

# Evaluating the Effect of Female Entrepreneurial Experience on Start-Ups in Nigeria

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## Abstract

The study aimed to explore the effect of female entrepreneurial experience on startups in Nigeria. The data were acquired from the female entrepreneurs and a self-administered questionnaire was used as a collection of data. Linear regression was used to test the proposed hypotheses using the latest version of SPSS. The entrepreneurial success can occur with entrepreneurial experience. Economic and political instabilities disturb not only startup success but also the business of entrepreneurs. Due to the economic and political instability in Nigeria, female entrepreneurs believe that their startups are insecure. In developing countries like Nigeria, the earnings of startup owners are too less to maintain expenditures. These startups should have rewards and recognition programs to motivate and satisfy their employees. This research will help policymakers to make effective policies for women entrepreneurs.

**Keywords:** Female Entrepreneurship, Experience, Startups, Political Stability, Entrepreneurial Knowledge.

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## 1. Introduction

Startups have huge and significant impacts on the establishment of new businesses and the economy of any country. It has been estimated that 40% of Nigerian women are entrepreneurs. SubSaharan Africa has the highest rate of female entrepreneurs across the globe (Mohammed *et al.*, 2017). However, while entrepreneurial experience reflects a high level of entrepreneurial activity, subSaharan African nations differ significantly because of many factors like culture, context, social setting which ultimately shape the entrepreneurial intentions of the female youngsters or students regarding the proportion of female entrepreneurs. Jabeen and Faisal (2018) measured the female entrepreneurial inclination of UAE postgraduate students by studying entrepreneurial success. Female entrepreneurial experience and educational exposure are important aspects that lead to entrepreneurial success. Specifically, experience is one of the important factors derived from socio-economic and socio-cultural demographics that intensifies the growth of a business (Scuotto *et al.*, 2019). Female entrepreneurs are potential contributors to society, and their experience greatly matters. Nonetheless, female entrepreneurial experience can play a significant role in boosting the new business economy and make contributions concerning social and economic developments.

However, in the social ambiance prevailing in Nigeria, women are not encouraged to step ahead in their educational and professional lives. Over the past few years, many endeavors have been actively taken into practice by new business doers (Ojo, 2019). Female entrepreneurs have been reported to have started a significant number of enterprises, leading to the creation of employment, economic growth promotion, and social cohesion. Regardless of their several roles and contributions, their socio-economic positions leave much to be desired. Some well-known factors influence female literacy regarding education, including poor school environments, poor quality of individual incubation, gender inclusion, and lack of resources. However, these factors and their effects have yet to be critically measured and evaluated in Nigeria. Therefore, this study aims to estimate female startup success based on experience in Nigeria to explore, assess, and evaluate the various effects of female entrepreneurial experience on startups in Nigeria. Numerous individuals start a business with a specific end goal, to do something they couldn't generally bear the cost. The family business supports the individual and is usually optimistic to select a business in the future (Zellweger, Sieger, & Halter, 2011). Nigeria is a developing country and the lack of political stability means that entrepreneurs cannot be financially and economically supported. This is one of the major problems. Socio-culture variations that influence female empowerment also lead to low female empowerment, both socially and economically. This is the second issue. To combat these issues female individuals are found inclined in doing the entrepreneurial business activity. Notably, platforms to do such business activities, resources (e.g. economic, financial, and social) along with family support are scares. As a result, these potential barriers limit the female entrepreneurial experience and potentially reduce the likelihood that a female entrepreneur will succeed in launching startups. Thus, to investigate this, a recent study was used to validate female entrepreneurs who own a startup. In Nigeria, the lowest numbers of female entrepreneurs are being observed and this lowest ratio has several reasons. The focus is observed to identify and use this aspect in the most productive way. Mainly, lack of experience, lack of knowledge, and political instability were the main reasons, upon which, a recent study is initiating the plan to inquire and contribute that how these factors can affect entrepreneurial startup. Hence, to cover this gap and to come up with new knowledge recent study is planned.

Female's entrepreneurial knowledge and experience, these two things lack in every almost every nation. Also, this issue is common in entrepreneurial startups in Nigeria. Because of this, many emerging startups suffer negative consequences. These two factors have a very significant impact on entrepreneurial success and are considered as key performance indicators. Most of the female entrepreneurs are found turning business at an early age and not having any choice anywhere else. Although there are a lot of reasons for the increase in such mass destructive trends in startups of Nigeria the main cause is lack of experience. Thus, the current study aims to cover this gap by investigating it. Hence, the study covers the contextual nature of significance.

## 2. Literature Review

Empirical researchers and educationists have agreed that female entrepreneurship experience, knowledge, and political stability of the country are some of the significant predictors of entrepreneurial success. In modern times, entrepreneurial business activities, most importantly, new ventures are contributing well in gaining competitiveness, innovativeness, and stability in Nigeria. Various empirical inquiries backed this argument and also extended that the success of new ventures is significantly predicted by the female entrepreneurial knowledge and experience that further supports poverty alleviation (Nawaser et al, 2011). Therefore, Fallows & Steven, (2000) cited that in developing economies self-employment of females through entrepreneurial business activity is the key to success.

Only a few empirical studies have analyzed female entrepreneurial experience with startup success using different dimensions like using the theory of planned behavior, personal and psychological traits, entrepreneurship education and programs, contextual and institutional factors, through the entrepreneurial process (Liñán and Fayolle, 2015). Conversely, majority of these empirical studies were conducted in the developed economies like the United States (Krueger, Reilly and Carsrud, 2000), Norway (Kolvereid, 1996a), Spain (Guerrero, Rialp and Urbano, 2008), Hong Kong (Koh. H.C, 1996), United Kingdom (Henderson and Robertson, 1999), Singapore (Wang and Wong, 2004), New Zealand (Gnoth, 2006), Puerto Rico (Veciana, Aponte and Urbano, 2005). Many of the studies considered female entrepreneurial experience, motives, and perceived barriers to entrepreneurship together across different cultures like Turkey and America (Şeşen and Pruett, 2014) and among different samples of Asian, American, and European students (Giacomin et al., 2011). However, the recent study aimed to test the role of female entrepreneurial experience, entrepreneurial knowledge, and political instability of Nigeria on startup success.

### 2.1. Political Stability

Employment disappointment is the state or mentality of uneasiness, dismay, and despondency. Special issues related to new trends in business, economics, and management typically arise when genuine circumstances do not align with norms. Besides this, job disappointment matters to associations, clients, and all representatives (Lewis, 2017) as each representative will be less happy with his or her activity. One of the major causes of disappointment in an entrepreneurial career is the lack of experience (Foley et al., 2018). The lack of experience in startups is a considerable measure of business success by female entrepreneurs, generally depicting what criteria are connected to progress or disappointment (Ozkazanc-Pan, 2018). The results of many studies showed that besides entrepreneurial experience, the political status of a country and its circumstance have important impacts on the success of a startup. (Clercq et al., 2019) concluded that entrepreneurship experience programs (EEPs) fostered positive entrepreneurship behavior among students. Therefore, it is hypothesized that:

*H<sub>1</sub>: There is a significant relationship between the political instability of Nigeria and female entrepreneurial startup success.*

### 2.2. Female Entrepreneurial Knowledge

Many people have business aspirations. Individuals, especially females, are interested in investing money in businesses rather than saving it for contingency purposes (Azmat & Fujimoto, 2016). By engaging in entrepreneurial activities, individuals can manage a minimal amount of resources in the best possible way to maximize wealth, financial knowledge, and experience, which can strategically facilitate economic activities (Hassan, 2018). However, the question is how to best allocate and manage resources. For Investors, there are two key points. First investors must be rational in all aspects, and second, they must identify whether the market is invested in is sufficient enough. These points are mentioned in the traditional theory of finance (Nsengimana et al., 2017). In the opinion of psychologists, the economic decisions made by entrepreneurial individuals (e.g., females) indicate that women are less experienced. However, the literature on entrepreneurship focuses on experienced individuals. As a result, inexperienced entrepreneurs tend to make poor business decisions, leading to low business success rates (Alsos & Ljunggren, 2017). Based on the above discussion, the following hypothesis is developed:

*H<sub>2</sub>: Entrepreneurial knowledge has a significant relationship with female startups.*

### 2.3. Female Entrepreneurial Experience

Entrepreneurial literature is usually based upon the large no of proofs and evidence delineating to consider the experience to declare directions for upcoming female entrepreneurs. However, this literature has also declared a significant association between the success of entrepreneurial pursuits and the female experience (Burgess, 2019). The low levels of experience among female individuals also urge them to manage and conduct a successful business activity by doing it as a full-time job. Goetz *et al.*, 2016 (2016) argue that the female entrepreneurs become experienced by being active in their business and execute suitable decision making in their business that ultimately leads to business success and helps in enhancing and maximizing his wealth. Seen hierarchical help is assuming a vital part in administration to support up the business experience of the female owners has a vital role to it (Pritchard *et al.*, 2019). For information accumulation, a poll study was utilized (Ladge *et al.*, 2019). Nguyen *et al.* (2020) found that the business experience of female entrepreneurs depends upon the intrinsic environment of the company and its creative work, leading to business success. In developing countries, individuals think not from their minds but, rather, their ability to feed themselves and family as a means of survival to avoid being out of a job for too long and gain societal fulfillment by being gainfully employed. The above survival theory helps researchers evaluate the effects of experience and advancement on work fulfillment in advanced business environments, leading to business success. Thus, enhancing the success of females in the business, experience is essential and pivotal to monetary development in making new business opportunities. Scholars have indicated that there is a need for a complete comprehension of the basic experience of female entrepreneurs (Statham, 2018). Therefore, we developed the following hypothesis

**H<sub>3</sub>:** *Female entrepreneurial experience has a relationship with startups in Nigeria.*

### 2.4. Theoretical Framework

The theory of performance is obtained as theoretical support of the study. However, the performance is found maximizing on the bases of critical entrepreneurial success factors – is explained by the theory of performance (Trkman, 2010; Al-Tit, Omri and Euch, 2019). On this, Liozu, Hinterhuber & Somers, (2014) revealed that key success factors, such as organizational confidence have a sensed role in developing and/or maintaining organizational performance. Lee, Kim & Kim, (2012) deliberated that knowledge management is one of the success factors of startups that enhance startup performance. Similarly, according to the theory of performance, organizational control has a significant role in developing organizational performance and to enhance competitive advantage (Kang *et al.*, 2012). The entrepreneurial experience is indispensably predicted by entrepreneurial knowledge, political stability, and other proponents (Carmeli, Gilat, and Waldman, 2007; Chang and Chen, 2011; Ibidunn *et al.*, 2015). However, the theory of performance is sufficiently supporting the framework of the recent study.

Based on the literature we developed the following conceptual model for this study.

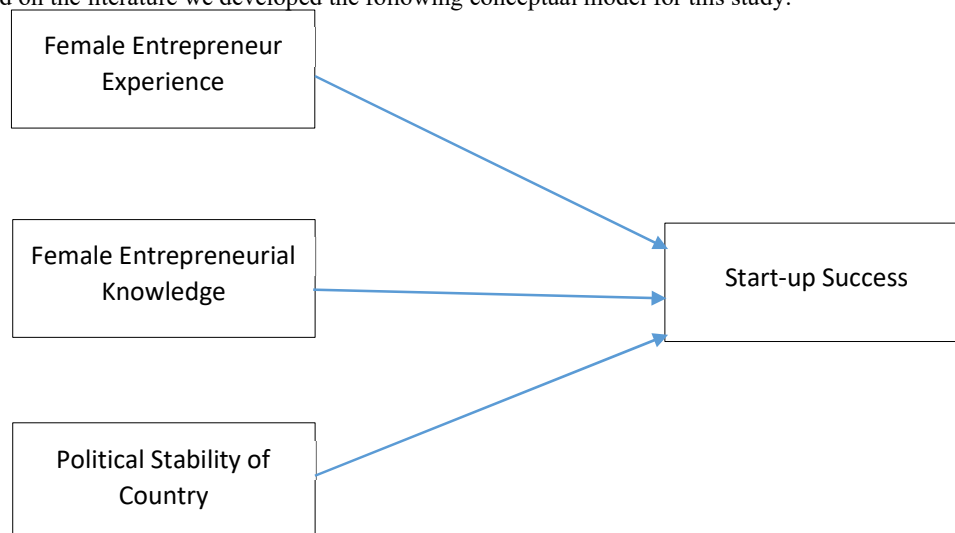


Figure 1: Conceptual Model

### 3. Methodology

The strategy of inquiry used in this study was empirical and was intended to measure the association between female entrepreneurial experience and startup success. Methodical sample performance was used to choose the model proportions in the Nigerian sample (Guha & Mishra, 2016). A total of 125 questionnaires circulated among

female entrepreneurs in Nigeria, and 100 questionnaires received complete responses from respondents. Therefore, the response rate was 80%. For the experimental outcomes, the latest version of the Partial Least Squares Path (PLS) was used to ensure construct and convergent rationality, and SPSS v24 was used to apply the descriptive information to the demographic profile of the respondents and check the direct and indirect consequences of the designated variables.

#### 4. Results

Many statistical parameters (i.e., descriptive statistics, frequency measures, reliability analysis, correlation analysis, and regression analysis) were used and are described as follows:

		Frequency	Percentage	Valid Percentage	Cumulative Percentage
Valid	Yes	94	94.0	94.0	94.0
	No	6	6.0	6.0	100.0
	Total	100	100.0	100.0	

Table 1 indicates that 6.00% of the surveyed females were not operating business and 94.00% were operating business.

		Frequency	Percentage	Valid Percentage	Cumulative Percentage
Valid	Successful	45	45.0	45.0	45.0
	Expectations not met	52	52.0	52.0	97.0
	Not Successful	3	3.0	3.0	100.0
	Total	100	100.0	100.0	

Table 2 shows the frequency of female entrepreneurship success. Among the sample of 100 female entrepreneurs, only 45 were observed to be successful, 52% indicated that they did not meet their expectations, and only 3% were found to be unsuccessful.

		Frequency	Percentage	Valid Percentage	Cumulative Percentage
Valid	less than 5 yrs.	64	64.0	64.0	64.0
	5–10 yrs.	29	29.0	29.0	93.0
	10–15 yrs.	5	5.0	5.0	98.0
	15–20 yrs.	1	1.0	1.0	99.0
	over 20 yrs.	1	1.0	1.0	100.0
	Total	100	100.0	100.0	

The frequency distribution of female entrepreneurial experience is attributed and tabulated in the above table. Table 3 reveals that 64% of the surveyed individuals had less than five years of experience, 29% had 5 to 10 years of experience, and only 5% had 10 to 15 years of experience. Similarly, one respondent had between 15 and 20 years of business experience and the final one had more than 5 years of experience.

Cronbach's Alpha	N of Items
.824	14

Table 4 shows the reliability value of entrepreneurial success to be 0.824, which is higher than the standard.

Hence, entrepreneurial success was deemed to be reliable enough for further testing.

<b>Table 5: Linear Regression</b>					
Model	R	R-Square	Adjusted R-Square	Std. Error of the Estimate	Significance
1	.379 <sup>a</sup>	.032	.022	1.64537	0.000
a. Predictors: (Constant), Entrepreneurial Experience					
<b>Table 6: Linear Regression</b>					
Model	R	R-Square	Adjusted R-Square	Std. Error of the Estimate	Significance
2	0.381 <sup>a</sup>	0.037	0.022	1.82185	0.000
a. Predictors: (Constant), Entrepreneurial Knowledge					
<b>Table 7: Linear Regression</b>					
Model	R	R-Square	Adjusted R-Square	Std. Error of the Estimate	Significance
3	0.251 <sup>a</sup>	.0031	0.022	1.75412	0.000
a. Predictors: (Constant), Political Stability					

Table 5 results show that the R-square value highlighted the intensity of the relationship between the variables, indicating that 32% of female entrepreneurial success was achieved by experience. Meanwhile, the R-square value is 37.9% with a standard deviation of 1.645, and this positive correlation between experience and female entrepreneurial success was proved to be significant. Hence, H1 is accepted. In table 6, the results infer that R-square is significant, indicating that 37.0% of startup success is caused by the entrepreneurial knowledge of females. The R-value is 38% with a standard deviation of 1.821, and the correlation between entrepreneurial knowledge and female entrepreneurial startup success was proved to be significant. Therefore, H2 is also accepted. Table 7 results inferred that r-square is significant indicating a 31.0% inference in startup success caused by the political stability of the country. Whereas, the R-value of the study is 25% with 1.754 standard error of estimate, and, this relation between political stability of the country and female entrepreneurial startup success is proved as significant. Hence, H3 is also accepted.

## 5. Discussion

If women in Nigeria are given educational endowments, then Nigerian women would be able to create entrepreneurial opportunities in high-value ventures. Thus, the type of entrepreneurship Nigerian women engage in would naturally shift from hand-to-mouth necessity entrepreneurship to high-value opportunity entrepreneurship. Many factors influence the investment decision of an individual and one of the important ones is financial requirements because everyone wants to secure their financial wellbeing (Hatak & Zhou, 2019). Therefore, entrepreneurial success is a prerequisite to the enhancement of entrepreneurial wellbeing. Economic and political instabilities disturb not only startup success but also the business of entrepreneurs. The highly unstable political conditions of Nigeria destroys not only the capital market but also investment ratios. If political development is occurring, then politicians need to reform the economy so that developments can be adopted and implemented (Okonkwo & Godslove, 2015). Human resources are important assets in any organization. Entrepreneurial startups depend on the workings of their human resources, so they need to focus on the problems their employees are facing (Hatak & Zhou, 2019). Due to the economic and political instability in Nigeria, female entrepreneurs believe that their startups are insecure due to a lack of human resource capacities and personal experience, and vice versa. In developing countries like Nigeria, the earnings of startup owners are so low that they feel constraints in meeting their expenditures. These startups should have rewards and recognition programs to motivate and satisfy their employees (Hatak & Zhou, 2019). There are many financial problems in Nigeria that have trickle-down effects on startup success. Among them, experience was found to be significant.

## 6. Conclusion

In Nigeria, it is possible to build various surges of entrepreneurial startups than to procure cash from a solitary occupation. Female individuals are the pride of the nation, which enables them to focus on the betterment of their family and build careers through business activity (e.g., new ventures and/or startups). Given the fact that inexperienced individuals have fewer chances than others to develop startups, it is recommended to obtain

experience for entrepreneurial success. Thus, the findings of the study indicate that experience and entrepreneurial knowledge both play significant roles in entrepreneurial success. Besides, the political instability of the country influences the success of entrepreneurial startups.

### 7. Limitations & Recommendations

As most of the surveyed individuals had less than five years of experience, the author suggests launching training schemes, internships programs, in various centers in Nigeria. The government should also create a platform to train the entrepreneurs so that successful female individuals may serve in the markets after getting relevant and standard experience.

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