

COTTAGE BUSINESS AND ITS MOTIVATING FACTORS IN AWKA, ANAMBRA STATE NIGERIA.

Obinna Christian Mmadabuchi
Email: obinnammadu77@gmail.com;
Phone: 08063534104

ABSTRACT: *The study investigated cottage business and its motivating factors in Awka Anambra state, Nigeria. Cottage industry is a household business that operates in the worker's home and run by few people mostly family members. Participants used for this study were individuals in cottage businesses in Awka, Anambra State Nigeria. The instruments used for the study were a structured interview and secondary sources of data collection such as the media and journals. The theories reviewed were Maslow's Hierarchy of Need and Resource Based View. The finding revealed that capital, modern technologies, experienced labour, exportation of products, having raw materials are necessary for improving cottage businesses in Awka, Anambra State, Nigeria. Recommendations were made for Government and Non-Government financial institutions to take necessary steps and provide flexible loan, and ensure uninterrupted financial support to investors in cottage industries in Anambra State. Also, cottage industry infrastructural enablers are needed in the State.*

KEYWORDS: Cottage, Business, Motivation, Awka, Anambra-State, Nigeria

INTRODUCTION

Cottage business is a prevalent expression in the business world. This is because it serves as a catalytic agent for employment generation, national growth, poverty reduction and economic development Abdulhami (2015). Cottage business is the traditional artisanship of the rural people of Nigeria, who produce various domestic items with locally available raw materials and artistic skills inherited from past generations. For their own use and for livelihood, they make those artistic products by hand depicting the designs and motive of the nature of Nigeria and its people.

In order words, Cottage business are small scale business in which work is done by the business operators in their homes. According to Nnanna (2011) cottage industries both in the formal and informal sectors employ over 60% of the labour force in Nigeria. More so, 70% to 80% of daily necessities in the country are not high-tech product, but basic materials produced with little or no automation. According to Onwumere (2010), cottage industry helps in the achievement of improvement in rural infrastructure, improved living standard of the rural dwellers thereby creating employment, utilization of indigenous technology, production

of intermediate technology, and increase in revenue base of the private individuals and government.

For any business to thrive, there are some factors that stand as a driving force for the business owners and employees towards achieving the aims and objective of the business. Slater (2013) also argued that there are three perspectives of growth of cottage industry. They are individual, organizational, environmental perspectives. According to Ahmad, Nawaz, Shaukat, Usman, and Rehman (2010) motivation, relevant skills, need for attainment, firm life, financial performance, accelerated financing, and readiness to grow are significant for the growth of small business and cottage industries.

Also, Almeida and Aterido (2010) argued that the best investment is in human resources to enhance productivity. Actually, the owners of cottage industries do not pay attention to the training of their employees. The owners of the cottage industry are reluctant in investing in human resources because of two reasons: They believe that it is just a cost rather than an investment; and once the employees gain skills, they either ask for higher wages, or they leave the job. Lack of financial resources is another reason behind not investing in human resource. Furthermore, it has been observed that the

coordination among employees of larger firms is higher as compared to the same in employees of cottage industry. Hence, this study intends to investigate the various factors that motivate cottage business activities in Awka, Anambra state, Nigeria.

Statement of the Problem

The role of cottage business is significant in the economic development. Several literatures have shown that small businesses have certain issues, namely lack of finance and skilled workers, which can be controlled. The role of cottage industry in the economic development cannot be denied. Hence, this study focuses on the identification of exact issues faced by the cottage business in Nigeria. The identification of this factors will help the government and business practitioners to promote and secure cottage industry, which can prove to be a major contributor in the GDP of Nigeria, and most importantly Anambra State. Furthermore, this sector is considered as the commonest sector for providing employment. Therefore, this present study wants to find out the various factors motivating cottage businesses in Awka, Anambra State, Nigeria.

Objective of the Study

The main aim of this study is to identify the various cottage businesses and the factors motivating those businesses in Awka, Anambra State, Nigeria.

Research Questions

1. What are the various cottage businesses in Awka Anambra State, Nigeria?
2. What are the factors motivating the activities of cottage business in Awka Anambra State?

LITERATURE REVIEW

Cottage Business in Nigeria

Cottage business is more common in the developing countries and this is attributed to the nature and characteristics of the business. Cottage industry is a household business that operates in the worker's home and run by few people mostly family members. They are not just small-scale firms. Rather, they are unique, in the sense that their productions mostly take place in their homes. It's labor is supplied by the members of

the family and they not mechanized. According to Abdulhamid (2015) cottage industries are small scale business in which work is done by the business operators in their homes. According to Nnanna (2011), cottage firms both in the formal and informal sectors employ over 60% of the labor force in Nigeria. Moreover, 70% to 80% of daily necessities in the country are not high-tech product, but basic materials produced with little or no automation. Some of the features that distinguish cottage/handicraft enterprises in developing nations from other small scale business are that cottage firms are always run in the owners' homes. It has a traditional setting.

The scope of the business is local and only covers the member of immediate and extended family, as well as friends/acquaintances with little or no other employment. Most of the business skill are inheritance and natural talents. In some cases, the people that handle the business are illiterates and unexposed. The business is not mechanized. The level of business and their owners are often ignored by government and policy makers in making the economic policies in developing countries. Some of the existing cottage businesses in Nigeria are farming, husbandry, palm wine tapping/distilling, hunting, blacksmithing, goldsmith, basket making/crafting, animal husbandry, native medicine, beadwork, wood work etc.

This class of business and their entrepreneurs hardly make use of conventional banks rather they resort to fund raising through non-institutional forms like borrowing from friends, family members, local meetings, *isusu* (contributory trust-fund holding) or *agba-ekporo* (rotational money collection and giving) etc. Soludo (2017) opined that banking services are available to only about 40 percent of the population in the developing nations. Others do not have access to formal finance institutions. They are forced to rely on a narrow range of some risky and expensive informal financial services. These constraints their ability to participate fully in financial markets, increase their income and contribution to economic growth.

Motivation

Locke (as cited by Saari & Judge, 2004) defined motivation as "a pleasurable or positive

emotional state resulting from the appraisal of one's job experiences". This definition draws attention to two aspects, in particular, namely the emotional attachment an employee has to their job, and the deliberate review of an employee's work by the employer.

According to David and Anderzej (2010), motivation can be understood as cognitive decision making in which the intension is to make the behavior that is aimed at achieving a certain goal through initiation and monitoring. At work places, reviews are done using appraisals. Appraisals at work have predetermined standards. Their outcomes may provoke an emotional reaction in the employee. This reaction will determine how satisfied or dissatisfied an employee is. Good marks in reviews may reflect that an employee is satisfied and bad marks may reflect the opposite. In every employee, motivation maybe because of outside factors (extrinsic) such as rewards or within an individual (intrinsic) like desire to do better.

Importance of Motivation in the Cottage Industries

Motivation can emanate from with an employee with a passion and desire to work and produce results. This kind of motivation is self-driven by an employee in order to elevate his feelings to accomplish. However, in extrinsic motivation, an external factor such as a reward is used to boost the employee's moral and desire to work. As is a normal case, employees work in exchange for compensation for their hard labour but how far they go depends on how motivated they are.

According to Perry and Hondeghem (2019), the individuals desire to perform, and provide services to customers, with the mandate to do good is enough factor to motivate. Performance at work is related to the employees pay of which the employee may not have control of that reward as it is external. Apart from rewards, there are other factors that are external such as promotion at work, security of the job, salary increment that may give meaning to employees' motivation. Therefore, for organizations to continue existing and retaining its workforce, they must keep on working on strategies that can help in motivating its

employees. Motivated employees have a sense of belonging and loyalty to the organization and always work hard to be associated with the results of their labour.

Motivation have effect on employees, their tendency to achieve as well as ability to be innovative because they believe in themselves which will benefit the organization (Yang Jie, 2010). A motivated worker is easy to be retrained, hence, saving the organization finances of replacing workers. It encourages workers to always achieve more on daily productions as they are having a sense of security of their work. Management will have time to attend to other important issues because their motivated workforce can build teams that can help with the supervision and production of work.

Theoretical Review

This study is anchored on two theories, which are; Maslow's Hierarchy of Need and Resource Based View (RBV).

Maslow's Hierarchy of Needs Theory

According to Smith and Cronje (1992), the way Maslow's theory is explained relies on the fact that people want to increase what they want to achieve in life and their needs are prioritized according to their importance. Deriving from the hierarchy of needs by Maslow, content theories of job satisfaction revolve around employees' needs and the factors that bring them a reasonable degree of satisfaction (Saif et al., 2012). Based on the basic physical, biological, social and psychological needs of human beings, Maslow came up with a five-stage theory that places the needs of the individual in different categories and prioritizes their attainment. These categories, in order of decreasing priority, are:

- Physiological needs (food, shelter, clothing)
 - Safety and security needs (physical protection)
 - Social needs (association with others)
 - Esteem needs (receiving acknowledgement from others)
 - Self-actualization needs (the desire for accomplishment or to leave behind a legacy).
- Maslow's hierarchy of needs forms the basis of theories that try to explain job satisfaction.

Resource Based View (RBV) Theory

According to RBV to succeed and to gain competitive advantage firms require resources, and cottage industry is no exception to this rule. In this era of technology and invention, cottage industry is more innovative as compared to the large industry because small businesses are flexible and are more willing to change (Philip, 2011). Handling a small business is critical because the decision maker in cottage industry and small business is one, and once the owner gets control success is guaranteed.

According to the resource based view, access to finance (Aslam, 2013), human resource (Cruz, Justo, & Castro, 2012), training of human resource (Almeida & Aterido, 2010), use of technology (Hatten, 2015), and availability of information (Ahmad, Nawaz, Shaukat, Usman & Rehman, 2010) are considered the key factors that determine and motivates the growth of cottage industries. The previous researchers have studied different variables independently but in this study the impact of all these critical factors have been seen. This collective analysis of all the significant variables will be very helpful to develop proper policies to promote cottage industry in the country.

Empirical Review

Keane and Velden (2008) examined that role of textile and clothing (T&C) industries in growth and development strategies in developing countries. It suggests that textiles and clothing industries are important in economic and social terms, in the short-run by providing incomes, jobs, especially for women, and foreign currency receipts. In the long run it provides countries the opportunity for sustained economic development in those countries with appropriate policies and institutions to enhance the dynamic effects of textiles and clothing.

Khandoker (2018) suggests that regarding financing to small-scale and cottage industries in Nigeria, it is revealed that in many cases credit is obtained from suppliers in the form of raw materials or from the buyers of the firm's output. The study demonstrated that about 70% of the start-up cost in respect of small grocery stores was financed from the owner's savings and sales of other assets. Friends and relatives provided loans to the extent of 20% on average,

and the supplier's credit financed about 10% of the start-up cost.

Rahman (2013) in his study found some predetermined factors, like-shortage of working capital, high cost of raw materials, lack of organizing capability, inadequate technology and efficiency, lack of policy support, great knowledge gap, lack of power supply and shortage of credit facilities, are the main forces that directly hit the cottage industries in Nigeria. In studying the relationship between financial inclusion and economic growth in Nigerian rural dwellers, Nwanne (2015) used description research and content analysis of mobile phones banking automated teller machine, point of sale (POS) devices and agent banking. The study analysis reveals that the sustainability of financial inclusion to rural dwellers in Nigeria remains the mainstream for economic growth.

In their research on financial inclusion and economic growth in Nigeria, Abiola, Folasade and Onankhanlen (2015) used secondary data and OLS regression model in the analysis. The study indicates that financial inclusion is a significant determinant of the total factor of production as well as capital per worker, which invariably determines the final level of output in the economy. According to Onakpo (2015) in his research work titled "effects of financial inclusion on the economic growth of Nigeria (1982-2012)" the study found that financial inclusion activities greatly influenced poverty reduction but marginally determined national economic growth and financial intermediation through enhanced banks branch networks, loans to rural areas and loans to small enterprises. The researcher used secondary data which was analyzed using ordinary least square method.

Nwankwo and Nwankwo (2014) studies "sustainability of financial inclusion to rural dwellers in Nigeria: problems and way forward". They focused on the services of deposit money bank, microfinance banks and communication services providers in enhancing intermediation of financial services to the rural dwellers, using survey method. Pearson Product Moment Correlation techniques was used to establish the relationship between the first round and second round responses of the instrument administered.

The following findings were made: The poor and low income in the rural areas are aware of banking services but also afraid of frauds attached to it. The financial institutions in the rural areas are not enough to enlarge financial inclusion.

METHODS

Participants: The participants use for this study were entrepreneurs who are in cottage businesses such as crafting, knitting, baking, and soup making. An interview was conducted in order to elicit their view on the various factors that motivated their activities.

Instruments: The instrument used for the research were interviews and secondary sources of data collection such as the media, journals, and other empirical works related to the study.

Procedure: The researcher approached the entrepreneurs and explained to them the essence of the interview and why the research was being conducted. He assured them of the confidentiality of all their responses to the various questions that would be asked during the interview. The respondents obliged him and he conducted the interview. After the interview he appreciated them for their time and told them that their responses would be used majorly for research purposes.

Design

The designed used for this research was a descriptive design using an interview. The purpose of using descriptive interview was to collect detailed and factual information that describe the view of the respondents on the factors that motivated the activities of the cottage business.

FINDINGS

The factors motivating cottage business in Awka, Anambra State are.

1. **Capital:** Lack of capital is the first and foremost reason for which the success of the cottage business is interrupted. The study found that when there is enough capital to invest into the cottage business definitely the business will grow to a bigger firm.
2. **Modern technologies:** Lack of modern technology is a great obstacle for growth of cottage industries. The study found out

that if the cottage business owners have access to modern technologies it will help in facilitating easy and fast production of their products.

3. **Experienced labour:** The study found out human resources cannot be left out if a business must be success. It is the part of success factor of every business and as such lack of experienced labour can kill a business.
4. **Exportation of products:** Majority of the respondents made mentioned that they found it difficult to export their products to other foreign countries and also to neighboring countries due to high export duties.
5. **Raw materials:** The study also found out that availability of raw material used to produce the various products can affect the growth of the cottage business. Lack of raw materials or high price of raw materials affect the growth of the cottage business negatively.

DISCUSSION

The study investigated cottage business and its motivating factors in Awka, Anambra State, Nigeria. The study found that availability of capital is first and foremost the reason a business will succeed as such if a business must succeed there must be availability of enough capital According to Janda & Zetek, (2014) cottage industry requires financing during the period of growth to reach maturity. Aslam (2013) also opined that if the government provide easy access to capital market to the cottage industry, one of the major issues confronting the cottage business may be resolved. Also, the study found out that if the cottage business owners have access to modern technologies it will help in facilitating easy and fast production of their products. For instance, those in the knitting business, if they have access to a machine that can assist in the knitting of their products fast, definitely they will produce more products even within a few minutes.

Furthermore, the study found out human resources cannot be left out if a business must success as it is the part of success factor of every business. Lack of experienced labour can kill a business. Almeida and Aterido (2010) argued that the best investment is in human resource to

enhance productivity. Actually the owners of cottage industries do not pay any attention to the training of their employees. The owners of the cottage industry are reluctant in investing in human resource because of two reasons: Firstly, they believe that it is just a cost rather than an investment. Secondly, once the employees gain skills, they will ask for increased wages, or they will quit the job.

Also, majority of the respondents made mentioned that they found it difficult to export their products abroad due to high export duties and other charges. And they were of the opinion that if the government can assist in that aspect this will facilitate the quick and easy sales of their products. The study also found out that availability of raw material used to produce the various products affects the growth of the cottage business. Lack of raw materials or high price of raw materials affect the growth of cottage business negatively.

Conclusion

Cottage Industry means family industry in which members are engaged on part time or full time in production and service-oriented activities. Cottage industry is an industry whose labour force consists of family units or individuals/acquaintances working at home with their own equipment. Obviously, the present status of cottage industry in Awka, Anambra State, as well as in the whole country is not so good. It is clear that it has a great role in our economy. So, it is very necessary to improve the present condition of cottage industry. If the market for cottage products is expanded, it will improve the socio-economy.

Recommendations

From the findings, it is recommended that:

1. Government and non-government financial institutions take necessary steps to provide soft loan and to ensure uninterrupted financial support to the prospective cottage industries in Anambra State.
2. Government should ensure infrastructural enablers in the State, as it is a prerequisite to efficient development and financing of cottage industries.

3. Cottage business owners are encouraged to acquire new technologies that will help in facilitating the production and sales of their goods/services.

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