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Economic Analysis of Women Soap Making Agri-business Enterprises and Family Sustenance in Kogi State, Nigeria

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ABSTRACT

This study attempts at reviewing the economics of women soap making agri-business enterprises and family sustenance in Dekina Local Government Area, Kogi State, Nigeria. The objectives of the study include the determination of the socio-economic attributes, the profitability of the enterprise and identify the constraints encountered by sampled entrepreneurs in the study area. Primary data were collected using a well structured questionnaire administered on 200 women soap makers in the study area. Descriptive statistics such as means, percentages and averages were used to analyze and interpret the data. Net income analysis was also used to determine the profitability of the women soap makers. The results showed that the women soap makers in the study areas used 83 and 17% of palm oil and kernel, respectively. On the average, annual net income of N160, 614.90 was recorded implying that one naira invested in the enterprise returned N1:56k, that is, 156 or 56% above the investment and operating cost. The net income contribution to family sustainability was realized through provision of food (28%), paying children school fees (17%), changing children's cloth (13%) and leisure (2%). In conclusion, the sampled women make substantial contributions to their family through the profits of their enterprises, which enabled them to play roles hitherto played by men. The study recommended that small-scale agric-business women entrepreneurs should be involved in development planning and policies at both the design and implementation stages.

Key words: Entrepreneurship, women, sustainability, profitability and study area

INTRODUCTION

Small-scale agri-business enterprises are fundamental for rapid economic and social transformation of developing countries. Nigeria has the human and material resources, a relatively big market both in terms of population, size and money income and energetic private sector that are suitable conditions for the involvement of a strong industrial base needed for the long-term growth and development.

Taking note of the fact that women play significant role in family sustenance, the question is are women really better-off or worse-off? This question could be answered by analyzing the situation critically raising a number of issues in women entrepreneurial development. Hence, the production behaviour of women entrepreneurial capacity building involves taking the following meaningful decisions: what to produce and in what quantities; which techniques of production to

adapt; the quantities of each factor of production to employ; its organization and management structure and arrangements for compensating factors of production. The specific objectives of the study were to:

- Determine the socio-economic attributes, input needs and ownership status of women soap makers in the study area
- Assess the profitability of the women soap enterprises and their contribution to family sustenance in the study area
- Identify the constraints associated with women soap enterprises in the study area

Knights *et al.* (2003a) maintained that in as much as micro-business and agro-based industries should be encouraged to be sited in the rural areas, rural areas are faced with the problem of inadequate technical skills and entrepreneurial abilities. Therefore, the need for private-public partnership to come to the aid of rural investors in an effort to champion and advance the process of sustainable industrial development of the rural areas cannot be overemphasized. It was further revealed by the authors that the rural entrepreneurs are characterized by high labour availability and labour intensive method of production implying that efforts towards micro-business development would help to create jobs opportunities at low capital costs as well as contribute to family standard of living and overall poverty alleviation.

Cameron (1986) noted that small-scale enterprises provide the engine of growth for a nation. More jobs per unit of investment are being created compared with other sectors and mostly rural based. Small-scale enterprises cannot only enhance the living standard of the rural community but actually stem the rural-urban drift that characterizes nations that do not have well developed and integrated micro/small enterprises sub-sector. The author further emphasized that with the adopting of the Structural Adjustment Programme in 1986 in Nigeria, emphasis has shifted from large-scale capital-intensive strategy to small-scale enterprises creating enabling environment for rural development. This is because they rely mainly on local raw materials, develops domestic linkages and ensures family sustainability.

The concept of family sustenance as it relate to women soap making enterprise involves to a large extent the efficient management of local resources to produce meaningful products and earn sustainable profit for the owners of enterprises. It also involves the marketing of the entrepreneurial activities that make production viable, without which the entrepreneur has not added value to production as well as contribute to family sustainability.

Aiyedun *et al.* (2008) asserted that the notion of entrepreneur has been refined and broadened to include the concepts that are related to the person rather than the occupation. There is the need for blending of the spirit of entrepreneurship with community driven development approach for subsequent agro-based community development projects. Intended beneficiaries must have the intention to act entrepreneurially. The author concluded by noting that certain characteristics such as education, personal value, age and work history enhances entrepreneurship. Education provides knowledge, skills and problem solving abilities that are transferable across different situations. Personal values of importance in entrepreneurship includes superior products, quality services top customers, flexibility or the ability to adapt to changes in the market place, honesty and ethics and ethical behavior. It was further revealed that most entrepreneurs initiate their entrepreneurial career between the ages of 22 and 45. There are milestone of ages of every five years (25, 30, 35, 40 and 45) when an individual is more inclined to start an entrepreneurial career. Male entrepreneur tend to start their first significant ventures in their early 30s, while women entrepreneurs tend to do so in their middle 30s.

Bamgboye (1994) considered entrepreneurship as the willingness and ability of an individual to seek out investment opportunities in an environment and be able establish and run an enterprise successfully based on the identified opportunities. The entrepreneur should consider whether the opportunity has potential for growth and for profitability and whether the amount of expected returns is commensurate with the risk involved. Growth can only be assured if enough profit is retained in the business. The author concluded that to be successful, there must be availability of necessary infrastructure such as water, electricity, telephone services, with a suitable site, which was accessible.

Knights *et al.* (2003b) in examining micro-business environment implications for marketing managers maintained that a deliberate engendering of a market orientation is possible if managers of the small firms are prepared to exploit their environment to improve the market orientation of their organization and hence obtain distinct form of a sustainable competitive advantage. The authors further stated that the environment in which micro-business enterprises operate is so disorderly undermanned and cash poor with the consequences that the management of the enterprise cannot afford some luxuries enjoyed by large firms. The managers therefore must operate in most cases like large firms by consistently placing direct, organize and control measures without the resources to hire full time planners, accountants, researchers, analysts that are essential to functional performance. This implies that micro-business enterprises need external help to survive and grow.

Chibundu (1986) pointed out that a number of factors are responsible for the underdevelopment for third world countries such as drought or soil erosion, weather condition, fall in income; lack or inadequate local initiatives, drop in prices of products and of raw material. Nigeria is a poor country trying to raise the standard of living of her people and looking for a way to acquire advanced technology and make the people self sufficient through setting up small-scale enterprises. The author concluded by saying majority of the population resides in the rural areas and as such there is the need for the government to develop simple technology for the development and sustainability of micro enterprises in the rural areas.

Yomere (1995) emphasized that the people engaged in small-scale enterprises must be aware of what the technology means. For small-scale enterprises to be meaningful, technological development and awareness among the operators is imperative. That relevant technology suitable to rural areas should be developed to assist the operators. The technology should be generally low cost and labour intensive, adaptable to the different socio-economic conditions of the rural areas, locally available materials, resources and manpower, encourage indigenous initiatives and innovation.

Ijere (1991) described women as the backbone of rural development being involved in entrepreneurial development as well as societal roles of rural road cleaning, regular visitation to the market, arbitrators in family, or clan disputes and household responsibilities of childbearing, water collection, food processing and preparation. In spite of this excess workload, the average income rate for women is relatively low because the bulk of what constitutes this heavy work load are not associated with economic values as their products do not pass through the market.

Ogungbile *et al.* (1991) in a study discovered that about 90% of women are engaged in different forms of income earning activities including food processing, trading, weaving and other micro/cottage production. This confirms that with changes in economic situation and in the direction of opportunities, women are less able to meet their responsibilities through subsistence alone. Their

time budget analysis shows that rural women in Jos spend one-third of their working hours on the farm and in other related micro enterprises, one-six each on fetching water and resting, while one-eighth is spent on cooking and one-twelfth each on the house, child-care food processing and fetching firewood.

Federal Office of Statistics (2007) also revealed the low state of employment of women showing labour force participation rate for women at 49% while the rate of men was 68% (as at June 2007) with only 14 and to 10.3% of the men and women, respectively, at full employment level. About 64% of the men and 43% of men and women, respectively, were in micro enterprises related production. The National Development Policy objectives in Nigeria comprise mainly of improving the productivity and efficiency of the rural sector. Women promote and perform crucial role in all aspects of rural economy but their productivity have been seriously constrained by social, cultural, political and economic factors. The need to alleviate these constraints led to the introduction of the following rural development strategies or programmes viz: Better Life for Rural Women (BLRW) in 1987, Family Support Programme (FSP) in 1994, Family Support Trust Fund (FSTF) in 1995, Family Economic Advancement Programme (FEAP) in 1996 and most recently Poverty Alleviation Programme (PAP) and National Economic Empowerment Development Strategy (NEEDS) in 2000.

Ogungbile *et al.* (1991) emphasized that the various rural development programmes are to create cottage industries in the rural areas at the grass-root level. The objective is to generate employment for rural production and income and consequently reducing poverty incidence on rural households.

According to Sani and Sani (2005b), a well defined market outlet contributes to easy access of consumers for basic food needs and easy disposal of finished produce by the producers. It was further revealed that women's contribution to economic life and share in the labour force continues to rise as they are becoming more involved in small-scale enterprise such as the soap enterprises. Their income is also becoming increasingly necessary to all aspects of family sustenance.

Balisacan (1996) further revealed that apart from the factors of production, some socio-economic factors determine the women enterprises. The role of technological change in entrepreneurial development has been established to be positive with regards to level and distribution of women welfare within the households. The author concluded that intra-household access of their distinct roles in micro enterprises has poor access to new technological development and adoption.

Voydanoff and Kelly (1984) discuss stress associated with each category of the roles of women that may flow across individuals as well as social roles. The extent of transmission varies with factors such as: the structure of the family, for instance, the work-family boundary is more preambles in a case of single parent who may be more easily overwhelmed stress; and the structure of workplace, for instance, the boundary may be more preambles in family-owned business than work involving paid labour outside the home.

Pleck and Staines (1985) revealed that a working mother is exposed to both work-related stress and family-related stress. Work-family literature has long recognized that consuming work and family roles is not the same issue for men and women. There is evidence that work-jobs interference is experienced as a greater problem for women than men. Also, the rate kept pace with the increasing rate of labour force participation among women. Although, husband participation in household task and child care is gradually increasing, other studies of dual-career couples shows that wives still perform a disproportionate share of these indicating that employed married women report role conflict particularly with respect to role overload than married women who are full-time housewives but participate in other family supportive enterprises.

MATERIALS AND METHODS

The study area: Dekina, the capital of Dekina Local Government Area is situated 186 km North East of Kogi State Capital (Lokoja). The inhabitants were purely Igala tribe. The main criteria used for the selection of Dekina Local Government Area were that the raw materials (palm oil and kernel) that are used in soap making are predominantly produced within the study area more other than other local government areas. Within the local government area, there are the Kogi State government established palm produce research institute and palm oil mills and Small and Medium Enterprise Development Agency (SMEDA) office at Ayangba and Okura towns of Dekina Local Government Area. The study areas were chosen because of it's readily access to raw material inputs and abundance micro-scale women soap makers.

The study was based on the following assumptions:

- The raw materials (palm oil and kernel) used for soap making are readily available in the study area
- There exists a local market for the sale of the products
- Home activities and leisure are combined and treated as the same consumption items for the purpose of profit maximization by the women soap makers
- An important choice for the women soap makers is that between own consumption maximization of profit in order to purchase products and family needs
- The sample women do not consider uncertainty and risks in production

Selection of sample size: The selection of the women soaps makers in Dekina Local Government Area of Kogi State was from five districts areas of the Local Government viz., Dekina, Abocho, Egume, Okura and Ayangba. A total of 200 women soap makers in the study area were purposively selected for the purpose of collecting primary data. The selection was distributed as follows: 22 from Dekina, 20 from Abocho, 40 from Egume, 54 from Okura and 64 from Ayangba. The criteria used in the selection of the sample area were based on personal discussions with the existing women soap makers. The selection of the study area within the Dekina Local Government Area was due to abundance of small-scale soap making enterprises facilitated by the presence of oil mills and palm kernel oil factories. Each of the selected women soap makers personally and interviewed with a well-prepared schedule/questionnaire. The women soap makers were asked questions with respect to socio-economic characteristics (age, experience, education, family size) budgeting, inputs, returns, contribution of women to the family and problems encountered.

RESULTS AND DISCUSSION

The results of the study indicated the existence of micro-scale women soap making enterprises in the study area. Women on a part time basis own these soap-making enterprises.

The result of Table 1 revealed that most of the women 65% are married with the median age cohort being 31-40 years old. The majority of the women have post-secondary education. Teaching is the main occupation followed by civil services while 81.5% already have 3 to 10 years soap making agri-business enterprises experience. The women entered the enterprise to be economically independent (62%), because it is considered to be highly profitable (32%) and a hobby (6%). This result agreed with the findings of Cameron (1986) that soap making is one of the income generating activities of women to gain skills and self-sufficiency.

Table 1: Socio-economic characteristics of sample size showing frequency and mean percentage

Characteristics	Frequency	Mean (%)
Marital status		
Married	130	65
Single	24	12
Widowed	46	23
Total	200	100
Family size		
0-2	9	4.5
3-5	144	72
6-10	47	23.5
Total	200	100
Age		
20-30 years	57	28.5
31-40 years	120	60
41-45 years	23	11.5
45> years	0	0
Total	200	100
Education		
Non-formal	42	21
Primary	114	57
Secondary	6	3
Arabic	20	10
Vocational	18	9
Total	200	100
Experience		
3-10 years	163	81.5
11-18 years	13	6.5
18> years	24	12
Total	200	100
No. of labour in production		
1-2	16	8
3-4	80	40
5-6	104	52
Total	200	100
Source of finance		
Family aid	44	22
Personal savings	119	59.5
Friends and relatives	20	10
Daily contribution	15	7.5
Loans	2	1
Total	200	100
Ownership structure		
Partnership with husband	126	63
Sole proprietorship	74	37
Cooperatives	0	0
Total	200	100

Source: Field Survey Update in 2009

Further more, most of the women are well suited to adopt innovations because of their fair level of education. The use of family labour in the enterprise constitutes 97% while only 3% is hired

labour. Only 10% of the women are full-time house wives while majority are engaged in other income generating activities. According to the respondents, the sole aim of engaging in the enterprise under study is towards money earning endeavors and empowerment. The results also revealed that 83% of the sampled women soap makers in the study area use palm kernel oil while 17% use palm oil. These were essential output of the agricultural sector, which are available in the locality signifying that the soap enterprises provide ready markets and incentives for continuous value addition production of these agricultural products. This revelation is in agreement with Sani and Sani (2005a) which reported that it is imperative, that steady supply of produce through a well developed market infrastructure, effective marketing information and provision of inputs would make the producers to maximize income and the consumers of such product to pay little. Consequently, some of the demands for palm oil and kernel are derived demands emanating from the demand for soap.

The results of Table 1 further shows that these soap enterprises are small-scale involving a maximum of six people in the production process. This is in consonance with World Bank (1990) definition of micro/small scale enterprises as business establishments involving less than 10 people in its operations. The enterprises are organized as partnership with husbands (63%), sole proprietorship (37%) and cooperative (0%). Most of those who got money from their husbands formed partnership with them, while the sole proprietorships raised funds from a multiplicity of sources including personal savings (59.5%), friends/relations (10%), daily contributions (7.5%) and loans (1%).

Table 2 based on the information obtained from the sample women soap makers in the study area shows an average annual net income of N160,614.90. This may imply that one naira invested in the enterprise returned N1:56k, that is, 156 or 56% above the investment and operating cost.

Table 2: Profitability analysis of the women soap making enterprises

Particulars	Quantity	Unit price (N)	Amount (N)
Revenue			
Sales of soap	218.0 cartons	1,155	251,790.00
Value of soap used at home/gift	3.1 cartons	1,155	3,580.50
Value on inventory	1.3 to 7.3 cartons	1,155	8,431.50
Total Revenue	-	-	263,802.00
Operating expenses			
Palm kernel oil	40 L	1,250	50,000.00
Caustic soda/ash	30 (25 kg bags)	1,110	33,300.00
Perfume	15 kg	300	4,500.00
Colouring	18 kg	55	990.00
Additives	39 kg	140	5,460.00
Water	800 L	-	800.00
Labour	-	-	1,540.00
Marketing cost	-	-	200.00
Total variable cost (TVC)	-	-	96,790.00
Gross margin (income above variable cost)	-	-	167,012.00
Fixed cost	-	-	1,840.00
Depreciation	-	-	2,001.55
Rent	-	-	2,555.55
Total fixed cost	-	-	6,397.10
Net income	-	-	160,614.90

Source: Field Survey Update in 2009

Table 3: Constraints of soap making agri-business enterprises

Production problems	Cost kg ⁻¹ N	%
High cost of accommodation	11	5.5
High cost of capital and lack of cash	74	37.0
Price fluctuation	31	15.5
Non-availability of inputs	3	1.5
Collecting money after sales	62	31.0
Obtaining adequate demand	12	6.0
Setting price of finished products	7	3.5
Total	200	100.0

Source: Field Survey Update in 2009

The net income realized is usually ploughed back into the family to guarantee family sustainability through provision of food (28%), paying children’s school fees (17%), changing children’s cloth (13%) and leisure (2%). This is a relatively profitable agri-business enterprise managed mostly by women and carried out on part-time basis, using mainly family labour and operating from their houses. Aiyedun *et al.* (2008) confirm this when it was reported that enhanced income from enterprises go a long way in empowering an entrepreneur to play both economic and social roles which may have a far-reaching multiplier effect in the areas of decision-making, raising funds and self-respect.

Table 3 revealed that the main problems faced by the sample women in starting the soap enterprises are high cost of capital (37%) and accommodation (5.5%). Major enterprise problems include price fluctuation (15.5%) and non availability of raw materials (1.5%). In the areas of marketing, the women encountered problems in collecting money after sales (31%), obtaining adequate demand (6%) and setting price of finished products (3.5%). It was also revealed that inadequate support by husbands/relations was not a major problem, rather, difficulty of raising capital is the main start-up problem. While men also encounter this problem, the case of women without husband’s approval also constitutes a problem. Also, many husbands are reluctant to give money to their wives to start business. However, when the business is doing well, husbands are more willing to contribute money for expansion.

CONCLUSION AND POLICY IMPLICATIONS

Low demand for products holds back the emergence of successful entrepreneur. Several micro entrepreneurs searching for business opportunities tries to venture into practically all promising lines of activities thereby overcrowding the focus and causing difficulties for the participants in the market. The economic effect is simply that, if the markets were to expand, new supplies would rush in to take advantage of size. Since, soap making requires relatively little in terms of equipment, many of the ingredients needed in the study are were reasonably easy to source and are derived locally which form the basis for small micro-enterprises in rural communities. Equally, the creation of packaging for the soaps offers more entrepreneurial opportunities. An entrepreneur should be motivated to undertake capital investment with the basic view of augmenting the productive capacity of any choice of the available scarce resources. Motivation even though is considered as a powerful force in accelerating entrepreneurial capital formation, the government must create suitable environment so as to enable the entrepreneur to undertake capital investment such as rural reforms, public investment and credit facilities. Hence, the women soap makers in the study

were profitable and sustainable since most of the labour was family labour. These women made substantial financial contributions to the family from the profits of their enterprises and have enabled them to play roles, which used to be male dominated.

However, the low productivity of women soap makers in the study areas resulting in low income which make them to spend most of their time and income on non-entrepreneurial activities could be responsible for the vicious cycle of low scale enterprises of the women soap makers in the study area. Similarly, socio-economic factors including the involvement of women in social organizations affect the extent of knowledge, attitude and practice of improved technologies in soap making, as well as their access to infrastructures and benefits from development institutions and programmes, which could enhance their productivity. It is believed that the women soap maker's financial self-sufficiency will eventually lead to their empowerment for future roles in the society.

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