

# The use of electronic networking by Australian small businesswomen

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## Abstract:

Networking generally is considered to be a key strategy for business development. It is particularly critical for women, who often face structural disadvantages that limit their ability to exploit business opportunities as effectively as men. Women, for instance, are more likely to operate micro-sized and home-based businesses, often as a means of managing both work and carer roles. The nature of such businesses may contribute to the higher rate of business isolation reported by women; and to the formation of the dense, overlapping networks characteristic of small businesswomen that, because they lack diversity, also limit the individual's ability to gather new information.

This paper reports on ongoing exploratory research which indicates that electronic networking can be an effective way of meeting the specific needs of small businesswomen. In previous studies, women have indicated that they need business networks that are informal, flexible and capable of supplying both information and social support. It is becoming increasingly evident that the Internet has key strengths in these areas. At the same time, the adoption of any new technology depends on the compatibility of that innovation with the day-to-day lives of users. This research suggests that the potential of electronic networks for small businesswomen lies not in their ability to replace existing networks, but to supplement them in a way that increases their diversity, scope and business value.

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## Introduction

This paper reports on ongoing exploratory research which indicates that electronic networking can be an effective way of meeting the specific networking needs of small businesswomen. In doing so, it aims to:

- outline the key barriers to the networking activities of small businesswomen, and the implications these have for women's business networking;
- identify what an 'appropriate' business network is for small businesswomen; and
- explore the ways in which women are using electronic networking to facilitate the operations of their businesses.

Popular wisdom and considerable academic opinion says that networking is a critical strategy for small business owners who want to progress their businesses. Individuals who establish businesses require certain resources: experience, capital, employees and clients. Since most potential small business owners have specific knowledge in only a limited number of the areas in which management decisions need to be made, it will often be necessary for them to seek assistance from others. The degree to which they can access this help from others, in terms of both quantity and quality of information, is critical, since it is the means by which they obtain the resources they need (Reese and Aldrich 1991). Networks are therefore key tools for business owners endeavouring to make a place for themselves in a competitive marketplace.

### Barriers to networking by small businesswomen

At the same time, it is becoming increasingly recognised that for approximately one-third of small business owners in Australia<sup>1</sup> — those who are women — the benefits of networking are constrained by a range of structural disadvantages, both within and outside the business arena, that affect their ability to exploit business opportunities as effectively as men (Loscocco et al 1991). Authors such as Moore (1990) have found that most gender differences in networks are a result of the opportunities and constraints arising from women and men's different locations in the social structure, rather than the predisposition of a particular sex to form and maintain a different kind of network. Key life activities such as marriage and family, participation in the workplace and organised social life may be sources of barriers that limit the reach and diversity of women's networks (Aldrich 1989). For example, many small businesswomen balance ongoing family and work responsibilities in ways that are less common in the lives of male business owners. Almost 90 per cent of women in small business who have dependent children are primary care-givers, with 50 per cent of all women operating small businesses reporting that they are solely responsible for domestic work in the home (Flinders University of South Australia 1996). Such obligations are more likely to increase women's separation from business

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<sup>1</sup> Women play the sole or leading role in running Australian small businesses in 13% of cases; and share the leading role in another 19% (Yellow Pages 1996). The use of this figure is not intended to discount the business contributions or difficulties of women who do not have a leading role in their business partnership.

opportunities; limit the scope, location, time and energy available for business activity; and restrict opportunities for furthering workplace-based skills.

Women's businesses, partly because of the need for flexibility in terms of integrating work and family roles, as well as the time poverty induced by such responsibilities, are also typically smaller than those of men. Three-quarters of women small business owners have micro-businesses of less than five employees; and of that figure, 59 per cent are non-employing proprietors (Still and Timms 1997). Forty-seven per cent are home-based businesses (Still and Timms 1997). The majority of these businesses are in sectors dominated by women owners, such as education; health and community services; personal and other services; accommodation, cafes and restaurants; and cultural and recreational services. This means that women's access to high status, powerful contacts — who are often males — is further restricted.

Networking poses additional difficulties for small businesswomen in rural contexts. Given the economic, social and environmental challenges facing rural communities in recent years, it is becoming increasingly common for women to be called upon to work a triple shift of family, farm and paid employment (Rural Women and ICT's Research Team 1999). Together, time constraints and long distances limit opportunities for rural small businesswomen to join networking groups or attend institutionally-based courses ('WordsWorth communicating' press release 1999). The Karpin Report (1995) pointed out that difficulties in establishing networks, particularly for women and people in remote areas, has meant that instead of being able to quickly compare notes on management practices, people are forever reinventing the wheel and falling behind where they could be otherwise in terms of company development.

#### Nature of small businesswomen's networks

Constraints such as these are a strong influence on women's networks, and are likely to have a bearing on the fact that women report strong feelings of business-related isolation more often than do men (Yellow Pages 1996; Burton and Ryall 1995). Although network characteristics such as size and level of activity have been found to show considerable similarity in networks created by men and women business owners, the key difference between them lies in the composition of women's networks (Aldrich et al 1997; Cromie and Birley 1992; Reese and Aldrich 1991). Women's active networks have a high proportion of kin and close friends, compared to men's networks, which tend to be dominated by business and male friends who typically have greater wealth and access to finance (Borzi 1994). The dense, highly interconnected networks typical of women business owners are less likely to be a source of new ideas and contacts because so many of the individuals within those networks move in the same social circles, with similar interests and concerns. In contrast, the broader reach of men's informal networks provides greater opportunity to come across new and diverse information.

Thus, if there is business advantage in having many diverse information sources through a broad range of contacts, then it may be necessary for women to develop other strategies for gaining information. This appears to be a key driver for the emergence of women's business networking groups. Women's business networks are a deliberate means of linking women with other women to expand contacts, pass on

information, provide successful role models for each other, and generate solutions to problems. They formalise the opportunities for gaining diverse linkages, as the following comment makes clear:

... there are all grades of seniority of people in WIT [Women in Technology] but most of the senior women I wouldn't have known ... I've got to know them extremely well. I've made some good friends and that has created an ... 'old girls' network if you like, because our paths [previously] never crossed ... [WIT] has enabled us to get together and become friends, share views ...

At the same time, appropriate business networks respect the multiple roles and associated time poverty which shape the working lives of many small businesswomen. A study of regional women small business proprietors (SBDC WA 1994) found that existing networking organisations were considered to be too political, service-oriented and time-consuming. The WISE (Women Into Self Employment) women's business network appears to have taken such views into account in formulating its policy regarding involvement:

When you join the network we would like you to participate fully at meetings. Apart from that there are no commitments.

NO fundraising

NO committees

NO compulsory attendance

(<http://www.wisewomen.org.nz/about/default.htm>)

Thus, women want access to business networks which are informal, flexible (ESFC 1994) and focused on professional development (SBDC WA 1994). At the same time, social support is also considered to be a valued characteristic of women's business networks. The results of Smeltzer and Fann's (1989) qualitative research indicate that small businesswomen seek social support as much as instrumental information through their external networks. Preliminary feedback from this more recent research indicates a similar focus. For example, one woman comments on the social benefits of the Women in Technology (WIT) group in the following terms:

[Y]ou realise that you don't feel on your own any longer, you're not the lone voice, the lone female out there, thinking, 'Gee this is hard'.

### Small business electronic networking

This paper explores the possibilities of electronic networking, an innovative form of business networking which can be used to meet the particular needs of small businesswomen. Electronic networking offers opportunities that are particularly valuable for small businesses in general in the current economic climate, as they face challenges such as increased global competition; a growing need for immediate access to current business information from a variety of sources; increased consumer demand for quality in all products and services; and a growing need to stay flexible (Welsh and Cummings 1993). Increasing numbers of small businesses are responding to these pressures by including Internet connectivity among their strategies to increase competitiveness. Information and communication technologies are being used to

gather information and set up contacts; to network informally with other small businesses, both local and international, to share opportunities and experiences; to enable timely customer feedback and suggestions; and to keep informed of the latest changes in government and industry regulations by accessing government information services (Poon and Jevons 1997).

Electronic networks appear to be a particularly appropriate medium, however, for women business owners. As noted above, women appear to be largely excluded from the informal, strong-tie networks to which male business owners have access, and so must meet their own needs through formal weak tie networks that facilitate diverse contacts from different social arenas. Weak ties link individuals who possess different knowledge and information — thus, an electronic business network may encompass people from a range of different social and geographic networks, who deliberately choose to share experiences, knowledge and abilities for the mutual benefit of their businesses. This is particularly critical for rural small businesswomen, whose access to diverse sources of information within their communities is especially limited, and who are likely to be restricted by cost and/or time constraints when seeking resources that are further afield.

In addition to these more instrumental purposes, however, a number of researchers have noted the potential of electronic networks to be not just ‘information technologies’, but also ‘social technologies’ (Bikson and Panis 1995). Through the sharing of information, ideas and experiences, electronic networking can foster supportive interaction and facilitate relationship-building, creating a web of social connections that stretch across time and place. Recognition of this fact is evident on the web pages of women’s groups — social, business, academic and activist — who have established a presence on the World Wide Web. The purpose of their web sites is often stated in both social and instrumental terms:

Networking and communication deepens the functionality of the Net by providing a tool for communication and interaction with a virtual community of women decision makers who wish to cooperate, collaborate, network, inform or mobilize other women or groups (Advancing Women web site, <<http://www.advancingwomen.com/communications.html>>).

Given that small businesswomen report stronger feelings of business isolation than do men, and the fact that most women’s business networking groups lay emphasis on the importance of providing social support for members, significant possibilities exist for electronic networking to fulfil social needs as well as informational ones.

The potential of electronic networking to facilitate the operations of a small business in any of these ways, however, is obviously dependent on the willingness and/or ability of the owner to take up and exploit the technology. The invention of most new technologies, and their subsequent diffusion into general social use, is commonly marked by a process of ‘re-invention’, as users shape the technology for their own purposes. Rakow (1988) and Moyal’s (1992) studies of women and the telephone, for example, traced women’s appropriation of the telephone into the domestic sphere, changing its social meaning from the ‘rational’, business-oriented device intended by those who controlled its manufacture and supply, to one capable of building and sustaining human relationships (Ebben and Kramarae 1993). The technology was

translated as individuals adapted it to the requirements of their own daily lives and shaped its uses and meanings: the telephone did not alter the role of women in the household, or alter their communication activities. Rather, it was incorporated into existing communication patterns (Dimmick et al. 1994). Users adopt communication technologies to supplement existing ways of acting, rather than to displace older methods: they increase their options to mix and match different ways of doing the meaningful things in their lives (Gillard 1996).

#### Small businesswomen's use of electronic networking

Preliminary feedback from this research suggests that the use of electronic networking by Australian small businesswomen may be following a similar pattern. Female small business owners join formal women's business networking organisations to learn from a diverse range of others, to make contacts and to gather information in a supportive and enjoyable atmosphere. The potential of electronic networking lies not in its ability to replace these existing physical networks, but to supplement them in a way which increases their diversity, scope and business value.

- Facilitator

There are a number of ways in which this complementary networking occurs. First, e-mail is used to address time poverty: it is frequently a facilitator of real-world activities. Small businesswomen are using electronic networks to keep in touch quickly and easily with business and social contacts. In most cases, the face-to-face contact comes first: the electronic network then keeps the channel open:

I think the electronic [network] facilitates you getting together ... because there's [only] so much time and telephone contact always seems to take so terribly long! They're not in, you leave a message, then you forget to ring back and so often you just miss each other. Email you don't miss each other so it keeps the channel open when ... we're all busy. I think it's extremely valuable in that regard.

Electronic networking therefore complements the 'real world' business networks formed by small businesswomen, enabling them to build relationships that were founded by face-to-face contact, but require maintenance to continue to be beneficial.

Electronic networks also appear to encourage proactivity, in the sense that they enable people 'to communicate to get things done'. One woman related how a particularly complex international travel arrangement was possible only because of e-mail:

... there is absolutely NO way we would be doing this if we couldn't have organised it by e-mail ... We wouldn't be telephoning, too expensive to telephone New Zealand; you wouldn't mail, it takes a week ... we don't have time ... It would have been too hard.

[E-mail] enables you to efficiently manage the things you want to do and add a little bit extra ... I think that's incredibly valuable to my life.

- Information searches

At the same time, Australian small businesswomen are beginning to exploit the possibilities of electronic networking for information seeking. Early feedback from this research indicates that time poverty is again a key influence in determining how small businesswomen set about gathering information — as one woman commented, ‘I would never ever sit down and just fiddle around on the Internet for the sake of it because I had nothing else to do’. Their use of both the World Wide Web and e-mail tends to be focused and clearly targeted toward meeting specific needs:

I am looking at [a discussion group] which I think is particularly pertinent to my current consulting assignment. The discussion is a Special Interest network of a professional body ... I expect to get some useful ideas.

Similarly, under the auspices of the Women in Technology (WIT) networking group, a number of electronic Special Interest Groups (SIGs) have been formed that focus on specific topics of concern to members, such as the Internet Technology SIG, which provides a forum to explore ways to leverage Internet technology in the workplace, at school and at home. Such electronic networks provide a convenient, time-efficient way to link with others who share specific interests and knowledge. At the same time, they can also be an effective way of connecting with women at different levels of seniority and power, in diverse geographic locations, and from varying social backgrounds, and thus may help members to increase the reach and diversity of their weak-tie business networks.

Electronic networks in such a form appear to encourage proactivity in information-seeking, in a similar way to that mentioned previously: keeping up-to-date is made easier and less time consuming, and thus people make time to do it. They also address some of the deficiencies in relevant training and professional development opportunities that can impede the growth of women’s businesses. Traditional training provision models have often failed to meet the needs of the many small businesswomen who juggle multiple roles, being inappropriate in terms of their content, timing or structure. Alternative training models which women have indicated would be more suitable include small business women-only groups, and networking and mentoring programs (Still and Timms 1997). Both of these ‘real-world’ alternatives could potentially be accessed via electronic networks. There may be significant value for many businesswomen in being made aware of electronic options for informal training, allowing them to more easily integrate training into their lives.

- Social support

Another key feature of women’s networks, as noted earlier, is social support. Isolation in a business sense can be an impediment in the suburbs as well as in the bush, particularly for those women in micro- or home businesses who work alone, and juggle carer and business responsibilities. However, this function has particular relevance for small businesswomen in rural contexts, who may find the more limited range of physical networks available to them insufficient or inappropriate for their needs. The Rural Women and ICTs Research Team (1999) identified social isolation as one of the greatest obstacles facing enterprising women in rural and remote Queensland, and noted the potential of e-mail for enabling business women in these areas to develop supportive networks as particularly significant. The online discussion

group, 'welink', which emerged from the Rural Women and ICTs project, has developed a vigorous and ongoing life of its own, and provides a forum for both rural and urban women to chat, to share information and to meet other women with similar needs, interest or experiences. In the course of such activities, it has become a strong source of social support for participants, including those with small business interests:

Hi all

Exciting news...

1. I am now officially the Qld freelance writer for ... the national magazine of my church! I just found out and am sitting here blubbering with happiness. I was writing a letter to the editor a couple of weeks ago and ended up just picking up the phone to ask for their writer's guidelines, in case I ever wanted to write an article for them. I got onto the Assistant Editor, and it just so happened they were in the market for a Qld freelance writer. I've just been given my first 3 assignments for publication in October and November issues!

2. And, [another] magazine want[s] to print one of my articles before the end of the year too. Guess that means I can officially call myself a 'freelance writer'!!!! My dream is coming true!!!!

Time for some celebrating!

Lots of love [welinker name]

A number of messages appeared in response to this post, including the following:

How really excellent for you! You must be good if you can say so much in 3 words — 'blubbering with happiness' ... you've got me in with that. Good luck to you — from one writer to another. I hope it also pays! I may end up reading one of yours, as I sometimes buy [magazine] when it comes to the door.

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Hi [welinker name] — what fantastic news — well done and know you will be great — a friend subscribes to [that magazine] so will watch for your articles. Do send me a copy if you have one spare — would love to see what you are writing.

While electronic networking is often used to complement and facilitate 'real world' networking activities, then, it also has the potential to play a quite different role in the lives of those women who have difficulties in establishing or maintaining an active physical business network. The success of welink in providing a source of social support for a range of women across geographic, sectoral and age boundaries, suggests that electronic networking has significant potential to enable small businesswomen, rural and urban, to make connections that may reduce feelings of isolation.

## Conclusion

This research is clearly at an early stage. Among other points, no attempt has been made in this paper to address the diversity that exists within the small businesswomen category in terms of the experiences of women from non English-speaking and Indigenous backgrounds. Studies that focus on these groups are rare, and there is therefore little known of their experiences of small business in general, the barriers they face, and the ways in which they integrate business ownership into their lives. As the current research progresses, it will endeavour to address this lack of information, to some extent, by exploring the networking experiences, both physical and virtual, of some of these small businesswomen.

Research so far, however, strongly indicates the potential of electronic networking to facilitate the operations of women's small businesses. It is becoming increasingly evident that small businesswomen are using the technology to expand their range of options, exploiting the ease and convenience of e-mail, in particular, to enable them to deal more efficiently with their business, family and community concerns and responsibilities. In this way, it complements the 'real world' business networks formed by small businesswomen, enabling them to build relationships that were founded by face-to-face contact, but require maintenance to continue to be beneficial. Special interest electronic discussion lists can assist small businesswomen to increase the reach and diversity of their weak-tie business networks, by connecting women with common interests across a range of levels of seniority and power, in diverse geographic locations, and from varying social backgrounds. In addition, electronic networking can help address the problem of business isolation in terms of providing social support, as well as access to information. Thus, the dense, overlapping nature of many small businesswomen's existing networks can be supplemented by electronic networks in a way that increases their diversity, scope and business value.

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