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Empirical evaluation of social capital management in the performance of small enterprises in cross river and Ebonyi States, Nigeria

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ABSTRACT

This study empirically evaluates social capital and the performance of small enterprises in Cross River State and Ebonyi, Nigeria. Small enterprises are not proficient to generate and increase utilization of the affluence of social capital to enhance performance. The underpinning theories for this study were based on Barnes (1954) network theory and resource based theory. Descriptive survey design was adopted for the study. The population for the study was 2332. Taro Yamane's formula (1967) was used to determine a sample size of 341 from the population. Descriptive statistics were used to determine their frequencies, percentages, mean and standard deviations. Ordered logit regression model was adopted in data analysis and the hypotheses were tested at 0.05 degree of significance using Statistical Package for Social Sciences (SPSS) version 25. The study found out amongst others that social capital provides information through access to broader sources of information and provides information quality, relevance, and timeliness. Based on the findings, this study recommends amongst others that small enterprises should build social relationships that can provide greater access to tangible and intangible resources that can help promote their businesses. Based on the discussion of the findings and theoretical foundations, this study concludes that network relationship helps enterprise to harness tangible and intangible resources to foster innovation and enhance performance.

1. Introduction

1.1. *Background to the study*

Small enterprises are the engine that fosters the competitiveness of a nation and the mechanism for socio economic development and transformation. Small enterprises are very important for economic development as harbingers of entrepreneurship, job creation, poverty eradication and promotion of healthy living. But despite the importance of small enterprises in the advancement of a nation, most small enterprises face challenges of obtaining improved understanding of utilizing inter-organizational affiliations or connections to harness resource. However, social capital is a useful resource that helps firms to harness resources. Though, social capital may not be sufficient to encourage proactive adaptive behavior and changes (Dasgupta, 2003) external interventions may be necessary to strengthen indigenous relationships and support for flexibility. Interaction with the dimensions of social capital plays an essential role in the expansion of social capital that increases the performance of small enterprise through knowledge acquisition and innovation.

Consequently, enterprises require a good understanding of this interaction in order to build social capital as significant resources. People create relationships by interacting with individuals in their social networks, which includes interactions based on friendship, norms, trust and respect. However, the increase relationships characterize a person's affluence, dynamic and continuous formal or informal social interactions (Lesser, 2000). Apparently,

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resource base view maintained that social capital is the resources that a person acquires through using embedded resources and network relationships (Andrew & Klause, 2009).[1,2] It is therefore imperative for businesses to form a social network of collaborations and partnership to be able to access critical resources, especially in a state capitalist economy like Nigeria, where government owns and control most of the means of production and other resources, while the society and businesses depends largely on government owned properties. However, enterprises that recognize the relevance of social capital and take advantage of their social network usually gain access to valuable information and knowledge that would aid innovation. This is because small enterprises with it limited internal resources cannot all by itself foster radical innovation in a highly deficient technological and politicized environment like Nigeria. Therefore, enterprises that establish high social relationships with the government can get government support to foster radical innovation.[3–9] Also, through proper utilization of social capital small enterprises can obtain useful information about the markets and attract financing from their network. This implies that small enterprises can obtain a more convenient financing, good fiscal subsidies, friendly taxes and suitable governmental policies amongst others by virtue of building relationships with the political structure. However, cooperation, partnership and integration occur as a result of mutual trust built over time by the firms.

Most enterprises are opportune to obtain resources at favourable prices due to relationships in network partners and personal networks. Moreover, individual in the same network are likely to freely offer their skills, talents and other resources to support the growth of the other enterprise. Apparently, once an enterprise repeatedly obtained resources at lower cost from its personal network they would have a better chance to achieve cost advantage, over their rivals. What this means is that enterprises that understands that their network is their net worth and leverage on their network gain access to critical or valuable resources that aids innovation. However, social capital is not basically what you know; it entails the people you know, the people who know you and how they know you. Moreover, social capital entails collaboration, reliance, trust, reciprocity, civic engagement and collective well-being of individuals, as this help to promote as well intensify growth and development for the society at large. An enterprise understanding that the most valuable asset they possess is not just money, but intellectual capital, innovative products and their connection with people aid opportunity discovery that foster innovations. Therefore this implies that small businesses can gain access to resources that will help them achieve competitive advantage through building social and business network and this is a form of structural dimension which entails the alliance formed and equity type. In addition, social capital is resources that is capable to be converted into money and cultural capital, whether embodied, and institutionalized they relates to a set of acquired knowledge, skills and tastes. To this regards relationships matters and enterprises should invest in nurturing relationships by building a long-life bridge that can transcend the enterprise.

Moreover, due to increased effect of global interconnectedness' only adaptable and flexible enterprises which recognizes the usefulness of social capital imitate the transformation of globalization. Social capital has been defined in different ways, but Bourdieu, Coleman, and Putnam definitions are of optimum importance for their contribution to the development of the concept. Bourdieu (1986: 251), define social capital as the sum of the resources, actual or virtual, that accrue to an individual or a group by virtue of possessing a durable network of more or less institutionalized relationships of mutual acquaintance and recognition". Social capital as a collective asset or resources which entails norms, network and social trust that facilitate cooperation and coordinative actions for mutual benefits. Conversely, Putman, (2000) define social capital as a feature of social organizations or resource routed in associations which constitutes structural, relational and cognitive dimension, and this is traceable to the study of (Bourdieu, 1980) which forms the basis for this studies. The cognitive dimension describes organizations behavioral similarity and cultural distance. As well the relational social capital represents trust amongst partners.[10–13] This is because social capital facilitates and deepens collaborators relationship, and binds enterprises together in order to create innovation. Nevertheless, knowledge is considered the basis for innovation and the reason for interactions and collaboration between partners. Hence, innovation is the mediating variable for the study. Innovation is the process of creatively disrupting an old order to introduce something new or novel for a profit. Innovation is driven by creativity, empowerment and change of organizational culture. Furthermore, the performances of Small enterprises have multidimensional set that comprises of financial and non-financial indicators, and its measures attainment or accomplishment of goals and predict the future (Alhyari, Alazab, & Venkatraman, 2013). Performance is the result achieved by business measured against predetermined task. Obeitoh (2018) empirical evidence on social capital and financial performance of small and medium scale enterprises shows that social capital is a potential source of access to finance and therefore confirmed an affirmative and substantial correlation with the three dimensions of social capital and revenue drive.

However, the need to understand why small enterprises through their social network discover opportunity in a complex environment amidst competition to foster innovation motivated this study. On the way to achieve the purpose for the study, social capital constitutes independent variable and is measures are structural dimension, which constitutes network ties, and network configuration which relates to strategic and social alliances of enterprises. It constitutes network diversity, network density and network size. The relational dimension entails trust, norms and membership. The cognitive dimension constitutes share vision, share goal and share identity. Enterprise performance is the dependent variable for this study, and its measures sales growths. Moreover, innovation, capital, knowledge and capacity factors are contributing factors to small enterprise performance. The study will investigate the forms of social capital on the performance of small enterprises and show that innovation intensifies the influence of social capital and small enterprises performance.

2. Statement of the Problem

Nigeria is steeped in underdevelopment despite almost sixty years of independence, and different forms of economic policies executed by successive governments. Following the global large fall in oil prices, there are difficulties in securing employment opportunities and this has consequences in Nigeria economy. The idea of small enterprises increasingly materialized to support employment opportunities. But, in spite of the massive support of the small enterprises to the economic development and growth in Nigeria, small enterprises faced challenges of inadequate or lack of access to ample resources which are necessary for its growth and survival. Also, most enterprises are not proficient to generate, increase or develop and utilized the affluence of social capital to ascertain superior increase or performance.

Moreover, most enterprises have poor hiring processes, poor financial management, and poor communication skills with employees, they underestimate the potency of culture; and committed a lot of employment error or blunders while attempting to create or encourage team advancement. Though, micro-finance banks were established to provide a platform for supporting industrial or entrepreneurial growth in order to eradicate substandard most cases these bank have not met up with expectation as most small enterprises access support from friends, relatives and colleagues, and this basis involves slight or no legal procedures and is borne out of a strong social relationship with those people. Enterprises access these funds by way of equity participation and venture capital activities. Conversely lack of access to credit facilities by small enterprises is the universal cause of failure of small enterprises to reach government expectations in creating employment, increasing production of products and rendering of services, as this also impedes or hinders technological transfer. Also, insufficient assets and low capitalization, as well as vulnerability to market fluctuations and high mortality rates. Nevertheless, the existences of social turbulence deteriorate social network and social ties, and low acceptance for minorities in a community with strong social networks has affected social capital negatively.

Subsequent upon, enterprises lost track of its social capital, members experience breach in communication, collaboration, and meaningful interaction. However, there is perceived gap in social network and lack of efficient means to meet necessary resources. To prevail over these constraints small enterprises can institute affairs with competitors in their environment. Hence, there is paucity of management literatures on the concept of social capital in Nigeria, as most evidence on social capital is concentrated on industrialized economies such as Europe and North America, and African countries like Ghana, China and Kenya.

3. Literature Review and Theoretical Prame Work

3.1. Review of related literature

The rapid development of economic globalization and technology has caused massive competition in the marketplace and this has posed challenges to small enterprise to achieve competitive advantage with their own limited resources. However, enterprise would need to strive for competition by integrating internal and external resources to foster innovation. Small enterprises that recognize the usefulness of social capital and through partnership and collaboration usually identify opportunities and foster innovation faster than other enterprises. Hence, social capital is required to proficiently or efficiently manage explicit and tacit knowledge, and these placed actors within the firm as major contributors to the formation of internal social capital by means of their relationships and search for a better access to information, resources, opportunities and control advantages (Burt, 1992). However, they exists the egocentric and socio-centric school of thought regarding the idea of social capital, which study is based on the egocentric school or thought, which deals with links that persons have with others. Likewise, the socio-centric approach is established on the work of (Burt, 1992) which he believed that social capital is on the basis of individual's relative position within a given network rather than the individual's direct relationship (Lesser, 2000). Social capital is the sum of actual and potential resources embedded within, available through, and derived from the network of relationships possessed by an individual or social unit (Bourdieu, 1988). Nevertheless, empirical operationalization of firm's performance depends on the focus of the study. However, subjective measures can be utilized if the focus of the study is based on inter-firm comparison (Ketokivi & Schroeder, 2004). Basically, innovation is a vital element for withstanding stiff competition and for enterprises to enhance performance. This therefore means that innovation is vital for the success of small enterprises performance (Klomp & Van Leeuwen, 2001; Prajogo, 2006), and enterprises that are given to learning and knowledge creation generates valuable products for profit. Moreover, innovation relates to the capability of a firm to introduce novel products, processes, technology and techniques (OECD, 2010).

Therefore, in the study of social network strong ties enable access to valuable information based on trust and reciprocity. And through cooperative and collective learning small enterprises harness resources for their mutual gains or benefits to foster innovations and enhance performance. To buttress on this point "social capital is the feature of social organization in the form of structural, relational and cognitive dimension that facilitates coordinative action and collective learning". Then again, social capital is defined as a feature of social organization such as norms, networks and social trust that facilitates coordination cooperation for mutual benefit (Putnam, 1995). What this means is that through cooperative and collective action small enterprise can harness tangible and intangible resources for their mutual gains to achieve superior performance. Tangible resources are in the form of cash/money, labour, materials and technology amongst other. Tangible resources yield higher returns to the enterprises, while intangible resources create sustainable competitive advantage to the enterprise. However, intangible resources entail, Knowledge/information, support for individual emotional wellbeing, support to take risk and conform to ethical norms or standard prevailing in the environment amongst others. Nevertheless, the structural capital recognizes the benefits derived from the formation of the network connections contained by the social structure. However, access to broader sources and quality of information flow and timeliness is affected by social dimension. This therefore means that the pattern of the "social interactions and the potency of bond amongst the members is an attribute of the structural dimension". Conversely, a strong or weak network ties, bonded over time enable exchange of valuable information. Though, social capital is not build overnight it is reciprocal and does not require money, especially in this virtual connected world.

What this means is that people or small enterprises need to be sensitive to understand that people are a source of capital, and their connection to other people can bring them valuable information that aids innovation. Innovation activities create higher value and benefits such as allowing an enterprise to distinguish itself from its rivals (Rosenbuseh, Brinckmann, & Bausch, 2011). Though, studies affirmed that it is difficult for developing countries to achieve research and development form of innovation as a result of lack of technology and technical know-how to foster innovation (Nonaka, 1994). They posits that R&D form of innovation is achieved in develop countries due to availability of technology and technical know-how to foster innovation. This is because small enterprises in developed nations are different from those in developing countries, in the role they play, in context and governing operations. In, developing countries, small enterprises access business opportunities through imitation and speedy adoption of foreign innovation and business know-how. This is the case of enterprises in Nigeria that create products based on the foreign brand label under license. These enterprises are open to learning and implementation of modern technology. However, open communication create an atmosphere for trust, information sharing and innovation. Therefore, enterprises that sustain innovation proffer multiple opportunities for communication. Similarly, information sharing opens forums for idea sharing and creatively harnessed employee's creative ideas. Also, firms that reduce bureaucracy will foster innovativeness, because bureaucracy hinders actions and is a severe obstacle to innovation. Hence, innovation is the implementation of "internally generated or purchase device, system, policy, programme, process, product or service that is new to the adopting organization" (556). Similarly, innovation is "the creation of new knowledge and ideas to facilitate new business outcomes, aimed at improving internal business processes and structures and to create market-driven products and services (n.d).

Nevertheless, knowledge is the input in the innovation process, and small enterprises could use knowledge to enhance performance. Today small enterprises are increasingly becoming reliant on knowledge carriers and intellectual capital in order to boost performance. This is because competitors sooner or later will learn the configuration and imitate it, and thereby erode the firm's competitive advantage. On this note, studies advocated the need for firms to possess dynamic capability, where they can adopt, renew and reconfigure their knowledge management (KM) for superior innovation performance. Innovation is an aspect by which "an organization creates and defines problems and then actively develops new knowledge to solve them (Nonaka, 1994). He sees innovation as the source of organizational knowledge creation. However, small enterprises that want to achieve performance will continually improve product quality and improve the skills and abilities of employees to capture, share, use and reuse knowledge. Small enterprises can increase profitability and attain business performance by offering customers a better and more excellent value of goods or services. This is because customers have an interest in lower prices and higher quality products and service. Porter (1985) reminded that firms could gain a competitive advantage over its rival through cost and product differentiation. Both the cost and differentiation advantage are factor into firms ability to initiate innovative product. Recently, in Nigeria, the borders closure and increase in export and import taxes, value added tax (VAT) amongst others have caused so many businesses to closed down, while others struggle for survival. This led to economic stagnation in the productive sector of the economy. The consequences of these resulted in a lower standard of living of citizens, making Nigeria to be called the "poverty capital of the world". Though, amidst this challenges several small enterprises were able to gain access to vital information from their customers (buyer), suppliers and other firms to foster innovation and boost performance based on the reciprocity and trust built over time as a result of repeated transactions. These enterprises recognized the importance of social capital and facilitate an exchange of knowledge amongst different parts.

Therefore enterprises must be objective, constructive and invest on building social capital in order to gain access to radical innovation which requires research and development (R&D) and advancement in technology. Though, the combination of KM practices with other enterprises resources and capabilities constitute a vital tool to develop and maintain suitable sustainable competitive advantage (SCA) or performance derived from product and process innovation. However, by virtue of an enterprise connection to its social capital and trust built as a result of repeated transactions they acquire information that aids innovation as such sales growth is enhanced. Conversely, individual ability to gain access to the environment and maintain complementarities with governing rules usually would gain access to critical external resources that fosters innovation. This buttressed the sociological viewpoint which believes that actors are the product of their environment, and have no 'internal springs of action (Coleman, 1988:95). Nevertheless, social capital is not automatically owned resource; rather it arises as a resource which is available to individuals to explore. This means that people can gain access to information from their neighborhood based on trust in a well bonded relationship which other people in less trusting neighborhood do not. Also, social capital is not a resource that could be sold, to gain access to such vital information people would have to establish network relationships with others by means of collaboration and partnership. Though, building relationships may be time consuming on the premise that social capital resources is built on trust and shared values. Moreover, social capital is build up rom intertwine together with people in the society (Coleman, 1988). However, small enterprises that adopt knowledge management (KM) practices and aggressively exploit business opportunities, innovate quality products/services will increase profitability and boost performance. Similarly, small enterprises that are knowledgeable about innovative strategies of their rivals tend to sharpen or intensify their business strategies to outperform their rivals.

Hence, the performance of small enterprises is enhanced due to enterprises ability to acquire knowledge, introduce new or improved product and delivery methods that speeds productivity, save time and money for the business. Moreover, firm's performance can be considered in terms of subjective (financial), operational or non-financial measures. Considering firm performance depends on the focus of the study. And if the focus is on inter-firm comparison or connections the study may which to adopt both subjective and operational measures. Though, customers and employee satisfaction, and product quality are operational indicators for firms to boost performance. This is because customers desire valuable products and services that conform to their needs. Therefore, enterprises need to understand these needs or demands of customer's and develop quality product at reduce or affordable prices, increase their responsiveness to customers and avoid product defect. Barney and Clark, (2007) assert that the satisfaction of customers increases customers willingness and readiness to pay for a product and as a result the value of the firms product is also increased. In resource practices, employee's satisfaction is connected to investment. Employee's values clearly defined jobs, investment in training and development, career plan and adequate or good compensation plan or policies (Harter, Schmidt, & Hayes, 2002). Accordingly, employees and customers are stakeholders, employees are usually satisfied when enterprises attract and retain them and lower turnover rates (Chakravarthy, 1986). Consequently, measuring firm's performance with indirect factors which is environmental and social factors entails governments and communities. Social and environmental performance indicator is a means of satisfying or complying with the communities and the government, which are stakeholders in the business. Studies outlined a number of actions related to the satisfaction of customers and government such as safe environmental practices, increased product quality and safety, ethical advertising, minority employment and development of social projects (Agle et al., 1999).

However, according to Barney, indicators of firm's performance, on the basis of satisfying stakeholders entails growth, profitability, market value, customer satisfaction, employee satisfaction, social performance and environmental performance, as reviewed from several relevant literatures. Social capital is established as a key element of buyer-supplier relationship in supply chain management literature (Krause et al., 2007; Lawson et al., 2008; Capey et al., 2011; Villena et al, 2009; Matthews & Marzec, 2012). However, social capital is essential to several inter-firm activities, which entails exchange of intellectual capital, knowledge, and resources (Tsai & Ghoshal, 1998; Inkpen & Tsang, 2005; Chiu et al., 2006). The essence of social capital is to encourage information sharing. However, information sharing is "the degree to which each party discloses information that may facilitate the other party's activities". In supply chain, information sharing is the communication and transfer of information with supply chain parties during processes of transaction and cooperation. Sahin and Robinson (2002) proposed that information sharing is a key component for supply chain management which they identified as one of five building blocks of a strong supply chain relationship. Nevertheless, the importance of exchanging information is not only dependent on the shared information, but also when and how it is shared (Lí & Lin, 2006). This implies that both the content and quality of the shared information is given consideration.

3.2. Relationship between social capital and small enterprise performance

Social capital is the "existence of a certain set of informal values or norms shared among members of a group that permit cooperation amongst the group (Fukuyama, 1999:16). Moreover, social capital is "information, trust, and norms of reciprocity inhering in one's social networks" (153). Trust is an aspect of social capital which entails risk taking. Enterprise takes risk to collaborate, cooperate and initiates resources believing that the resources would produce positive increase. Risk taking propensity is an essential aspect of entrepreneurial small businesses, which entails the willingness and tendency to engage in activities with the hope that positive outcome will be achieved. Risk is an aspect that deals with doing something which involves danger in order to achieve a goal. However, entrepreneurial small businesses take risk to collaborate with other enterprises, to achieve common benefits not minding the consequence of the action taken in spite of uncertainty. Risk taking is a vital component for achieving innovation and performance. Conversely, Mirza and Attiya, (2013) opined that small businesses recognize business opportunities from a complex pattern of varying circumstances; changes in technology, economic, political, social, and demographic conditions. Therefore, the network relationships or connections of small businesses enable them to discover and exploit business opportunities that foster innovations from this complex pattern of changing conditions. However, when firms efficiently and effectively utilize their social capital, they acquire both internal and external resources that foster innovation and profitability. Social capital is therefore very important if small enterprises have the competence to tactically learn, integrate, renovate, and gain access to knowledge in the environment in which business is operated (Fosfuri & Tribo. 2006). This is because businesses are dependent on the environment for its inputs and outputs. And the internal and external environment is fundamental for attaining sustainability, growth and performance. In order words, the conformity of small businesses to the rules, norms, beliefs that are prevailing in the environment, in which they operate, foster business growth, survivability and enhances performance. This basically describes the cognitive aspect of social capital which deals with values, norms and common goals. Banjo, (2008) affirm "that the larger community which the enterprise is embedded on is a source of capital for the business. In sustaining the value creation processes and innovative performance of small enterprises, resources developed in networks, socials norms, and trust is as crucial as monetary and human capital (Tsai, 2000).[14–20]

However, due to the state capitalism practices of Nigeria, small businesses that want to achieve performance will need to continuously acquired information, increase their level of innovation and maintain complementarities with corporate political activities (CPA). This implies that when government controls critical resources which firm is dependent on, firms will need to align their objectives to fit with government objectives or policies. However, innovation is characterized by intense competition and is essential to make small enterprises continue to exist and grow in the face of turbulence. Coleman (1988) discussed social capital based on sociological approach and economic approach. An empirical research studies outlined that enterprises with high social capital and innovation driven would outperform those with low social capital who are not innovation driven. In this context, innovation is seen as the process by which small businesses acquires new and improved information, knowledge and critical resources that aids them to alter and destruct their old processes or method in order to create something new or more valuable for the society. Thus, the ability of small enterprises to collaborate with other firms gives them access to acquire valuable information and resources that will aid them to create something novel for the society and boost performance. Social network arises through bonding, bridging and network links with those in power or authority. Social capital is resource embedded in individual relationships, communities, and networks (Liao & Welsch, 2005). The presence of small businesses is pervasive in every type of industry and their size makes it possible for them to adapt to variations in economic and social sphere in a country. Small businesses focused on managing a stable growth, sales and profit (Gupta, Guha, & Krishnaswami, 2013).[21–30] Although, the definition of small businesses varies as some countries define it on the basis of the total employees, investment capital and yearly earnings or revenue. In Nigeria, SMEDAN define micro, small and medium size enterprise" using the criteria of employment and possessions.

Micro enterprises refer to enterprise possessing fewer than 10 workforce and an asset of not more than five million naira (<5m). On the other hand, small enterprise is define as a firm having 10-49 employees with investment capital of 5 million and annual return of 25 to not more than 50 million. Medium enterprise are firms with employment category of between 50-199 employees and asset of between "fifty million naira to less than five hundred million naira (50-<#500m) National MSME survey report (2013). Small businesses are the bedrock of economic development as they contribute a stable source of revenue for the region which comes in form of taxies and levies.[31–38] Thus, small businesses innovative performance can be achieved from the benefit obtained from strong network relationships and weak network ties. Small enterprises compete to create goods and services for customers and achieve competitive advantage over and above their rivals. Small enterprise can achieve business performance if they are constantly taking risk to discover opportunities and adopt novel and superior techniques of creating valuable goods and services. Therefore, the need to increase effectiveness and efficiency which is exemplified by continuous reduction in input used by firms and increased output enhances enterprises performance. However, in Nigeria, despite the economic situation most small businesses have been able to survive in the market. These businesses have been able to survive in the face of rapid changing condition as a result of increase quality of products through increased skills and capabilities. Besides small businesses increased speed and flexibility which is exemplified by improving the readiness or employees to adapt to new development and environmental changes as such enhanced business performance. Mirza, and Atiya, (2013) stated that businesses that maintain an acceptable ethical standard that are prevailing in the environment enhance performance. This helps businesses to gain access to institutional actors as such acquire critical information and resources that will help them boost performance. To achieve increase innovations, small firms would constantly or continuously sharpen the skills of employees, acquire new knowledge and awareness of consumer's needs and demands.[39–45]

Conversely, firm's connection to the "structural dimension, relational, and cognitive dimension of social capital" sharpen/intensify their alertness to business opportunities, exploit the opportunities in order to enhance performance. When small businesses acquire legitimacy from institutional actors they adapt to the business environment as such make business decisions that enhance business performance. Therefore, through relationships of social networks, social norms and trust small businesses can identify opportunities, survive and grow, build and maintain aggressive competitive advantage. Hence, the extent of innovativeness is an essential factor for small scale enterprises to achieve success and boost performance. The support for innovation is one of the benefits that arise from social network relationships and this enhances business performance. Therefore, small businesses cultivate these relationships through social alliance from family, friends, neighbors and community (Dato, Banerjee, & Roy, (2018). Small businesses engaged in strategic and social alliance gives them access to strategic information on the competitiveness of the industry which may boost business performance.

4. Data Analysis Techniques

A qualitative response regression model (Ordered regression) was employed for the data analysis. This is because the dependent variable in this study is a multiple-category response variable (the responses are qualitative in nature). One of the three approaches to developing a probability model for a discreet response variable are the logit model and the probit model. The ordered regression model is applicable to a response variable that has more tnan two outcomes like study whose responses are on the Likert-type scale of "strongly agree, "agree", "undecided", "disagree" and "strongly disagree". Residual diagnostic tests Such as normality test, multicollinearity test, and heteroscadasticity test was carried to clean up the study data.

4.1. Model specification

The model for this study is specified as shown below:

PERF = f(Social Capital) —- (1)

PERF = f (STRD, RELD, COGD, INNOVT) —- (2)

Social capital is measured by STRD, RELD and COGD

Where,

PERF = Performance

STRD = Structural dimension of social capital

RELD = Relational dimension of social capital

COGD = Cognitive dimension of social capital

INNOVT = Innovation

The econometric form of the model is given as:

$$PERF = \alpha_o + \alpha_1 STRD + \alpha_2 RELD + \alpha_2\ COGD + \alpha_4\ INNOVT + \mu \text{ ———————— } (3)$$

Where,

PERF = Performance

STRD = Structural dimension of social capital

RELD = Relational dimension of social capital

COGD = Cognitive dimension of social capital

INNOVT = Innovation

μ = Stochastic error term

α = Constant

4.2. Test of hypothesis in synopsis

The hypothesis were tested using the coefficient of the variables in the model and the significance of the z-values. The result of the relationship between structural dimension of social capital and performance of small and medium scale enterprises. Since the LR value for the probit model is higher than the logit.

5. Results

Table 1: Orderedlogit and probit results

	Probit			**Logit**		**Extreme value**			
Variable	Coef.	z-stat.	Prob.	Coef.	z-stat.	Prob.	Coef.	z-stat.	Prob.
STRD	0.635	2.81	0.005	1.172	2.91	0.003	0.534	2.33	0.019
RELD	1.450	5.93	0.000	2.467	5.68	0.000	1.475	5.59	0.000
COGD	0.217	1.06	0.302	0.395	1.09	0.274	0.266	1.18	0.237
INNOVT	0.269	1.42	0.155	0.470	1.39	0.164	0.345	1.79	0.074
Pseudo R^2		0.22			0.21			0.19	
LR statistic		81.26	0.000		77.74	0.000		72.11	0.000

Source: Researcher's computation (2021) from E-view 9.5

6. Summary of Findings

The findings of this research show that the structural and relational dimensions of social capital have significant effect on the performance of small enterprises.

Firstly, social relation evolves from values and the result of individual bond, and connections that an enterprise can obtain through personal and business networks. These networks create access to financial resources and information enables enterprises to identity business opportunities, build trust, and guarantees cooperation. Small enterprise can leverage on social network information to reduce cost, increase revenue and maintaining competitive advantage. Thus, through social connections, enterprises can acquire tangible and intangible resources that can aid business performance. Small enterprises can obtain social capital in the form of donations/assistance and tactical business guidance/support from family, friends and professional colleagues. This support enhances performance.

Secondly, relational dimension of social capital is potential resource that comes from possession of a sustainable network of relationships for mutual benefits. The bonding created in social relations supports trustworthy transactions between members in a network due to collective social identity. The implication is that bonding builds trust, which in turn determines a firm's ability to obtain business information on how to penetrate the market and achieve market share and increase sales.

Therefore, the study found out that:

1. Social capital provides information through access to broader sources of information and improves information quality, relevance, and timeliness.
2. The study equally found that individuals in position of power can influence social networks norms, influence control, and power results due to the exchange of resources. The more connected an enterprise is in a network the more it acquires vital information or knowledge.
3. Networks create access to financial resources and information enables enterprises to identify business opportunities, build trust, and guarantees cooperation.
4. Small enterprise can leverage on social network information to reduce cost, increase revenue and enhance performance.

7. Conclusion

Based on the discussion of the findings and theoretical foundations this study concludes that network relationships helps enterprise to harness tangible and intangible resources to foster innovation and enhance performance. The more connected an enterprise is in a network the more it acquires vital information or knowledge to foster innovation. Good social relationship enhances trust, which gives some advantage to firms in several ways. Hence, as the length of the relationship increases, trust also increases. And if actors trust each other, they become more willing to engage in cooperative activities, and if the result is beneficial trust increases.

8. Recommandations

Based on the findings of this study, the following are the researcher's recommendations:

1. Small enterprises should build social relationships that can provide greater access to tangible and intangible resources that can help promote their businesses.
2. Small enterprises should continue to build sustainable connections that can provide information that will enable them compete favourably in the market.
3. Small enterprise should build trust as trust pace way for more information and willingness to engage in cooperative activities.

9. Source of Funding

None.

10. Conflict of Interest

None.

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