

## THE INFLUENCE OF ORGANIZATIONAL CHARACTERISTICS AND SOCIAL NETWORKS ON THE GROWTH OF WOMEN OWNED ENTERPRISES IN NIGERIA



<sup>1</sup>Catherine E. Uloko & <sup>2</sup>Roselyn W. Gakure  
<sup>1</sup>*Jomo Kenyatta University of Agriculture and Technology, Kenya*  
<sup>2</sup>*Kaduna Polytechnic, Kaduna, Nigeria*

### Abstract

Though micro enterprises play a very crucial role in the reduction of poverty and the provision of employment to the teeming unemployed youths the ability of women owned manufacturing micro enterprises in Nigeria to experience rapid growth is constrained by a number of internal and external factors. Secondly a number of initiatives have been taken by governments, donors and non- government organizations (NGOs), both local and international to increase the growth of women micro and small enterprises in Nigeria. However, women enterprises are still predominantly micro and small, with very few women having growth orientated enterprises. This study examined the influence of organizational characteristics and social networks on the growth of women owned enterprises in Nigeria A survey research design was employed to collect primary data and out of a total of 1244 and 31 types of micro enterprises, a sample 384 women owned manufacturing micro enterprises was used. The stratified systematic research method was used. Only 277 questionnaires were returned. Content analysis was employed with frequencies and averages. The results from the study shows that entrepreneurial traits does not significantly influence the growth of micro enterprises in the study area. It is recommended that stakeholders put in place the necessary agencies to train women to sharpen their entrepreneurial traits .

*Keywords: Growth, microenterprises, social networking, determinants, and manufacturing.*

### Background to the Study

There has been increased women's participation in business and a steady growth of women as business founders in many East and Sub-Saharan African countries since the mid 1970s (Kyewalabye,2003). In Nigeria, women have been in business for long and have dominated the micro level of the economy. This is despite the traditional burden of child bearing and dependant care which falls on the shoulders of women who are primarily responsible as care givers and running the household. Organizational characteristics encompass practices and form. The practices include the following: Financing, Production, Management and Marketing. While Entrepreneurs are embedded in networks of social relationships (Lois & Annette, 2005). Some are personal, such as ties to family, friends, and neighbors, and others are business-related, such as ties to customers, vendors, and creditors. Birley and Muzyka (2000) assert that entrepreneurs try to build successful businesses by maximizing the opportunities they find and minimizing the obstacles they confront. Accordingly, networking allows entrepreneurs to enlarge their span of action, gain access to resources and opportunities otherwise unavailable, and avoid obstacles. These networks provide them with information about their environment, and they enable entrepreneurs to build reputation and credibility for their businesses (Sandra, 2003).

Nigeria has excellent examples of entrepreneurship training organizations and advisory networks however these have limited capacity and reach especially for women (Businessday,2014). However, relatively few women are able to access these services on an affordable and ongoing basis. Women entrepreneur associations exist to provide social support, but their reach is limited to a few thousands of women, mostly in peri-urban and urban areas and they are highly dependent on volunteerism. These WEAs have played an important role in promoting women's entrepreneurship; providing mutual support and mentoring environment for members; offering business and market-related information, networking and other value-added services; and representing the needs of women entrepreneurs with policy-makers and private sector service providers, including financiers (Lois and Annette, 2005). Although progress has been made in the number of women involved in enterprise activity now numbering 65 percent of the people engaged in entrepreneurial activity (CBN Report,2013) in Nigeria, there are significant disparities with respect to the way women run their business organizations and make use of existing social networks to grow their enterprises. According to (Lange, 2003; Sydner, 2000; Kahara-Kawuki, 1998), women enterprises are predominantly “micro and small”, but women's enterprises are small, small and small and that there are very few women with growth enterprises. Business growth can be measured in many ways such as sales turnover, profits, and number of people employed and in market and technology domain (Zhou & DeWitt,2009). However, it has been argued that the structural disadvantages facing women and their consequent lack of social capital constrains their business growth from the outset (Boden and Nucci, 2000). Mattis (2000) study found that women's businesses tended to perform less well in terms of sales, employment and growth.

Women in Nigeria face many socio-cultural, legal, family, lack of management training, access to markets and economic barriers impeding the growth of their enterprises (Vision 2020, 2005). The effect of social structures - work, family and organized social life - on Nigerian women influence the approach taken in venture creation. These have impacted on the women's ability to exploit their entrepreneurial attributes, participate in social networks and hence grow their enterprises (Lois and Annette, 2005).

#### Statement of the Problem

A number of initiatives have been taken by governments, donors and non government organizations (NGOs), both local and international to increase the growth of women micro enterprises in Nigeria (ILO, 2008). However, women enterprises are still predominantly micro, with very few women having growth orientated enterprises. The failure of many of these women to exploit fully their organizations potentials and social networks to influence growth may be attributed to the minimal growth observed among women owned enterprises.

#### Purpose of the Study

The study sought to establish the influence of organizational practices and social networks on the growth of women owned manufacturing micro enterprises in Nigeria.

#### Objective of the study

The study intended to establish the relationship between social networking and growth of women enterprises.

#### Research Question and Hypothesis

In order to achieve the above objectives, the study was guided by the following research questions,

- a. To what extent do entrepreneur's social networks affect growth of women enterprise?
- b. To what extent do entrepreneurs social networks significantly influence the growth of women enterprises?

#### Theoretical Framework

##### Contingency Theory

The Contingency Theory views organization design as "a constrained optimization problem," meaning that an organization must try to maximize performance by minimizing the effects of varying environmental and internal constraints. Contingency theory claims there is no best way to organize a corporation, to lead a company, or to make decisions. An organizational, leadership, or decision making style that is effective in some situations, may not be successful in other situations. The optimal organization, leadership, or decision making style depends upon various internal and external constraints (factors).

Proponents of this theory state that growth is an organizational outcome resulting from the combination of enterprise specific resources, capabilities and routines. An enterprise growth is related to its current organizational production abilities (Coad,2009). All the theorists of organization have one prominent goal, to attempt to explain and predict the growth of organizations. Child and Kieser in 1981 stated that there are several factors that contribute to organizational growth and they suggested four distinct operational models.

1. Internal Growth
2. Growth through diversification
3. Growth through technological advancements
4. Improved managerial techniques can facilitate an atmosphere that promotes growth.

### Methodology

The research design used is the mixed method of the cross sectional survey and the exploratory. The sample size is 384 but only 277 responses were received. The study was carried out in Kaduna metropolitan area, Nigeria The cross sectional survey design is adopted in order to collect primary data about the entrepreneurs. The great strength of the survey about collecting primary data is its versatility (Cooper & Schindler,2008; Pistrui, 2002). Several other researches has been carried out in the area of growth of small businesses in other countries and have sought to explain growth, this study is venturing into a relatively new area because women only studies in the manufacturing industries in Nigeria and globally is few. This is why the exploratory approach is most appropriate. Cooper and Schindler(2008); states that the exploratory data analysis techniques provide better diagnostics than traditional summary statistics.

### Findings and Results

#### Networking and growth of micro enterprises

Secondly, networking was one of the organizational practices considered in the conceptual framework and the following result was obtained. This section presents the descriptive statistics on networking practices and their influence the growth of micro manufacturing enterprises in the study area. The respondents were asked what form of networking system the enterprise engaged in and (Table1) reveals that those who engaged in one social/business group such as trade associations (29%);Federal Cooperative Society(0.8%) and internet networking(14%), state cooperative society(0%). While those who belonged to two associations-State and Federal cooperative societies(3%); trade associations and internet (44%); trade association and State cooperative society (4%); trade association and Federal cooperative society(0.4%); and State cooperative society and internet networking accounted for (0.4%). The respondents who belonged to three groups -trade association, Federal cooperative society and internet networking (0.4%); trade association, State cooperative society and internet networking (0.4%)}.

It can therefore be deduced that informal (horizontal) business networks are the most common and important of networking for women micro entrepreneurs in the study area because the majority (29%+44%, 4%+0.4%+0.4%=77.8%) of the enterprises are engaged in this form of networking and a rich source of critical resources.

Table 1. Networking Micro- Enterprises Engage in within Kaduna Metropolis

Responses	Frequency	Cumulative Frequency	Percent	Cumulative Percent
1. Trade assoc. (for artisans )	79	-	29	-
2. State coop.Society	0	79	0	29
3. Federal coop. Society	2	81	0.8	29.8
4. Internet networking	39	120	14	43.8
5. State coop and Federal Coop.	8	128	3	47.8
6. Trade assoc. (for artisans )& internet	123	251	44	91.8
7. Trade assoc. (for artisans ),State coop & internet	8	259	3	94.8
8. Trade assoc. (for artisans ) Federal Coop. & internet	1	260	0.4	95.2
9. Trade assoc. (for artisans) State coop.	9	269	4	99.2
10. Trade assoc& Fed.coop & Internet	1	270	0.4	99.6
11. Trade assoc& state coop & Internet	1	271	0.4	100
12. No Response	6	277	2.4	
Total				

## Discussion

Networking is a rich source of social capital, which is an element of the sustainable livelihoods model. Social capital has been established in literature to be a very significant aspect of the growth and development of MSEs, Networking was categorized into the following: Private (Family members and personal friends); Work (Colleagues, current employees and business partners); Profession(Accountants, Lawyers, Advisors, Bankers etc.) and Market( Customers, Suppliers and Competitors) (Kuzwayo,2011). He stated that over 70% of the respondents in his research stated that they do use networks, thus the myth that women are not well networked was disproved. The Canadian advisory Council in 1991 in their study found that women business owners worked in a “glass box”, isolated by overload and they did not have the time to cultivate or use important support networks. However, Aldrich, Reece & Dubini (1997) concluded that women are as active as men entrepreneurs in networking to obtain all forms of assistance which is consistent with the findings of this research. For this reason, government could look at the possibility of using these existing networks to assist micro enterprises move to the next level.

## Result

The respondents were asked whether networking influenced the growth of their enterprise and an overwhelming majority(96.6%) confirmed that it was very influential in sustaining their business. Table 2 states the effects of networking on the growth of the micro enterprises in the study area. Respondents who considered networking to have assisted responded this way: Assisted in obtaining information about potential customers and market(8%); Assisted in obtaining information about competitors(4%); Assisted in obtaining information about latest technology(16%); Assisted in obtaining information about cheap raw materials(12%); Assisted in obtaining information about prices of products and Assisted in obtaining information about resources(8%).

Of the nine six percent (97%) who agreed that networking assisted growth,(30%) mentioned that it assisted in three out of five of reasons stated in the previous paragraph; while (22%) mentioned that networking only assisted in two areas of information gathering and(48% or 8%+4%+16%+12%+8%) stated that networking only assisted in one area of information gathering. The few who stated that networking did not aid growth gave as the impact on their business as low patronage and limited production. In the context of this research, social capital is the membership to an association linked to themselves, their trade, profession and career. These associations in Kaduna include: Kaduna North Tailoring Association; Kaduna South Tailoring Association; Association of Poultry Owners in Kaduna Town; and Cooperative groupings at both the Federal and state levels of the economy.

Table 2. Effects of Networking on the Growth of the Enterprises

Responses	Frequency	Cumulative Frequency	Percent	Cumulative Percent
1. Source of information about consumers and market	22	-	8	0
2. Source of information about competitors	10	32	4	12
3. Source of information about latest technology	45	77	16	28
4. Source of information about cheap Materials	40	117	12	40
5. Source of information about latest prices of products	20	127	8	48
6. Source of information about consumers and market and Source of information about competitors	65	192	22	70
7. Source of information about consumers and market, Source of information about competitors and Source of information about cheap raw materials	20	212	8	78
8. Source of information about consumers and market, Source of information about competitors and Source of information about latest prices of products	58	270	22	100
Total	270			

## Discussion

Though information is a very invaluable resource to the micro entrepreneur and is consistent with the resource based argument which postulates that enterprises that have easy access to resources, usually perform better and this in turn stimulates growth and development very few(6%) micro entrepreneurs in the study area link it directly to the growth of their enterprises. Migiro (2006) supports this view when he posited that information need arise when an enterprise runs short of ideas on how to solve a particular business-related problem. When the enterprise experiences such a situation, it is said to experience a knowledge gap on the cause of the problem. The gap may be crucial to the performance of the enterprise and the problem regarding the need for information must be resolved in order to eliminate the deficiency.

Similarly, In developing countries, McDade and Spring(2005) stated that emphasis in networking is placed on networking for mutual support in exchange of services and information. Jack and Anderson (2002), stated that social networks serve as sources of information and advice, while Bygrave and Minniti, ( 2000) said they act as a motivational influence. Social networks also, according to (Hite, 2005; Anderson & Miller, 2003, Reynolds, 1991) assist entrepreneurs in identifying viable opportunities.

On the contrary , Garoma (2012) in Addis Ababa found that belonging to a social network group called Iqub significantly affected employment and profit growth in micro enterprises. While Hassan and Mugambi(2013) in their study in Garissa found that financial resoures, entrepreneurial and networking are important ingredients in the growth and expansion of women micro enterprises. In another study by (Gould & Parzen, 1990) one of the limitations of women networking is that men do not include women in their close business networks.

The findings on social capital and networking in Uganda is consistent with the Sustainable livelihoods Model and because the positive impact networks have on business start-ups and growth is well established, organisations like Uganda Women Entrepreneurs Association have set up several branches in Uganda to encourage women entrepreneurs to join although some women find the membership fee high and not affordable to many of them (Kyewalabye,2003).

It can therefore be concluded that social networking does not significantly influence the growth of micro enterprises in Kaduna because it does not directly assist in the growth of product output, employment and sales output.

## Regression Result for Networking and Growth

Regression analysis was carried out in order to determine whether the independent variable, networking can be relied on in explaining the change in the dependent variable, the growth of women owned micro manufacturing enterprises in Kaduna metropolis. The coefficients obtained indicate that the correlation coefficient (R) between the independent variable and the growth of micro enterprises was .311 which is a positive

correlation relationship. Table 3 shows a coefficient of determination ( $R^2$ ) of .002, which means that this variable alone can explain up to 2% of the variations in the dependent variable, growth of micro manufacturing enterprises in Kaduna

Table 3. Model Summary for Networking

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.311 <sup>a</sup>	.002	-.003	.175

A test of variation was performed on the variable, networking and the results are summarised in Table 4. The table shows that the variable has a P- value equal to .608, demonstrating that the model is statistically not significant in explaining the change in the dependent variable, considering that the P-value is above the .05 at the 95% level of confidence.

Table 4. ANOVA for Networking

Model		Sum of Squares	df	Mean Square	F	Sig
1	Regression	.008	1	.008	.264	.608 <sup>a</sup>
	Residual	8.483	277	.031		
	Total	8.492	278			

Pearson's Correlation indicates the extent of interdependence between two variables. As already noted from Tables 3 and 4 , there is a 31.1% positive correlation between networking and growth of women owned micro manufacturing enterprises in Kaduna metropolis.

Table 5. Coefficients for Networking

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	Sig	t
1	(Constant)	1.532	.013		117.443	.000
	Networking	.000	.000	.031	.514	.608

The results show that the p-value, 0.608 is greater than the level of significance, 0.05 and this reveals that networking does not have explanatory power over the growth of micro enterprises.



Using the summary presented in Table , a linear regression model of the form,

$Y = + X$  can be fitted as follows:

$$Y = 1.532 + 0.000X_4$$

Based on the empirical results presented in Tables, the Null Hypothesis ( $H_{01}$ ) is accepted and a conclusion reached that, at 5% level of significance, networking does not play a statistically significant role in the growth of women owned micro manufacturing enterprises in Nigeria.

### Conclusion

At this micro level the contingency theory appears most applicable because of the simple and informal nature of the networking activities. Social networking has been shown to influence the growth of women owned manufacturing in Nigeria. However the influence is not strong enough to be linked to the growth of these enterprises in terms of employment, product output and sales output which were the indicators used for measuring growth in this study.

### Recommendations

The manufacturing sector is crucial for employment generation, wealth creation and raising the quality of life of Nigerians this (vision 20:2020). In order to enhance this sector and make it technologically driven and globally competitive with a high level of local content and contributing more to National GDP, there should be rapid expansion in the technology base and infrastructure (i.e) establishment of industrial, business and technology incubators with specific emphasis on the women-folk). These incubators should target the areas that women are not usually found in the manufacturing sector (i.e.) construction, metal works, capital intensive manufacturing activities).

Most importantly, the potentials of the existing social networks can be enhanced to do better by setting up business development service centres and encouraging women to form formally recognised social clubs for the purpose of accessing the services of the BDS.

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