Does Social Networking Enhance the Performance of Women Entrepreneurs in Nigeria?

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Authors’ contributions

This work was carried out in collaboration among all authors. Author AOA designed the study and wrote the protocol. Author KAA managed the literature searches and wrote the first draft of the manuscript. Author AEA analysed the data. All authors read and approved the final manuscript.

ABSTRACT

The study is aimed at determining the impact of social networks on the performance of women entrepreneurs in Nigeria. A sample of 348 women entrepreneurs was selected using multi-stage sampling technique. Data were analysed using Frequency and Percentages, Linear Regression Analysis and Spearman Rank Correlation. Findings revealed that social networks impacted positively and significantly on the performance of women entrepreneurs. Result further showed that social network variables like network size, diversity and resources had positive and significant relationship with performance of women entrepreneurs. However, network strength exhibited positive but weak correlation with entrepreneur’s performances. The study concluded that women entrepreneurs do not only need loans and skill acquisition training but social networks to gain access to financial services in form of savings, credit and other resources. Consequentially, women entrepreneurs are advised to participate actively in social groups in order to boost their performances.

Keywords: Social networks; performance; women; network diversity; network strength.

1. INTRODUCTION

Women entrepreneurship has become a widely practiced and studied phenomenon as a result of its contribution to the economic development of nations across the world through employment creation, poverty alleviation, financial sustainability and societal development in general [1]. Kutanis & Bayraktaroglu [2] asserted that positive relationship exist between women entrepreneurship and economic development because women currently own up to a third of the world’s formal businesses [3].
Women entrepreneurs start new businesses in the same proportion as men; however, they are more hindered in comparison to their male counterparts because of variations in socialization and development, systematic factors and discrimination in the access of important resources. This phenomenon may be associated with conditions such as gender prejudice, less credibility as the business world is more traditionally associated with men, greater difficulty in obtaining financing and difficulty to reconcile family and business demands [4].

Although numerous attempts have been made by Nigerian governments and policy makers to improve the performance of women entrepreneurs, there is still a big gap between male and female entrepreneurship in many countries. Various studies have provided evidence emphasizing that having a weak social position and inadequate connection to support networks is what negatively affects women entrepreneurs [5,6]. Many of these problems relate to relative lack of exposure to the world of business. In Nigeria however, women entrepreneurs are still reported to be greatly reliant on small networks made up of family and friends.

Over the years, several scholars have recognized the importance of networks and relationships as resources for business growth and development [7,8,9]. However, the development of women entrepreneurship cannot be examined without taking the entrepreneur’s network into account. This is simply because entrepreneurs whether male or female are embedded in social networks [10] which include advisors, business partners, buyers, customers, employees, friends/relatives, investors, mentors, shareholders and supplier. Business growth can be explained by the network’s size [9], homogeneity or heterogeneity of networks [11] and effectiveness of the network usage [12]. This distinction is essential because it gives deeper insight into different aspects that are related to women entrepreneurs’ interest in and commitment to building their business networks.

Moreover, Popielarz [13] asserted that men and women are rooted in different social networks and as such network differences lead to different economic consequences. However, 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 showed that women are more likely to seek and provide emotional social support whereas men are more likely to seek and provide instrumental informational social support [14].

Renzulli et al. [11] further revealed that women’s networks are more homogeneous than men’s and women also have more family and friends in their networks. Despite these differences, both men and women’s networks mostly contain men. Several scholars emphasize the importance of networking to stimulate business [15,8,10]. But the way in which networks are used seems to be gender-specific. Renzulli et al. [11] further posited that actors within networks that have different and heterogeneous characteristics tend to start new businesses to a greater degree than those with homogeneous networks.

Gatewood et al. [16] posited that women entrepreneurs use both their formal and informal networks in the search for financial capital. Moreover, Foss [17] found that women’s personal networks are similar to men’s, and as such there are no major differences in the networks of female and male entrepreneurs. On the contrary, some other studies posited that women do not use their network contacts as effectively as men [12].

Indeed, there is long-standing evidence that women entrepreneurs do not participate extensively in the networks that provide such support for their male counterparts. Hampton et al. [18] summarized the explanations for this avoidance as “a lack of personal self-confidence, anxiety about discrimination, perceived lack of competence relative to male members and concern about the amount of time and effort required to make progress within such networks” [18]. Arising from the inconsistencies in these reports and the problems stated above, the study seeks to:

- Determine the types of social networks frequently used by women entrepreneurs
- Assess the potential benefits of social networking derivable by women entrepreneurs
- Ascertain the relationship that exist between social network variables and performance of women entrepreneurs
- Examine the impact of networking on the performance of women entrepreneurs in order to advance women entrepreneurship in Nigeria.
1.1 Hypotheses of the Study

- There is no relationship between social network variables and performance of women entrepreneurs
- Social networks have no significant impact on the performance of women entrepreneurs

2. LITERATURE REVIEW

2.1 Conceptual Issues

2.1.1 The concept of social networks

Although, there exist varying opinion among several researchers regarding the definition of social networks; however, Putman (2000) asserted that social networks are connections among individuals, and the norms and trust that arise from that relationship. Westlund and Bolton (2003) posited that social network is an aggregate of norms, networks and social ties of individuals that make them work together to accomplish a common goal and mutual benefit. Social networks consist of informal networks (family, relatives, friends, acquaintances) and formal business networks such as customers, distributors, suppliers, competitors, government (Gunto & Alias, 2014). Women entrepreneurs with high growth resources tend to use more formal social networks (Kickul et al. 2007) and those with low growth resources tend to use informal social networks [19].

Various definitive measures have been developed for social networks generally, from the classical to the contemporary authorities. Nahapiet and Ghoshal (1998) measured social networks in three dimensional domains such as structural, cognitive, and relational dimensions. Seibert et al. (2001) looked at social networks in terms of resource approach which showed the nature of resources embedded within a network. Koka and Prescott (2002) defined social networks in terms of information diversity, information value and information richness. However, recent studies (Khan et al. 2013; Kim & Sherraden, [19]; Tata & Prasad, [20]; Wu, 2008) dwelt more on the structural dimension of social networks on enterprise performance in terms of group characteristics and dynamics such as network diversity, density, composition, size and relationship strength. Therefore, this study examined social networks on women micro-enterprise performance in line with Tata & Prasad [20] in terms of network diversity, network size and relationship strength or bonding.

2.2 Social Network Variables

2.2.1 Network size

Network size indicates the number of people that interacts within the network. It is measured by the total number of people within the social network. Also, it is a determinant in procuring resources and benefits. The larger the network size, the more resources are made available to the entrepreneur [9]. Furthermore, Allen [21] posited that the smaller the network size, the stronger the network ties. Having diverse networks offer the entrepreneurs’ information channels which have been previously inaccessible to them. The size of network can be hailed as a prominent variable in influencing entrepreneurial outcomes especially business performance. Singh [22] revealed that 5 percent of the variance in number of opportunities was explained by the social network size.

2.2.2 Network strength (strong and weak ties in social network)

Network strength refers to the level of closeness or ties existing within a social group among the members; which could be assessed by the frequency of their meetings or interactions. Women entrepreneurs have closer ties or longer relationship than men due to the equality of relationship among the group members which helps its sustainability (Gine & Karlan, 2009; Mkpado & Arene, 2007; Tata & Prasad, [20]). Ties can be considered weak or strong based on the trust that exists among the elements of the network. It can be assured that weak ties are important source of information for women entrepreneurs. Chan and Foster [23] found that reliance on bonding social networks (strong ties from spouses, parents, friends, relatives and business partners) had significant positive influence on women enterprise owners than men.

However, empirical studies have identified that women have strong relationship with family networks, which makes them to hardly obtain as much information as men often do. Women tend to have more strong ties than weak ties [11] and this represents an obstacle to obtain richer information to identify a technological venture, but at the same time this kind of ties may encourage women to start the new venture [24] and will provide financial support to them. Finally,
network resources are measured as resources actually gained from networks for entrepreneurial activities.

2.2.3 Network diversity

This is the number of social groups an individual belongs to. An entrepreneur who belongs to diverse social groups such as the family, work group, community association and religious groups has wide network range. It was discovered that men had wider network diversity but lower network ties than women. Such wider networks helped them to access credit and market information faster than women [21,20].

2.3 Theoretical Framework

2.3.1 Networks approach to entrepreneurship

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 [25].

2.3.2 Resource-based entrepreneurship theories

This theory stresses the importance of financial, social and human resources. Thus, access to these resources enhances individual’s ability to detect and act upon discovered opportunities [24]. Eckhardt and Shane [26] 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 facilitate the acquisition of resources and enhance the probability of opportunity exploitation.

2.4 Empirical Review on Social Networks and Performance of Entrepreneurs

The past decade has witnessed an increased interest in the use social network concept in social sciences. Not only that, social network is widely used in various development policies and programs [27,28,29,30]. The social network concept has been used in World Bank research portfolio with an aim to understanding its role in socio-economic development. Social network, seen as “Lubricant and glue” for economic development outcomes, provides an important and valuable bridge between the economy and the society [31].

Entrepreneurs depend on social networks for information, raw materials, technology or knowledge, in order to enhance the growth of their enterprises. Tata & Prasad [20] asserted that all small scale entrepreneurs depend on social networks because it provides resources and other economic opportunities below market cost. Furthermore, Hite & Hesterly [32] found out that social networking increases profit from investment and access to growth, particularly for new founded enterprises. Lechner et al. [33] also reported that networking is strongly needed to develop entrepreneurial capabilities since it enhances learning. Fafchamps [34] highlighted the benefits of social networks to include the reduction of transaction costs, the reinforcement of collective action, or the generation of learning spinoffs.

3. METHODOLOGY

3.1 Population of the Study

The research was conducted in Oyo state, Nigeria. The state is made up of three senatorial districts and thirty three local Government areas with Ibadan as its capital. Six local governments were purposively selected for the study.

3.2 Sample Size and Sampling Procedure

Multi-stage sampling technique was used to select 348 women entrepreneurs from the total population of 2700 respondents which were initially identified through a preliminary survey. The study focused exclusively on the activities of women entrepreneurs such as fashion designers, hairdressers, textile traders and food caterers. Furthermore, data were collected from the respondents using both questionnaires and in-depth interview. Frequency and percentages, linear regression analysis and spearman rank correlation were used to analyse the data.
3.3 Model Specification

Linear regression analysis was used to evaluate the impact of social networks on the performance of women entrepreneurs.

The model was implicitly specified as follows:

\[ Y = f(x_1 + e_i) \]

The model is explicitly specified as follows: \( Y = \alpha + \beta_1 X_1 \)

\( Y \) = Performance of women entrepreneurs

\( \alpha \) = Intercept

\( X_1 \) = social networks

\( \beta_1 \) is the slope coefficient of the regressor

\( \varepsilon \) represents the stochastic residual term designed to capture the effects of unspecified variables in the model.

4. DATA ANALYSIS AND DISCUSSION OF RESULTS

4.1 Social Networks of Women Entrepreneurs

The first objective of this study is to determine the types of social networks used by women entrepreneurs. However, Fig. 1 presents the different social networks used by the selected women entrepreneurs. Results indicated that all the women entrepreneurs are involved in their professional groups. Others networks are ethnic based groups (80.50%), savings groups (73.30%), cooperative association groups (70.40%) and religious groups (57.50%). Some of the women entrepreneurs belong to more than one group. Such wider networks enable them to access information and resources faster.

In terms of relationship, many women are members of groups composed of people with the same type of business (81.90%), followed by relatives, close friends and neighbors indicating that the women entrepreneurs have more strong ties than weak ties. This finding is in conformity with the submission of Renzulli et al. [11] that women tend to have more strong ties than weak ties.

4.2 Benefits Obtained from Social Networks

Result from Table 2 showed that almost all the respondents (95.11%) benefitted from social networks by having access to business and market information. A large majority of respondents also benefited from social networks and groups to ‘a large extent’ (91.95%) by obtaining credit and savings, capital and training for their businesses. This implied that by participating in social networks, women entrepreneurs gain different knowledge and skills from peers and experts in business.

This is closely followed by opportunity recognition (86.20%). Social networks enable women entrepreneurs to meet their basic needs such as shelter, energy, food, school requirements for their children and clothing. It was established from the key informant interviews that most of social networks and groups had some savings and credit schemes, rotating savings and credit schemes. Other groups obtained loans from financial institutions and NGOs in order to support women entrepreneurs.

Thus, social networks provide opportunities for women entrepreneurs to access financial services in form of savings, credit, loans and grants that help them improve their entrepreneurial activities and meet their basic needs. This assertion tallies with the findings of Fafchamp [34] and Tata & Prasad [20] that social networks provide resources and other economic opportunities below market cost. However findings contradict the observation by Molyneux [35] that women do not usually belong to the kinds of networks that bring economic advantage.

4.3 Relationship Between Social Network Variables and Performance of Women Entrepreneurs

In order to determine the relationship that exist between social network variables and performance of women entrepreneurs, Spearman Rank Correlation was employed for the analysis. The results showed that the resources obtained from social networks correlated positively and significantly with women entrepreneur’s performance (0.5457, \( p<0.01 \)). This indicates that the entrepreneurs benefit immensely from social networks. This finding is in line with the assertions of Rutashobya [36] that social networks increase the profitability of entrepreneurs by increasing their sales. Also, Kim & Sherraden, [19] and Kotler [37] reported that entrepreneurs benefit from social networks by obtaining credit and savings, capital for their businesses and access to business and market related information.
Moreover, network diversity correlated positively and significantly with performance (0.4631, p<0.01), indicating that the more the number of networks joined by women entrepreneurs, the better their performances. Wider networks enable entrepreneurs to access credit and market information faster [21,20].

Furthermore, the size of networks positively and significantly correlated with performance of women entrepreneurs (0.4480, p<0.01). This means that the larger the network size, the better the performance of women entrepreneurs. This may be due to the fact that larger network sizes allow entrepreneurs to meet other people with numerous opportunities. This finding agreed with the report of Greve & Salaff, [9] who revealed that the larger the network size, the more resources are made available to the entrepreneurs.
Table 3. Relationship between social network variables and performance of women entrepreneurs

<table>
<thead>
<tr>
<th></th>
<th>Strength</th>
<th>Size</th>
<th>Resource</th>
<th>Diversity</th>
<th>Perf.</th>
</tr>
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<td>Strength</td>
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<td></td>
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<tr>
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<td>1.0000</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Diversity</td>
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<td>0.2100</td>
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<td></td>
</tr>
<tr>
<td>Perf</td>
<td>0.2214</td>
<td>0.4480</td>
<td>0.5457</td>
<td>0.4631</td>
<td>1.0000</td>
</tr>
</tbody>
</table>

** Correlation is significant at 0.01 level (2 tailed)
Source: Author’s computation, 2020

Table 4. Impact of social networks on performance of women owned enterprises

|        | Coeff   | T value | p>|l|t| |
|--------|---------|---------|-----|-----|
| Cons   | 10.36425| 0.35    | 0.727|     |
| Social Networks | 125.8177| 17.32   | 0.000***|     |

* Dependent variable: Performance of MSEs
R² = 0.5576, Adjusted R² = 0.5557, *** Significant at 5%.
Source: Author’s computation, 2020

However, the strength of the network showed positive but weak correlation with performance of entrepreneurs (0.2214, p<0.05). This implied that the stronger the tie, the better the performances of entrepreneurs. Strong ties provide quick access to information and often provides motivation when needed by the entrepreneurs. This assertion tallies with the findings of Chan & Foster [23] who found that reliance on bonding social networks (strong ties from spouses, parents, friends, relatives, and business partners) had significant positive influence on women enterprise owners than men, in Hong Kong.

4.4 Impact of Social Networks on the Performance of Women Entrepreneurs

The impact of social networks on women entrepreneur’s performance was analysed using multiple regression analysis as shown in Table 4. Findings revealed that social networks have a strong and positive impact on the performance of women entrepreneurs (0.000, p<0.05) and this implied that the performance of women entrepreneurs depends largely on social networks. It also indicates that social networking is a powerful determinant of entrepreneurial success. From the interviews conducted, the respondents asserted that social networks serve as a good training model for improving their business performance and also helps in marketing of their products.

This finding is in line with the reports of Tundui & Tundui [38] who found a significant positive relationship between social networks and women micro-enterprise performance in Tanzania. Also, Tata & Prasad [20] revealed that necessary information and resources provided by social network through collaborative exchange led to women enterprise improved business performance in USA. Hassan & Mugambi, [39] further affirmed that social networks could realize much benefit through increased collaboration and better communication.

5. CONCLUSION AND RECOMMENDATION

This study contributes to an evolving body of literature on the impact of social network on performance of women entrepreneurs in Nigeria and the results have implications for entrepreneurial practice. Findings affirmed the significant and positive effects of social networks on the performance of women entrepreneurs. The results revealed that women entrepreneurs derive numerous benefits from social networks like opportunities to access financial services in form of savings, credit, loans and grants that help them improve their entrepreneurial activities and meet their basic needs. Additionally, result showed that social network variables like network size, diversity and resources impacted positively and significantly on the performance of women entrepreneurs however, network strength exhibited positive but weak correlation with women entrepreneur’s performance. Furthermore, findings indicated that women’s networks composed mainly of
strong ties. Family members, friends and business partners shared the largest part of the women's social network.

The study concludes that women entrepreneurs do not only need loans and skill acquisition training but also social networks to gain access to financial services in form of savings, credit, information and other resources. Consequentially, women entrepreneurs are strongly advised to mobilize themselves and participate actively in social groups in order to gain access to finance, markets, information and customers easily. Also, the government should create awareness among the women entrepreneurs about the existence and benefits of women associations, especially in local areas.

COMPETING INTERESTS

Authors have declared that no competing interests exist.

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APPENDICES

Appendix 1: Questionnaires

Does social networking enhance the performance of women entrepreneurs in Nigeria?

Dear Ma,

The questionnaire is designed to collect data on the above topic. All information will be treated with utmost confidentiality. Please, feel free and spare me your precious time to respond to the following questions. Thank you.

Section A: Basic Information

1. Sex : Male ( ) Female ( )

2. Age: 20-30( ), 31-40 ( ), 41-50( ), 50 years and above ( ).

3. Educational Qualification:
   B.Sc/HND ( ) OND/NCE ( ) WAEC/SSCE ( ) Primary school ( ) NONE ( )

4. Marital status: Married ( ) Single ( ) Divorced ( ) Widow/Widower ( )

5. Years of experience in the business:
   Less than 10 years ( ), 10-20 years ( ) 21-30 years ( ) above 30 years ( )

Section B: Performance Evaluation

1. What is your profit in a week?

2. What are your average sales in a month?
   Less than #10,000 ( ) 10,000-30,000 ( ) 30,000-50,000 ( ) Above 50,000 ( )

3. What is your profit in a month?
   Less than #10,000 ( ) 10,000-30,000 ( ) 30,000-50,000 ( ) Above 50,000 ( )

4. What was your profit in the last 3 years?

<table>
<thead>
<tr>
<th>YEAR</th>
<th>PROFIT</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td></td>
</tr>
<tr>
<td>2018</td>
<td></td>
</tr>
<tr>
<td>2019</td>
<td></td>
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</tbody>
</table>

Section C: Social Networks and Performance of Women Entrepreneurs

1. Which of these associations do you relate with?
   Friends and family ( ), Trade Association ( ), Women Association ( )
   Religious groups ( ) Cooperative Society ( ) Ethnic group ( )

2. What is the size of the Network?
   1-20( ) 21-40( ) 41-60 ( ) 61-80 ( ) 81-100 ( ) above 100 ( )

3. What are the benefits of relating with social Networks?
   Trainings and Consultation ( ) Assistance in marketing products ( )
   Access to information ( ) Access to loans ( ) Access to business advisory services ()
4. Which of these networks is accessible to you most?
   - Friends and family ( ), Trade Association ( ), Women Association ( )
   - Religious groups ( ) Cooperative Society ( )

5. Which of these networks really impact on your business the most?
   - Friends and family ( ), Trade Association ( ), Women Association ( )
   - Religious groups ( ) Cooperative Society ( )

Section D: Benefits derived from Social Networks

<table>
<thead>
<tr>
<th>Variables</th>
<th>Ranking</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Not at all</td>
</tr>
<tr>
<td>Capital for business</td>
<td></td>
</tr>
<tr>
<td>Business and market information</td>
<td></td>
</tr>
<tr>
<td>Training for entrepreneurship</td>
<td></td>
</tr>
<tr>
<td>Opportunity recognition for business</td>
<td></td>
</tr>
<tr>
<td>Mentoring on entrepreneurship from peers</td>
<td></td>
</tr>
<tr>
<td>Credit or savings</td>
<td></td>
</tr>
<tr>
<td>Money to invest in other business</td>
<td></td>
</tr>
<tr>
<td>School requirements for children</td>
<td></td>
</tr>
<tr>
<td>Money to pay for house rent</td>
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</tbody>
</table>

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