

Economic success of young women agribusiness owners: Role of Entrepreneurial Orientation, social and business environments



A Policy Brief

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Abstract

Using the case of young women agri-food processing business owners in Benin, this study analyzed the influence of entrepreneurial orientation (EO) on performance of young women agribusiness owners, in order to generate sound knowledge to guide policy. Specifically, it was (i) to develop a business performance index of young women agribusiness owners, and (ii) to investigate the effect of EO, social and business environments on the performance of young women agribusiness owners. The methods used include a literature review, a survey conducted among 365 young women agri-food processing business owners, and data analysis. Overall, the business performance index of these entrepreneurs was relatively low. The study revealed that the Innovative EO, Pro-active EO and Risk-taking EO, positively influence business performance of young women agribusiness owners in Benin. Barriers in social environment had a negative relationship with business performance, while barriers in business environment had a surprising positive influence on business performance of these entrepreneurs. Policymakers should develop subsector-specific policies and address the underperformance of young women agribusiness owners. Embracing the strategies to enhance innovative, pro-active and risk-taking attitudes would be a step towards ensuring the future success of young women agribusiness owners.

Key-words: Innovativeness, pro-activeness, risk-taking, agriprenurship, small-medium agribusinesses, Benin.

Introduction

The agricultural sector plays a crucial role in the economy and people's lives in the world, especially in developing countries. In Benin, agriculture accounts for 20% of GDP, and employs over 50% of the workforce (aged 15-64) (EEAS, 2018). Agribusiness – all economic activities that generate a marketable surplus of agricultural production – has been identified as critical to jumpstart economic transformation in African countries through the development of agri-based industries that would bring much-needed jobs and incomes (Byerlee et al., 2013). In many countries, entrepreneurship is seen as a solution to poverty and youth unemployment problems (Jemal, 2017). In Benin, various initiatives have been implemented to promote youth entrepreneurship in agribusiness. However, young people, especially women who venture into the agricultural sector and create small business find themselves in the short or medium term unable to develop their businesses for sustainable income (LAB, 2016). Women entrepreneurs are more likely to underperform or make less revenues and profits in their businesses compared to men entrepreneurs (Vossenbergh, 2013). In Sub-Saharan African countries, several studies showed that most of women engaged in agribusiness mainly work in agri-food processing sector (FAO, 2011). This sector employs nearly 88% of women in Benin (CTA, 2008) and the majority of them are under 35 years old (MMEJF, 2010).

Entrepreneurial orientation (EO) is an important driver for business performance (Fuentes-Fuentes et al., 2015). EO shapes the way in which entrepreneurs exploit opportunities by infusing "innovativeness",

"pro-activeness" and "risk-taking" (the three EO dimensions) into the firm's activities (Fuentes-Fuentes et al., 2015). Furthermore, research has shown that the social and business environments influence business performance (Glonti et al., 2016). Research establishing the level of EO and the influence of this EO on business performance of young women in agribusiness in developing countries, especially Benin is still lacking. Through the understanding the influence of EO on the performance of young women agribusiness owners, research can guide entrepreneurs and policymakers on appropriate action for effective gender-oriented entrepreneurship. When checking the relation between EO and business performance there is the need to consider also the social and business environments in which the business activity is run. The main objective of this study was to analyze the influence of EO on performance of young women agribusiness owners in Benin, in order to generate sound knowledge to guide policy. Specifically, it was: (i) to develop a business performance index of young women agribusiness owners, and (ii) to investigate the effect of EO, social and business environments on the performance of young women agribusiness owners.

Methods

The approach of the study includes:

- (i) **Literature review** which facilitated a deeper understanding of various theoretical frameworks that are relevant for the achievement of the research objectives.
- (ii) **In-depth survey** conducted among 365 young women agri-food processing business owners in the departments of Ouémé, Couffo, Littoral, Atlantique (Southern Benin), Collines, Zou (Central Benin) and Borgou (Northern Benin). Business performance data were collected based on five perceptual items referring to three specific dimensions: financial,

economic and operational performance. Data on EO were collected by using twenty-two items of innovativeness, pro-activeness and risk-taking. Data on hindrances in social environment were collected by using an item representing hindrances due to family, norms, customs, traditions and religion. Data on hindrances in business environment were collected by using two items reflecting infrastructural instability and government rules and regulations. Respondents were asked to rank the level of agreement with the items by using a 5-points Likert scale (1 = completely disagree, 2 = mostly disagree, 3 = neutral, 4 = mostly agree, 5 = completely agree).

- (iii) **Data processing and analysis** by using multivariate analysis to calculate the business performance index and regression analysis to analyze the effect that the EO dimensions and the social and business environment exert on business performance of young women agribusiness owners.

Findings

Highlights of this study are:

- (i) **Measuring the business performance of young women agribusiness owners**

Young women agribusiness owners were classified with an index range below -2 as "low business performance"; those with an index range from -2 to 0 as "low-medium business performance"; those with a range from 0 to 2 as "medium business performance"; and those with an index above 2 as "high business performance". The majority of young women agribusiness owners had a medium business performance index. About one-quarter of them had a business performance index between -2 and 0. Less than 4% of young women agribusiness owners were very successful (business performance index above 2) (Figure 1).

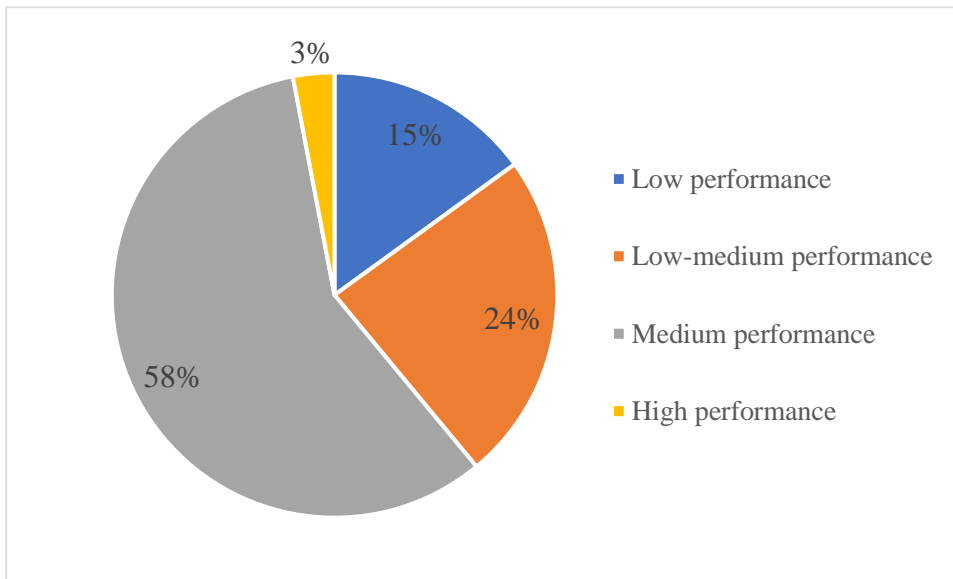


Figure 1: Shares of young women agribusiness owners at each business performance level

(ii)Effect of entrepreneurial orientation, social and business environment on performance of young women agribusiness owners

The results of analyses indicated that innovativeness, pro-activeness and risk-taking enhance business performance of young women agribusiness owners. The social environment affected negatively the business activities of young women agribusiness owners in Benin. With regard to the business environment, the study found a surprising positive significant relationship with business performance of young women agribusiness owners in Benin.

Conclusions and implications

Overall, the business performance index of young women agribusiness owners in Benin is relatively low. The three EO dimensions identified in the context of young women agribusiness owners in Benin, namely Innovative EO, Pro-active EO and Risk-taking EO, positively influence business performance of these entrepreneurs. Barriers in social environment had a negative relationship with business performance of young women agribusiness owners in Benin. Contrary to the barriers in social environment, the barriers in business environment had a surprising positive influence on business performance of these entrepreneurs.

Embracing the strategies to enhance innovative, pro-active and risk-taking attitudes would be a step towards ensuring the future success of young women agribusiness owners.

Policymakers should develop subsector-specific policies and address the underperformance of young women agribusiness owners. Capacity building activities like training can be planned to help potential young women agribusiness owners to acquire the appropriate EO. Non-Governmental Organizations and professional training institutions could be the leaders in the implementation of these actions. Priority should be given to strategies for developing of the total volume of enterprise production and improving of the profit of the enterprise; and young women agribusiness owners should enact measures to improve the quality of goods and services offered to customers. With regard to business environment for young entrepreneurship, policymakers should promote formalization among the entrepreneurs. To this end, awareness-raising and technical assistance (provided by specialist government agents to share information and instructions) are key policy issues.

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