The Effect of Social Network on women Entrepreneurs in Nigeria: A case study of Ado- Ekiti Small scale Enterprise

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Abstract

Small businesses are essential to the economy of almost every country. Women entrepreneurs have been seen as the new device for economic growth and development in developing countries. This paper discusses the findings of research on the impact of social networks on business growth of womenentrepreneurs in Ado-Ekiti, Ekiti State in Nigeria. The sample of women entrepreneurs used for this paper comprises those working in the Tailoring sector. In-depth interviews and questionnaire were used for the gathering of data and there were 92% responses. To test the hypothesis and analyse the data, a non-parametric statistical techniques Chi-square test for independence analysis and descriptive statistics were used. The result indicated significant relationships between business growth and social network. The study further shows that family /friends shared the largest part of the social network of the group studied. Practical suggestions were given which will aid those concerned with developing networks to support female entrepreneurs.

Keywords: women entrepreneurs, Social networking, business growth, small scale firms, and economic development

1.0 Introduction

Entrepreneurship has been of great interest to many scholar, business specialists, governments, and policy makers. One of the main reasons for this interest is that, entrepreneurship is regarded as an instrument to a nation's economic growth and development since it generates both employment and wealth for the country. Thus entrepreneurs are seen as the source of industrial development and greater employment opportunities. Entrepreneurship leads to higher income, higher standards of living, higher individual savings, and higher revenue to the government. Entrepreneurs have changed the outlook of trade and markets, through new commodities, services and provide ways to innovation and creativeness.

The increasing use of networks for SMEs has been reported as a factor influential in the developmental process of entrepreneurial activity (Baines & Wheelock, 1998). A careful review of the related literature on the subject of entrepreneurial networks revealed that the most cited entrepreneurial network types are: institutional networks; business networks; social network; informational networks; scientific and technical networks; profession networks; user networks; friendship networks; and recreation networks (OECD, 2000). Social networks are important factors

influencing entrepreneurial behaviour. According to the Global entrepreneurship monitor, people that start businesses are more likely to know and interact with other entrepreneurs than those who do not. Focusing on social network analysis turns attention to relationshipsbetween entrepreneurs and others that provide the resources that are important in establishing a business (Johannisson, 1988; Larson, 1991). Entrepreneurs have ideas to test, and some knowledge and competence to run the business, but they also need complementary resources to produce and deliver their goods or services (Teece, 1987). They get support, knowledge, and access to distribution channels through their social networks. Entrepreneurs are also linked to people and organizations that interact among themselves and these contacts can widen the availability of resources that can maintain a new firm (Hansen, 1995).

It was noted however, that women who start businesses tend to know fewer entrepreneurs than men. In other words, men have more social connections that enable them to access business opportunities, information, and contacts than do women. In this way, women are disadvantaged from the start, having fewer professional connections, role models, and mentorship opportunities, which can adversely affect their businesses in the long run (Global entrepreneurship monitor 2012). One substantial difference between business men and women is that women entrepreneurs often combine multiple managerial roles and multiple dimensions of their lives, such as balancing work and home, together with a leadership role (Rana, et al, 1998). This paper examine small firm networks by using the small firm tailoring as a unit of analysis using descriptive and Chi-square test for independence analysis to investigate the impact of networking on the growth of the business. The paper will analyse the findings of the study on the usage of social networks by women entrepreneurs in Ado- Ekiti, one of the state capitals in South Western part of Nigeria.

1.1 Research problem

The importance of social networks in the survival and success of individual firms cannot be over emphasised and this has been an area that has received very little research attention. Large networks enable entrepreneurs to assemble diverse resources and information. These social networks include the personal network which the entrepreneur has with certain individuals, and the cultural dimension with an overall inclusion of the family and community (Ram, 1994). Most studies reflect a consensus that entrepreneurial networks are important because they provide entrepreneurs with a diverse information and access to large pool of resources, business opportunities, and markets. Nevertheless, there is still rarity in studies at the present times dealing with the impacts of entrepreneurial networks usage in the success of a business in Nigeria context. Therefore, research concerning the impact of the entrepreneurial networks on the success of a business in Nigeria is considered among the most important justifications of the current study. This paper explores the relationship between social network and the business growth of the women entrepreneurs in tailoring business in Ekiti state.

1.2 Research Objective

Women's role as economic driver of growth is increasingly recognized. The objective of this study is to analyse the impact of social networks on the women entrepreneur's business growth. The paper is also aimed to find the effective usage of social networks by women entrepreneurs with particular reference to small scale businesses in Tailoring firms in Ado- Ekiti, one of the state capitals in South Western part of Nigeria.

1.3 Research Hypothesis

The hypothesis for this study is:

H₀: There is no significant relationship between Social networks and business growth of an entrepreneur

 H_1 : There is significant relationship between Social networks and business growth of an entrepreneur

2.0 Theoretical Framework and Literature Review

To flourish in this competitive world, it is crucial to develop a strong entrepreneurial and social network. Networking plays an essential role in binding and bringing firms together into a sound and innovative system of relational contracting, collaborative product development, and complex interorganizational alliances (Staber, 2001). Previous research has recognized that networking is a vital source of information for entrepreneurs and small enterprises (BarNir and Smith, 2002; Greve and Salaff, 2003). Information is a major resource for both men and women entrepreneurs to connect to marketplaces, suppliers, customers, technology, and networking have appeared as valuable policy for contributing assistance to female entrepreneurs (Frazier and Niehm, 2004). Entrepreneurial process involves gathering of scarce resources from external environment. Entrepreneurs usually obtain these resources through their networks (Dodd, et al., 2002). Existing literature suggests that networks of entrepreneurs are really an opportunity set, which helps entrepreneurs to access both tangible and intangible resources. The networking consisting of family and friends tend to move in the same circles as the entrepreneur, these resources may not offer much beyond the entrepreneur's own scope; they may not be adequately diverse in nature (Anderson et al., 2005).

2.1 The social network Approach

Approaches to the research of entrepreneurship differ depending on topics to be considered. Aldrich and Zimmer (1986) suggested a new approach which they termed "Networks Approach to Entrepreneurship. They built their suggestion on resource dependence theory and illustrate the reason why certain entrepreneurs are more successful than others in starting up and continuing their businesses. The networks approach to entrepreneurship is mainly based on the ground that entrepreneurs build relations with the external environment, and thereby have access to different information, in order to define potential business opportunities, and obtain required resources to start-up and continue their businesses successfully. They get support, knowledge, and access to distribution channels through their social networks. Entrepreneurs are also linked to people and organizations that interact among themselves and these contacts can widen the availability of resources that sustain a new firm (Hansen, 1995).

To meet their enterprise needs, entrepreneurs bring both those that are closer and distant to them into their business decisions. When the entrepreneurs' contacts contribute to their entrepreneurial goals, these social contacts are their social capital (Burt, 1992). Entrepreneurial networks span relations to organizations, clusters of firms, as well as to other people that help them set up the firm (Hansen, 1995). These relations may extend across professional networks, reaching friends, families and colleagues from earlier jobs. Networks have useful properties for entrepreneurs. The first is size, Entrepreneurs can enlarge their networks to get crucial information and other resources from knowledgeable others. The next is positioning, Entrepreneurs position themselves within a social network to shorten the path to knowledgeable in other to get what they need (Burt, 1992; and Granovetter, 1973).

2.2 Resource- Based Entrepreneurship Theories

The Resource-based theory of entrepreneurship argues that access to resources by founders is an important predictor of opportunity based entrepreneurship and new venture growth (Alvarez &Busenitz, 2001). This theory stresses the importance of financial, social and human resources (Aldrich, 1999). Thus, access to resources enhances the individual's ability to detect and act upon discovered opportunities (Davidson & Honing, 2003). Financial, social and human capital represents three classes of theories under the resource – based entrepreneurship theories. But social capital or social network will be considered for the purpose of this research. Shane and Eckhardt (2003) says "an individual may have the ability to recognize that a given entrepreneurial opportunity exist, but might lack the social connections to transform the opportunity into a business start- up. It is thought that access to a larger social network might help overcome this problem". The literature on this theory shows that stronger social ties to resource providers facilitate the acquisition of resources and enhance the probability of opportunity exploitation (Aldrich &Zimmers, 1986).

2.3 The Significance of Social Networks for Entrepreneurs

The importance of social network for the Entrepreneurs cannot be under estimated. Recently, there has been a shift in the literature from viewing entrepreneurs as 'independent' toward viewing them as 'interdependent' and rooted in social networks (Aldrich & Zimmer, 1986; Hoang &Antoncic, 2003; Larson, 1991, 1992). This shift has been accompanied by an increasing recognition of the importance of social network activity for venture creation and growth. This importance of social networks includes:

- 1) Social networks affect entrepreneurial intention, helps in opportunity recognition as well as in the decision to become an entrepreneur. Entrepreneur who have family, friends, or neighbours in business, or who personally know someone who has started a business, are more likely to become entrepreneurs themselves.
- 2) Social networks can also be used to gain access to valuable resources which includes: advice, funding, information, knowledge/skills, social legitimacy, or social support.
- 3) Social networks help entrepreneurs to acquire the human, financial and social capital needed to achieve their goals.
- 4) It increases the profitability of entrepreneurs as a result of getting connected to more customers thereby increases the sales and led to growth in profit.
- 5) Networking can be an extremely valuable tool for expanding and internationalizing activities, it provides value added to women-owned and men owned businesses by increasing the flow of information.

2.4 Social Network and Business Growth

Extensive networks are likely to be composed of diverse members who have various educational and professional backgrounds. These network members generate diverse resources such as financial capital, supplies, customers and new technology. Large networks enable entrepreneurs to assemble diverse resources, some of which may be rare and unique (Barney, 1991). The variety of resources enables entrepreneurs to create capabilities that help new business firms to develop a competitive advantage, which in turn increases the performance of new companies (Sirmon, Hitt and Ireland, 2007). Research suggests that potential entrepreneurs not only discuss their ideas about starting new ventures with their family members, close friends and colleagues, but also receive emotional support in return (Reynolds and White, 1997). Such emotional support enhances the motivation and determination of entrepreneurs to build successful firms. This commitment is often reflected in the

increasing sense of social obligation felt by entrepreneurs and is realized in the prioritization of entrepreneurial activities. The affection and compliment entrepreneurs receive from network members make them more confident. In return, entrepreneurs' increased confidence leads to more entrepreneurial actions such as aggressive sales and marketing activities, risk taking, and more rapid decisions making (Chen, Greene and Crick, 1998). These activities contribute to rapid growth of the new and even old enterprise.

2.5 Social Network and Gender differences

Researchers have found that men and women are rooted in different social networks and have suggested that network differences lead to different economic consequences (Popielarz 1999). Several studies have shown that women tend to nominate more kin as people with whom they discuss important matters, in fact, women in the same social situation as men tend to have more similar networks in terms of kin (Marsden 1987, Moore 1990). In the Research Triangle Entrepreneurial Development Study (EDS), Renzulli (1998) found that women business owners included more kin in their business discussion networks than men. By contrast, men owners included more co-workers in their networks than did women. Researchers have interpreted gender differences in network composition as posing a disadvantage for women in the business world (Liou& Stevens 1994, Moore 1990). Women who include greater proportions of kin in their discussion networks may secure greater social support than men, but at the cost of forfeiting the necessary information needed for economic attainment (Fischer &Oliker 1983, Hulbert 1991). Social support provides the emotional strength owners and managers need to cope with daily needs, but such connections may also limit the diversity and reach of women's networks. Women entrepreneurs typically raise start-up capital from relatives and friends (Reynolds and White, 1997). However, the informal nature of investments and less formalized contracts produce various claims from network members on the enterprise's revenues, profits, and cash flows, which in turn reduce capital for re-investment and growth (Granovetter, 1995).

The gender differences in social network structure might have implications for the types of support received by women and men entrepreneurs. For instance, the social support literature has shown that women are more likely to seek and provide emotional social support whereas men are more likely to seek and provide instrumental (e.g., informational) social support (Reevy&Maslach, 2001). Thus, these findings suggest that women entrepreneurs' social networks are more likely to include agents who provide emotional social support (such as friends) and less likely to include agents who provide instrumental social support (such as business contacts). That is, women entrepreneurs may have fewer business contacts in their social networks than do men entrepreneurs who have access to associations, networks and clubs (business, internet, social or sports clubs) where they discuss business and negotiate deals. As such, entrepreneurial networking is likely to be particularly important for women.

3.0 Research Methodology

3.1Sample

The data used for this paper are primary data. Women entrepreneurs with particular reference to Small scale businesses in Tailoring firms in Ado- Ekiti, one of the state capitals in south western part of Nigeria were used as the case study. For an easy and smooth running of the business, the tailor has an association in which all members (those in tailoring business) are expected to join the association. The association is divided into 16 zones in Ado- ekiti of which each zone is head by the chairman. The chairmen of each zone come together again to form a central body at the top where matters beyond the zone level will be discussed. The sample was drawn with a random sampling

using both questionnaire and in-depth interview. Interviews were conducted and questionnaires were distributed to the owners who had been in business for over one year. Out of 80 questionnaires distributed, 74 were returned given a total of 92% responses. Questions relating to demographic characteristics, awareness of any social network relevant to their business, asset acquired, challenges and suggestions for improvement on social network were looked into. Data was analysed using descriptive statistics and Chi-square test for independence analysis.

3.2 Description of variables used

Business growth and social networks; In general it is challenging to measure business growth (Davidsson and Wiklund 2000; Witt 2004) and this is particularly so in this study. Tailoring business owners do not often keep exact records of their income and expenditure. Therefore, robust proxy measures of growth were needed with questions that the owners were able and willing to answer. We chose to measure growth using Asset growth indicator. To measure this, we inquired about the number of sewing machine in 2013 and the initial number of machine at start-up (the range of the initial number of sewing machine is from 1 to 3). Our measure of asset growth was the result of using a dummy variable value of 1 if more sewing machines were purchased and 2 if otherwise. The enterprise owners usually purchase more equipment/machines as the needs arise and in order to meet the demand of their increasing customers, so asset growth since start-up is quite consistent with the needs for their businesses growth. Also, the social network variable was derived based on the participants' answer ("yes=1" or "no =2") to the following question: "Are you aware of any social network that is relevant to your business?"

3.3Data Presentation, Interpretation and Analysis

This section looked into the analysis of data collected through the in-depth interview and questionnaires distributed and retrieved in order to ascertain if social network and business growth of the women entrepreneur in tailoring firm are related. The responses were collected; descriptive statistics and chi-square method were adopted in analysing the responses and testing the hypothesis. A total of Eighty (80) copies of the questionnaires were administered out of which Seventy-four (74) copies representing (92%) of the questionnaire were retrieved while six (6) copies representing 8% were not retrieved.

Section A:

3.3.1 Demographic Characteristics

Table1 shows that twenty (20) respondents representing 27% of the sample size were of the age group 18-30 years, 32 respondents representing 43% were of the age group 31-40years, fourteen respondents representing 19% were of the age group 41-50 years while 8 respondents representing 11% were of the age group above 50 years. Thus, majority of the respondents were of the age group31-40years. It was also revealed from the table that 53 respondents representing 72% of the sample size were married, 21 respondents representing 28% of the sample size were single while other Options Divorced and widow made available in the question attracted no respondent. Thus, we concluded that majority of the respondents were married. Four (4) respondents representing 6% of the sample size had no educational qualification,20 respondents representing 27% were primary school leavers, 38 respondents representing 51% were Secondary school leavers, 9 respondents representing 12% were ND/NCE holders, while three (3) respondents representing 4% of the sample size were first degree holders & above. Thus, majority of the respondents were Secondary school leavers. Looking at the table 1, we can see that Twenty-one (21) respondents representing 28% have been on the job for a period of 2-3years, 28 respondents representing 38% of the sample

size have been on the job for a period of 4-5 years, 15 respondents representing 20% have been on the job for a period of 6-7 years, 10 respondents representing 14% of the sample size has been on the job for more than seven (7) years. Thus, the majority of the respondents have been on the job for a period of 4-5 years.

Section B:

3.3.2 Analyses of Responses to Research Questions

Business Growth: To measure the success or the business growth of entrepreneurs, we inquired about the number of sewing machine at the period of this research 2013 and the initial number of machine at start-up of the business. The deduction of the old machines from the new one acquired gives the result presented in the table 2. From the table, we can see that only Fifteen (15) respondents representing 20% of the sample size had no increase in asset but the rest 59 respondents representing 80% of the sample size had an increase in asset which represent business growth, though the rate of growth varies among the entrepreneurs.

Social Networks: the question "which of these networks has assisted your business to grow?" was asked to assess the social networks that has assisted the business of women's entrepreneurs grow. From figure 1: 6, 10, and 5 respondents reported that social media (radio, Television etc), Association/cooperative and other respectively had helped their business to grow, while 42 and 22 respondents representing 42% and 30% of the sample size reported that family/friends and religion organisation respectively had helped tremendously in their business grow. Thus, the majority of the women entrepreneurs reported that family/friends had made their business to grow. This result is in consistent with the previous research on social network. ArentGreve and Janet W. Salaff 2003 in their research "social network and entrepreneurship" found that a high proportion of family members are present in female networks.

Hindrances to business growth: Table 2 shows that 43% of the respondents reported that finance is the major hindrance to their business growth, 11%, 4%, and 10% of the respondents of the sample size reported that Family, Government policy and others respectively serve as the hindrances to their business growth, while 32% reported that infrastructural facilities (for example, Electricity and road) hindered their business growth. Thus, majority of the respondents agreed that finance hindered their business to grow.

3.4 Statistical Analysis of Result and Discussion of findings

To test the hypothesis, a non-parametric statistical techniques Chi-square test for independence analysis was used .This technique was used due to the small sample size and the nature of data used for this study. Before analysing the data, the researcher verified that the variables in social networks and business growth were cross- tabulated and efforts were also made to measures the strength of relationship that is, the effect size. There are a number of effect size statistics available in the crosstabs procedure. But for 2 by 2 tables the most commonly used is the phi coefficient and it varies between 0 (no relationship) and 1 (perfect positive relationship) (Gravetter and Wallnau, 2004).

A chi-square test for independence (with Yates continuity correction) table 3, indicated Significant relationships between business growth and social network [Chi-Square (χ^2) = 4.01, df=1, n= 74, p= .045]. From the analysis above, χ^2 calculated value is 4.01 while χ^2 tabulated values is 3.84. This shows that χ^2 calculated of 4.01 is greater than χ^2 tabulated of 3.84 at 5% significant level. Thus,

we rejected the null hypothesis (H_0) and accepted the alternative hypothesis (H_1) which states that there is significant relationship between Social networks and business growth of an entrepreneur. Table 4also shows the effect size. The magnitude of the effect (Phi=0.30) is medium using Cohen's (1988) criteria of .10 for small effect, 0.30 for medium effect and 0.50 for large effect.

Generally, this research affirmed the positive effects of social networks on the business growth of an entrepreneur, especially for women in small scale tailoring business in Ado Ekiti in south western part of Nigeria. This result is consistent with many studies, for instance in the work of Martinez and Aldrich (2011), they reported that diverse networks have an influence in entrepreneurial outcomes like survival and profitability. In addition, the study of Littunen and Niittykangas (2010) revealed that the use of networks has a positive effect on firms' high growth in the metal industry. Also, Chattopadhyay (2008) studied the pattern of social networking in relation with entrepreneurial success and the study concluded that entrepreneurial social networking is the powerful determinant of entrepreneurial success. This research further shows that family /friends shared the largest part of the social network of the group studied, which was also found in work of Coleman (1988) that "women entrepreneurs' networks are often dense with ties of kin and friends in closed circles, while dense or closed networks may provide greater support".

4.0 Conclusion

This study contributes to an evolving body of literature on the impact of social network on business growth and success of women entrepreneur in small scale firms. Social networks serve as sources of business asset, information, and getting customers and suppliers. Following the finding stated above, the researcher therefore concluded that, there is a strong positive relationship between social network and business growth/success of an entrepreneur, especially for women in small scale tailoring business in Ado Ekiti in south western part of Nigeria. The study further shows that family /friends shared the largest part of the social network of the group studied.

In conclusion, this present study provides the bases for further research questions that will survey individual differences among women that is, inter-personal relationship, enthusiasms, values, and so on, that may affect their effectiveness in social networking. Future research should also, address research questions that will enhance in the understanding of formation of women entrepreneurs' networks.

4.1 Recommendations

Based on the findings from this study the following recommendations are made:

More attention is needed to develop inter-associational strategic network within their various Associations. Inter-associational strategic network is important and valuable in assisting business to grow and increase their chances for success. Effort also must be place on the quality of service/cloth sewed and owners of this business must have adequate knowledge about their job. As these will help in retaining customers and avoid unnecessary loss. Also, Tailoring Association can design a program for their members for the purpose of increasing the awareness of the importance of networking for their business growth. In view of the fact that problems in accessing finance was one of the most highly rated issue facing women entrepreneurs, targeted financial support for women entrepreneurs by the Government may be justified as part of a strategy for raising the level of entrepreneurship amongst women. That is, there is need for the government to support small scale firms by making soft loans available to the small business owners especially women entrepreneurs with flexible terms and conditions. Lastly, the study will encourage women to mobilize in groups to form networking to assist and get contact to finance, markets, information, and customers.

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Appendix

 Table 1
 Characteristics of study sample

Variables	Categories	Code	Frequency	Percentage
Age	18-30yrs	1	20	27
	31-40yrs	2	32	43
	41-50yrs	3	14	19
	Above 50 years	4	8	11
Marital Status	Married	1	53	72
	Single	2	21	28
	Divorced	3	0	0
	Widow	4	0	0
	None	1	4	6
Educational	Primary	2	20	27
Attainment	Secondary	3	38	51
	ND/NCE	4	9	12
	1st Degree & Above	5	3	4
Years of Experience on the job	1 year	1	0	0
	2-3years	2	21	28
	4-5years	3	28	38
	6-7years	4	15	20
	Above 7 years	5	10	14
Total			74	100

Source; field survey 2013

Table 2 Responses to Research questions

Variables	Categories	code	Frequency	Percentage
Business Growth	0 sewing machine	1	15	20
	1-3 sewing machines	2	22	30
	3-5 sewing machines	3	19	26
	5-7 sewing machines	4	10	13
	Above 7 sewing machines	5	8	11
Hindrances to Business growth	Finance		32	43
	Family		8	11
	Infrastructural facilities		24	32
	Government policy		7	10
	Other		3	4
Total			74	100

Table 3 Chi-Square Tests : Relationship between social networks and business growth of an Entrepreneur

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	6.819	1	.009
Continuity Correction ^b	4.014	1	.045
Likelihood Ratio	4.819	1	.028
Fisher's Exact Test			
Linear-by-Linear Association	6.726	1	.009
N of Valid Cases	74		

Source: field survey 2013

Note: (Continuity correction was reported instead of Pearson chi-square, this is to compensate for the overestimated of the chi-square value when 2 by 2 is being used).

b. Computed only for a 2x2 table

Table 4 Symmetric Measures of effect size

		Value	Approx. Sig.
Nominal by Nominal	Phi	.304	.009
	Cramer's V	.304	.009
N of Valid Cases		74	

Source: field survey 2013

Figure 1:which of these social networks has assisted your business to grow?

