

## DEVELOPING RURAL WOMEN ENTREPRENEURS AS A KEY TO POVERTY REDUCTION IN GHANA: THE CASE OF WA MUNICIPALITY

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### ABSTRACT

Women entrepreneurs play an important role in local economies because many micro-enterprises in developing countries are operated by women. This study therefore sought to examine the effectiveness of steps aimed at developing rural women entrepreneurs and to find out whether women entrepreneurship enhances welfare. Simple random sampling was used to get all elements in the population under study to have equal chance of selection. Questionnaires, interviews and focus group discussions were employed in the data collecting process. The research findings revealed that training and financial support for women owned businesses was inadequate. Further, it was established that women entrepreneurship increases welfare and reduces poverty through improved access to healthcare, quality food and clothing as a result of developing rural entrepreneurs. It is therefore recommended that to foster efforts aimed at reducing poverty, education, skills training and credit-access policies should be targeted at women.

**Keywords:** Rural Women entrepreneurs, poverty, Ghana.

### Introduction

Work and poverty are closely related and central to the problem of poverty is the availability of work. This is because work allows people to produce and earn the money needed to purchase goods and services. As noted by Vandenberg (2006), it is also from work that wealth is created which, through taxation, allows governments to fund pro-poor services such as health care, clean water and education. However, he noted that, work is not easily created because it develops out of a complex and balanced system of economic, social and political activity. Work is central to poverty reduction but 'working out of poverty' provides only general guidance on how to achieve that ultimate goal.

Ghana ranked 135 out of 187 countries on the United Nations Development Programme's 2011 Human Development Index. This measures among others the standards of living for countries. In the dry savanna region of northern Ghana, rural poverty remains widespread and covers roughly two thirds of Ghana's northern territory. Unlike the south, where there are two growing seasons,

the northern plains are drought-prone and present relatively few economic opportunities. Food insecurity remains a critical challenge with poverty rates in the north being two to three times the national average.

Much of the population in poor countries operates or works for micro and small enterprises (MSE) and that even in richer countries, a substantial portion of the population is employed in small and medium enterprises (SMEs). In poor countries, MSEs are where the poor are working either out of choice or out of necessity. Farmers in these poor rural areas operate on a small scale and have limited access to the assets that would facilitate a shift from subsistence farming to modern, commercial agriculture. Furthermore, the few employment options available in rural areas compel many rural young men and women to leave their villages for urban centres. This ultimately leads to an aging and generally less dynamic population in rural areas.

The objectives of the study are to examine the role of efforts aimed at developing rural women entrepreneurs and also investigate the effectiveness of steps aimed at developing rural women entrepreneurs.

### **Literature Review**

Poverty is a multidimensional concept that is defined differently by many scholars and organizations. The International Labour Organisation (2003) noted that poverty is a vicious circle of poor health, reduced working capacity, low productivity and shortened life expectancy. Furthermore, the Organisation for Economic Cooperation and Development's (OECD) Development Assistance Committee has defined poverty as comprising multiple dimensions of deprivation that relate to human capabilities, including consumption and food security, health, education, rights, voice, security, dignity and decent work (OECD, 2001). It notes that poverty reduction should, in addition, be conducted in the context of environmental sustainability and gender equity.

On the other hand, studies by the World Bank described poverty to encompass not only material deprivation but also low achievements in education and health (World Bank, 2001). It indicates also that poverty is categorized as both absolute and relative. The World Bank broadened the notion of poverty further to include vulnerability and exposure to risk, and voicelessness and powerlessness. Furthermore, a number of bilateral development agencies have accepted that power and voice are dimensions of poverty. The Swedish International Development Agency (SIDA) (2002), in its poverty reduction policy paper, noted that poverty deprives people of the opportunity to choose on matters of fundamental importance to them. It noted further that the essence of poverty is not only a lack of material resources but also lack of power and choice.

There is a challenge to defining entrepreneurship in a precise manner. Some researchers have done so by describing the elements that entrepreneurship embodies from their own perspectives (Bennet and Dann, 2000; Kouriloff, 2000). Saxon (2003) has noted that entrepreneurship can be perceived according to the eye of the beholder. According to Gartner (1990), entrepreneurship has generated considerable academic interest, meanwhile there is a lack of an agreed definition of entrepreneurship and a concern over what entrepreneurship constitutes as a field of study. The most commonly used definitions of entrepreneurship focus on innovation, risk taking, venture and wealth creation (Gartner 1985; Schumpeter 1939). Timmons (1999), Bennet and Dann

(2000), Hofer and Bygrave (1992), Hyrsky (1999) and Kao (1993) recognizing the diversity in the definition of entrepreneurship have argued that entrepreneurship is not a science that can be perfectly defined, but rather an amalgamation of art and science with a combination of factors in a range of different settings and contexts.

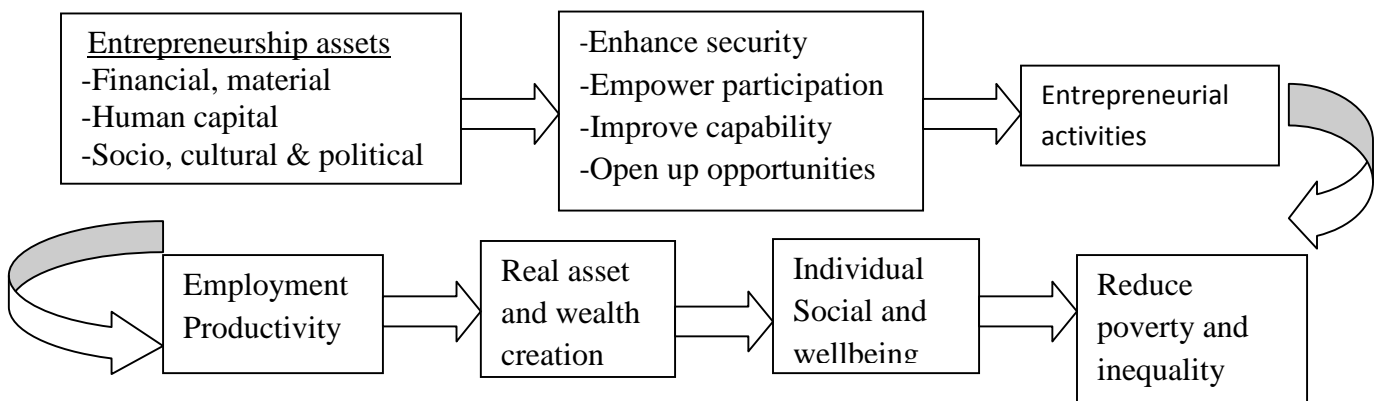
According to Silvinski (2012), poverty rates have been reduced due to the economic boom of the 2000s. He noted further that entrepreneurship played a major role and that some states were more effective at lowering the poverty rate than others. Richardson (2004) found that the effect of entrepreneurship on poverty reduction was indeterminate. According to Kimani and Kombo (2010), the range of entrepreneurship spans from sole projects to major partnerships. They noted further that these create jobs and increase income of individuals and households which ultimately raises the standard of living of the people. Misango and Ongiti (2013) examined the economic role of women entrepreneurs in poverty reduction in Kenya. They used stratified and purposive sampling techniques to collect both qualitative and quantitative data using questionnaires and interviews. Their study revealed that the economic activities though similar contributed to the promotion of tourism, employment and export trade. They concluded therefore that women entrepreneurs played a major role in poverty reduction in Kenya.

Mumuni et al. (2013) in their study on women entrepreneurship as a means to sustainable livelihood in Ghana, examined the characteristics of women entrepreneurs and their entrepreneurial activities. They found that women engaged in a variety of economic activities especially in the local processing industry. Majority of these women they opined, were within the 36-45 age cohort with educational level up to primary school. They noted further that entrepreneurship, skills training and credit-access reduces poverty.

**Conceptual Framework and Methodology**

The main hypothesis is that if entrepreneurs set up enterprises, they generate incomes, create employment opportunities, and make available varieties of goods and services at competitive prices. This enhances economic growth and consequently reduces poverty (Bhattacharya and Bloch 2004, Clark, 2002). This framework is presented in figure 1.

**Figure 1: Entrepreneurial Asset Transmission and Poverty Alleviation**



Source: Adopted from Ahwireng-Obeng and Ncube (2005)

The study area covers Wa Municipality which can be found in the Upper West Region of Ghana. The Wa Municipality has a population of about 224,467. Out of this 48.8 % are males and 51.2% are females. The research methodology comprises both collection and analysis methods. The study used both primary and secondary sources. Under primary collection, semi-structured interviews, and focus group discussions were used while secondary data such as institutional guides as maps, news papers, magazines, journals, report and records were used to verify primary data sources. There was a pilot testing of the questionnaire to investigate the preliminary outcome. Face to face interviews were conducted to obtain the narrated experiences of hundred rural women entrepreneurs in the municipality. Furthermore, survey questionnaires were administered to a sample of female Entrepreneurs. The data analysis involved both qualitative and quantitative methods.

## Results and Discussions

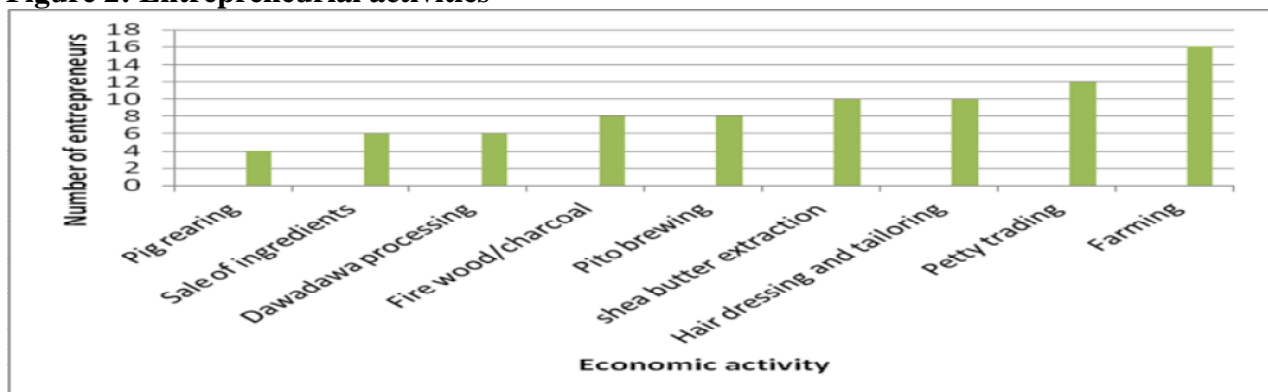
### Demographic characteristics

Among the demographic characteristics of interest were age, education, religion and marital status. It was revealed that majority of the women belonged to age group of 26-35. This age cohort represented 55% of the rural women entrepreneurs. Regarding their religious affiliation, the respondents belonged to different religious sects. The leading sect being the Islamic religion which constituted 55% followed by Christianity representing 35%. Traditional believers were made up of 17.5% with the least, 7.5% who indicated that they do not belong to any religion. Considering the level of education, 47.5 % of the rural women entrepreneurs had no formal education. Also, 36.3% had education only up to the Basic Level. Overall, 13.8% of respondents had secondary education. Within the sample, 1.3% of respondents had tertiary education.

### Economic activities/Types of training

Considering the variety of economic activities they engage in, it is observed that farming was the leading form of economic activity representing 20% with pig rearing at a low of 5%. This was closely followed by petty trading at 15%. With the processing industry, women engaged in shea butter extraction, dawadawa production and pito brewing were 12.5%, 7.5% and 10% respectively. Hair dressing and tailoring represented 12.5% of the women. The findings further indicated that Fire wood/charcoal was 10% and 7.5% for the sale of ingredients. In order to find out the entrepreneurial activities rural women engage in, women entrepreneurs in the Wa Municipality were asked to indicate the types of businesses they do. This is shown in figure 2.

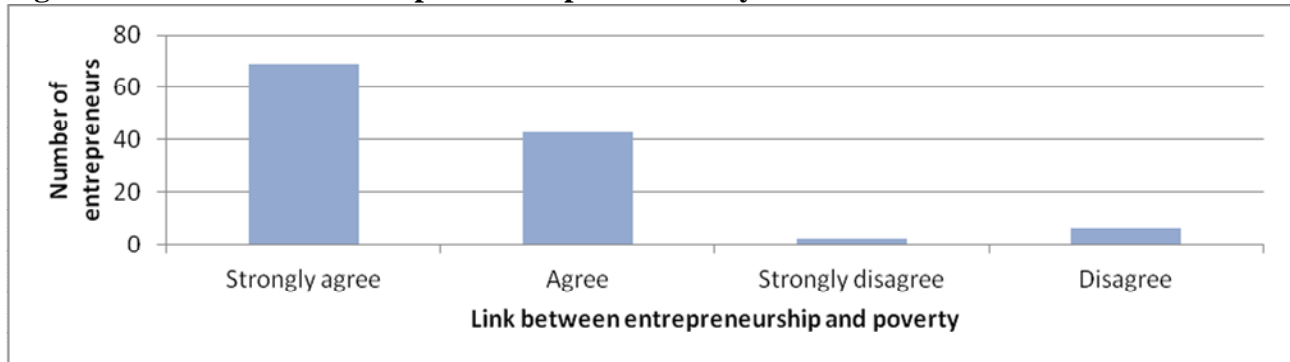
**Figure 2: Entrepreneurial activities**



Source: Authors' construct

Analysis of data depicts that majority of rural women entrepreneurs in Ghana have good opinion of entrepreneurial development and poverty. Perceptions of women show that there exists a link between entrepreneurship and poverty. This is evident in their response to the statement that there is a link between women entrepreneurship and poverty reduction. Out of 120 responses, 93.3 % strongly agreed and agreed to the statement while 6.7% strongly disagreed. This is evident in Figure 3.

**Figure 3: Link Between Entrepreneurship and Poverty**



Source: Authors' construct

Investigating some indicators of welfare, access to quality food, clothing and healthcare were noted. It was revealed that 76.6% of the respondents agreed that they were able to pay for some medical services that are not covered by the National Health Insurance Scheme. A meager 23.4% disagreed that they had improved access to healthcare. This is shown in table A of panel 1. Also, with improved access to clothing, 88.3% of the entrepreneurs agreed they could provide better clothing for themselves and the family. This is shown in table B of Panel 1. Finally, majority of the entrepreneurs agreed they had access to quality food as shown in figure A of panel 1.

### Entrepreneurship Development

Similarly, in order to assess whether there is a link between entrepreneurship and development, respondents indicated how training and funding have impacted on their entrepreneurial activities.

Various forms of training received by respondents indicate that 42.5% had skills training in production; 22.5% also had training on how to access loans; 21.3% respondents received training on financial management; while 10.0% had training in public speaking and 3.6% had training in leadership. This is shown in figure A of Panel 2.

With regard to the sources of funding, the outcome in order of decreasing weight reveals that, Micro Finance and Small Loan Scheme (MASLOC) was in the lead with 23.8%, this was followed by personal savings which constituted 18.8%, family and friends, susu and money lenders followed personal savings closely with 17.5%. The remaining were credit union 15%, bank loans 5% and lastly, the National Board for Small Scale Industries NBSSI which provided 2.5% funding for the respondents. This is indicated in figure B of panel 2.

**Panel 1: Indicators of wellbeing**

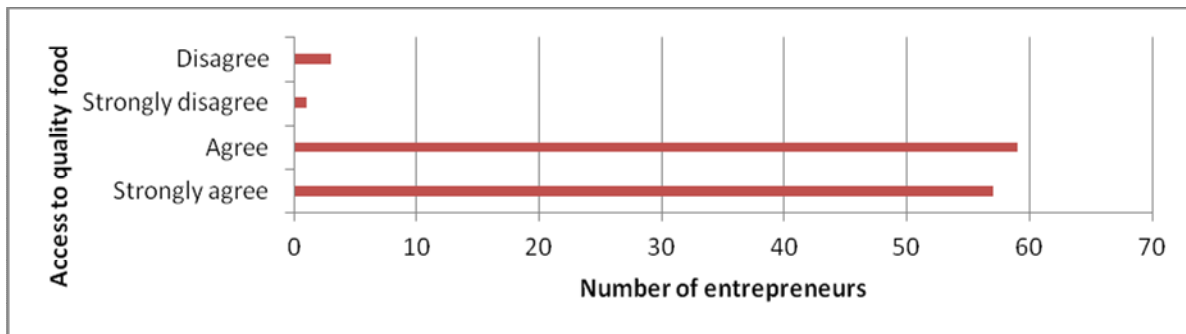
Table A. Improved access to Healthcare

	Frequency	Percentage	Valid percentage	Cumulative percentage
Valid Strongly agree	43	35.8	35.8	35.8
Agree	49	40.8	40.8	76.6
Strongly disagree	21	17.6	17.6	94.2
Disagree	7	5.8	5.8	100
Total	120	100	100	

Table B. Improved access to Clothing

	Frequency	Percentage	Valid percentage	Cumulative percentage
Valid Strongly agree	43	35.8	35.8	35.8
Agree	63	52.5	52.5	88.3
Strongly disagree	3	2.5	2.5	90.8
Disagree	11	9.2	9.2	100.0
Total	120	100.0	100.0	

Figure A. Improved access to Quality Food



Source: Authors' construct

## Panel 2: Entrepreneurship Development

Figure A. Type of Training Received

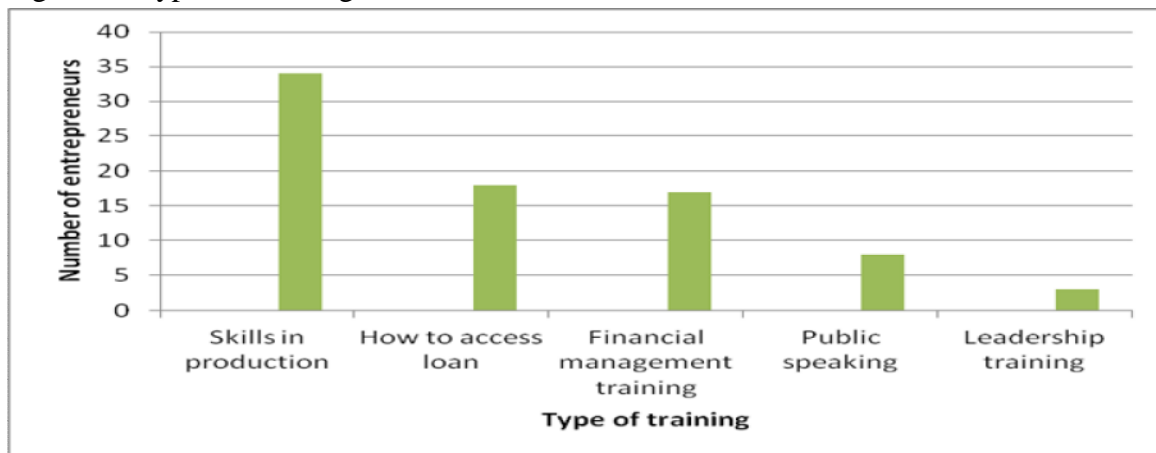
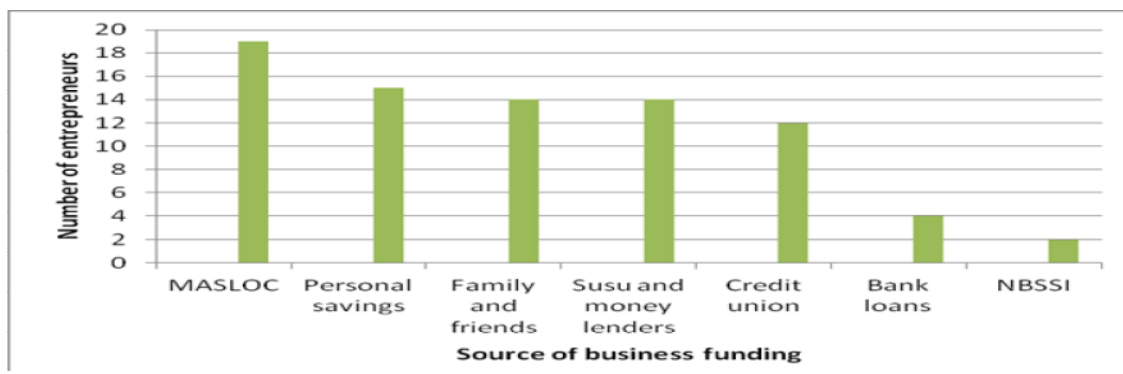


Figure B. Source of business funding



Source: Authors' construct

## Conclusions

Majority of micro-enterprises in developing countries are operated by women. Women entrepreneurs thus play an important role in local economies. The research findings revealed that training and financial support for women owned businesses was inadequate. Analysis of data depicts that majority of rural women entrepreneurs in Ghana have good opinion of entrepreneurial development and poverty. The perceptions of women show that there exist a link between entrepreneurship and poverty. It was established that women entrepreneurship increases welfare and reduces poverty through improved access to healthcare, quality food and clothing as a result of developing rural entrepreneurs. These findings are similar to findings in existing literature. It is therefore recommended that to foster efforts aimed at reducing poverty, education, skills training and credit-access policies should be targeted at women. With regard to the sources of funding, the outcome in order of decreasing weight reveals that, Micro Finance and Small Loan Scheme (MASLOC) was in the lead, followed by personal savings and further by family and friends, susu and money lenders. The remaining were credit union bank loans with the National Board for Small Scale Industries NBSSI being the lowest. It is thus recommended that

government's efforts at supporting women entrepreneurs is a panacea to poverty reduction and should thus be encouraged.

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