

## **INFLUENCE OF USE OF STRATEGIC NETWORKING ON GROWTH OF WOMEN OWNED ENTERPRISES IN THARAKA NITHI COUNTY, KENYA**

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**Abstract:** *Entrepreneurship is the process of identifying a viable business opportunity and collecting the necessary resources needed to make it an income generating venture. It plays a great role in many economies via its contribution towards job creation, innovation, wealth creation and economic development. Entrepreneurship is considered a creative way of integrating women in the continuously changing labour environment. Women owned enterprises are now part of the continually growing entrepreneurial sector with most of them falling under the SME category. The number of women owned enterprises has continued to grow over the years. Various factors affect growth of women owned enterprises among them government legislation, availability of mentors, Social networks, availability of funds and personal attributes. This study sought to establish the effect of entrepreneurial attributes on growth of women owned enterprises in Kenya, a case study of Tharaka Nithi County. Specifically, strategic networking. The researcher adopted descriptive research design. The target population was women run enterprises in Tharaka Nithi County. There are a total of 3250 women owned enterprises that had registered and paid for their licence under the Revenue office in Tharaka Nithi County for the financial year 2020/2021, which formed the target population. Sample size was then computed using the Yamane Formula, which resulted to 356. Stratified random sampling technique was employed. A questionnaire was used as the research instrument and was pilot tested to ensure reliability and validity. After collection, the data will be analysed using statistical package for social sciences (SPSS) and presented inform of inferential and descriptive statistics using frequency tables, pie charts, bar graphs and percentages. The findings of the descriptive statistics of strategic networking indicated that five out of the six examined aspects of strategic networking received a positive endorsement from the participants.*

**Keywords:** *Entrepreneurial Attributes, Strategic Networking, Women Owned Enterprises*

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### **1. Introduction**

Women run enterprises form part of the ever-growing business sector (Vera, 2018). According to GEM (2003), most of women owned enterprises are SMEs. They are actively involved in creation of new businesses as well as development of new products and services. Women Entrepreneurs have been pointed out as the new drivers for economic growth and are shining in the economies of developing countries (Douglas, 2014). The number of women owned enterprises increased greatly since 1980s due to increased access to training, consultancy services as well as start-up capital (Simion, 2018). Other factors that have in the recent past contributed to increase and growth of women owned enterprises include increase in independence for women, late marriages, family planning, higher desire for financial independence as well as financial education (Nkatha, 2016) They are increasingly gaining popularity due to their role towards economic development (Njoki, 2016). According

to Vera (2018), businesswomen contribute greatly to the economy in terms of ideas, energy as well as capital resources, job creation and market for the supplies in the economy.

The contribution by women entrepreneurs towards economic growth in Africa cannot be ignored. Women entrepreneurship is believed to be one of the components for regional development. Through firm growth, women entrepreneurship is praised for job creation in Africa.

A study was carried out by Junior, Senior and Beatrice (2020) to investigate challenges as well as prospects of female entrepreneurs in Ghana. Their findings revealed that growth of women enterprises was highly motivated by various factors which includes passion, desire to be self-employed and control individual incomes, need for achievement and destiny control. This study also revealed Ghanaian women in business as highly innovative. Further, this study revealed that Ghanaian women use available professional networks including marketing specialists, accountants and bankers to get opinion, advice as well as critique on their business idea which is critical towards growth of their enterprises. Additionally, this study found that networks available to Ghanaian business women strongly helped in terms of customer link up, moral support, operations and funding.

## **2. Strategic Networking**

Strategic establishment of networks is a critical need for growth of any business enterprise (Muthathai, 2017). She further suggests that women in business tend to utilize their formal networks. At the beginning, businesses depend more on informal networks such as family and friends. But with time as they grow they start benefiting from advanced formal networks that have access to information and resources. Such networks include consultants such as accountants, lawyers, financial advisors among others. They also begin to benefit from government agencies (Mattila, Hämäläinen, Häyrynen, Berghäll, Lähtinen & Toppinen, 2016) Compared to men, women entrepreneurs are less involved in networks and have different types of networks.

According to Khan, Li, Safdar and Khan (2019), networks help an entrepreneur in terms of business experience, financing, expertise and idea implementation. Networks play an important role in provision of information, acquisition of new business as well as new business contacts. Muthathai (2017) suggests that networks help in various entrepreneurial processes such as, mergers and acquisitions, expansion, opportunity identification and financing. Networks also act as the medium through which entrepreneurs exchange ideas and exploit opportunities. Mthembu and Barnard (2019), stated that networks act as the foundation of business information. According to Stuart & Sorenson (2007) strategic networks act as pipes through which private information flows. Recognition of opportunities involves social networks as the conduit through which information flows and have strong influence on who has which information and when they know it. Individuals with broad networks frequently start companies and join early stage ventures as advisors.

According to Kaandorp, Van Burg and Karlsson (2020), successful entrepreneurial environment comprises of supportive networks which provide an institutional fabric that links entrepreneurs to organized sources of learning as well as resources. Both individual and inter organizational strategic networks play a critical role to a successful start-up as well as ongoing ventures since they facilitate resource acquisition and opportunity identification. Individual strategic social activities benefit an entrepreneur in terms of counselling, opinion, role models, shared experiences, resources, information, motivation and support. Strategic networks enable an entrepreneur to access better resources and information and also faster response to challenges and opportunities.

### **3. Tharaka Nithi County**

Women Owned enterprises continue to play a key role in economic development. Traditionally, women were believed to run businesses in the service sector. However, over the decades, this has tremendously changed, with women preferring entrepreneurship as a career option and opting for male dominated sectors which are believed to be highly risky, capital intensive, growth oriented and export based (Douglas, 2014). Women Owned enterprises continue to dominate. Tharaka Nithi County has a total of 14000 businesses registered from both SMEs and farm related market enterprises, of which 8500 are owned by women forming 60% of the enterprises registered with the National chamber of commerce Tharaka Nithi County.

The major economic activities within the county revolve around crop farming. The major farming activities in the high attitude area are, coffee, tea and horticultural crops while the low attitude areas major in livestock farming, honey production, millet, sorghum. Green grams and cassava (Tharaka Nithi County Strategic Plan 2012-2017). Most of the women owned enterprises are in this sector. However, other women enterprises in the county fall under Manufacturing sector, food processing, service delivery and the garment industry.

Due to its Large Arid area, Tharaka Nithi County has enjoyed enterprise funding stakeholders such as FAO, Upper TANA and Akilidada. The government through NGAAF and WEF has also seen a lot of support towards entrepreneurship. Women owned enterprises within Tharaka Nithi County continue to enjoy funding and training to enhance their entrepreneurial skills and consequently Enterprise growth.

### **4. Statement of the Problem**

According to the Kenya Economic Report 2020, there is a considerable disparity in financial access between women and men with the latter having 85.6% while the former had 80.3%; men also had a higher access to formal credit at 22.9% while women had 18.7%; women had a higher access to informal sources at 9.5% compared to 5.2% for men; 70-80% of individuals engaged in petty and informal trading were women; 61.8% of female-owned enterprises were unlicensed in 2015; and lastly, 66% of women residing in rural areas are excluded from accessing both formal and informal prudential services (The Kenya Policy for Public policy Research, 2020).

Women entrepreneurs in Kenya lack adequate business contacts owing to limited networking opportunities which has hampered their growth (Ahmed, 2016). Additionally, many women owned SMEs were unable to institutionalise the internal controls needed to ensure quick collection of receivables owing to resource constraints which has led to reduced working capital (Kaberia & Muathe, 2021). Many women in Kenya turned to entrepreneurship as a last resort when formal employment opportunities had fallen through, as such, they lacked the passion to pursue new business opportunities which restricted the success of their ventures (Makena, Kubaison & Njati, 2014). According to Isa, Tubastuvi, Wahyuni, Marimuthu, Tony, Zulkifli and Hajar (2021), women owned SMEs are constrained from lowering their risk exposure by the lack of appropriate risk mitigation mechanisms such as micro-insurance products which ensure the entrepreneurs' assets are secured in the event that their income is diverted from their business. This hampers their growth prospects since they are susceptible to incurring huge losses in the event of a disaster such as a fire.

This study therefore seeks to contribute by filling gaps in the existing body of knowledge in a number of ways. Firstly, there have been no studies conducted on the correlation between entrepreneurial competencies and the growth of women owned enterprises. Thus, this study will provide new insights on how entrepreneurial competences influence the growth of women owned enterprises. Some studies have focused on SMEs in

general rather than women owned SMEs, therefore, the more gender specific concerns addressed by this study will provide accurate reference material for women entrepreneurs.

### 5. Objectives of the study

The general objective of this study was to examine the influence of entrepreneurial competencies on growth of women owned enterprises guided by a specific objective to determine the influence of use of strategic networking on growth of women owned enterprises in Tharaka Nithi county.

### 6. Research Methodology

Research design is described as a systematic and organized effort to investigate a problem with an aim to provide a solution (Labaree, 2009). Bist (2014) describes research design as a systematic, empirical, controlled as well as critical investigation of propositions about presumed relationship between various phenomena. In this study, the researcher adopted a descriptive research design since it enabled the researcher describe the situation as it is. Mugenda and Mugenda (2012) notes that descriptive research is used to acquire information about the current status of a phenomena in order to describe what exists in respect to various variables. This approach was considered appropriate for this study since it enabled the researcher to collect detailed information via descriptions which are essential in identification of variables and constructs.

In this study, the population comprised of all women owned business enterprises operating within Tharaka Nithi County and have paid up their trading Licences for the financial year 2020/2021. Thus, the unit of analysis is the women-owned enterprises in Tharaka Nithi County. There are over 6000 women owned enterprises registered under the revenue office in Tharaka Nithi county, but only 3250 had paid up for their trading licences which comprised the unit of observation. These enterprises are distributed throughout the county. The researcher grouped the county into regions namely: Chuka/Igambang`ombe, Maara and Tharaka, distributed as shown in table 1 below.

*Table :1 Target Population and sample size*

<b>Region</b>	<b>Population</b>	<b>Percentage</b>	<b>Sample Size</b>
Chuka/Igambang`ombe	1304	40	143
Maara	1153	35	126
Tharaka	793	25	87
<b>Total</b>	<b>3250</b>	<b>100</b>	<b>356</b>

**Source: Tharaka Nithi County Revenue Office 2020**

This study adopted primary methods to collect data. This study employed self-administered questionnaires as the main tool of data collection. The questionnaire contained structured questions and helped the researcher to gather large amounts of data in diverse areas within a short period of time.

### 7. Validity of Pilot Test Results

The study conducted a pilot test on 10 people who were chosen according to their knowledge and expertise as members of the management staff from various women-owned enterprises to provide content validity. Criterion validity was provided by the assurance that each participant would be given an equal opportunity to respond to each question impartially.

Construct validity was assessed through Component Factor analysis where a threshold of 0.4 was adopted on the factor loading values. According to Richard (2011), each item should address a specific aspect of a variable, thus items capturing similar aspect ought to be deleted or edited. To assess this, communalities were utilized in the component factor analysis where items with factor loading below 0.4 were eliminated. The results presented in table 3 shows that all items addressing each variable had a factor loading value of above 0.4 implying that all the items were valid thus none was deleted. The items were considered valid for collecting data for the main study. This is shown in the Table 2.

Table 2: Communalities

<b>Strategic Networking</b>	<b>Initial</b>	<b>Extraction</b>
1. My organisation has been applying computerised and web-based business networking so as to grow its business contacts.	1	0.546
2. The organisation lacks access to networking opportunities due to the absence of workshops and forums, consequently, it has not been able to increase the number of its business contacts.	1	0.635
3. Whenever the circumstances dictated, the organisation has sought to get financing through the selling of accounts receivables.	1	0.517
4. The organisation has encountered difficulties in the management of its accounts receivables owing to tight cashflow circumstances brought about by the lack of working capital as a result of insurmountable interest rates and short repayment periods for loans from financial institutions.	1	0.534
5. Through the engagement in entrepreneurial networks the organisation has been able to gain the skills and confidence to identify, manage and close business deals.	1	0.493
6. The organisation has been able to enhance its growth through engagement in business networking tactics which have increased its ability to identify business opportunities outside their regular domains and get profitable business deals.	1	0.603

### 8. Enterprise Growth

The findings of the descriptive statistics of enterprise growth are shown in Table 3. Accordingly, 86% of the participants agreed or strongly agreed that the organisation has been conducting meetings where the staff have deliberated on how to increase the level of sales including modalities for improvement, and month-on-month comparisons of the sales performance. This statement had a mean of 4.0789 indicating a strong agreement and affirming Muthathai (2017). Additionally, 71.7% of the respondents strongly agreed that the enterprise has been able to maintain acceptable sales levels owing to the active participation of its proprietor in the day to day running of the organisation. The corresponding mean of 4.1505 indicated a high affirmation and tallied with Kangwana and Muturi (2017).

Further, 76.3% of the participants agreed or strongly agreed that the challenges experienced by the organisation made it difficult for it to make the amount of business needed to hire more employees during the first five years of business. This statement had a mean of 3.9068 indicating that the participants agreed with it and corroborated Mwathi (2018). 86% of the participants agreed or strongly agreed that some cultural values that frown upon the involvement of women in some disciplines also discouraged the organisation from pursuing ventures in these disciplines and limited its scope for business expansion and job creation. The associated mean of 4.5090 confirmed the strong agreement and was consistent with Nkatha (2016).

The results also showed that 73.9% of the participants agreed or strongly agreed that the organisation has been unable to grow its business due to inadequate resources and so could only have a single outlet. This statement had a mean of 4.2581 indicating a strong affirmation and agreeing with Nyadida *et al.* (2021). Lastly, 88.9% of the participants agreed or strongly agreed that the organisation has been hampered by poor networking, lack of knowhow on how to circumvent the government bureaucracies and low bargaining power, which have all contributed to limiting its expansion prospects thereby keeping it down to a single outlet. This statement had a mean of 4.6595 indicating a strong agreement and affirming Maina and Mwiti (2016). The standard deviations for the all the responses ranged between 0.66962 and 1.35402 indicating that there was little variation between each response and the mean response.

*Table 3: Descriptive Statistics of Enterprise Growth*

	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Mean	Standard Deviation
The organisation has been conducting meetings where the staff have deliberated on how to increase the level of sales including modalities for improvement, and month-on-month comparisons of the sales performance.	14.0%	0.0%	0.0%	36.2%	49.8%	4.0789	1.32527
The organisation has been unable to grow its business due to inadequate resources and so could only have a single outlet.	0.4%	11.5%	14.3%	9.7%	64.2%	4.2581	1.10170
The organisation has been hampered by poor networking, lack of knowhow on how to circumvent the government bureaucracies and low bargaining power, which have all contributed to limiting its expansion prospects thereby keeping it down to a single outlet.	0.0%	0.0%	11.1%	11.8%	77.1%	4.6595	.66962

### 9. Pearson Correlation Analysis

Pearson correlation coefficient is a determination of how intensely two or more variables are linearly associated (Benesty, Chen, Huang & Cohen, 2009). The Pearson correlation coefficients for the study are presented in Table 4. Accordingly, the independent variable had positive correlations of  $r = 0.711$ , with the dependent

variable, enterprise growth. Thus, a one unit change in strategic networking will result in 0.711 change in enterprise growth;

Additionally, a review of the p-values shows that all of them were below 0.05 indicating a statistically significant relationship between all the independent variables and the dependent variable. This corroborated Dahiru (2008) who found that whenever there are confidence intervals of 95%, p-values need to be less than 0.05 so that observed differences between groups are unlikely to be down to chance and, therefore, statistically significant.

Table 4: Pearson Correlation Coefficients

		Strategic Networking	Growth of Women-Owned Enterprises
Strategic Networking	Pearson Correlation	1	
	Sig. (2-tailed)		
	N	279	
Growth of Women-Owned Enterprises	Pearson Correlation	.711**	1
	Sig. (2-tailed)	.000	
	N	279	279

### 10. Beta Coefficient Analysis

Beta Coefficients as unknown constants that are estimated from the data which are associated with given predictors or independent variables (Peterson & Brown, 2005). These coefficients measure the magnitude of change in an independent variable and how this affects the dependent variable when the rest of the independent variables are held constant. The results of the Beta Coefficients of the study variables are shown in Table 5. The values of the constants and coefficients enabled the generation of the following multiple regression model:

$$\begin{aligned}
 Y &= \beta_0 + \beta_1 X_1 + \varepsilon & (1) \\
 &= 8.017 + 0.839X_1
 \end{aligned}$$

Where, Y refers to the dependent variable (Enterprise Growth), X<sub>1</sub> refers to the Strategic networking variable, X<sub>2</sub> refers to the Risk Taking variable, X<sub>3</sub> refers to Innovation variable, and X<sub>4</sub> refers to the Purpose variable.

According to the equation, taking all the independent variables to be zero, Enterprise Growth will be a constant equivalent to 8.017. A review of the findings also shows that a unit increase in Strategic Networking will lead to a 0.839 increase in Enterprise Growth when all other independent variables are held constant.

Table 5: Beta Coefficients

Model	Unstandardized Coefficients		Standardized Coefficients		
	B	Std. Error	Beta	t	Sig.
(Constant)	8.017	.561		14.278	.000
1 Strategic Networking	.839	.066	.608	12.725	.000

a. Dependent Variable: Growth of Women-Owned Enterprises

## 11. Summary of the Findings

The study found a strong positive correlation between the independent variable and the dependent variable. The multiple regression model showed a fairly strong relationship with the data related to the variables indicating a good predictive model. Further, the study found a statistically significant relationship between the independent variables and the dependent variable.

The findings of the descriptive statistics of strategic networking indicated that five out of the six examined aspects of strategic networking received a positive endorsement from the participants. The three most important aspects of strategic networking were: the application of computerised and web-based business networking; engagement in business networking tactics which have increased its ability to identify business opportunities outside their regular domains and get profitable business deals; and seeking financing through the selling of accounts receivable. However, the one aspect that the respondents did not agree with was that through the engagement in entrepreneurial networks the organisation has been able to gain the skills and confidence to identify, manage and close business deals.

The results of the descriptive statistics of enterprise growth showed that the respondent gave their affirmation to every examined aspect of enterprise growth, however, the three most important ones were: the organisation has been hampered by poor networking, lack of knowhow on how to circumvent the government bureaucracies and low bargaining power, which have all contributed to limiting its expansion prospects thereby keeping it down to a single outlet; the organisation has been conducting meetings where the staff have deliberated on how to increase the level of sales including modalities for improvement, and month-on-month comparisons of the sales performance; and some cultural values that frown upon the involvement of women in some disciplines also discouraged the organisation from pursuing ventures in these disciplines and limited its scope for business expansion and job creation.

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