

Role of Networking to the Development of Businesses Owned by Nigerian Female Entrepreneurs

Umar Lawan, PhD

*Department of Business Administration
Yobe State University, Damaturu*

Abstract

Understanding the extent of “Know Who” and “Know how” is very important in the business life cycle. This study focus on the role of networking to the development of businesses owned by Nigerian female entrepreneurs. Qualitative interviews form the basis for data collection in this study. Thematic method was used to analysed the data gathered. The study found that the majority of female entrepreneurs used professionals in the process of seeking advice. The current study also found that the majority of female entrepreneurs do not get any help from the government. In fact, there were some negative comments about the attitude of government towards helping female businesses especially provision of electric power and improper tax administration. The study recommends that a mentoring model should be created based on the practical needs of the existing female entrepreneurs.

Key words: *Networking, Female Entrepreneurs, Business Growth, Nigeria*

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I. Introduction

Entrepreneurs require labour, skills, capital and information to establish a business. While having some of these resources at their disposal, entrepreneurs often supplement their resources through gaining access to connections with family, friends, professionals and government Ministries, Departments and Agencies (MDAs). The successful outcomes resulting from these connections in the form of finance, guidance, advice, and information are their social capital, and they are an important factor in entrepreneurial networks.

Networking has been described as a psychological need to socialise, connect and work with others (Marsh and Rhodes, 1992a). Networking is not restricted to any situation and people can network at any time and place, which makes every opportunity a networking opportunity (Williamson, 1991). Networking relationship can offer comfort and support that can increase individual's value and in turn attract other people to the network (Williamson, 1991). It can also allow for the development of mutual respect, trust, social capital and successful business practice (Marsh and Rhodes, 1992a; Yeung, 2006). Specifically, it has generally been acknowledged that networking is one of the important determinants of business growth and sustainability (Cater et al., 2005).

Researchers have widely found evidence that networking of any kind does have an impact on business growth and sustainability (Cater et al., 2005; Lerner et al., 1997). However, most of the research works focus on network structure and networking behaviour of female entrepreneurs in developed economies. To date, there has been little research into understanding the effect of networking on female entrepreneurship in developing economies. In addition, most of the previous studies employed a quantitative methodology to develop a picture and understanding of businesses run by these female entrepreneurs. This study will build on the body of existing literature by adopting qualitative approach to analyze the role of networking and its contribution to the development of businesses owned by Nigerian female entrepreneurs.

II. Female Entrepreneurship and Networking

Research on female entrepreneurship and small business explored the relationship between networks and the start-up and growth of business ventures in developed countries and it is generally established that networks are particularly beneficial to entrepreneurial firms because they afford access to resources not easily accessed through the market mechanism (Neergaard et al., 2005). Most of the research work concludes that differences may exist both in their use of these networks for business purposes and the type of networks in which female entrepreneurs are embedded (see Davidsson and Honig, 2003; Menzies et al., 2006; Cater, 2009; Kim and Sherraden, 2014). For example, a survey-based study from the USA found that female entrepreneurs' networks differ significantly from those of male entrepreneurs regarding the density, levels and who they network with (Kim and Sherraden, 2014). Similar UK studies have suggested some gender differences in these

respects (Cater, 2009; Rauf and Mitra, 2011). There is also little agreement about the types of individuals who are found to participate in entrepreneurs' networks. For example, Kim and Sherraden (2014) found that both male and female entrepreneurs are more likely to network with people of their own gender, whereas Davidsson and Honig (2003) argue that while the networks of female entrepreneurs are not as extensive as those of their male counterparts, the networks of both female and male entrepreneurs have a great tendency to consist of mostly males. Neergaard et al. (2005) noted that female entrepreneurs are more likely to have two types of network, one for emotional support and friendship and another for information and advice. The former primarily consists of females, and the later predominantly of males. On the contrary, Menzies et al. (2006) found that males use only one network.

Notwithstanding these opposing results, research suggests that female entrepreneurs face particular challenges when establishing and accessing networks (Neergaard et al., 2005; Cater, 2009; Kim and Sherraden, 2014). This might be explained by the fact that females are less welcome in existing networks (Cater, 2009). This is considered alongside the suggestion that females tend to have stronger interpersonal and communication skills which should enable them to network effectively (Kim and Sherraden, 2014). Furthermore, Rauf and Mitra (2011) noted that female entrepreneurs might be prevented from social networks as a result of institutionalised and deep-rooted social structures together with social and business practices.

III. Theoretical/Conceptual Framework

Theories and concepts related to networking are presented in Table 3.1.

Table 3.1: Networking related theories, concepts and studies

Author	Theory/Concepts/Study	Application to the research
Inman (2000)	Postulate that presence or absence of networks, such as family and relatives play a role in influencing the development of female and relatives business.	Examining the effect of support from family on the development of businesses run by Nigerian female entrepreneurs.
Erogul and McCrohan (2008).	Postulate that the presence or absence of networks, such as friends play a role in influencing the development of female business.	Examining the effect of support from friends on the development of businesses run by Nigerian female entrepreneurs.
Manolova et al. (2007)	Supposition that female entrepreneurs seek special advice from business consultants, marketing advisers, accountants and solicitors.	Examining the effect of support from professionals on the development of businesses run by Nigerian female entrepreneurs.
Okafor (2011)	Female entrepreneurs draw on government ministries, departments and agencies (MDAs) both financial and business support services.	Examining the effect of support from government on the development of businesses run by Nigerian female entrepreneurs.

Sources: Compiled by the author

It is argued that female entrepreneurs tend to rely more on family and friends for referrals and information, and this support and encouragement from family and friends may have a positive impact on female entrepreneurs. It is also found that relationships with consultants, accountants, bankers and other business people serve as valuable sources of resources, assistance, and information particularly in a transitional economy where entrepreneurs are faced with challenges of a changing institutional environment and a paucity of resources. Furthermore, female entrepreneurs that benefited from a support by government MDAs are more likely to initiate a series of activities that will lead to the development of a business venture.

IV. Methodology and Methods

This study adopt qualitative approach in order to understand the contribution of networking to the development of businesses owned by female entrepreneurs in Nigeria. Qualitative research involves a systematic collection, organisation and interpretation of written material derived from observation or talk (Malterud, 2000). It is an investigation process of understanding a human or social problem as experienced by individuals themselves in their natural environment (Malterud, 2000). There are several methods available for qualitative data collection. These include participant observation, interview and document review and focus group among others. An interview was selected to serve as a research instrument in this study. Qualitative interviews seek to describe the central themes of the subject's world-view, and it is useful in obtaining the story behind the experience of the participants (Kvale, 1997; McNamara, 1999). Interviewing was also described as a superior instrument for data collection because people are more prepared to talk than to write (Yin, 2003; Neuman, 2006). Moreover, if a question is misunderstood by the research participant, the interviewer can either put the question in a form that can be understood by the respondent or repeat the question (Kumar, 2005).

The population of the study is female entrepreneurs in Nigeria. The cities of Abuja, Kano and Lagos were chosen as the study area. Of particular importance to the study is the fact that Kano is the commercial centre of the northern region and thus female entrepreneurs start and operate different types of businesses. The same applied to Lagos; it is the business hub for the southern states, and female entrepreneurs use the opportunity to establish businesses in various sectors of the economy. Abuja is the federal capital of Nigeria; it

has a mix of residents made up of politicians, civil servants, students and expatriates. This makes the city a very viable location where female entrepreneurs start and grow businesses.

Female entrepreneurs were purposively selected to serve as respondents. The database of female entrepreneurs in the study area was obtained from the Kano state Ministry of Commerce and Industry, Women Entrepreneurs Association of Nigeria (WEAN) Lagos state chapter and Network for Nigerian Entrepreneurial Women (NNEW) Abuja branch. The data collected sixty seven (67) female entrepreneurs in this study was analysed using a thematic method. Thematic data analysis is a technique for identifying, analysing and reporting differences and commonalities in qualitative data in detail with a view to focusing on the relationships between different parts of the data (Gale et al., 2013). It also goes further to interpret the various aspects of the research area or topic (Braun and Clarke, 2006).

V. Results and discussion

In the current study, female entrepreneurs provided rich information about their network affiliation with their relatives. These are made up of parents, brothers and sisters, husbands, in-laws and children. These networks are found to be very important sources of finance, labour, knowledge, advice, encouragement, inspiration as well as marketing to the female entrepreneurs in the study. The female entrepreneurs also cited that they draw on kinship in managing their business ventures from their friends. These relationships are found to be important sources of customer referrals, marketing, advice and finance. This finding is in agreement with Inman (2000) and Eroglu and McCrohan (2008) findings which showed that female entrepreneurs tend to rely more on family and friends for support when starting and growing their businesses.

The results of this study show that the majority of female entrepreneurs used professionals in the process of seeking advice. Professionals such as lawyers, accountants, tax consultants, business consultants and human resource consultants are always there for them for support and advice. The participants revealed that they tend to consult accountants for expert views on the preparation of their financial statements. They contact lawyers for legal issues and legal matters, business consultants for business and marketing plans and human resource professionals for compensation management. This finding further supports the idea of Manolova et al. (2007) who found that relationships with professionals and other business people can serve as a valuable source of resources, assistance and information particularly in a transitional economy where entrepreneurs are faced with challenges of a changing institutional environment and the paucity of resources.

The current study found that the majority of female entrepreneurs do not get any help from the government. In fact, there were some negative comments about the attitude of government towards helping female businesses especially provision of electric power and improper tax administration. This result is surprising because in April 2011 a policy framework of microfinance was reviewed in the country. One of the core goals of the policy review is to eliminate gender inequality by making sure that female entrepreneurs' access to financial capital is increase by 15% annually. The Microfinance banks are required by the policy to include gender disaggregate data of all their products and services in their periodic returns. In addition, the Central Bank of Nigeria (CBN) has set up centres for entrepreneurship development with the aim of training women on entrepreneurship and cooperative formation to enable them to have grants from National Economic Reconstruction Fund (NECFUND) and Bank of Industry (BOI).

Another very important source of social capital mentioned by the female entrepreneurs are their religious groups and NGOs. These special groups and organisations patronize the products and services provided by female entrepreneurs, help them market their products and services mostly through customer referral, provide them with business support services such as training, and to some extent assist them financially. This might be explained by the recent endorsement of female entrepreneurs by a number of religious groups in developing countries regardless of its being necessity or opportunity driven as long as it stands on ethical and moral grounds and conforms to the code of conduct of the religion in question. Similarly, campaigning for changes in the lives of females in developing countries is a thing of major concern for many NGOs. These NGOs that deal with poverty reduction among females may also focus on advocacy for female rights as well as providing social services for women such as promoting entrepreneurship. Although legislation in most developing countries promotes and protects the rights of females, intervention by NGOs may aid in enforcing such rights. These are noble findings that will add to our understanding of the role of networking on entrepreneurship particularly in the developing countries.

VI. Conclusion And Recommendations

Understanding the extent of "Know Who" and "Know how" is very important in the business life cycle. This is because networking can make a decision-making process and coordination of activities easier, decrease transaction costs and provide access to information. Networking can also provide female entrepreneurs with the psychological and moral support that reduces the anxiety experienced during the business development period. Moreover, networking can allow female entrepreneurs to gain access to opportunities and resources and

consequently broaden their span of achievement. Therefore, it is recommended that a mentoring model should be created based on the practical needs of the existing female entrepreneurs. On a regular basis and in confidential discussions, the personal mentor should be a carefully selected female entrepreneur who can support the mentee with her contacts, experience and knowledge; and accordingly, offer individually tailored support and advice that can lead to the attainment of business growth and sustainability.

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