Enhancing Gender Inclusion in Financial Autonomy of the Female Stereotype in Sustainable Medium and Small Enterprises in Nigeria

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Abstract

Women entrepreneurs in Nigeria face deeply entrenched gender stereotyping that constrains their financial autonomy and inclusion in the micro, small and medium enterprise (MSME) sector. This paper examines barriers stemming from discriminatory socio-cultural norms and economic institutions that limit women's access to formal financial services, assets, networks, and critical business support. It also outlines multi-pronged strategies to promote gender equality in MSME development policies and programs. These include: expanding collateral-free lending by financial institutions, strengthening access to productive resources, bolstering entrepreneurial skills training tailored to women, facilitating peer networks and mentoring, deploying ICTs to assist women-run enterprises, enacting legal/regulatory reforms, engaging men as partners, and robust monitoring mechanisms. The analysis found that targeted interventions to ease constraints around credit, asset ownership, biases in training, isolation from growth opportunities, and legal discrimination are vital to dismantle constraints inhibiting women entrepreneurs. Constructive male engagement also assists to transform misconceptions around female dependence and breadwinner identities. Ultimately, sustained political commitment and gender-responsive budgeting across all aspects of MSME support ecosystem are indispensable to steer Nigeria towards more inclusive, sustainable and equitable growth trajectories. The study concludes that economic empowerment of women entrepreneurs has multiplier impacts - enabling them to attain financial autonomy while also uplifting families, communities and national development.

Keywords: *Gender Inclusion; Financial Autonomy; Female Entrepreneurs; Sustainable Enterprises; Small and Medium Enterprises (SMEs) and Gender Equality*

Introduction

Gender inclusion refers to the process of ensuring that women have equal opportunities and access to resources, including finance, education, and employment. In the context of financial autonomy, gender inclusion involves providing women with the necessary financial resources and skills to start, grow, and sustain their businesses. Gender inclusion is crucial for promoting economic growth and reducing poverty levels. Women-owned MSEs contribute significantly to economic development, accounting for 37% of all MSEs worldwide (ILO, 2019). However, women-owned MSEs often face financial constraints due to limited access to finance. According to a study by the World Bank (2018), women-owned MSEs receive only 20% of total loans disbursed by financial institutions. This disparity can be attributed to gender stereotypes that limit women's access to finance. Therefore, promoting gender inclusion in financial autonomy is essential for ensuring that women-owned MSEs have equal opportunities to access finance and grow their businesses.

Gender inclusion has a significant impact on sustainable MSEs. Women-owned MSEs are more likely to adopt sustainable practices than male-owned MSEs (UNDP, 2018). This is because women are more environmentally conscious and prioritize social and environmental issues over profit maximization (Kabeer & Mahmud, 2014). Therefore, promoting gender inclusion in financial autonomy can lead to the adoption of sustainable practices by women-owned MSEs, resulting in increased competitiveness and profitability.

Women's financial autonomy and inclusion in entrepreneurship are crucial for sustainable and equitable economic growth in Nigeria (Akanji, 2016). However, deeply entrenched gender stereotyping constrains women entrepreneurs from attaining equal access to and control over economic resources and opportunities (Okello-Obura et al, 2010). This literature review examines strategies to promote women’s financial empowerment and gender mainstreaming in MSME development programs to dismantle discriminatory norms and structures.

Understanding Gender Stereotypes in MSMEs

Prevailing gender stereotypes portray micro, small and medium enterprises (MSMEs) as a masculine domain and construct binary oppositions between “male” and “female” entrepreneurial traits (Okello-Obura et al, 2010; Akanji, 2016). Men are associated with strong leadership, risk-taking, competitiveness, and technology-focus — characteristics deemed essential for entrepreneurial success. In contrast, women are considered to lack relevant skills and attitudes, more risk-averse, tentative in decision-making, and inclined towards less competitive sectors like domestic food processing and handicrafts (Okello-Obura et al, 2010).

Such gender stereotypes manifest through discriminatory laws, policies, and practices that constrain women entrepreneurs’ access to finance, training, productive resources, growth networks and institutional support (Akanji, 2016). Deconstructing limiting misconceptions around women in business is imperative for their financial empowerment and gender mainstreaming across MSME promotion initiatives.

Expanding Access to Formal Financial Services

Women entrepreneurs struggle to obtain formal bank loans and external financing due to factors like stringent collateral demands, high interest rates, emphasis on previous financial records, limited control over assets, negative perceptions about female borrowers, and male bias among loan officers (Lemut et al., 2022; Okello-Obura, 2010). Financial inclusion policies should address these gender-related demand and supply-side constraints.

Promoting Asset Ownership

Owning assets like land, housing, agricultural technologies promotes enterprise success by providing alternative financing options through rental income, enhancing women's intra-household bargaining position and financial mobility, while also increasing economic security against income shocks (OECD 2019). However, cultural barriers often deny women these ownership rights (Chibba, 2009). Reforms should strengthen women's access to productive resources like agricultural inputs (e.g., fertilizer), irrigation systems, storage facilities, distribution channels and weaken discriminatory inheritance and marital laws (OECD 2019; Quisumbing et al. 2014).

Savings-Led Approaches

Voluntary community-based savings groups allow members to save regularly, access small loans and obtain emergency insurance. These peer-support networks have proven highly effective for low-income female entrepreneurs lacking links to formal institutions (Brody et al., 2015). Donor programs can provide seed capital and capacity building support to expand these informal groups (Brody et al., 2015).

Entrepreneurial Skill Development

Stereotypes around women lacking necessary drive and skills act as barriers to gender equitable training opportunities. However, evidence shows equal entrepreneurial potential between genders, with differences attributable more to constraints faced than intrinsic ability (Sánchez Cañizares & Fuentes García, 2010).

Accordingly, governments, donors and private sector partners should promote skills development programs tailored to women's needs in areas like financial literacy, managerial capacities, leadership, use of technology and navigating bureaucratic procedures (Akanji, 2016). Delivering training through sectors women gravitate towards like food processing and textiles can provide more inclusive coverage.

Promoting Women Business Networks

Male-dominated professional networks limit women entrepreneurs' access to partnerships, mentorships, guidance and growth opportunities. Facilitating spaces for knowledge sharing, alliance building and peer learning among women business owners can alleviate their isolation and build solidarity to advocate for legal-institutional reforms (Sánchez Cañizares & Fuentes García, 2010).

ICT for Business Development

Harnessing digital technologies provides flexible pathways for women entrepreneurs to enhance skills, access markets and financing, gain visibility and coordinate with other women in business (UNCTAD, 2014). E-commerce platforms like online retail and mobile money are promising to overcome constraints posed by domestic responsibilities and limited mobility. Targeted campaigns, affordable ICT infrastructure and capacity building assist in addressing the digital gender divide (UNCTAD 2014).

Legal and Regulatory Reforms

Removing discriminatory laws and regulations is imperative, including provisions related to land ownership, inheritance, asset control and independent accessing of financial services (Quisumbing et al. 2014). Governments must implement gender equality legislation around entrepreneurship promotion policies and programs, alongside gender responsive budgeting (Elborgh-Woytek, 2013). Regulatory incentives can also motivate financial institutions to open women-centric bank windows.

Engaging Men as Partners

Constructively engaging men as partners, rather than antagonists, helps accelerate gender equality progress (Barker et al., 2011). Communication campaigns, activist networks and policy dialogues should emphasize how dismantling notions of male breadwinner and female dependency, equal sharing of domestic duties, and women's economic participation contribute to household wellbeing for all genders (Barker et al., 2011).

Monitoring and Evaluation

Robust monitoring frameworks tracking implementation progress on key outcome indicators related to women's financial inclusion and livelihood security must accompany MSME support interventions to ensure accountability to gender mainstreaming objectives (Brody et al., 2015). Progress indicators could include: women's ownership of bank accounts, savings/credit received from formal institutions, obtaining business licenses and securing public contracts (OECD, 2019).

Strategies for Enhancing Gender Inclusion in Financial Autonomy for Women-Owned MSEs

Enhancing gender inclusion in financial autonomy requires a multi-faceted approach that addresses the underlying causes of gender disparities in access to finance. This paper discussed several strategies for enhancing gender inclusion in financial autonomy for women-owned MSEs.

Providing Access to Finance

Providing women-owned MSEs with access to finance is crucial for promoting gender inclusion in financial autonomy. Financial institutions should adopt gender-responsive lending practices that consider women's unique circumstances and needs (UNDP, 2018). For instance, financial institutions can offer collateral-free loans or provide flexible repayment terms that consider women's roles as caregivers and homemakers (Kabeer & Mahmud, 2014). Additionally, financial institutions can provide training on financial management and business planning to help women-owned MSEs prepare effective loan applications (ILO, 2019).

Studies have shown that providing collateral-free loans can significantly increase access to finance for women entrepreneurs (Kabeer & Mahmud, 2014). For example, a study by the International Finance Corporation (IFC) found that collateral requirements were a significant barrier to accessing finance for women entrepreneurs in Nigeria (IFC, 2017). The study recommended that financial institutions should offer collateral-free loans or alternative collateral options such as third-party guarantees or joint liability agreements (IFC, 2017). This would help reduce the high cost of collateral required by traditional lending institutions and make it easier for women entrepreneurs to access finance.

Promoting Business Skills Development

Women-owned MSEs often lack the necessary business skills required to manage their businesses effectively. Therefore, promoting business skills development is crucial for enhancing gender inclusion in financial autonomy. Financial institutions can provide training on business planning, marketing strategies, and financial management to help women entrepreneurs grow their businesses (ILO, 2019). Additionally, government agencies can provide support services such as business incubation centers and mentorship programs to help women entrepreneurs develop their skills (UNDP, 2018).

A study by the African Development Bank (AfDB) found that business training programs could significantly improve the performance of women entrepreneurs in Nigeria (AfDB & IFC, 2016). The study recommended that training programs should focus on practical skills such as marketing strategies, financial management, and business planning (AfDB & IFC, 2016). Additionally, training programs should be tailored to meet the specific needs of women entrepreneurs and should be delivered through multiple channels such as online platforms or face-to-face workshops (AfDB & IFC, 2016). This would help ensure that training programs are accessible to women entrepreneurs from different locations and backgrounds.

Challenging Gender Stereotypes

Gender stereotypes are a significant barrier to gender inclusion in financial autonomy. Women are often perceived as less capable than men when it comes to managing finances or running businesses (Kabeer & Mahmud, 2014). Therefore, challenging these stereotypes is crucial for promoting gender inclusion in financial autonomy. Financial institutions can adopt a gender-neutral approach when assessing loan applications or providing business services (UNDP, 2018). Additionally, government agencies can promote awareness campaigns that challenge gender stereotypes and promote gender equality (Kabeer & Mahmud, 2014).

A study by the World Bank found that challenging gender stereotypes could significantly improve access to finance for women entrepreneurs in Nigeria (World Bank Group & IFCX Development Corporation Ltd., 2015). The study recommended that financial institutions should adopt a proactive approach towards challenging gender stereotypes by providing training programs on how to overcome common barriers such as lack of confidence or limited networks (World Bank Group & IFCX Development Corporation Ltd., 2015). Additionally, financial institutions should provide mentorship programs that connect women entrepreneurs with successful female business owners who can serve as role models and provide guidance on how to overcome common challenges faced by women entrepreneurs (World Bank Group & IFCX Development Corporation Ltd., 2015). This would help promote a culture of support and collaboration among female entrepreneurs and reduce the negative impact of gender stereotypes on their access to finance.

Conclusion

In conclusion, entrenched gender stereotypes constrain Nigerian women entrepreneurs from attaining financial autonomy and inclusion across MSME promotion policies. Multi-pronged efforts are vital - from expanding access to formal financial services, promoting women business networks and legal-institutional reforms to skills training, technological integration and engaging men as partners. Sustained political commitment alongside gender-responsive planning, budgeting and monitoring will be instrumental to steer Nigeria towards more inclusive and sustainable MSME growth trajectories.

Recommendations

Based on the discussions, these recommendations aim to create an enabling environment for female entrepreneurs in Nigeria, fostering gender inclusion, financial autonomy, and the sustainability of medium and small enterprises led by women:

1. Implement targeted financial education programs for women, focusing on building financial literacy and entrepreneurship skills. This can empower women to make informed financial decisions and manage their enterprises effectively.
2. Facilitate improved access to capital for female entrepreneurs through dedicated funding schemes, low-interest loans, and grants. Financial institutions and government agencies can play a crucial role in providing financial resources to support women-led enterprises.
3. Establish mentorship programs that connect experienced female entrepreneurs with aspiring ones. Networking opportunities can help women learn from successful peers, gain valuable insights, and access new business opportunities.
4. Promote the use of technology to enhance business operations. Provide training on digital skills and encourage the adoption of digital tools for marketing, financial management, and e-commerce. This can open new markets and improve competitiveness.
5. Develop and implement business support services that are specifically tailored to the needs of female entrepreneurs. This could include mentorship, coaching, and capacity-building programs that address unique challenges faced by women in business.
6. Establish mechanisms to monitor and evaluate the impact of gender-inclusive initiatives. Regular assessments can provide insights into the effectiveness of programs and inform adjustments to better meet the needs of female entrepreneurs.

7. Collaborate with non-governmental organizations (NGOs) and development agencies that focus on women's empowerment. Partnerships can amplify efforts and bring additional resources to support gender-inclusive initiatives.
8. Introduce recognition programs and awards for outstanding women entrepreneurs. This not only celebrates achievements but also inspires other women to pursue entrepreneurship and financial autonomy.

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