

SOCIAL NETWORKS AND GROWTH OF FEMALE-OWNED VENTURES: A SUB-SAHARAN AFRICA PERSPECTIVE

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Received November 2014

Revised February 2015

Published July 2015

We examine the influence of the dimensions of social networks on the growth aspirations of female entrepreneurs. Using multi stage stratified random sampling, 540 women were surveyed in the five geographic regions of Uganda. Drawing on social network theory, point bi-serial correlation and logistic regression analysis were carried out to test our hypotheses. Although we find a relationship between belonging to a social network and growth, we also find that the relationship between the other indicators of social networks, including social support, discussion of business ideas, equality of network members and growth, are not statistically significant. We propose this may be because the challenges that face female entrepreneurs in this context negate the influence of social networks on growth. On the other hand, we posit that the metrics used to measure entrepreneurship related constructs are biased not only against women but even the developing country context.

Keywords: Female entrepreneurship; social networks; growth; sub-Saharan Africa.

1. Introduction

Although the use of the network concept goes back to social anthropology and sociology research of the 1950s, it was not until Birley (1985) that it was introduced to the area of entrepreneurship. Although Birley's (1985) study did not adduce evidence of relationships between networks and firm performance, Hansen (1995) and Ostgaard and Birley (1996) later found relationships between networks and organization growth.

Kuada (2009) has argued for the importance of networks in resource constrained environments. It has been stated that female entrepreneurs who face more pressing challenges tend to rely more on informal arrangements to fund start up and growth of their enterprises (Greve and Salaff, 2003). Yet there is increasing evidence that the role of networks in entrepreneurial growth has not been adequately explored (Shepherd and Wiklund, 2009; Slotte-Kock and Coviello, 2010).

Venture growth is a reflection of market performance. It is a measurable outcome of entrepreneurship that contributes to economic development through employment creation (Wennekers and Thurik, 1999). It is typically measured in retrospect by exploring accounting and employment data. However, in developing economies, most of these data is missing or inaccurate (Bruhn *et al.*, 2010). For female entrepreneurs, this is further exacerbated by minimal education and socialization biases that hinder the keeping of accurate records (Jamali, 2009). Growth in this context manifests itself in a number of ways. For example, the opening of another enterprise, also referred to as pluriactivity (Rosa *et al.*, 2006) is a common growth strategy in this context. Sometimes growth may not be sought after with the female entrepreneur choosing to maintain the firm at its size to enable her to undertake her other domestic chores as mother and wife. There is also a tendency to believe that the bigger they grow the more likely the government will tax them. All this demonstrates that notions of growth transplanted from the western context may engender different explanations in developing countries. Growth aspirations have been justified in the literature as a reliable measure of growth (Wiklund *et al.*, 2003).

The setup and growth of female-owned enterprises is normally challenged by a lack of access to resources. This causes the female entrepreneur to utilize scarce available resources (Holmén *et al.*, 2011; Morris *et al.*, 2006). Authors such as Lechner and Dowling (2003) propose networking activity as one of the ways to appreciate the growth phenomenon. Cunningham *et al.* (2012) in this regard opine that from a network perspective, the growth strategy of a firm can be viewed as the need to minimize the need for knowledge development. In this study we propose networks as a more likely resource acquisition avenue and believe that an understanding of the underlying dynamics of social networks will improve our knowledge of how female-owned firms are able to survive or thrive in these circumstances. We examine the influence of the dimensions of social networks on the growth aspirations of female entrepreneurs and find a relationship between belonging to a social network and growth. We further find that the relationship between the other indicators of social networks, including social support, discussion of business ideas, equality of network members and growth, are not statistically significant.

2. Female Entrepreneurship

Over the past few decades, female entrepreneurship has captured the attention of researchers who have shown interest in its antecedents, outcomes and challenges. This interest is a result of the role of entrepreneurship in economic development and the increase in the number of female entrepreneurs in the developing world (Minniti and Naudé, 2010; Naudé, 2010). Despite strides in research on female entrepreneurship, there are increasingly stronger calls to take this research in new directions to generate a more robust understanding (Brush *et al.*, 2009; Hughes *et al.*, 2012). A common research thread has concentrated on the challenges faced by female entrepreneurs. Marlow and Swail (2014) in a recent critique of trends in female entrepreneurship research state that “the attention afforded to women business owners in recent years. . . has been largely subverted to emphasize their weaknesses and shortcomings.” In this research, we agree with these

authors through suggesting that interpretations of growth may vary and cause assertions of business performance that are questionable.

Most female-owned businesses in sub-Saharan Africa are micro — or small-scale enterprises and are often run out of the home. This is because female entrepreneurs often do not have funds to secure business premises (McDade and Spring, 2005) and to ensure their domestic roles are not interrupted by the demands of their enterprise. This is common in patriarchal rural societies where division of labor is largely determined by gender, with women expected to undertake the bulk of household chores. Related to this, women in communities where children are regarded as insurance against incapacity tend to have relatively high birth rates that impedes women's efforts to engage in economic activity (Amine and Staub, 2009).

From time immemorial group activity has been common among African women, which has enabled them to cope with these challenges. Women with close social ties may engage in joint economic activity (Kwon and Arenius, 2010), which splits their operations between the economic and social realms (Langevang *et al.*, 2012) and may lead to conflicting decisions for the entrepreneur (Khayesi and George, 2011). They mainly rely on strong ties of family and relatives (Rutashobya *et al.*, 2010). Martinez and Aldrich (2011) state that these strong ties are of limited scope and require high levels of reciprocity in the form of economic or emotional repayments. This informs Foss' (2010) assertion that women are disadvantaged and cannot network effectively.

Recently though, group activity has been differentiated by market players (Khavul, 2010). For instance, whereas women are most likely to be excluded from participating in more rewarding and strategic financial networks (Spring, 2010), many micro finance institutions will require a woman to belong to a group before they can be eligible for a business loan (Mel *et al.*, 2008).

3. Female Entrepreneurs in the Ugandan Context

Pathak *et al.* (2013) states that research on female entrepreneurship has frequently ignored country-specific factors that may account for the variance in the rates of women's entrepreneurial activity across nations.

Women in Uganda own almost 44 percent of businesses (UBOS, 2011). In the immediate aftermath of Uganda's independence in the 1960s the largely patriarchal culture of several ethnic groups enabled men's dominance of paid employment (Ministry of Gender Labor and Social Development, 1997) while the women tended to the children and maintained the homes. This situation was further exacerbated by the Asian population's dominance of the entrepreneurial sector where they mainly employed African men (Adams and Bristow, 1978). In the tumultuous political state between the 70s and 80s after the expulsion of the Asian population, women took advantage of the cultural and religious changes coupled with institutional weaknesses to engage in entrepreneurial activity (Decker, 2013).

From the mid-1980s, a lot changed with the new government putting female empowerment at the forefront of the political agenda and affirmative action being

implemented in both the political and education sectors (Population Secretariat, 2011). This gave voice and skills to a large proportion of the female population, which has since changed the gender entrepreneurial landscape (Amine and Staub, 2009). Later, the government's adoption of the IMF's structural adjustment programs that led to massive layoffs in the public sector and divestiture of parastatals increased women's participation in entrepreneurship as they sought alternative sources of livelihood to make up for lost government jobs and the unemployment of their spouses. Today, women own 46 percent of micro and small enterprises where they are most active in the services, trade and agriculture sectors (UBOS, 2010).

Ugandan women's high fertility rates of five children per woman (Population Secretariat, 2011) preclude the possibility of entrepreneurial work encumbering women at their zenith of the opportunity to fully engage in entrepreneurship.

Female entrepreneurial firms are grossly underfunded (Ellis *et al.*, 2006), yet many female entrepreneurs are unable to access appropriate credit because of a lack of collateral. Many of the money lending institutions with affordable loans require titled land as collateral from the borrowers. However, only seven percent of the registered land is owned by women (UBOS, 2008). This causes the entrepreneurs to rely on savings, which Dawa and Namatovu (2014) have shown possess an inverse relationship with entrepreneurial activity. Furthermore, practices by some financial institutions that require consent of male relatives to access credit are another major stumbling block (Tripp, 2004; Ellis *et al.*, 2006). Gender-based violence is also a challenge to female entrepreneurs with their partners depriving them, through physical force, of resources that were earned and would have been used to grow their enterprises (Scott *et al.*, 2012). This violence is driven in part by stereotypes such as the labeling of successful business women as prostitutes (Chitskie, 2000). Making do with what is available to them, these women often opt to constitute themselves into formal and informal groups so they can obtain social, economic and political support from peers.

Nonetheless, over the last 50 years female entrepreneurship has grown to the extent that today a number of successful women are setting up and running enterprises (Spring, 2010) in a variety of sectors. The Global Entrepreneurship Monitor (GEM) survey in Uganda from 2003 to date shows female entrepreneurship has grown steadily and is now at par with that of the men. However much of this activity is necessity based (Namatovu *et al.*, 2011) arguably described as a non-productive form of entrepreneurship.

4. Theory Development

The interest in applying social network theory to small firms may be explained by the restricted resource base, limited market power and lack of self-sufficiency typically associated with small firms, more so in developing countries. According to social network theory, all economic behavior is embedded in a local social context (Granovetter, 2005), and actors' social connections have a certain value for their performance, individually and jointly. The theory conceives of society as a network of overlapping social relationships that connect individuals, groups and organizations.

The underlying assumption of social-network theory is that through a personal network, the owner-manager of a venture gains access to critical resources, which the firm does not possess internally (Ostgaard and Birley, 1994). These resources may take the form of information, lines of credit, customer feedback and sources of cheaper or more readily accessible inputs. The resources gathered through networks may compensate for environmental constraints (Chell and Baines, 2000; Jack, 2005) especially in resource constrained environments and among marginalized sections of society, which typifies women in sub-Saharan Africa. These constraints may include lack of access to resources, patriarchal attitudes and inadequate labor (Spring, 2009). The networks help small firms negotiate exchanges through members making important acquaintances.

Since the 1990s, entrepreneurship research has been interested in exploring the relationship between networks and the success of small firms (Neergard *et al.*, 2005). Literature shows that social networks affect the decision to engage in entrepreneurship (De Clercq and Arenius, 2006), are an effective way of facilitating information sharing (Parker, 2008) and help entrepreneurs secure a host of resources including human, financial and social capital (Slotte-Kock and Coviello, 2010). Phan *et al.* (2010) assert that for a firm to emerge, the entrepreneur has to convince others that his/her ideas are worth the support of resource providers. Therefore, networks are considered more effective for increasing the chances of resource acquisition than market methods (Zhang, 2010) with Arregle *et al.* (2013) stating that valuable resources to entrepreneurs, which may be acquired through network ties include tangible resources, knowledge and advice, and emotional support. Martinez and Aldrich (2011) posit that networks are most valuable in societies that have very scarce institutional avenues for supporting entrepreneurial activities. Authors such as Shaw and Carter (2007) and Chen and Tan (2009) aptly summarize the importance of the network approach highlighting its role in coping with uncertainty, establishing credibility, acquiring legitimacy, increasing awareness of local conditions and offsetting the absence of formal institutional support. Despite this wealth of information on networking behavior, authors such as Dodd and Patra (2002) state that little is known about the differences in networking behavior among different categories of entrepreneurs in different cultures. Taking heed of this, Danis *et al.* (2011) argue that social networks are more important for new business activity in emerging than in developed economies. From the foregone discussion it is evident that social network theory is complex and attempts to distill it should be undertaken with caution.

Extant research shows that female-owned enterprises are often small and considered unlikely to grow (Fairlie and Robb, 2009). This is disputed by Marlow and McAdam (2013) who argue that “assumptions about the alleged under-performance of women business owners are ill-founded, poorly informed and merely act to reproduce and reinforce mythical axioms pertaining to women, gender and entrepreneurship.” Female entrepreneurs in developing countries are motivated by a variety of factors and have aspirations that do not conform to the mainstream entrepreneurship literature. The meaning and need for growth is different, driven by their position in the family and in society. On the one hand, successful female entrepreneurs may be frowned upon by some African cultures attracting derogatory labels; on the other hand, they risk facing the wrath of their

partners who may cease to provide for the household under the guise that the woman is making enough money to handle domestic expenses. Marlow and McAdam (2013) further argue that the metrics for measuring business success are gender biased, yet the performance of female-owned firms, which are predominantly small, are no different from male-owned firms of equal size.

In this study we argue that while belonging to a social network may inform the growth of a firm, female entrepreneurs in developing countries are faced with a number of challenges including cultural biases, responsibility for domestic labor, discrimination in access to education and capital, which stymie the influence of the indicators of social networks such as availability of social support, equality of network member status and discussion of business within the network on the growth of the firm on the growth of the firm.

5. Hypotheses

Diomande (1990) in a discussion of networks in the African setting specify social value and strategic information as benefits of belonging to a network. Belonging to a network provides entrepreneurs with a variety of benefits that range from access to market information, sources of inputs, contracts, human capital to the latest research (Hansen, 1995; Chell and Baines, 2000). Through this, access to relevant individuals that enables sharing of information that can be used to attain a competitive edge is made possible. Reciprocity, loyalty and trust developed in these networks may be used in current and future transactions including the search for resources. Female entrepreneurs in developing countries have to cope with a number of challenges that influence the growth of their enterprises. Although belonging to a network has advantages, they still must contend with the gender biases against women. On the one hand, the nature of business they are expected to run are feminized such as cleaning and cooking and despite access to contacts within the network, providers of services such as loans may hesitate to fund businesses that are outside this mold. On the other hand, women's domestic roles dictate the nature and location of businesses they must undertake. Child care for example may necessitate that the woman runs her business from where she is able to toggle between the two tasks. We therefore hypothesize:

Hypothesis 1: Female entrepreneurs in developing countries who belong to social networks are not likely to have growth aspirations.

Social support from peers is a key ingredient in starting a business (Hanlon and Saunders, 2007). Jack *et al.* (2010) assert that the process of networking is profoundly social, based on knowledge of the other and derived through interaction that satisfies human rather than material needs. Welsh *et al.* (2014) identify a positive moderation effect of family support on firm performance while posit that family/kinship members and friends had great influence in female involvement in entrepreneurship. The social support literature has shown that women are more likely to seek and provide "emotional" social support as opposed to instrumental social support (Reevy and Maslach, 2001). Emotional social

support includes attention from friends while the instrumental may include information and business contracts. Therefore, emotional support may enhance the motivation of entrepreneurs to build their firms through peer teaching (Jack *et al.*, 2010). Because social support breeds trust, this may be exploited to gain more knowledge on business operations and inspiration for growth. However, literature shows that trust may not be enough to ensure enterprise growth. Zahra *et al.* (2006) for example, caution against trusting network members who may neglect obligations or behave opportunistically to the detriment of the rest of the network members. Khayesi and George (2011) found no significant relationship between trust and cost of raising resources in the network. We therefore hypothesize:

Hypothesis 2: Developing country female entrepreneurs, regardless of receiving social support from their networks are not likely to have growth aspirations.

Based on the homophily principle that similarity breeds connection, McPherson *et al.* (2001) assert that people's personal networks are homogeneous with regard to many socio-demographic, behavioral, and intrapersonal characteristics. Women entrepreneurial networks are mainly composed of close family ties (Brindley, 2005) and women of equal status (Thébaud, 2010). In the case of female entrepreneurs in developing countries, this is furthered by requirements of support organizations to have members organized under umbrella groups of peers to qualify to participate in their programs. Where group members are of equal status, inferiority complexes may be eliminated setting the stage for belief that one member's success can be accomplished by others. In these types of networks there is a high likelihood of redundant ties from which Janssen and Greve (2002) posit entrepreneurs get information and support more easily. This also encourages the sharing of information and experiences with fewer prejudices knowing that this is applicable to the recipients. Equal status though may limit the diversity of information shared in the network because everyone may not know anything significantly different from the rest. This is drawn from Granovetter's (1973) strength of weak ties thesis where network member closeness is shown to be detrimental to the quality of information and nature of contacts members may have. The literature shows that developing country female entrepreneurs tend to belong to groups where they are of equal status with other members who mainly include friends and family. Kiggundu (2002) in a study in Uganda posited that a large proportion of kin in the network implies an increase in the social demands that are to be fulfilled using an entrepreneur's resources. Such networks are burdened with requests to support social functions such as funerals and weddings as opposed to suggestions for partnerships to further business aims. We therefore hypothesize:

Hypothesis 3: Female entrepreneurs in developing countries who belong to networks where they are of equal status with other members are not likely to have growth aspirations.

The discussion of business ideas is one of the greatest benefits one accrues from networks. Key resources that may be obtained include information (Burt, 1992), advice (Christensen and Klyver, 2006), capital and credit (Greve and Salaff, 2003). These discussions yield information on markets, sources of raw materials and advice on novel production methods. Jämsä *et al.* (2011) identify learning in the network as a key process

through which the enterprises and the network evolve. Many networking opportunities are created so that individuals may encounter others who may have experience or may have a need that they can satisfy. Through discussions, improvements to business processes may be made and new business lines may be pursued. Customer and supplier feedback may also be obtained from these discussions.

Discussions also help rid the entrepreneur of biased and incomplete perceptions regarding the business. Because of institutional and cultural barriers, which result in lower education levels, inaccessibility to training opportunities and lack of access to role models, female entrepreneurs tend to rely on these discussions for resources and information to advance their businesses. Unfortunately, when the networks are made of individuals of equal status as described in the preceding hypothesis, the nature of these discussions is limited. We therefore hypothesize:

Hypothesis 4: Female entrepreneurs in developing countries, despite discussing business in their social networks, are not likely to have growth aspirations.

6. Methodology

Using a multi stage stratified random sampling, 540 women were surveyed. Stratification was initially done based on Uganda's geographical regions that is the Central, East, North, West and Kampala. In each of these strata, there was further stratification based on intensity of economic activity. The regions are comprised of districts. Three districts were selected in each region based on information from district municipal council reports. In these reports, information of government funding, revenue collections and costs were analyzed. The districts were ranked based on these three indicators with government funding having the highest score and administrative costs the lowest. The top three districts were selected.

After the selection of the districts, through a document review and interviews with the Executive Secretary of the Uganda Women's Council, common economic activity of women in each district was categorized into sectors. The parish (which is the smallest administrative unit of the district), with the highest economic activity in that district was selected. High economic activity was assumed if the parish had the biggest trading center or market. The study site was mainly the trading center/market. At the site, the list of sectors women participated in was updated and categories created based on this information. The local leaders in the trading center provided a list of the female entrepreneurs who were categorized into the sectors and individuals were randomly selected. Interviews were carried out at the entrepreneurs' business venue. As part of ethical procedure the researchers first sought ethical clearance from the Uganda National Council for Science and Technology. We then approached the local leaders to whom we explained the purpose of the research. An ethical consent form for respondents was designed wherein we specified that participating in the research was voluntary and respondents had the option to opt out at any stage of the research. We also undertook to mask the identity of the respondent and use the research for only academic purposes.

6.1. Measures

6.1.1. Independent variable: Networks

Based on the three network dimensions that Neergard *et al.* (2005) proposed would provide insights into the impact of gender on business owner networks, respondents were asked the following questions, “Do you belong to any business network?” We recorded a yes or no answer to this question and further explored the nature of networks based on the items, “I am of equal status with people in my network;” “I receive social support from my network;” “I receive financial support from my network” and “I share information and ideas with members in my network.” Distribution values of each question were five-point Likert scale items ranging from Strongly Agree (5) to Strongly Disagree (1).

6.1.2. Dependent variable: Growth aspirations

Growth aspirations were measured using the question “Do you plan to expand your business?” Therefore, the dependent variables were dichotomous with 1 representing growth and 0 representing no growth. To avoid common method bias, which is common in cross sectional studies, we used different scales, where some were dichotomous while others were Likert and ratios. To ensure validity of the instrument, we adopted and revised instruments used previously in related studies in the developing world. The adjustment was further informed by theory, which was complemented by expert reviews.

Because of the face-to-face nature of our interviews, response rates of 95 percent were attained. A typical challenge of undertaking primary research in developing countries is the mistaken belief that the researchers may materially help the respondent if the responses indicate a dire need. To avoid this we declared at the start of the interview that this was a study by the university and research assistants were students who were seeking an education by getting the most honest responses from them.

All filled questionnaires were checked for completeness before they were entered into the SPSS (20) software for analysis. A filled questionnaire was entered if it had over 75 percent of the items answered. A missing value analysis (MVA) was then performed to establish whether the missing values were missing completely at random (MCAR). MVA was also performed to avoid committing Type I and Type II errors, and to increase statistical precision. The EM (Expectation-maximization) method was used to perform MVA. All MCAR results were significant ($p < 0.05$) implying that there was no need to replace the missing data.

7. Findings

7.1. Respondent characteristics

Table 1 shows that the majority of the respondents were aged 25–34, had completed ordinary level education (which is equivalent to at least ten years of formal education) and had between one and five children. The table also shows that the 25–34 age category dominated all business age categories except the established business category.

Table 1. Business stage and demographics of the female entrepreneurs.

Demographics	Average (%)	Start up Business (%)	Infant Business (%)	Baby Business (%)	Established Business (%)
Age of entrepreneur					
18–24	17.6	23.4	36.2	34	6.4
25–34	43.8	13.9	19.6	40.4	26.1
35–44	24.3	7.0	8.5	35.2	49.3
45–54	11.4	7.7	6.2	26.2	60
55–64	2.2	9.1	9.1	9.1	72.7
>65	0.6	40	0	0	60
Education					
No education	10.2				
Completed Primary	34				
Completed O level	38				
Completed A level	5				
Not completed vocational/university	1				
Completed vocational training college	8.5				
Completed university	2.4				
Number of children					
None	15.4				
1 to 5	69.7				
6 to 10	14.8				
Above 10	0.2				

7.2. Multivariate analysis

A point bi serial correlation shows that there’s a statistically significant and positive correlation ($r = 0.101$ sig at 0.05 level two tailed) between belonging to a social network and having growth aspirations

A logistic regression analysis was conducted to predict growth aspiration for female entrepreneurs using belonging to business social network, discussion of business with network members, social support within the network and equal status in the network as predictors. A test of the full model against a constant only model was not statistically

Table 2. Logistic regression of social networks and growth aspirations.

	B(SE)	95% CI for Exp b		
		Lower	Exp b	Upper
Included				
Constant	3.276 (1.178)		26.457	
Discusses business in the network	0.334 (0.544)	0.472	1.397	4.137
Network has members with equal status	-0.270 (0.312)	0.414	0.736	1.406

R square = 0.381 (Hosmer and Lemeshow), 0.006 (Cox and Snell), 0.014 (Nagelkerke). Model $\chi^2 = 116.774$.

significant, indicating that the predictors as a set did not reliably distinguish between those with growth aspiration and those without (chi square = 1.284, $p = 0.526$ with $df = 2$). Nagelkerke's R^2 of 0.014 indicates a weak relationship between prediction and grouping. Prediction success overall was 91.9 percent (100% for those with growth aspiration and 0% for those without). The Wald criterion demonstrated that none of the variables were significant predictors ($p = 0.546, 0.386$).

Hosmer and Lemeshow's goodness-of-fit test tests the hypothesis that the observed data are significantly different from the predicted values from the model. The non-significant value of 0.381 indicates that the model does not significantly differ from the observed data.

8. Discussion

The analysis shows a strong correlation between belonging to a social network and growth aspirations. Being part of the network exposes network members to success stories and mishaps of peers while enabling the sharing of information on markets, suppliers and methods that they too can emulate in their own businesses. This finding lends credence to the practice of individual entrepreneurs seeking membership in groups. Although at times these groups are created with specific aims in mind, for example to secure a loan from a microfinance institution or take advantage of a government grant, the results show that belonging to such groups does inform the growth aspirations of group members. This finding finds support from previous research that showed networks to have an influence on firm growth in the form of access to information and financial capital, referrals of customers, suppliers, distributors and freelance service providers and the leveraging of a firm's internal resources (Florin *et al.*, 2003; Jack, 2010).

Despite this relationship, the model as a whole is weak. The different indicators of social networks including social support received within the network, discussion of business ideas with network members and equality of status in the network were unable to predict the model. This indicates that the structure, interactions and content of these networks are not in congruence with the growth objectives of the entrepreneur. Yet according to previous studies indicators of social networks like social support, member status and content of group discussions have been shown to have significant relationships with entrepreneurship (Hoang and Antoncic, 2003; Thébaud, 2010; Bergh *et al.*, 2011).

The literature on social support has shown that it is a means through which entrepreneurs are tied to a broader network of actors (Hoang and Antoncic, 2003). Davidson *et al.* (2010) found that support was indispensable for entrepreneurial success. In this study we hypothesized that this social support would not improve growth aspirations. The results show that growth aspirations of network members cannot be explained by the social support they receive within the network. Arregle *et al.* (2013) provide an explanation for this finding stating that over time the emotional challenges faced by entrepreneurs can become less acute, or the entrepreneurs can learn to deal with the challenges. Qian and Kemelgor (2013), on the other hand, state that an optimal number of network ties is required before tie-additions become negatively related to firm performance.

Past research by Aldrich *et al.* (1997) reported that the type of support provided by business networks may have little impact on the survival of businesses after they are founded. In fact Janssen and Greve (2002) found support to be counterproductive where there were redundant strong ties. Female entrepreneurship in the developing world occurs under the auspices of group activity with members having been victims of a specific or general social injustice or misfortune as the unifying factor. These networks are set up with intentions to enable the members to cope with their circumstances. It is probable that the support that is accorded in these groups is geared more toward remedying the social problem as opposed to growing the firm. The nature of challenges developing country female entrepreneurs endure erode or mask the effect of this support, for example availability of support may have no effect on institutional challenges, such as the need to have a male relative co-sign on a loan application. The importance of this finding is that it demonstrates that aspects of networks that may be important in the startup process may be less so in the later growth stages. It is also probable that for women owned firms instrumental support may engender the sought after growth. Discussion of business allows one to share ideas and learn from others which may reduce fear of failure and increase business venturing. Discussing their enterprise with a number of persons gives entrepreneurs leads to where to obtain resources (Greve and Salaff, 2003).

The data shows that growth aspirations are fostered independent of the discussions of business ideas within the social network. Support for this finding may be drawn from Uzzi (1997) where it is argued that entrepreneurs' membership in networks can lead them to rely on redundant information and disregard external knowledge, thereby constraining their abilities to adapt to environmental changes. Advice is an important resource for starting and growing a business. The advice obtained is likely to vary based on the expertise of the given knowledge source, and that may eventually have an effect on the growth of a business. Although it is expected that the discussion of business ideas will be useful in influencing the growth intentions, and it is hoped that the organization of women in groups for different types of support will ultimately spur economic independence, the level of group members may have a bearing on the content of discussion. This draws on the strength of weak ties thesis (Granovetter, 1973), where it is posited that members who enjoy some form of closeness based on kith, kin or proximity are likely to provide less crucial business information compared to those that are of a more distant relationship.

Thébaud (2010) states that female entrepreneurs' networks tend to be homogeneous. These networks, for a variety of economic and socio-cultural reasons, tend to be composed of kin and close friends. In this study, we find no statistically significant relationship between status of network members and growth aspirations of the individual entrepreneur. This may be because the homogeneity of these networks limits the possession of desirable alternative views. Renzulli *et al.* (2000) found that a high proportion of kin and homogeneity in the network creates challenges for the entrepreneur. In another explanation of this finding, social exchange theory suggests that members of an organized setting exchange status recognition for advice. Recognition drives this sharing of information by members of higher status (Bapuji and Crossan, 2004). Therefore, variation in status of network members serves to diversify knowledge sources, skills and opportunities to the

benefit of members. A recent study by Prasad *et al.* (2013) adduced similar findings showing that that network composition was not a significant predictor of venture growth in the Indian context. Therefore, this finding confirms the weakness of strong ties thesis, putting in question the rationale that individuals who are trying to grow their business should expect much from more interactions within existing tightly knit networks. From a practice perspective, although it is parsimonious to have individuals that share a lot in common constitute themselves into a network as is the case with micro lending and government social programs, the results imply that these networks do little to help with growth of the individuals' enterprises. In many cases, these networks are formed and promoted by external agents who may be seeking to genuinely help a vulnerable group with the added advantage of ease of monitoring and accountability. This finding echoes the caution of Parker (2008) against outside agencies attempting to foster and grow networks.

Although vital for the setting up of enterprises, we find in this study that social networks do not seem to influence the growth aspirations of the entrepreneurs. While the findings of this study differ with the trend of past literature, they mirror studies carried out by Khayesi and George (2011) who also found no effects resulting from activity in social networks. Explanations for this difference in findings can be adduced from studies such as Chell and Baines (2000) who stated that some founders have no aspirations to be successful in the sense of creating growing companies, so they may deliberately restrict their network size. Young *et al.* (1999) provide an alternative explanation stating that although network approaches give new insights into small firm growth, they argue that the cause and effect relationships can be ambiguous because networks may be seen as ways to overcome resource deficiencies rather than being the actual drivers of growth. Blount *et al.* (2013), from a different perspective, have shown that for small firms, social capital derived from business networks varies inversely with the firm size. Another explanation may be found in Marlow and McAdam (2013), who fault the metrics and assumptions in entrepreneurship research stating they are gender biased to the extent that they allege a female performance problem because of a female deficiency. So the idea of growth if perceived with a more gender balanced lens may yield different results. We further propose that this bias extends to the developing country female entrepreneur who has to contend with challenges unique to this context. Furthermore, we propose that challenges faced by developing country female entrepreneurs have a bearing on the effect of social networks on growth.

Large networks may enable entrepreneurs to assemble diverse resources. These networks are likely to be composed of members of diverse educational and professional backgrounds, which improve the benefit of belonging to such a group. Social networks in most developing countries are small and created around a common exigency. Furthermore, the geographical scope of these networks is usually limited to a small area, which limits the benefits one can draw.

9. Study Limitations

Although this paper has provided insights into the role of social networks in growth among female-owned entrepreneurial firms in a developing country, the research has certain

limitations. This study is limited by the fact that respondents in resource constrained environments tend to think that a research activity such as this one possesses opportunities for resource acquisition under the mistaken assumption that if the respondent is able to project an image of dire need, help will be forthcoming from the researcher.

Another limitation is the use of the growth aspirations construct. In this study we make a case for the use of growth aspirations over other growth measures but this may be countered by the argument that firm growth may not only be under total volitional control. Further criticism of the measurement of this construct may be adduced from Marlow and McAdam' (2013) argument against the gender biased nature of assumptions in entrepreneurship research.

10. Study Implications

10.1. Implications for theory

Social network theory provides a firm foundation for the study of how female entrepreneurs in developing countries access resources and how this affects growth of their enterprises. This study provides a nuanced and holistic view of growth among female entrepreneurs in a developing country explicating the importance of the nature of the context, network activity and network actors and how these may affect the success of a firm. The results also suggest that because certain indicators of the social network construct do not relate to growth, this indicates the multidimensionality of the construct.

10.2. Implications for practice

The results cause us to question the practice of constituting women in groups in the hope that sustainable enterprises may be conceived from these alliances. The article highlights the need for female entrepreneurs to pay close attention to their networking activities and the network partners. Our recommendation is for female entrepreneurs to deliberately establish relationships with individuals unlike themselves. Through seeking diverse partners, this increases the potential to gain new insights and resources that will serve the growth objectives of their firms. Female entrepreneurs are advised to attend social and professional functions arranged outside the auspices of their usual social interactions. This will influence the aspirations of the entrepreneur and lead to establishment of a wealth of contacts that may introduce the entrepreneur to new markets or cheaper suppliers or new production methods, which will create opportunities for growth.

10.3. Implications for policy

From a policy perspective this research reflects the need for more thoughtful facilitation of social networks among female entrepreneurs. The aim of such interventions must be to help establish durable and diverse networks that can foster entrepreneurial growth.

Policy could pursue a number of directions. For example to encourage the involvement of professionals in female social groups for members to vary the information and ideas discussed among members. Policy could target professional bodies encouraging their

membership to participate in women groups. Professional bodies may also participate in mentoring local groups. This may be facilitated through government sponsored programs seeking to empower women. This assistance could be made available to groups that register diversity especially in terms of economic and professional status.

11. Conclusion and Areas of Further Research

The results of our study indicate that while belonging to a social network is a predictor of the entrepreneur's growth aspirations, the other indicators of social networks — that is, derivation of social support, discussion of business ideas and status of network members — were unable to predict growth aspirations. We argue that this may be because of contextual conditions and the gender-biased nature of the metrics employed.

Subsequent studies should be cognizant of the limitations of this study and employ more qualitative methods. Throughout this paper we have highlighted the contextual issues that have had a bearing on the practice of female entrepreneurship and a thick description of these issues will be important in theory development.

Acknowledgment

The study was in part made possible through funding from Trust Africa's Investment Climate and Business Environment Research Fund ICBE-RF.

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