GROWTH PROCESS OF WOMEN-OWNED ENTERPRISES: IMPACT OF BUILDING AND USING THEIR SOCIAL CAPITAL

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ABSTRACT

Based on the Churchill and Lewis stage growth model of enterprises, this study explains the impact of building and using social capital by women entrepreneurs in different stages of their growth. It highlights their industry differences as well as norms of behaviour based on trust and obligation through which they successfully transform their contacts into useful resources, contributing to the growth and development of their businesses. Friends and family as well as women-only networks in the existence stage; customers, staff and suppliers in the survival stage; mixed networks as well as business and professional advisers in the success and take-off stages; and suppliers and/or distributors in the maturity stage have been found to be the main sources of women entrepreneurs’ social capital. The study confirms that the use of their social capital helps women entrepreneurs to gain access to information, advice, and ideas, as well as financial and human resources. The availability of these resources and/or informal assistance, act as a catalyst in developing and growing their businesses.

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INTRODUCTION AND OBJECTIVES

Social Capital can be defined as “the goodwill that is engendered by the fabric of social relations that can be mobilised to facilitate action” (Alder and Kwon 2002: 17) and “the sum of resources that accrue to an individual or group, by virtue of possessing networks” (Cope, Jack and Rose 2007: 213). The literature highlights that individual and groups can achieve more by making connection with others, as compared to working alone. The importance of social capital i.e. the use of networks and interpersonal relationships by business owners in order to generate informal assistance to develop and grow their businesses has been recognised. Researchers such as Bennet and Richardson (2005) have mentioned the importance of networking and developing relationships and explained how these are critical for business success. They further mention that both male and female entrepreneurs require a strong network of individuals, which they can use to share ideas and access information in the running of their businesses (Roomi 2006b).

There has been an increased recognition of women as successful entrepreneurs combined with a rising number of female owned businesses globally during the past two decades (Heilbrunn 2004). However, women entrepreneurship is characterised by a number of constraints including family responsibility as well as lack of relevant resources such as social capital. Literature illustrates that as compared to men, female entrepreneurs often enter self-employment under resourced in terms of human and social capital (Schmidt and Parker 2003). Smith-Hunter and Boyd (2004) also state that women business owners are more disadvantaged than their male counterparts in terms of resources because of their limited access to the ‘right’ social circles which can help them in accessing those resources as they are regularly excluded from traditional business networks and they further lack access to information about networks (Bennet and Richardson 2005).

According to Marlow and Carter (2004), the underperformance of female owned firms, compared to those owned by men, is strongly linked to initial undercapitalization of female owned firms. This initial undercapitalization is not restricted to access to finance, but also includes human and social capital which comprise previous managerial and sectoral experience as well as access to appropriate professional and personal networks. Neergaard et al. (2005) mention that women’s social structure and the way they socialise have a major influence on the social capital endowments which they use in starting up their businesses, with women being less welcome than men in social networks.

Among the myriad of factors contributing to the development of women-owned businesses, the issue of social capital has received some attention from scholars and researchers such as Kim and Aldrich (2005), Brush et al. (2004, 2002), Carter et al. (2003), and Ibarra (1993). In particular, social capital represents an additional form of capital to be accessed by women entrepreneurs when developing their ventures. Despite this growing interest in social capital and entrepreneurship, there have been few studies regarding how women entrepreneurs build, use, and maintain their social capital when growing their businesses. The current study aims to explore the perception of different women entrepreneurs concerning what their social capital is, and to investigate the methods through which they build and utilise their social capital for growth of their enterprises.
Nahapiet and Ghoshal (1998) conceptualise three dimensions of social capital, i.e., relational, structural, and cognitive. Claridge (2004) mentions that structural social capital facilitates mutually beneficial collective action through established roles and social networks supplemented by rules, procedures and precedents. On the other hand, cognitive social capital, which includes shared norms, values, attitudes, and beliefs, predisposes people towards mutually beneficial collective action (Krishna and Uphoff 2002). Cognitive and structural forms of social capital are commonly connected and mutually reinforcing and they may have an impact in productivity (Uphoff and Wijayaratna 2000). Finally, relational dimensions provide a context in which trust, rules and norms can be applied. For this study, the notion of social capital is considered from the perspective of its heuristic potential; in other words, the concept of social capital is used here as an umbrella concept towards understanding certain dynamics regarding the access to networks and groups, and the process of building trust-based relationships linked to business activities. The results can generate a guideline for other women entrepreneurs who can build and maintain their social capital more effectively and can utilise it more efficiently for the growth of their entrepreneurial ventures.

SOCIAL CAPITAL AND WOMEN’S ENTREPRENEURSHIP

During the past twenty years, the concept of social capital has been used to explain a wide range of social phenomena, including such diverse aspects as organisational dynamics, socio-economic performance, entrepreneurial growth, democracy, and competitive advantages. The notion of social capital proposes the existence of a certain form of capital different from economic and human capital, promoted mainly through the work of authors such as Pierre Bourdieu (1986), James Coleman (1988; 1990; 1993) and Robert Putnam (1993; 1995; 2000). The concept of social capital recognises the importance of interpersonal relationships, the community, and groups in terms of educational achievement and economic performance.

Social capital can provide an opportunity for individuals to reap economic benefits through entrepreneurship, as it may help to solve two problems of institutional economics, firstly by compensating for asymmetrical information and secondly, by reducing the transaction costs as a result of social and economic interaction (Svendsen 2003). Its significance derives from the mobilisation of knowledge and the process of learning and innovation it is said to promote. It is argued that entrepreneurs need to acquire knowledge, information, and resources such as capital, skills, and labour, which can be determining factors in the establishment and development of an entrepreneurial venture (Gabbay and Leenders 1999). While entrepreneurs hold some of these resources themselves, they often complement their resources by accessing their contacts, by joining networks or meeting people who can eventually help them to grow their businesses (Aldrich and Zimmer 1986, Aldrich et al. 1991, Cooper et al. 1995, Hansen 1995).

A number of studies have contributed to a better understanding of the difficulties and opportunities faced by women entrepreneurs against their male counterparts to access resources (Fielden and Davidson 2005, Butler 2003, Brush et al. 2004). Similarly, few authors have analysed the distribution of venture resources between male and female entrepreneurs, finding that little equity capital for women is determined both by
institutional or network barriers and also by the lack of human capital (Brush et al. 2002). Women entrepreneurs tend to be perceived as ‘not serious’ by resource providers such as bank managers and business advisers, and they do not therefore benefit from the potential resources and loans of the financial market (Prowess 2004).

The study by Brush et al. (2002) stresses the role of social capital in obtaining access to financial suppliers. They define social capital as a facilitator of resource exchanges, particularly knowledge, within and between firms, and as a catalyst of value creation. They concluded that although qualified women are leading new ventures that are in receipt of private and institutional investment, the number of women receiving funding nevertheless remains disproportionate to the number of women owning their own ventures.

In general, the number of constraints on accessing networks and starting new businesses can vary depending on other variables, such as social background, ethnic origin, age, education, experience, etc. Social and cultural settings can be determinant in the case of women’s networks and their use of social capital. Although there are no great differences in the aims pursued by women or men when accessing networks – such as accessing resources - there may, however, be variations in the ways in which women build relationships and the benefits they obtain from joining certain types of networks during the growth process. This study explores women entrepreneurs’ journey of accessing, building and utilising social capital in different stages of growth process.

THEORETICAL FRAMEWORK

GROWTH AND WOMEN-OWNED ENTERPRISES

Research conducted by some authors (Brush et al. 2006, Marlow and Carter 2004, Watson 2003) illustrates that despite the rise in number of women-owned enterprises, women-owned enterprises tend to under-perform in comparison to male owned businesses in a variety of measures including revenue, profit as well as structural and organizational growth. Marlow and Carter (2004) strengthened the viewpoint that the general performance and growth of women owned firms tends to be weaker than male owned firms in terms of turnover, profit realization and job creation, with women owned firms often being younger, smaller and achieving a lower level of performance across direct, indirect and proxy measures. Suggestions for this underperformance include the fact that female owned businesses are commonly concentrated in retail and service sectors, where businesses tend to be smaller in terms of revenue and employment, compared to technology, construction and manufacturing. There have been various arguments that industry differences are a major contribution to underperformance faced by women, as they often set up businesses in sectors with lower rates of profit (Roomi and Harrison 2008).

Under the Diana project, Brush et al. (2004, 2006) investigated the apparent disconnection between opportunities and resources in equity funding for high growth women-owned businesses. These studies highlighted the significant differences by gender, especially with regard to the growth process and investigated why women-owned businesses remained smaller (measured in terms of revenue generated or employees hired).
than those of their male counterparts despite a rise in the number of ventures created by women in the last two decades (Brush et al. 2006). Their initial findings confirmed that “…women often lacked the economic power and the social and family support structure to grow their ventures”, and the lack of adequate childcare might have forced them to keep their businesses smaller and more manageable (Brush et al. 2004: 8). They also found that one of the most important reasons for slower growth of women-owned businesses was that women encountered social structures in work, family and social life that influence development of human and social capital, different from their male counterparts. This lack of appropriate social capital to make meaningful exchanges within business networks limits their opportunities to raise growth capital and other resources crucial for the development and growth of businesses (Roomi and Harrison 2008, Brush et al. 2004). The most recent works by Brush et al. (2004, 2006) have also mentioned that their endowment in human, financial and social capital limit their access and utilisation of needed resources for deliberate or ambitious growth resources.

LIFE CYCLE MODEL FOR UNDERSTANDING GROWTH PROCESS

Based on the analogy of life cycle, a number of growth models have been developed (Greiner 1972, Churchill and Lewis 1983, Scott and Bruce 1987, Shariit and McConnell 1989, Burns 1996) to describe challenges faced by entrepreneurs in different stages/phases and how/what changes are needed to manage the enterprise in an effective and efficient manner (Burns 2007). This life cycle approach is termed as ‘Descriptive Approach’ by Dobbs and Hamilton (2007: 298). Despite criticism from some authors (Storey 1994, Garnsey 1998); this approach has been used in a number of empirical studies explaining growth in enterprises (Miller and Friesen 1984, Kazanjian 1998).

For the purpose of this study, Churcill and Lewis growth model (1983) has been used as a reference for growth of enterprises. Their approach is analogous to lifecycle approaches to products, implying an early growth stage, following birth, then maturity and eventually decline and death. Each stage has particular challenges that can be approached in different ways. An implication of such an approach is that growth of small firms should be linked to the age of the firms. The model has been refined over the course of many years and deemed by hundreds of business owners to be helpful in understanding problems, assessing skills and resources needed, and anticipating further challenges (Churchill 2000, Burns 2007). Each stage is characterised by an index of increasing size, complexity and / or dispersion, and described by five management factors: managerial style; organisational structure; extent of formal systems; major strategic goals; and the owner’s involvement in the business (Churchill 2000).

The literature mainly describes factors thought to influence small business growth in two categories. The first refers to an entrepreneur’s characteristics such as behaviour, personality, attitude (Storey 1994); their capability including education and training that creates higher expectations in some industry sectors (Henry et al. 2005) and their social capital that influence access to resources (Brush et al. 2004). A second group of factors identified and grouped by Storey (1994) include previous management experience; family history, functional skills; and relevant business sector knowledge. None of these, though, has been shown conclusively as a universal success factor.
By investigating how women business owners build and use social capital in different phases of the lifecycle might give some insights into how they grow their businesses. According to the Churcill and Lewis growth model (1983), in the very first (existence) stage company strategy is to stay alive. In the second (survival) stage, the primary goal is to establish customers’ base and product portfolio. When there are enough satisfied customers, the focus of attention shifts from existence, to the relationship between revenue and expenses to ensure an economic return on assets and labour. The company enters third (success) stage when it has already enough customers, owner has supervisors and managers, whereas planning, marketing, financial and operational system are operating. At this stage company has two options: either to disengage (stay like this, cease to exist or drop back to survival stage) or to grow (stage four / take – off). The business may remain in the third (success) stage indefinitely assuming a stable market and continuing effective management. Many organisations continue in this phase for a long period, either due to limited expansion potential or by design of the owner. If, however, they fail to adapt to a changing environment, they may yet fall back to the survival stage, or even fail.

To go for growth, and to enter into stage four (take-off), the main challenge for the entrepreneur is to consolidate resources to invest in growing the business (Churchill 2000). If a company is successful at stage four in generating sufficient resources, it may make a commitment to a higher growth rate and transition to stage five (maturity). If not, the cause may be detected sufficiently early to revert to stage three or even stage two. The pattern of using their social capital in different stages will enable us to determine what sources contribute to the growth of their enterprises. This can help other women understand the effect of social capital on growth (in different stages of the life cycle).

**METHODOLOGY AND RESEARCH DESIGN**

Due to the complexity of the notion of social capital, the research question is unfolded in certain categories, involving aspects such as networks, contacts, friends, and business relationships. The use of the concept of social capital is mainly heuristic, meaning that it is not to be expected that a means of measuring social capital *per se* will be found (Van Deth 2003), yet this notion can help us towards reaching an understanding of how women use their relationships and contacts as a stock of resources contributing to their business development and growth. Consequently, the method to be applied here is mainly *explicative*, involving a process of analytic induction. After a careful consideration of the different options, it was decided to approach the research question using qualitative techniques, seeking to understand certain motivations and particular ways for women to access networks and build their social capital (Orhan 2005).

In England, almost 8% (1,060,000) of the total women in employment run their own businesses. The data from the labour force survey (2008) demonstrates that while there is a 10.23 % overall growth in self employment, the female share has risen by just a percent from 26.94% to 27.92%. The study was conducted in the East of England, a region of the UK, where women increased their entrepreneurial activity from a mere 1.2% to 3.5%, a significant increase in just five years from 2002 – 2007 (GEM 2008).
Women entrepreneurs engaged across three different projects (Enterprising Women Project; the Centre for Women’s Enterprise, and Women’s only MBA at the University of Bedfordshire) were asked whether they would be willing to be interviewed. The variety of projects helped in attracting women entrepreneurs from different business sectors across the region on the basis of following sampling criteria:

(a) Running their own business for more than 42 months
(b) Working across the counties of the East of England region
(c) Representing different business sectors
(d) Willing to participate in and share their experiences to further this research.

A map of relationships (figure 1) was designed to organise the information provided by the women in relation to the diverse contacts and networks accessed and the types of resources exchanged within these relationships at different stages of the organisation’s life cycle. Women entrepreneurs were asked to map out their main relationships, links, networks, people with whom they had any sort of relationship contributing to their entrepreneurial activities at different stages. They were asked to describe the strength of the relationship, density and frequency of the contact as well as to add the type of services, information or support received, or provided.

Semi-structured interviews were conducted on a one-to-one basis, with 30 face to face interactions and 20 telephone conversations. The main reason for the choice of the method (either face to face or by telephone) was women entrepreneur’s availability and time constraint. All the interviews were recorded with the permission of the interviewees on the conditions of confidentiality and anonymity. The purpose of the selection of semi-structured interview as the main technique of this study was to acknowledge the authenticity of the female voice and the particularities of addressing women entrepreneurs’ issues (Mirchandani 1999). The interview process, furthermore, allowed major scope for exploring ideas and in establishing correspondences in the perception of social capital for women entrepreneurs. The respondents identified the type of people they had relationships with for acquiring, advice, information or resources as well as emotional support and discussed how it changed over time on the basis of a figure (Fig.1) shown to them. Data was analysed in three categories, namely (a) building social capital, (b) maintaining social capital and (c) use of social capital.
Figure 1. Possible Contacts, Links and Networks at Different Stages of Enterprise Growth

- Bank managers and other funders
- Staff
- Suppliers
- Distributors
- Online networking
- Networking groups (women-only)
- Networking groups (mixed-gender)
- Mentors
- Family
- Educational Organisations
- Friends, Colleagues
- Professional advisers
- Business advisers
- Charities and other voluntary groups
- Ex-Colleagues
- Institutions (Private or Public)
- Others…

Stages:
- Existence
- Survival
- Success
- Take-off
- Maturity
Nevertheless, some limitations of this technique can be evidenced as follows: firstly, the number of interviews (fifty) conducted does not allow the making of a general assessment of a situation; it only allows the identification of certain patterns and dynamics to be explored in further studies involving a larger number of participants. Secondly, the use of the semi-structured interview involves significant resources in terms of time and concentration; a challenge may be posed in maintaining the focus of the interview when the interviewee occasionally digresses from the main topic. Although a generous level of flexibility was allowed in the interviews, the main topics of the questionnaire were indeed covered.

FINDINGS AND ANALYSIS

The geographical profile of the data collected through 50 semi-structured interviews shows representation from all the counties of the region. Whereas, business sector profile reflects a majority of respondents (68%) in the services sector, followed by trading (20%) and manufacturing (12%). The sample confirms the findings of previous studies on women’s entrepreneurship in the region (Roomi 2006a).

WOMEN ENTREPRENEURS – BUILDING THEIR SOCIAL CAPITAL

Industry Differences

Almost all of the interviewees acknowledged the importance and usefulness of belonging to groups, and the benefits of maintaining good relationships with different people connected with the business. However, perceptions about what exactly is their social capital varied depending on the nature and form of the business. For women in the local services sector, local and regional networks, as well as professional groups, are crucial for getting together and attracting potential customers especially in the existence and survival stages of business. As one of the interviewees working in the services sector stated:

“I like to go to some events with colleagues in the industry. We exchange gossip and we know what is going on. I have always had a good relationship with them and I can always discuss problems with them.”

Traders and caterers consider “existing customers as their best contacts” along with suppliers and distributors to get repeat sales in the survival and success stages. One of the traders commented:
“I invest most of my time, energy and efforts on my customers who are my ambassadors.”

They referred to exhibitions and events related to their work as great sources of contacts, attracting customers as well. For manufacturers, the suppliers and contractors both serve as a link between them and their customers. As stated by one women entrepreneur:

“Local suppliers are very important for us. You get mutual support, they give you a good deal, then you hire them, and when you need them, they help you out. For example, I print a very expensive manual, and my printer gives me credit, because he trusts me.”

In the early stages of existence, institutions (such as Business Link) and professional groups provide access to information, advice, knowledge transfer, and - eventually - customers to small and medium enterprises especially in trading and manufacturing sectors. One of the women entrepreneurs praised ‘Business Link’ (a government funded body working for the establishment and development of enterprises in England) as follows:

“It would have been really difficult for me to set up my business without the help and knowledge I gained from Business Link. It was not only knowledge gained through training but also finding a contact at that training programme. We became friends and she helped me a great deal in setting up my business and then referring me to a number of clients and suppliers.”

Trust: The Ultimate Source for Building Social Capital?

Trust and shared values are the basis of durable relationships and the construction of significant social capital (Deakins et al. 2007), built over time in long-standing relationships in which values and principles may be shared. The same was expressed by the participants of this study:

“You need people you can trust and understand your situation. I like to work with people who match me in quality and integrity, people who I know what to expect from them”.

The majority of businesswomen interviewed in this investigation acknowledged the importance of building relationships based on trust. A few women interviewed (14%) defined trust in terms of ‘intuition’, while others agreed with the fact that trust is built throughout time and repeated experiences and helps especially in the “take off” stage of business growth when an entrepreneur needs resources (both financial and human). One of the respondents summed it up effectively by narrating as below:
“When somebody is recommended, we try to call him/her and organise a meeting for commencing a relationship. It is like a long courtship; it needs to be built up, and people need to feel comfortable”.

‘Women-only’ Networks: Are These Helpful?

Most of the women entrepreneurs mentioned the friendly and supportive nature of women-only networking groups and highly valued them for emotional support, inspiration, and encouragement. These groups provide them with a platform for sharing similar experiences and professional development. One of the interviewees responded enthusiastically:

“You become friendly very quickly with women; there is a sort of identification of the challenges you have to face in business and some other similarities. Women are generous with sharing information, views and contacts. The businesswomen network is very good support.”

Women-only networks were also termed as a source for referrals and marketing especially by women entrepreneurs operating in the services sector. These networks help them in finding customers and act as an excellent ‘word of mouth’ promotional strategy saving advertisement costs when they are in the “financial death valley” because of the shortage of cash inflow (Burns 2007: 167). However, more established women entrepreneurs, especially belonging to manufacturing, trading, and science and technology sectors, mentioned the absence of high-flying business women from these groups and pointed out the lack of business drive in women-only groups. Only 12% women expressed their concern about the absence of bridging social capital, mentioned in the literature as being crucial for accessing resources to develop and grow businesses (Brush et al. 2004, 2006). However, most of them stated that presence of men in a network makes it more professional and useful. One of them expressed her views as follows:

“I recognise that when we have men in our group [women-only network, special days] people are more business-like” and..... “I think that sometimes women-only networks are very much influenced by appearances. Women can be very judgmental, observing how you look, what you wear, if you have lipstick on, etc. That’s why I prefer mixed groups.”

Although, the majority of women interviewed stated that they had not experienced problems in mixed groups, a few women mentioned certain issues as follows:

“...women with other women feel more comfortable when showing vulnerability; with men, women need to show a tougher or braver face.”

“We have to be professional, to-the-point, and focussed in our networking events. The moment you show relaxed attitude, men start having different perception about you......”

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“Building a long-term relationship based on trust and norms is not an easy ride, especially with men. One has to prove herself that she deserves it. It’s not like a “sister’s network” where you can say and express whatever comes to your mind. It’s far more professional and focused, sometimes boring, indeed.”

Mentors: A Valuable Part of Social Capital?

In this study, in addition to family, friends, customers, suppliers, and distributors, etc. mentors emerged as another major element of women entrepreneurs’ social capital. Mentors influence businesswomen at the personal level, by increasing their self-confidence, and by providing advice and emotional support. In a few cases, mentors were professional advisors who solved problems at critical moments during the growth of the business. As one of the interviewees commented:

“The guy who first helped us with the premises has become our mentor; he is the person who is always there at the end of the line for any question.”
Box 1. How Women Entrepreneurs Build their Social Capital? Key Findings

- It is important to understand that the concept of social capital goes beyond ‘networking’. It involves the building and maintaining of networks and the norms of behaviour that underpin them.

- In addition to networking, social capital encompasses building of trust, access to certain groups, and construction and maintenance of durable relationships with different people and organisations.

- ‘Women-only’ networks represent a suitable solution for business women who are starting their business (generally in the services sector); however, joining mixed-networks adds value to creation of the social capital for those providing services/products to clients irrespective of gender.

- ‘Women-only’ networks play an important role in the early stages of small businesses, however, women entrepreneurs’ interaction with high-fliers managers and/or experienced business owners makes a crucial difference as businesses grow especially in the ‘take-of’ and ‘growth’ phases in the life cycle of the business.

- Women entrepreneurs should go beyond local, regional, as well as professional networks. The choice of joining networking groups must be taken strategically considering the time required to nurture social capital and should be dependent upon the nature of each woman’s business.

- Social capital is not a “wonder drug” or miracle to cure all the problems faced by women entrepreneurs in the growth process, however, it can act as a catalyst or lubricant to facilitate and accelerate the growth process.

Box 1 summarises women entrepreneurs’ understanding of social capital, the element of trust, women-only networks, and the overall role of social capital in the growth of their businesses.

**WOMEN ENTREPRENEURS – USING THEIR SOCIAL CAPITAL**
Networks and groups are sources of information, help, and advice for a significant proportion of women. The majority of women interviewed in this study expressed their willingness to establish contacts with others because they are aware of the benefits,

‘...you can’t be an island, you need people! ... When I started my business I needed to meet people, I went to a lot of networking groups. Now, most of my clients come from referrals.’

The majority of the successful business women use their social capital for referrals - not only referral of customers but referrals to suppliers, distributors, and freelance workers / service providers as well. As one interviewee described:

‘...whenever I need a service, nine out of ten times I tend to ask if somebody can recommend someone.’

Another noteworthy observation was the variable use of social capital by women entrepreneurs during different stages of the cyclical process of their businesses. Not all of their contacts and networks are equally important in all the stages of their business. This research found that women entrepreneurs use different sources of their social capital in the five stages of Churchill and Lewis (1983) model of business growth. Table 1 illustrates the change in the usage of a range of contacts and links in different stages of the growth model. During the initial phases of the business, women ask help from institutions, as well as from friends and colleagues. Mentors and women-only networking groups also help them in developing self-confidence and self-efficacy. One of the interviewees explained:

‘I don’t think I would have been there (where I am today professionally) without the help of the women-only network. It was so encouraging to see other women who had already dealt with similar problems and issues as mine.’

Customers, suppliers, staff and professional advisers play an important role in the ‘survival’ stage. When the business starts to grow, their requirements change and they need more specific resources from their social capital; for example, businesswomen may need training, premises, funding or partnerships. Many women entrepreneurs expressed the limited or non-availability of opportunities provided by business support organisations and women-only networking groups at that point in time, however, they pointed out the importance of mixed gender formal and informal networks at this stage.

‘I did not get any benefit in the later stages of the business as most of the members of the women-only networks had limited approach about the development of their businesses. The moment I joined mixed gender formal groups, I realised they were talking big.’

They mentioned the availability of a range of training programmes and other business development services for pre-start up and start-up companies in the ‘existence’
and ‘survival’ stages and pin-pointed the lack of these services in the later stages of the business cycle. As one of the respondents explained:

“I wonder why there are not many training programmes for business growth, whereas one can find a number of training programmes for starting a business.”

In addition, women entrepreneurs mentioned the problem of having less time for networking when their customer base increased and they were responsible for delivering the product or the service. There is an opportunity to grow after the third (success) stage in the Churchill and Lewis growth model, which tends to involve the making of a conscious decision, and then already developed networks and contacts (both formal and informal) play a major role for acquisition of resources especially financial resources. Although, through all the phases businesswomen rely on friends and family for emotional support, they need extra financial, human and sometimes technical resources in the growth phase as their growth depends on innovation (either technical innovation in the case of manufacturing sector or non-technical innovation in the case of services or trading sectors) and value addition. Most interviewees were of the view that professional and business advisers helped them in this stage, in addition to mixed gender, formal and informal networks.

“I was at a party where one of my friends introduced me to a ‘business angel’. Within the next four months, he invested almost half a million in my company giving it wings to fly.”

“I met ‘P’ (my business partner) on a formal networking breakfast. We were introduced to each other. The moment I discussed my future growth ideas with him, he showed his interest and since then there’s no way back. We are going to establish our fifth branch in July this year.”

Customers as well as suppliers and/or distributors are important ‘supporters’ and ‘advocates’ of business in ‘maturity’ stage as they are in the ‘survival’ stage. Staff’s dedication and devotion was also quoted as one of the most important factors by almost all women entrepreneurs.

“I feel lucky that I got such a supportive staff that put extra effort in the ‘take-off’ and ‘maturity’ stages.”

“I think my main social capital is my staff, working with such a dedication. Some of them were there working day and night when my business was small. They worked really hard and supported it through thick and thin. Now I make sure that I take care of them and compensate them for all their efforts.”
Table 1. Stages of Growth Model and Sources of Social Capital

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<td>Ex-Colleagues</td>
<td>Networking Group (Women-only)</td>
<td>Family and Friends</td>
<td>Family and Friends</td>
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</table>
Summary of using social capital

The table 1 summarises the findings of using social capital in different stages of growth. It illustrates that friends, family members and capacity building institutions play an important role in the start-up (existence stage). As the company strategy is to stay alive. Organization is simple and the owner does, or is involved in doing everything by supervising subordinates (if any), supplying energy, direction and, capital (Churchill, 2000). Systems and formal planning are minimal or non-existent, and the strategy being minimum costs to remain alive. That’s where women-only networks help in marketing of the products and services through word of mouth and other relational marketing strategies.

In the second (survival) stage, the primary goal is to establish customers’ base and product portfolio. There are enough satisfied customers, and the focus of attention shifts from existence, to the relationship between revenue and expenses to ensure an economic return on assets and labour (Burns, 2007). Customers, staff and suppliers become more helpful as they help in maintaining cash flow, which is a crucial at this stage.

The company enters third (success) stage when it has already enough customers, owner has supervisors and managers, whereas planning, marketing, financial and operational system are operating. The owner increasingly adopts a strategic monitoring role and moves away somewhat from the former close identity with the business (Churchill, 2000; Burns, 2007). Business/professional advisers become important to improve systems and devising operational and strategic planning, if the entrepreneur wishes to grow the enterprise. Mixed networks as well as their mentors also help them to consolidate resources to invest for growing their business and take their company in the fourth (take-off) stage.

Stage five (maturity) requires from entrepreneurs, good managerial skills and financial resources. Staff as well as distributors and suppliers become an important source of social capital that can help women entrepreneurs to move the company through this stage and make it really successful and large.

CONCLUSION AND IMPLICATIONS

The study, based on the interviews of fifty women entrepreneurs in the East of England region, validates the findings of earlier literature (Brush et al. 2004, Bennet and Richardson 2005, Brush et al. 2006, Roomi and Harrison 2008) about the importance of social capital. It confirms that the use of networks and interpersonal relationships by women business owners help them in accessing information, advise, and ideas as well as financial and human resources. The availability of these resources and /or informal assistance generated through their social capital act as a catalyst to develop and grow their businesses.

All the participants of the study acknowledged the usefulness of belonging to groups, and the benefits of maintaining good relationships with different people connected with the business. However, perceptions about what exactly is their social capital varied depending on the nature and form of the business. For women in the local services sector, local and regional networks, as well as professional groups, are crucial for getting together and attracting potential customers. For manufacturers, the suppliers and contractors both serve as a link between them and their customers. Advisors, mentors, and local business development institutions such as Business Link, Enterprising Women, and the Centre for Women’s Enterprise (women’s enterprise development initiatives in the East of England) were quoted as valuable sources for developing
‘bonding social capital’ to access information and spreading word of mouth. Women-only networks were mentioned to play a crucial role in developing and building contacts with like-minded entrepreneurs and a critical source for ideas, information and advice in the earlier phases (existence and survival) of business development. However, some of the participants confirmed that women-only networks affected the diversity of links and the ‘bridging social capital’, which was important for accessing resources to grow businesses (Brush et al. 2004, 2006). This confirms the need of bridging social capital by participation in cross gender networks as well as professional groups for women entrepreneurs especially in the “take off and growth” phases of Churchill and Lewis growth model.

Most of the interviewees validated the findings of the recent literature (Anderson et al. 2007, Roomi and Harrison 2008) that building social capital is not only about joining groups and networks, exchanging cards, attending networking events, and contacting others when needed. The development of significant social capital is based on trust built over time in long-standing relationships in which values and principles may be shared. The more one ‘gives’ or willing to share, the better maintained ones social capital is. The same results confirm the presence of trust as a source of social capital (Putnam 1993, Coleman 1988); as well as authenticate the findings of Fukuyama (1995) who equated trust with social capital; and Lin’s (1999) research who see trust as a collective asset resulting form social capital construed as a relational asset, placed in the individual. Most of the respondents (76%) emphasised the value of trust and importance of building “strong ties”. They considered strong ties playing more important role as compared to ‘weak ties’ in the growth stage of the business. Hence, adding a new dimension to Granovetter’s (1973) concept of ‘the strength of weak ties’.

However, the finding that the sources of social capital vary in different stages of growth is one of the main contributions of this study to the literature of social capital and entrepreneurship. One of the important findings is that women entrepreneurs can more successfully use their social capital in the survival, success and take-off stages of their businesses if they start building it in the start-up (existence) or even in the pre-start up phase. As it gives them time to build and maintain trust and credibility. Though, the building of their social capital is mainly in the early stages of Churchill and Lewis growth model, the maintenance and utilisation may occur in any stage.

Overall, this study contributes to a better understanding of the ways in which women can build and use their social capital, through networks and individual efforts for the growth and of their businesses. Their quotations explain the dynamics of social capital, highlights their norms of behaviour based on trust and obligation through which they successfully transform their contacts into useful resources contributing to the growth of their businesses.

One of the implications of this work could be the better understanding for the government or other business development agencies/organisations of the use of social capital by women entrepreneurs in furthering growth. It provides them with some ideas provide a conducive environment for the development of opportunities for building social capital for existing or potential women entrepreneurs. This research paves a way for further research using quantitative techniques on a larger sample across the country to identify sources of social capital as well as their potential impact on their business growth.

The purpose of this research has been to gain a deeper understanding of the dynamics of social capital, and its influence on business growth for women entrepreneurs. Consequently, further research using quantitative techniques may benefit from this research in terms of the
identification of topics, areas, categories, and points that characterise how women entrepreneurs use and build their social capital.

REFERENCES


