

## **GENDER DIFFERENTIALS IN FINANCIAL MANAGEMENT PRACTICES OF SMALL SCALE ENTREPRENEURS IN THE NIGER DELTA REGION OF NIGERIA**

Fidelia N. Okoro<sup>60</sup>

Department of Business Education  
College of Education, Warri, Delta State, Nigeria.  
Email: [fnokoro@hotmail.com](mailto:fnokoro@hotmail.com) or [fnokoro910@yahoo.com](mailto:fnokoro910@yahoo.com)

### **ABSTRACT**

The study focuses on gender differentials in the management of financial resources of small scale entrepreneurs. The population for the study was made up of 57 (32 males and 25 females) registered small scale entrepreneurs in Niger Delta Region of Nigeria. A survey design was adopted for collecting data for the analysis reported in this paper. The analytical tools used were mean, student t-test and chi-square. It was found among others that women, compared to men small scale entrepreneurs have more challenges in sourcing for funds and in applying some financial management strategies. The study also found that educational qualification is a significant factor in effective financial management. Some recommendations were made based on the findings.

**KEY DESCRIPTORS:** Scale-scale Enterprise, Women Entrepreneurs, Financial Management, Gender Differentials, Financial Resources

### **INTRODUCTION**

#### **Background and Problem**

The term gender has been used interchangeably with sex or women by several people although they are not synonymous. The Society for the Advancement of Community Health Education and Training (SACHET) (2005) defines gender as the difference between women and men within the same household and within and between cultures that are socially and culturally constructed and change overtime. These differences are reflected in roles, responsibilities, access to resources, opportunities, needs, perceptions, views, and so on, held by both women and men. Gender refers to roles, attributes or behaviors that society has assigned to the two sexes – male (masculine) and female (feminine). In this article, gender analysis is used to explore the gap in male and female financial management practices.

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<sup>60</sup>Dr. Fedelia Okoro is a Principal Lecturer in Business/Vocational Education. Her research interests are in the areas of gender, youth and entrepreneurship.

Financial management practices are concerned with analyzing financial performance, identifying ways to use resources efficiently and, finding creative ways to use and generate additional resources. Financial resources are critical elements in the operation of enterprises as it affects every decision and action. Given the relative importance of financial resources, it requires skillful planning and being analytical in execution. An entrepreneur must determine in his financial plan, the nature of funds required for his/her enterprise as well as the specific purpose, time and sources in order to have successful enterprises. An enterprise could be classified as micro, small, medium or large scale. The focus of this article is on small scale enterprises. A small scale enterprise in the Nigerian context is an enterprise with a labor size of between 11 and 100 or a cost of between 1.5 million and 50 million naira including working capital of but excluding cost of land (Central Bank of Nigeria, 2005). Small scale enterprises are chosen for this study because they have been identified as veritable tool for socio-economic growth, inter alia, job creation, poverty reduction, development of indigenous technology and rural development.

The Federal Government of Nigeria has instituted several programmes of assistance to entrepreneurs, to enable them achieve a sustainable industrialization and socio-economic development. In spite of the programmes of assistance, the entrepreneurs in the Niger Delta of Nigeria have not been able to attain the expected socio-economic development. This is evidenced by the slow expansion rate and high rate of failure of the private sector. Osiobe (2005) reports that the failure rate of entrepreneurs is high in the Niger Delta due to difficulties in obtaining funds for capitalization and the lack of business acumen in the management of financial resources. He further reported that the male entrepreneurs manage business resources more efficiently than their female counterparts.

One of the major challenges of Nigerian small scale entrepreneurs is inability to access institutional credit facilities. Some research evidence reveals that women small scale entrepreneurs in Nigeria are disadvantaged with regard to obtaining credit. Buttressing this fact, Adeyemi (2004), reported that the rate of loan acquisition is 30% females and 70% males for small scale entrepreneurs in Nigeria. Similarly, Gana and Smith (2002) report that 65% unsuccessful small scale entrepreneurs in the Niger Delta region are females. They explain that female entrepreneurs are disadvantaged in obtaining loans and other credit facilities from lending institutions basically because they lack what it takes to prepare business proposals. They do not keep proper records of transactions and lack adequate management practice and the basic technical skills needed to operate their chosen businesses. According to Okoro (2005), women small scale entrepreneurs in the Niger Delta region are often hindered by management skill gaps, especially in the management of information and financial resources.

Some studies point to a connection between education attainment and entrepreneurial success. Education in this context refers to formal education (Adeyemi, 2004; Ugeji,

2004; Obitayo, 2001). They suggest that entrepreneurs with more formal education could be more highly entrepreneurial and receptive to new managerial initiatives. Obitayo (2001), and Ugeji (2004) explain that small scale entrepreneurs with only basic education (First School Leavers) have more restricted access to institutional financing. They observe that because of their low educational background, it is difficult for them to appreciate and apply some basic financial management practices. Adeyemi (2004) also found that successful entrepreneurs seemed to be better educated. In his study, among successful entrepreneurs in Nigeria, 70 percent had tertiary education.

It has also been found that the lack or low level of formal education affects the entrepreneurial and managerial skills of women entrepreneurs in the Niger Delta Region of Nigeria. In a study, it was found that 60 percent of educated female small entrepreneurs operate a more competitive and successful business. Similarly, Alade (2005) observed that educated women entrepreneurs manage financial resources more prudently. Consequently, they are more successful in their socio-economic growth. In recent time in the Nigerian Delta Region, more women compared to men, attend school up to the tertiary level of education, especially in business oriented programmes. This was evidenced in a study carried out by Okoro (2007), which reported that the enrolment trend into business education programme was 57.17% female, 42.82% male and 54.18% female and 45.82% male during the 2001/2002 and 2002/2003 academic sessions, respectively. Formal education is a seemingly significant factor that may be responsible for a relatively more specialized and successful management of female small scale enterprises. According to Mayoux (2006), highly educated entrepreneurs tend to be more successful because formal education and training had equipped them with modern management and techniques to apply in controlling their financial resources.

Small scale entrepreneurs in the Niger Delta tend to lack formal education, do not keep accurate financial records, have difficulties in accessing funds and lack managerial competencies. These problems hinder their economic growth. Ezeani (1999) explained that less educated small scale entrepreneurs found it difficult to understand the complicated formal procedures involved in financial resources control.

The small scale female entrepreneurs in the Niger Delta practically face some difficulties, due to societal discrimination. These discrimination include access to funds, non-acceptance of women's capabilities, finding and keeping professional male staff and lack of appropriate strategies. Also, the society discriminates against women on roles perceived to place them in the public sphere. On their part, Okorie and Ezeji (2004) opine that female roles are seen as belonging to the home including the bearing of children and caring for them and their husbands. It is against this background that the study reported here was designed to find out the gender differences in the financial management practices of small scale entrepreneurs in Niger Delta. Specifically, the study sought to determine:

- The constraints encountered by small scale entrepreneurs in sourcing for funds
- Strategies that enhance financial control of the small scale entrepreneurs

### **Research questions**

- What are the constraints encountered by small scale entrepreneurs in sourcing funds?
- What are the strategies that can enhance the financial control of small scale entrepreneurs?

### **Hypotheses**

To further address the problem the following null hypotheses (Ho) were tested at 0.05 level of probability.

Ho1: There is no statistically significant difference between the mean responses of male and female entrepreneurs on the constraints encountered in sourcing for funds.

Ho2: There is no statistically significant difference between the mean responses of male and female entrepreneurs on strategies for financial control.

Ho3: Educational qualification is not a significant source of difference between male and female small scale entrepreneurs.

### **Area and Scope of the Study**

This research was restricted to only registered (formal) small scale entrepreneurs operating in the Niger Delta region. It was conducted in nine states comprising Abia, Akwa, Ibom, Bayelsa, Cross Rivers Delta, Edo, Imo, Ondo and Rivers states of Nigeria. Niger Delta region cuts across three geopolitical zones (South-east, South-south and South-west) of Nigeria. The region is considered most appropriate for this study because of the apparent poor economic and social status of majority of the indigenes. Besides, both federal and state governments are making profound effort in developing and empowering this region and its people economically vis-a-vis its overbearing important position in the nation's revenue derivation from crude oil resources. The study also focused on the financial management practices of small scale entrepreneurs only. It looked at the gender differences in financial management of small scale entrepreneurs.

### **METHODOLOGY**

A survey research was adopted in conducting this investigation. A survey research is considered most appropriate for this study because it seeks opinions of respondents.

Moser and Kalton (1999) explained that when a study centers on individuals and their opinions, the best research design should be the survey method.

### **Population for the Study**

The population for this study consisted of 57 formal entrepreneurs in the Niger Delta who registered with the National Association of Small and Medium Scale Enterprises (NASME) as at October 2006. The numerical strength of formal small scale entrepreneurs was obtained from NASME's (2006) directory. Due to the manageable size of the population, no sample was drawn.

### **Instrument for Data Collection**

A structured questionnaire was developed and used for the study. The instrument was sectionalized into A, B, and C. Section A contains information on demographic characteristics; Section B and C contain information on sourcing and strategies for controlling of funds respectively. It also carried a five-point Likert Rating Scale. The Likert Scale ranged from "Strongly Disagree (1) to Strongly Agree (5). The respondents were required to indicate their level of agreement.

### **Validation and Reliability of the Instrument**

The instrument for the study was subjected to face and content validity by three experts. The validation ensured the appropriateness and comprehensiveness of the instrument in relation to the research questions. The internal consistency of the instrument was tested using Cronbach Alpha formula. Cronbach Alpha was used because the responses in the questionnaire were not dichotomous but had multiple response modes. A reliability coefficient of 0.78 was derived. Based on that, the survey instrument was adjudged reliable and therefore used for the study.

### **Method of Data Analysis**

The analytical tools applied in this study are mean and standard deviation for answering research questions. Also t-test and chi-square statistics were used to test hypotheses. On the five point scale for the research questions, a score of 3.50 and above means the respondents are in agreement with the variables. On the other hand, any item below 3.50 shows a disagreement. Decision on test of hypotheses were based on calculated, stated and critical values

### **KEY FINDINGS**

The results of the study are presented and discusses in Tables 1 to 5 following.

**Table 1: Mean Ratings and Standard deviation of Respondents on constraints in Sourcing for Funds**

S/N	Constraints in Sourcing Funds	MALE			FEMALE		
		$\bar{X}$	SD	Remark	$\bar{X}$	SD	Remark
1.	Inability to identify the various sources of funds	3.41	1.16	Agree	3.52	1.19	Agree
2.	Insufficient personal Savings	4.26	.56	Agree	3.74	.82	Agree
3.	Unwillingness of relatives and friends to lend money to you	3.32	1.14	Disagree	3.47	1.18	Disagree
4.	You lack adequate financial planning	3.21	1.31	Disagree	2.39	1.42	Agree
5.	Lack of government support	3.69	.74	Agree	3.60	.84	Agree
6.	Difficult conditions in financing through leasing	3.65	.84	Agree	2.12	1.31	Disagree
7.	Difficult condition in financing through hire purchase	3.51	.98	Agree	2.94	1.39	Disagree
8.	Lenders are not willing to finance long – term projects above five years	3.15	1.04	Disagree	2.30	1.49	Disagree
9.	Hard conditions in qualifying for Small and Medium Enterprise Equity Investment Schemes (SMEEIS)	4.03	.69	Agree	4.50	.62	Agree
10.	Inadequate collateral facilities for borrowing	3.12	1.08	Disagree	3.64	1.14	Agree
11.	Difficulties in Benefiting from International Agencies	3.41	1.16	Disagree	2.09	1.63	Agree
12.	Lack of written business plan	4.14	0.43	Agree	4.58	0.09	Agree
13.	Inadequate accounting records	3.85	0.08	Agree	3.57	1.01	Agree
14.	Insufficient relevant documents	3.66	1.31	Agree	3.72	1.6	Agree

Source: Field Survey (2007)

The result in Table 1 shows that item 2 and 9 for male and female obtained the highest ratings of 4.26 and 4.80 respectively. This means that the respondents considered these items as their greatest problems in sourcing for funds. The results also show that both male and female entrepreneurs disagreed with items 3 and 8 as sources of difficulty to them.

**Table 2: Mean Ratings and Standard Deviations of Respondents on Strategies that enhance Fund Control.**

S/N	Constraints in Sourcing Funds	MALE			FEMALE		
		$\bar{X}$	SD	Remark	$\bar{X}$	SD	Remark
1.	Attending appropriate training in financial management is essential.	73.75	0.08		3.71	1.85	Agree
2.	Your enterprise needs specific financial objectives	4.07	0.99	Agree	4.20	0.62	Agree
3.	Your enterprise needs an established financial plan for funds control.	4.28	0.77	Agree	4.01	0.70	Agree
4.	Risk must be analyzed before you execute any investment.	3.68	0.95	Agree	3.23	1.28	Disagree
5.	A comprehensive budget must be prepared at the beginning of every financial year.	4.34	0.89	Agree	3.68	0.76	Agree
6.	Your enterprise budgetary provision must be adhered to strictly	3.29	1.37	Disagree	2.73	1.09	Agree
7.	There is need for regular application of budgetary control measures	2.84	1.05	Disagree	3.63	.80	Agree
8.	In your enterprise there is need for internal control system e.g. routine checks of physical presence of assets	3.71	.93	Agree	3.09	1.08	Disagree
9.	Day-to-day money must not be used for capital expenditure	3.00	1.11	Disagree	2.54	1.11	Disagree
10.	You must maintain a maximum credit volume	3.32	.99	Disagree	3.38	1.22	Disagree
11.	Inflow and outflow of cash should be handled by only authorized person(s) in your enterprise	3.75	.94	Agree	4.03	.79	Agree
12.	All source documents (invoice, receipts) must be issued on every transaction	3.57	1.16	Agree	3.69	.94	Agree

Source: Field Survey (2007)

The result in Table 2 shows that items 5 and 2 obtained the highest means (4.34 & 4.02) and standard deviation of .89 & .62 for male and female respectively. This implies that majority of the respondents strongly agreed that these strategies can enhance their financial control. On the other hand, items 7 and 9 for male and female obtained the least mean (2.84 & 2.54) and standard deviation of 1.05 & 1.11 indicating that the respondents disagreed with those items as strategies that can enhance

their financial control. The result also shows that, the respondents unanimously disagreed with items 9 and 10 as strategies for enhancing their financial control.

### Test of Hypotheses

**Table 3: t-test Analysis of Mean Ratings of Male and Female Entrepreneurs on Sourcing of Funds**

Sex	$\bar{X}$	SD	N	DF	t-cal	P.V	Decision
Male	3.74	1.05	32	55	2.53	.01S*	
Female	3.10	1.06	25				

#### Notation:

PV	-	Probability Value
DF	-	Degree of Freedom

In Table 3, the probability value of .01 is less than the stated probability value of 0.05, (SPSS approach). Therefore, the hypothesis was rejected. This implies that there is a significant difference in their opinion on difficulties encountered in sourcing for fund.

**Table 4: t-test Analysis of the Significant Differences between the Mean Ratings of Male and Female on Strategies that enhance Financial Control.**

Sex	$\bar{X}$	SD	N	DF	t-cal	P.V	Decision
Male	3.58	1.45	32	55	1.96	.03	S*
Female	2.93	1.20	25				

The result in Table 4 shows that there is a significant difference in the opinions of male and female entrepreneurs on the strategies for financial control. Therefore the hypothesis was rejected, because the derived probability value of .03 is less than the stated value of 0.05 (SPSS approach).

**Table 5: Contingency Table of the Male and Female Entrepreneurs**

SEX	EDUCATIONAL LEVEL				Row Total
	<GCE	GCE	Diploma	Degree	
Male	5 (3.93)	10 (7.86)	10 (10.67)	7 (9.84)	32
Female	2 (3.07)	4 (6.14)	9 (8.33)	10 (7.46)	25
Column Total	7	14	19	17	57

Source: Field Survey 2007      Notes: Calculated  $X^2$  56.0      Critical  $X^2$  0.352



The result in Table 5 shows that male and female entrepreneurs with Diploma and Degree qualifications control their finances better than their counterparts with lower qualifications. However, the null hypothesis was rejected because the calculated  $X^2$  56.0 is greater than the critical  $X^2$  of 0.352. This implies that, there is a significant difference in the opinion of male and female entrepreneurs on their financial management.

## **DISCUSSION**

Findings of this study revealed that both male and female entrepreneurs agreed with majority of the items identified as difficulties in sourcing for funds. This finding supports Osiobe (2005) who reported that the failure rate of entrepreneurs is high in the Niger Delta because they have difficulties in sourcing for funds. The study also shows that women agreed on ten items, while men agreed on nine items as difficulties. This finding is in line with Adeyemi (2004) and Gana and Smith (2002), who explained that female entrepreneurs are disadvantaged in obtaining loans and other credit facilities from lending institutions. The study also revealed that male entrepreneurs agreed with items 4 and 8 in Table 2. On the other hand, their female counterparts disagreed with these items. This finding is at variance with Alade (2005), who observed that women entrepreneurs manage financial resources more prudently and, consequently are more successful in their socio-economic growth. Evidently, the results presented in Tables 1 and 2 indicate that the female entrepreneurs are more constrained than their male counterparts in financial management practices.

Also, the test of hypothesis 1 and 2 revealed that there is a significant difference in the respondents' opinions on the difficulties they encounter in sourcing for funds and, in the application of appropriate strategies. This study is in line with Gana and Smith (2002) who explained that women entrepreneurs lack what it takes to prepare business proposals, and this disadvantages them from obtaining credit facilities. It was also found in the study that educational qualification is a significant factor in the financial control of male and female entrepreneurs. This finding is in line with Mayoux (2006), who noted that educated entrepreneurs tend to be more successful, because formal education and training had equipped them with modern management and techniques to apply in controlling their financial resources.

## **CONCLUSION**

It has been found in this study, that although small scale entrepreneurs in the Niger Delta generally have problems in managing their financial resources, female entrepreneurs are more prone and exposed to more challenges in sourcing and controlling their financially resources. Consequently, their success is hindered. This situation has a negative impact on their participation in regional and national development and growth. The study also indicated that formal education is a significant factor that affects the entrepreneurial and managerial skills of entrepreneurs in the Niger Delta Region of Nigeria.

## RECOMMENDATIONS

Based on the findings the following recommendations were made.

- Female small scale entrepreneurs should be encouraged by the relevant authorities to attend enlightenment programmes that would expose them to various approaches and outlets that can enable them source fund more effectively.
- The female entrepreneurs need to be educated on the application of the identified strategies that can enhance financial management.
- The male entrepreneurs need to be enlightened on personal saving culture, and the relevance of budget in an establishment.
- The relevant authorities must ensure that potential small scale entrepreneurs possess basic formal education before he or she is allowed to register as an entrepreneur.

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