

**EFFECT OF WELL-CAPITALIZED SOCIAL NETWORK ON ACCESSIBILITY OF FINANCE  
AMONG UNSKILLED WOMEN ENTREPRENEURS IN KURIA EAST SUB-COUNTY, MIGORI  
COUNTY KENYA**

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**Abstract:** *Social networking greatly impacts entrepreneurial performance positively. Lasting relationships build by entrepreneurs determine the success of entrepreneurship. The continuous flow of information for better accessibility of finance among entrepreneurs is enhanced by social networking. The study sought to establish factors affecting accessibility to finance among unskilled women entrepreneurs, with a specific objective of determining the effect of well-capitalized social network on accessibility of finance among unskilled women entrepreneurs in Kenya*

**Methodology:** *The study adopted a descriptive research design to collect data from members of the population. The target population was the women-empowering such as Non-Governmental Organizations (NGOs) and Kenya Women Fund Trust, women who were not formally employed but owning small and micro enterprises, and political leaders in the county. Stratified random sampling technique was used to select the sample.*

**Findings:** *This study established that there is a strong relationship between the establishment of businesses and the acquisition of new opportunities. New opportunities are an essential pillar for the growth of any business. Businesses were established because of new opportunities acquired through social networking. The relationship was positive but weak since it was less than 0.5. Entrepreneurs got help from others through new opportunities created through social networking. The relationship was positive and strong since it was more than 0.5. There was a weak positive relationship between help acquired through social networking and the creation of opportunities for innovation. This is because 0.238 is less than 0.5. This implies that not all helpful opportunities have innovative ideologies.*

**Keywords:** *Entrepreneurship Development, Social Network, Tax policies*

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## **Introduction**

For the growth of any entrepreneur to be successful, there should be a strong network. Every entrepreneur attains several benefits from warm and trusting interaction with a range of other people. Disadvantaged entrepreneurs usually lack the opportunity to access positive networks that yield to a better outcome of their businesses. Because of poor network, many entrepreneurs experience a dearth of paramount resources such as financial, social and human capital resources. According to Dodd & Keles, there has been great urge by policymakers to consider network development as a way of enhancing entrepreneurship among the challenged. Further, networking results are dependent, clear, structured and contextual.

According to a study done in the U.S by Marion (2016), minority businesses produced more than \$400 billion annually and employed more than 2.2 million people either indirectly or directly. Moreover, contributions of minority-owned businesses averaged \$49 billion to local, state and federal tax revenues. This was a plausible contribution. There is still more potential for employing more people and paying more revenue once explored. Additionally, the need to intensely increase investment in minority entrepreneurs is important based not on charity to the survival of the American economy (Osano & Languitone, 2015).

Social network refers to the connection created by individuals that equip entrepreneurs with informational and financial resources and make informed decisions, therefore empowering them in discovering, exploring and exploiting opportunities (Qureshi et al., 2016). It is the use of Internet-based social media sites to remain linked up with customers, or clients. It can be done through social sites which include Facebook, Twitter, LinkedIn, and Instagram.

Social Networking Sites (SNS) have been found as the second generation web-based applications. They allow the creation of online networks. The social networking field has grown to be one of the fastest growing online environments connecting many people globally. Many businesses have moved into SNS as an approach to acquiring clients. SNS is used as a channel for customer engagement, social interaction, building relationships and channel of information. Organizations or businesses that have known SNS as marketing platform must comprehend the process and adoptive motives of the applications (Lorenzo & Constantinides, 2013). SNS helps in creating a corporate profile about a company, its products and/or services. They provide quick direct communication channels. Role of social media is increasing in current marketing strategies of many firms (Grizane & Jurgelane, 2016). Many firms have adopted social networking as a tool for marketing their products or services. Social tools help in strengthening brand awareness by communicating the core values of a business to many audiences (Singh & Sinha, 2017).

### **Study Objectives**

The study sought to establish factors affecting accessibility to finance among unskilled women entrepreneurs with a specific objective to determine the effect of well-capitalized social network on accessibility of finance among unskilled women entrepreneurs in Kuria East Sub-County, Migori County in Kenya.

### **Research Methodology**

The study adopted a descriptive design to collect data from members of the population. The research design was appropriate since the study sought to establish dynamics hindering financing among women business entrepreneurs in Migori County. The study also adopted a descriptive research design. The design was suitable because it enabled the researcher to build a good profile of the study. Moreover, the design was related to what, where, how and when about the situation. The study targeted 360 unskilled entrepreneurial women groups who were not formally employed in Kuria East Sub-County, Migori County. From the target population, the study selected 100 respondents which were arrived at by calculating the target population of 360 with a 95% confidence level and an error of 0.05 using the formula  $n = (Z^2pq)/d^2$ .

Whereby

n= sample size

Z = standard normal deviation (1.96)

P= Expected prevalence of proportion

q= 1-p

d= level of statistical significance set

$$n = (1.96^2 \times 0.1 \times 0.9) / 0.05^2 = 100$$

For a target population of less than 10,000 then sample size will be calculated using the formula:  $n_f = n / (1 + n/N)$ .

Whereby  $N = 360$  and  $n = 138$ . Therefore  $n_f = 100$

### Pilot Test Results

A pilot study was conducted to test the reliability and validity of the instruments for data collection. Only 15 questionnaires were administered to test validity and reliability of the instruments.

### Reliability of the Instrument

Cronbach’s alpha reliability coefficient usually ranges between 0 and 1. The following rules of thumb: if  $\alpha > .9$  – Excellent,  $\alpha > .8$  – Good,  $\alpha > .7$  – Acceptable,  $\alpha > .6$  – Questionable,  $\alpha > .5$  – Poor, and  $\alpha < .5$  – Unacceptable. It should also be noted that an alpha of .8 is most recommended since indicates good internal consistency of the items in the scale, though it does not mean that the scale is unidimensional.

Reliability Statistics			
Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	Based on N of Items	
.852	.841	15	

**Table 1: Reliability Statistics**

According to table 1 above, the instruments were reliable to collect data since they indicated stability. The Cronbach’s Alpha was greater than 0.8 showing that the instruments were good.

### Testing the Validity of the Instrument

The study issues 15 questionnaires for pilot testing. The degree of freedom was found to 13 (n-2). According to the predetermined Pearson table at 5% significance level the r is 0.514 while at 1% significance level is 0.641. Examining the relationship between each instrument and accessibility of finances, Pearson coefficient, r, was found. If the coefficient was greater than 0.514, an instrument was valid. If otherwise, it was invalid. The table below illustrates the information.

Questionnaire Number	Pearson Coefficient	Status Valid if > 0.514; Invalid if < 0.514
1	0.526	Valid
2	0.667	Valid
3	0.526	Valid
4	0.582	Valid
5	0.603	Valid
6	0.662	Valid
7	0.512	Invalid
8	0/492	Invalid
9	0.485	Invalid
10	0.567	Valid
11	0.543	Valid

12	0.689	Valid
13	0.587	Valid
14	0.612	Valid
15	0.701	Valid

**Table 2: Validity of the Study**

According to table 2 majority of the instruments were valid. Only three of them were invalid since their coefficient was less than 0.541.

**Research Findings And Presentation**

**Well-Capitalized Social Networks on Accessibility of Finance**

In an effort to find out the factors leading to investment among women in Kuria East Sub-county, Migori County, the respondents were asked some questions relating to social networking. The table below provides descriptive statistics on social networking.

	Member in social network	Establishment of business	Business gain from others	Helps acquire new opportunities	Poor network slows growth	socialCreates opportunity for innovation
Mean	1.6875	2.1500	2.1000	2.2500	2.1125	2.2000
Median	2.0000	2.0000	2.0000	2.0000	2.0000	2.0000
Std. Deviation	.46644	.94266	.75641	1.19598	1.41416	1.12958
Variance	.218	.889	.572	1.430	2.000	1.276

**Table 3: Descriptive Statistics on Capitalized Social Network**

The mean of respondents who were in social networks was 1.6875 with median of 2.0000 and standard deviation of 0.46644. The variance was 0.218. Many of the respondents had not joined social networks.

**Member in Social Network**

The study sought to understand whether the entrepreneurs had joined social networks or not. The response was categorized into two; Yes or No. the table below shows their distribution.

	Frequency	Valid Percent	Cumulative Percent
Yes	25	31.3	31.3
No	55	68.8	100.0
<b>Total</b>	<b>80</b>	<b>100.0</b>	<b>100</b>

**Table 4: Distribution of Respondents by Member in Social Network**

More than half of the respondents (68.8%) had not joined social networks. Only 31.3% of them had joined social networks.

**Social Networks help in Establishing Businesses**

The study sought to know whether social networks help in establishing enterprises. The responses were categorized into five; 1 – strongly agree, 2 – agree, 3 – neutral, 4 – disagree, and 5- strongly disagree.

<b>Indicator</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>
Help in establishing business	<b>15</b>	<b>70</b>	<b>7.5</b>	<b>-</b>	<b>7.5</b>
Social Networks help Businesses gain Support from Other	<b>15</b>	<b>68.8</b>	<b>7.5</b>	<b>8.8</b>	<b>-</b>
Social Networking helps acquire new Opportunities	<b>30</b>	<b>38.8</b>	<b>15</b>	<b>8.8</b>	<b>-</b>
Poor Social Network Slows Down Growth	<b>45</b>	<b>31.3</b>	<b>7.5</b>		<b>16.3</b>
Social Networking creates Opportunity for Innovation	<b>30</b>	<b>45</b>	<b>-</b>	<b>25</b>	<b>-</b>

**Table 5: Distribution of Respondents on Social networks Helps in Establishment of business**

A good number of the respondents (70%) agree that social networks help in establishing enterprises with 15% of them strongly agreeing. Only 7.5% were undecided while a similar number strongly disagreed.

The study purposed to whether social networks help entrepreneurs get support from other entrepreneurs. The study found that a good number of respondents (68.8%) agreed that social networks help entrepreneurs to get support from their colleagues. 15% of them strongly agree. Only 8.8% and 7.5% disagreed and were neutral respectively.

The study intended to find out whether social networking assists entrepreneurs in getting new opportunities for access to finances. The study found that almost half of the respondents (38.8%) agreed social networks create new opportunities for exploration by business ladies. 30% of them strongly agreed while 15% of them were neutral. 8.8% of them disagreed while 7.5% of them strongly disagreed.

The study sought to know if poor social networking affects accessibility to finance. According to table 4.10 above, Nearly half of the respondents (45%) strongly agreed that poor social network slows down the accessibility of finances for business growth and development. 31.3% agreed that poor social networking negatively affects capital accessibility. 6.3% of the respondents strongly disagreed while 7.5% were neutral.

The study purposed to reveal whether social networking open opportunities for innovation. Almost half of the respondents (45%) agreed that social networks create opportunities for innovation with 30% of them strongly agreeing. Only 25% of them disagreed.

**Inferential Statistics**

Spearman correlation analysis was conducted at 99% confidence interval and 1% significance level and was a 2-tailed test. Table 4.12 indicates the correlation between social networking and accessibility of finances.

			Helps acquire Opportunities	NewCreates Opportunity for Innovation
	Establishment of Business	Correlation of Coefficient	.545**	.381**
		Sig. (2-tailed)	.000	.000
		N	80	80
Spearman rho	Business gain from others	Correlation Support Coefficient	.612**	.238*
		Sig. (2-tailed)	.000	.034
		N	80	80
	Creates Opportunity for Innovation	Correlation Coefficient	.171	1.000
		Sig. (2-tailed)	.129	.
		N	80	80

**Table 6: Inferential Statistics on Social Networking and Accessibility of Finances**

Table 6 above shows that there is a positive relationship between the establishment of business and acquisition of new opportunities and opportunities for innovations with rho valuing at 0.545 and 0.381 respectively at 1% significance level. The p-value was found to be 0.000. Also, there was a positive relationship between the acquisition of support from others through social networks and the acquisition of new opportunities. The correlation coefficient was found to be 0.612. Similarly, there was a positive relationship but weak between the acquisition of support from others and the creation of opportunities for innovation. Considering a one-tail test, the correlation coefficient was found to be 0.238. The correlation coefficient between the creation of opportunities for innovation and the acquisition of new opportunities was 0.171. The p-value was found to be 0.129.

**Findings on Social Network and Accessibility of Finances**

Many of the unskilled women entrepreneurs had joined social networks. 85% of the respondents agreed that social networks help in establishing networks. A social network is essential for business survival and existence. They are sources of ideas on how to acquire finances and sustaining of the enterprises. Social networks contributed much to entrepreneurs to access help from others.

83.8% of the respondents affirmed that social networks assist business ladies to solve certain issues through their networks. Some did know whether there was any benefit derived from social networks. Collectively, more than half of the respondents (68.8%) agreed social networking is helpful as a source of opportunities for growth and development. Only a few respondents (16.3%) disagreed. Generally, poor networking negatively affects growth and development of businesses.

There is a strong relationship between the establishment of businesses and the acquisition of new opportunities. New opportunities are an essential pillar for the growth of any business. Businesses were established because of new opportunities acquired through social networking. The relationship was positive but weak since it was less than 0.5. Entrepreneurs got help from others through new opportunities created through social networking. The relationship was positive and strong since it was more than 0.5.

There was a weak positive relationship between help acquired through social networking and the creation of opportunities for innovation. This is because 0.238 is less than 0.5. This implies that not all helpful opportunities have innovative ideologies. There was no relationship between the creation of opportunities for

innovation and the acquisition of new opportunities. The p-values were greater than 0.5; implying the statement is not reliable though the relationship was positive.

### Conclusion of the Study

Basing on the findings of the study, conclusions were made on factors influence accessibility of finances among unskilled women entrepreneurs. It was evident that the establishment of a business is determined by new opportunities that emerge. Social networking helps businesses to thrive. Through networking, new innovative approaches are adopted. Entrepreneurs should explore all available opportunities to remain competitive and perform well. Networking provides an avenue for learning and marketing.

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