, social exclusion, and bankers’ low priority in provision of loans. It is recommended that governments, NGOs, and private institutions should assist in breaking these hurdles by providing suitable support services, creating equal opportunities for growth, and expanding the market for women entrepreneurs both locally and worldwide.

Keywords: Entrepreneurial woman, informal sector

Introduction
Women are arguably the most important human resource in society given that they manage most aspects of the non-monetary economy, which relates to
acquiring goods and services as well as performing tasks without receiving monetary benefits. The household is the most basic unit of society which embodies a system of obligations involving subsistence agriculture, childbearing, and domestic labour, among other things. Indeed, women can be found in practically every sphere of human endeavour that impact the monetary system which provides a framework for analyzing money and its roles in the informal sector (Ogunjemilua & Familugba, 2015).

Despite being perceived as family builders, homemakers, custodians of the social, cultural, and fundamental values of society, according to Fiemotongha (2020), women are largely involved in the informal sector. They contribute to societal developments and, on certain occasions propel actions that result in community development. They have become a force to be reckoned with considering their seeming indispensability in Nigeria’s informal sector development. While a number of industries are showing appreciable growth in female workforce, technical sectors like finance and engineering are still largely male-dominated. (Reynolds, 2017). It is therefore not surprising that several women feel undervalued and under-served in the employment industry and as a result driven into the less competitive informal sector where many struggle to become entrepreneurs and leadership. Today’s entrepreneurship opportunities empower women to be their own bosses and define their working terms as they strive to balance their careers and families against all odds. Managing their own businesses creates an opportunity for women to collaborate with men and women of like minds, which enables them break away from the cultural stereotypes that undermine their growth and aspirations. Women have been able to play this crucial role in more developed countries, and are currently at the forefront of developing the informal sector in less developed economies.

The main objective of this study to examine the role played by women entrepreneurs in the production of goods and services within the informal sector. The paper discusses the socio-economic potentials of women entrepreneurs towards economic development and family livelihood. It also aims not only to identify the gender issues in the informal labor sector of the economy but also to address the prospects and challenges faced by women as a result of their involvement in the informal sector.

Understanding the informal sector

The concept of the informal sector became popular from the 1970s, though it had long existed before then. Prior the industrial revolution that ravaged the entire Europe in the 18th and 19th centuries, most workers in Europe and other parts of the world worked either as farmers or artisans. Other activities included nail making, bakery, milling, lace and shoe making, goldsmith related activities among others. In west Africa, several types of factories had existed, the Senegalese were known for their manual manufacture of clothes. The precolonial Nigerian society was also reputable in the areas of cloth making and, later, leather works. Many of these societies were also mainly agrarian,
rural people worked as subsistence farmers, meaning they grew crops to feed themselves and their families.

As countries became industrialized after the industrial revolution, factories became larger as more goods were produced with the aid of machines. Jobs that were previously done by manual labor were replaced by machine production leading to mass production of goods and services. Earlier forms of work and ways of life began to disappear. Larger and more advanced farms replaced subsistence farms. For the industrially developed countries of Europe and North America, formal employment became the norm as large population of workers grew in the emerging formal work sector. This type of employment guarantees a degree of permanence to the job and the worker is entitled to retirement benefits once they retire. On the other hand, the informal economy, provides jobs (sometimes referred to as self-employment) and income to most of Africa’s poor households, (Idp, 2015: 1).

According to this report, the informal sector continues to record rapid growth despite large economic expansion in Africa and other parts of the globe since the onset of industrialization. This had been attributed to large growth in population which cannot adequately be absorbed by the formal sector. Women and youth are mostly found in the informal sector that is largely associated with poverty, non-standardization of work, lack of social protection and poor working conditions. An Anthropologist Keith Hart in 1971 coined the term ‘informal sector’ while the term informal sector came into the academic literature only after the visit of an International Labor Organization (ILO) employment mission to Kenya in 1972. (Kumari & Singh, 2016). The ILO report ‘informal’ as a “way of doing things characterized by – ease of entry and exit; reliance on indigenous resources; family ownership; small scale operation; labor intensive and adaptive technology; skill acquired outside of the formal sector; and regulated and competitive markets” (ILO,1972). Keith while studying the labor market in some African continents like Ghana discovered that unlike the organized markets of England where he originated, some other type of workers existed who came from the rural villages to the urban centers to offer services as day laborers. These workers whose employers had no form responsibility toward them other than their daily wage usually assemble at specific places in the cities, waiting to be hired as laborers on a day-to-day basis. Their type of trade was equally not organized. Hart labelled this type of retail trade without formal outlets as ‘the informal sector’ in comparison to the organized formal sector with structured work process, organized wage and better working conditions.

Hart outlined some basic features of the informal sector to included but not limited to: low levels of Skill: The informal sector comprised of jobs that are largely labour intensive, requiring low level of skill and technology, therefore many untrained and unskilled workers with minimal or no education find themselves working in this sector of the economy. They lack the necessary skills required for specialized work in the formal sector; the Informal sector is easier to start because of its low entry requirements. It is easier for someone
with low capital and skill to take to street trading instead of enrolling into the formal economy such as production companies where huge capital and skill are required; and the wages of workers in the informal sector is relatively low. (Keith, 1973: 61-89).

Theoretical framework

**The gender dimensions of the informal economy and participation**

The informal activities often take various forms which range from self-employment to various informal wage employments. Across the regions of the world, informal employment or unpaid family contributory employment takes more toll on women than men. For instance, a girl is more likely to be given out as domestic servant than a boy. There are over 52.55 million domestic workers in the world, and a large proportion (estimated at 83 per cent) are female (ILO, 2013a). The level of vulnerable employment is higher for women than for men. (Otobe, 2017). Much of vulnerable employment is found within the informal sector, particularly in less developed countries (ILO, 2016b in Otobe, 2017). As earlier noted, gender norms greatly affect work processes in any society. Conservative gender norms do not present equal opportunities for women and men. These norms hinder equal participation of women and girls in the employment sector and also their visibility in the public sphere. It creates barriers to their educational enrolment and access to economic assets and opportunities as exemplified in land ownership and access to financial facilities for businesses. There is also discrimination in skills acquisition and vocational education. Women and girls are likely to be provided with skills for gender-stereotyped occupations, such as sewing, hairdressing, catering, and other similar activities. In some African societies, a woman is often not allowed to move out of her house without her husband’s knowledge let alone engage in economic activities outside the home. As a result, poor women in such societies are engaged in informal home-based work, mostly as a way of survival, augmenting household earnings to improve family livelihood. Although some women may prefer to work in places close to their homes, where they can effectively combine both the domestic work (taking care of the household) and productive work (market work), such opportunities are not always available. These types of informal engagements of work do not provide women with requisite social protection, retirement/fringe benefits and other employment rights.

This paper is anchored on Structuralist theory of informal economy. Structuralists such as Maloney (2000) and Rakowski (1994) in Yesufu O.S. (2011) critically analysed the concept of informal economy and informality in less developed countries. Both viewed informality as an alternative form of labour under capitalism which is being exploited. This category of workers did not emerge accidentally but are structurally pushed into the non-industrialized sector of the economy by capitalism. Suffice it to say that informal entrepreneurship is viewed as a form of low quality work, carried out under poor conditions for low wages by population often marginalized from the
formal economy and who conduct such activities out of necessity in the absence of alternative means of survival (Williams & Gurtoo, 2011). Contrary to the global picture that portrays women as caregivers, fulfilling domestic and childbearing roles, the reality about women’s lives is that in order to live above poverty and deprivation occasioned by their incapacity to engage in formal work, they seek income outside their home to augment male earnings or as bread winners. In poor countries of the world where there is stiff competition for better paying jobs in the formal sector, women hardly compete favorably with men and are for the most part involved in low income activities of the informal sector. Thus, several women are found in the unregulated small enterprises that are not protected by labour laws.

**The woman entrepreneur**

Women's entrepreneurship can be defined as a woman gaining economic independence while also creating job possibilities for others through the operation of a business. In the last 50 years, society's perceptions of women have moved from being primarily child-bearers and caregivers to principal breadwinners or contributors to the family's income (Parker, 2009). Women's entrepreneurial efforts are sometimes overlooked, and their contributions are undervalued. Women's entrepreneurial endeavours have had a substantial impact on wealth creation in countries all over the world, despite their lack of recognition or attention (de Bruin, Brush & Welter, 2006). In less developed nations, women entrepreneurs in the informal sector are the engine of growth and play a critical role in poverty reduction (World Bank Report, 2003).

In light of the roles that women play in creating wealth and developing a country, a woman entrepreneur is someone who owns and manages a business. A woman entrepreneur, according to Batra (1992), is a woman who owns and operates a commercial enterprise in which she has at least 51 per cent financial ownership and where 51 per cent of the jobs are reserved for women. To comprehend a woman entrepreneur through a business, the business must have one or more of the following three characteristics: It is owned by a woman; (ii) it is managed by a woman; and (iii) employment prospects are controlled by a woman. Moreover, the woman is the one who starts the business because of her dexterity, know-how, and versatility. (Richmond, 2019) Devi (2015) asserted that a woman becomes an entrepreneur when she accepts a demanding profession in order to achieve her personal goals of financial independence. She has a great drive to do things correctly and in a positive way. She instils principles in her household as well as in her social interactions. Women are more aware of their rights, traits, and work environment as a result of the prevalence of social media.
The infographic above shows that 41% of Nigerian women are entrepreneurs, making Nigeria the country with the highest number of female entrepreneurs. Only 2% of these women received loans from financial institutions, whereas 42 per cent accepted loans from family and friends to establish their businesses. Additionally, as shown in the infographic above, female entrepreneurs are on the rise. Women are making important contributions to the boom of entrepreneurial activity in their countries, particularly in Sub-Saharan Africa and Latin America. As women make significant contributions to their communities and economies, they are more likely to obtain financial assistance from family and friends than from formal financial institutions including banks.

**Women entrepreneurs in the informal sector**

In Africa, the informal sector accounts for 85.8% of all employment or 71.9% excluding agriculture (International Labour Organization [ILO], 2018). Also in more than 80% of sub-Saharan African countries, women are more involved in the informal employment than (UN Women, 2017). It is therefore important to note that women constitute larger proportion of the workers in the informal sector in less developed countries (Nguyen, 2015). The International Labor Organization (ILO) coined the term "informal sector" in 1972 to describe a wide range of modest and unregistered economic activity. The informal sector can be described as businesses that employ less than ten people, either with or without the usage of power. All operations that fall beyond the official net of registered, taxed, licensed, statistically documented, and roughly zoned business firms make up the informal sector (Thomas, 1988). The ILO defines the informal sector as businesses that operate on a small scale, are owned by families, have labor-intensive units, use adaptable technology, and operate in
deregulated and competitive marketplaces. The informal sector is defined by the National Commission on Enterprises in the Unorganized Sector (NCEUS) as all unincorporated private enterprises owned by individuals or households engaged in the sales and production of goods and services on a proprietary or partnership basis with fewer than ten total workers. In India, almost 86 per cent of employees worked in the informal economy in 2004 – 2005 (NCEUS 2008). The informal sector contributes to 60% of Nigeria’s entire economy (Chima, 2018).

Women’s participation in the labor market or within the non-household activities drives their development and empowerment. In Asia and many sub-Saharan Africa eg Nigeria, social norms and values hinged on patriarchal ideologies unduly limit women’s access and participation in the employment and productive process. Such employment activity is governed by patriarchal and gender considerations. The ‘social invisibility’ of women has contributed to limited perception of their role as equal participants in the labor market. Given the disadvantaged position of women in the labor market in most parts of the developing world as a result of some age-long traditions that inhibit their social and economic and advancement, the majority of female workers (particularly sub-Saharan Africa and South Asia) are structurally pushed into the informal sector. (Kumari and Singh, 2016 pp.196) Also in most developing nations, women are active participants in the informal sector (Mbeche, 2002). Despite all of the social obstacles, many women have achieved success in their careers. Women entrepreneurs can be found in every country and are increasingly contributing to the global economy (Bosma & Harding, 2006). Until now, it was widely assumed that such women engaging in informal entrepreneurship were forced into low-paying, menial, exploitative work due to a lack of alternative sources of income (Chen et al., 2004; ILO, 2002).

Women account for 45.5 per cent of Nigeria's workforce (World Bank, 2019). Women's engagement in formal and informal labor markets has been increasing in both rural and urban areas between 1990 and 2009, but it remains lower than that of men (Olowa & Adeoti, 2014). Women who can work outside the home – especially in non-family organizations; in remunerative formal rather than informal economy occupations; in regular and full-time positions that are permanent and secure – are more likely to become empowered (Oluwagbemiga et al., 2016).

Oluwagbemiga et al. (2016) analyse trends from three Demographic and Health Studies (DHS) studies and find that overall female participation in the labor market has increased from 39.3 per cent in 1990 to 48.1 per cent in 2011. Olowa and Adeoti (2014) use data from the Harmonized National Living Standard Survey (NLSS, 2010) to identify women's labor market activities in rural Nigeria, as well as the impact of education on women's labor market involvement. Women are involved in farm operations in 73.15 per cent of cases, and non-farm business activities in 26.85 per cent of cases. Agriculture, forestry, and fishing are the main agricultural, forestry, and fishing industries
on these farms. Manufacturing, sales, and service are examples of non-farm activities.

Women are in charge of the informal sector since they are involved in practically all of the small-scale businesses for which it is recognized. According to most surveys, women manage smaller firms in terms of sales, assets, and personnel. In Latin America and sub-Saharan Africa, for example, Bruhn (2009) finds that female-owned businesses have lower sales and fewer employees than male-owned businesses. There is a large sector-specific effect, which means that women entrepreneurs choose to work in traditionally female-dominated fields.

However, because of all the menial labor they do in both developed and developing countries, women entrepreneurs dominate and earn more revenue of the Gross Domestic Product (GDP). Women are more likely to work in the service, retail, and hospitality sectors, according to early research in the United States (Loscocco & Robinson, 1991; Hisrich & Brush, 1984). In comparison to professional services, women-owned businesses are over-represented in lower-order services, which need a less human capital and formal qualifications (Thompson, Jones-Evans & Kwong, 2009).

While there are few studies in underdeveloped nations, those that do exist show outcomes that are similar to those seen in developed countries. Women entrepreneurs in Africa prefer to specialize in businesses such as hospitality, restaurants, wholesale and retail trade, clothes, textiles, and leather goods, as well as other services such as tailoring and hair salons (Bardasi, Sabarwal & Terrell, 2011; Aterido, Hallward-Driemeier & Pagés, 2011). African males, on the other hand, operate in a broader range of industries, including construction and manufacturing, metal, machinery, wood, furniture, and electronics.

Women enterprises are also concentrated in traditionally female-dominated industrial sectors, as well as low-income informal industrial sectors (Singh, Reynolds & Muhammad, 2001). Women's enterprises are also more likely to be located in their homes (Bosma & Harding, 2006). According to the International Labor Organization (ILO) statistical study (2004), 80 per cent or more of “homeworkers” in developing countries are women entrepreneurs — classified as industrial workers who work from the house.

**Challenges of women entrepreneurs in the informal sector**

Evidence shows that there has been increasing involvement of female entrepreneurs across the world, but despite their visibility, women in informal business still face several barriers. In various developing countries, traditional marriage norms of women dependence on men becomes a challenge. This means that, despite being engaged in productive work, women are not independent, and do not have complete control over their business especially where the capital was given. Women who engage in domestic work as nanny and house-helps often work with low pay, and under poor and exploitative conditions, without contracts or access to social benefits. Those women who take jobs as domestic workers help to reduce the unpaid care work that would
mostly be undertaken by other women. In poorer countries, only those women of the formal sector who have the means to engage domestic workers do so, while the rest practically do the work themselves. Most women domestic workers have lower education and skills. This creates stratification of women’s employment (Olu-Owolabi, E., Amoo, E., Oyeyemi, O. S. and Adejumo, G., 2020). In richer and developed countries, it is often migrant women from poorer, developing countries who are engaged for this type of services.

Several women entrepreneurs and industry associations have been founded and they all serve as a platform for women entrepreneurs to form networks and share knowledge and experiences. They may also provide motivational, leadership, and entrepreneur development training programs, seminars, and workshops. However, even though these associations exist, according to the Women Institute of Management (2012), women entrepreneurs in developed and developing nations have fewer peer support networks than men. In the culture and tradition of many societies especially in African cultures, many women are not allowed to associate without other women for fear of being negatively influenced. Most men would rather want their wives to face their domestic chores. Some of these women are overburdened with family enterprises, household tasks, and family responsibilities, making it difficult for them to participate in these helpful organizations (Kim Klyver, 2007; Amzad Hossain, 2009 & Julie, 2009). Inadvertently, this diminishes women entrepreneurs' awareness of their surroundings, limits their networks, and limits their ability to utilize benefits, all of which might mean the difference between success and failure, stagnation and development for their small and medium enterprises.

Singh (2008) analyzes the reasons for women's participation in entrepreneurship as well as the factors that influence it. He cited several barriers to women's entrepreneurship growth, including a lack of interaction with successful entrepreneurs, social rejection as women entrepreneurs, family responsibilities, gender discrimination, a lack of network, and bankers' low priority in providing loans to women entrepreneurs. According to studies conducted by Rekhapriyadharshini and Reeves (2013), the majority of rural entrepreneurs have financial difficulties either when starting their businesses or when operating them.

Rural women entrepreneurs encounter a variety of financial challenges, including a lack of funding, a bank's hostile attitude toward them, a payback schedule, a delay in loan approval, and a lack of financial management expertise. Women entrepreneurs in the rural informal sector face a variety of challenges, including societal issues. Various socioeconomic issues, such as women's dual roles, a lack of drive and familial support, a male-dominated society, a lack of exposure and freedom, social security, and self-confidence. Women are nearly twice as likely as males to live in poverty. Between six and nineteen times more males than women hold executive roles in businesses or own land or other property that can be sold at any time (Egwurube, 2016). This level of gender inequality is the outcome of a culture that places various
barriers in the way of women's empowerment. There are three types of barriers: legal, political, and socio-cultural. However, these challenges as discussed are why women experience higher levels of poverty than men (Egwurube, 2016).

Moreover, due to their lower levels of education and lack of wealth, women, in particular, participate in the informal economy in huge numbers (NLFS, 2008). Additionally, due to pandemic and economic downturn among others, a shortage of formal jobs, and men's economic relocation, many women have turned to the private sector to support their families (Bushell, 2008; Menon & Rodgers, 2015). Despite this, they confront a variety of social, cultural, legal, and infrastructure challenges at every step of their business (Bushell, 2008). Integrating these unregistered women businesses into the official sector is considered as a means of reaching the Sustainable Development Goals (ILO, 2014).

Prospects of women entrepreneurs in the informal sector

The United Nations' Sustainable Development Goals (SDGs) have highlighted the importance of finding solutions to gender inequities in our society in order to secure women's empowerment. Not unexpectedly, developing nations have been at the center of these arguments due to increased gender inequalities and weak (informal) labor market prospects for women, which encourages self-employment (ILO, 2014). Existing research has concentrated on the chances for empowerment provided by income-generating activities in the informal economy because empowering women in the informal sector equates to empowering the nation, eliminating poverty, and rising GDP. Women's participation in informal entrepreneurial activities, according to these experts, gives them the confidence to make changes in their own and their families lives (Kabeer, 2005; Al-Dajani & Marlow, 2013).

Conclusion

Women are active participants in the informal sector and many of these women have achieved success in the informal sector. Many women entrepreneurs are increasingly contributing to the global economy through the informal sector. Until now, it was widely assumed that such women engaging in informal entrepreneurship were forced into low-paying, menial, exploitative work due to a lack of alternative sources of income. Women are involved in the informal sectors in many ways such as farm operations such as forestry, fishing, crop productions, plantations and other agricultural activities. Women entrepreneurs are also involved in non-farming business activities such as manufacturing, sales, and service and other non-farm activities. However, because of all the menial labor they do in both developed and developing countries, women entrepreneurs dominate and earn more revenue of the Gross Domestic Product (GDP). However, despite the important roles of women entrepreneurs in the informal sector, they are faced with a lack of interaction with successful entrepreneurs, social rejection as women entrepreneurs, family responsibilities,
gender discrimination, a lack of network, and bankers' low priority in providing loans to women entrepreneurs.

**Recommendations**

In light of the preceding ideas, the importance of women's contributions to economic development cannot be overstated. Governments, NGOs, and private institutions can assist in meeting these hurdles by providing suitable support services, increasing knowledge of these services' availability, and expanding the market for women entrepreneurs both locally and worldwide. It is not for everyone to pursue a career as an entrepreneur. It needs more effort than a regular eight-to-four hours’ job, but it is more fulfilling.

Sharma (2013) also stated that methods such as fostering tiny enterprises, unlocking institutional frameworks, projecting and pulling to grow, and supporting the winners, among other things, should be made available to entrepreneurs and potential women entrepreneurs. The report calls for greater coordination between women's ministries, economic ministries, and social and welfare development ministries of governments around the world, particularly in developing countries.

**References**


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