

Driving SMEs Performance through Entrepreneurial Network Capabilities in Delta State

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Abstract

Entrepreneurial network capability has been widely studied in developed economies; its application and impact in developing regions like Nigeria remain underexplored. This study examined driving SMEs performance through entrepreneurial network capabilities in Delta State. The specific objectives are to ascertain the effects of leadership network, market network and social network on SMEs performance in Delta State. The study adopted cross sectional survey design method. A sample size of 120 was drawn from the population using Cochran formula. A stratified simple random sampling technique was adopted. A five point Likert scaled questionnaire administered on the respondents (owners and employees) of selected SMEs in Delta State and data collected were analyzed using multiple regressions to determine the effect of entrepreneurial network capability on SMEs performance in Delta State. The findings of the study revealed that there is a significant and positive effect between leadership network capability and performance of SMEs in Delta State as evidenced in the Beta value - p-value .000 is less than 0.005 and Beta .0332(33%), market network capability has a positive effect on Performance of SMEs and there is a significant effect between social network capability and performance of SMEs in Delta State as evidenced in the Beta value - p-value .000 is less than 0.005 and Beta .050(50%). The study concluded that leadership network capability, market network capability and social network capability have significant effect on performance of SMEs in Delta State. The study recommended that decision-making processes and discussion meetings, taking a shared style of leadership network and having more communication among management team members contribute significantly to the performance of the SMEs.

Keywords: Entrepreneurial network, Leadership Network Capability, Market network, Social Network and Small and Medium Enterprises

INTRODUCTION

Small and medium scale firms need resources and assistance from outsiders such as other firms, supporting institutions, including family and friends. SMEs aid the economic growth of countries, assist in optimizing the output and efficiency of economic structures, and increase the levels of income distribution within the country

Entrepreneurial network capability is one of the ways through which this can be achieved; little has been done to exploit this strategy especially in the developing economies like Nigeria. Existing literature on networking and financial performance have looked at different dimensions, context and produced mixed results (Tehseen & Ramayah, 2023). Bengesi and Roux (2024), stated that entrepreneurial network capability refers to the ability of the firm to initiate, maintain and utilize the firm's relationship with various partners to the firm's performance advantage. The ultimate purpose of networking capabilities is the creation of networks with a view of creating a platform for exchanging strategic resources and capabilities.

Networking is beneficial to business professionals and entrepreneurs because it may lead to vital chances, information, and support, which can be beneficial and be the difference between a successful and unsuccessful endeavor (Cote, 2022). Businesses run by entrepreneurs may prosper or fail depending on the caliber and strength of their network. It's crucial to consider the goal of joining a network before committing to any community. One of an entrepreneur's most essential resources is a solid network. An entrepreneur can build a network that opens doors, cooperate, coordinate and provides support as the business expands, look for networking activities that match their specialization, and keep relationships (Cote, 2022). A solid network may assist to acquire finance, connect with the right employee, attract board members, get much-needed advice, and give support when the weight of operating a business gets too great. It is essential to establish what you want to achieve, the specific business goal in mind, the solution to a problem, why you want to connect with other SMEs in the industries before joining a network (Kiesh, 2022). However, few or no empirical research has been carried out in the area of entrepreneurial network capability and performance of SMEs in Delta State, which this research is set out to unveil. To this effect, surviving the rivalries that currently encapsulate the SMEs sector requires in-depth entrepreneurial network approach as a positive direction to achieving successes and to increase their market base. The foregoing is the rationale for this study, by investigating driving SMEs performance through entrepreneurial network capabilities in Delta State.

Research Questions

The following research questions guided the study:

- i. what is the effect of leadership network capability on performance of SMEs in Delta State?
- ii. to what extent does market network capability affect performance of SMEs in Delta State?
- iii. how does social network capability affect performance of SMEs in Delta State?

Research Objectives

The main objective of this study is to examine the effects of entrepreneurial networking capabilities on performance of SMEs in Delta State. The specific objectives are to:

- i. examine the effect of leadership network capability on performance of SMEs in Delta State
- ii. determine the effect of market network capability on performance of SMEs in Delta State
- iii. ascertain the effect of social network capability on performance of SMEs in Delta State

REVIEW OF LITERATURE

Entrepreneurial Network Capability

Entrepreneurial networking is the sum of total relationships in which an entrepreneur participates and which provides an essential resource for his or her activities (Drakopoulou, Dodd & Patra, 2022). Entrepreneurial networks are complex structures constructed around a set of organizational goals that simultaneously ensure unity of purpose and flexibility of execution by their adaptability to the operating environment. Entrepreneurial Network capability is ultimately the process of exchanging data, ideas between two or more entities (Lonkila, 2019). An entrepreneurial network is a long-term co-operative relationship between two or more companies (Toivola, 2016). A formal entrepreneurial networking group can be formed to facilitate the networking of independent participant so that relationship building and maintenance can take place with a view to delivering mutually beneficial community and business-focused outcomes through working together (Lake, 2014). Entrepreneurial Networking has been established as an important source of SMEs expansion in many developed countries (Senik, Scott-Ladd, Entekin, & Adham, 2021). An entrepreneurial network can also be strong or weak among firms in a particular business environment; strong ties involve emotional intensity and intimacy; persons in the network know each other well, while weak ties are non-affective and less intense, networks persons are not closely related (Nelson, 2019).

Leadership Network Capability

The traditional view of leadership describes it as “the process of influencing others’ consensus about things to be done and how to do it, and the process of facilitating individual and collective efforts to accomplish shared objectives (Binci, Cerruti, & Braganza, 2016). Recently, a new paradigm shared leadership- has emerged in which an organization or team is led by two or more individuals (Sekhar Bhattacharyya & Jha, 2013), and responsibilities among all members of directors are shared (Mihalache, Jansen, Van den Bosch, & Volberda, 2014). It refers to the state or quality of mutual influence in which team members distribute leadership activities throughout the workgroup, take part in the decision-making process, and when suitable, offer guidelines to each other to achieve group goals (Shane Wood & Fields, 2017). Recent researches emphasized the importance of shared leadership network within the group of executives. One result of leadership network in the group of executives is a deeper understanding of group members about different organizational objectives and directions.

Another result is that leadership network is a valuable source of learning for contemporary organizational leaders and enables them to understand the need to develop their interpersonal skills (Arnone & Stumpf, 2020).

Market Network Capability

Marketing is a major function in any business organization; it is indisputable to assert that SMEs face marketing challenges due to scarce resources in comparison to their larger counterparts (Sagolsem, 2019). Market network is at the center of any enterprise because it is responsible for identifying and meeting the needs and wants of the customers. In other words, it acts as a bridge between an enterprise and its customers. Market network enables the distribution of products and services. Moreover, it brings information about the customers, products, services and organization to the market (Bygrave & Zacharakis, 2018). Even though market network contributes significantly to the success of business enterprises, it could be said with certainty that it is especially crucial for SMEs. For which customer retention is vital for the survival of the enterprise (Becherer et al., 2012). Market network has been viewed as a marketing intelligence practice that is suitable for businesses that their operations are frequently changing. Market network capability incorporates two well-defined disciplines: marketing and entrepreneurship. It involves the marketing practice of enterprises seeking opportunities in a market clouded with uncertainty and limited resources. It is an approach put forth to describe the marketing practice that is different from traditional marketing concepts and theories (Morrish & Deacon, 2021). Market network capability is the "proactive identification and exploitation of opportunities for acquiring and retaining profitable customers through innovative approaches to risk management, resource leveraging, and value creation" (Morris et al., 2022).

Social Network Capability

Social networks are online communities where people may connect with each other, set up personal profiles, and share information in order to socialize and trade ideas (Del & Maggioni, 2024). On the other hand, economic networks are based on the idea of relational networks and examine how people cooperate to share, exchange, and access resources (Scuotto, Del, Bresciani & Meissner, 2017). These networks cover a wide range of methods of collaboration, such as unofficial methods and open innovation entrance processes that define the nature of cooperation. This network structure reveals the intimate relationships between participants, creating opportunities for innovative business practices (Wang, 2016). Also, through social networking, organizations can build a competitive advantage and maintain high performance over time. In-house professionals have access to global databases that provide comprehensive details on customer behavior, key relationships between customers, and sales management processes. Social networks offer companies a unique way to reach consumers compared to traditional advertising channels (Del & Maggioni, 2024).

Social networks go beyond information transfer and socializing; they play a pivotal role in positively impacting business performance. Establishing a social network enables companies to gain a lasting competitive advantage, improving innovation and financial performance. Professionals access a global database through this platform, gaining a comprehensive

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understanding of customer behavior and sales processes (Scuotto, Santoro, Bresciani & Giudice, 2017).

Concept of SMEs

Small and Medium-sized Enterprises (SMEs) are businesses that have limited resources and capabilities relative to larger corporations. The definition of SMEs may vary depending on the country or region, but they are generally defined based on their number of employees, annual turnover, or annual balance sheet total. For example, in the European Union, SMEs are defined as firms that have fewer than 250 employees, and annual turnover not exceeding €50 million or an annual balance sheet total not exceeding €43million (European Commission, 2021). In the United States, SMEs are typically defined as businesses that have fewer than 500 employees (U.S. Small Business Administration, n.d.). Cassar (2017), SMEs are businesses that are typically owner-managed, have fewer than 250 employees, and operate in a single market or region. SMEs are often characterized by their flexibility, adaptability, and ability to respond quickly to changes in their environment

SMEs are important drivers of economic growth and job creation in many countries. They are often characterized by their entrepreneurial spirit, flexibility, adaptability, and ability to innovate. SMEs may operate in a single market or region, and may be owner-managed or family-owned (Sukhov & Bereznoy 2019). Small and Medium-sized Enterprises (SMEs) play a critical role in the economy of many countries. The performance of SMEs is a critical factor in their survival and success. The literature on SMEs performance has identified several factors that influence their performance, including environmental factors, organizational factors, and individual factors. Environmental factors that influence SMEs performance include industry conditions, market competition, government policies, and economic conditions.

Empirical Review

Asmau (2024) investigated the role of entrepreneurial competencies in enhancing SME performance in Yobe State, Nigeria. Drawing on human capital theory, the research examines the relationships between risk-taking and networking competencies and SME performance. Data were collected through a cross-sectional survey of 230 SME owners/managers, with descriptive statistics and regression analysis used for analysis. The findings reveal that both risk-taking and networking competencies positively influence SME performance. Specifically, moderate risk-taking fosters innovation and growth opportunities, while effective networking enhances access to resources and support. Based on these results, recommendations are made for entrepreneurs to focus on developing these competencies, supported by entrepreneurial training programs and policy interventions aimed at fostering networking opportunities. By addressing these challenges, stakeholders can contribute to the growth and success of SMEs in Nigeria.

Ngera, Namusonge and Makokha (2024) analysed the effect of entrepreneurial practices on performance of small and medium agro based youth enterprises in Kenya. The study was guided by the following specific objective; to evaluate the effect of entrepreneurial networking

practice on performance of small and medium agro based youth enterprises in Kenya. This study employed mixed research which included both quantitative and qualitative approaches. The target population in the study was small and medium agro based youth enterprises in Kenya, cases of Trans Nzoia, Kakamega and Bungoma Counties as represented by Kiminini, Nzoia and Ndalu wards respectively. In total there are 48 registered agro based youth SMEs in these wards comprising of 1,500 youths within the ages of 18-35 years. The sample size for the study was 306 respondents. This study adopted stratified sampling then simple random sampling. The study used structured questionnaires as data collection instruments. The study employed the use of descriptive statistics including frequencies and percentages. Inferential statistics including correlations and regression was employed. The findings indicated that entrepreneurial networking has a positive and significant effect on performance of small and medium agro based youth enterprises in Kenya. From the results, the study recommends that entrepreneurs should configure valuable entrepreneurial networking to complement Small and Medium Agro Based Youth Enterprises resources to enhance performance.

Ibrahim, Tarus and Kirui (2024) established effects of entrepreneurial networking on performance of Small and Medium Enterprises in Mombasa County. The study was guided by Social Network Theory. This study employed explanatory research design. The study employed explanatory research design aiming to explain the relationship between two or more variables. A target population of 1994 respondents was involved in the study. The researcher applied Yamane's formula to obtain the final sample size for the study. A sample size of 333 respondents was obtained. The study relied on primary data that was be collected through structured questionnaire based on Likert scale. Descriptive statistics, such as means and standard deviations, were employed to analyze the data. The study employed inferential statistics, specifically correlation and regression analysis. The Statistical Package for Social Sciences (SPSS) version 25 was utilized to compute measures of central tendencies, measures of dispersion, and F-values. Analyzed data was presented in form of frequency tables. The study findings revealed that there was positive linear influence of entrepreneurial networking on performance of small and medium enterprises ($\beta=0.229$, $p=0.000$). The entrepreneurial networking emphasizes the importance of collaboration with competitors in various areas of innovation, highlighting the role of cooperation in stimulating creativity and product development within organizations. The study recommends that SMEs should actively seek opportunities for collaboration with competitors to promote innovation and creativity. The study recommendations for further studies are to investigate the specific strategies and approaches that SMEs can use to collaborate with competitors in order to stimulate innovation and creativity

John (2024) examined how entrepreneurial networks influence Small- and Medium-sized Enterprises (SMEs) nonfinancial performance. By exploring nonfinancial dimensions of SME performance influenced by entrepreneurial networks, the study contributes to the development of a more comprehensive theoretical understanding of the role of networks in SME success. Entrepreneurial networks involve social, business, and supporting networks, while nonfinancial performance encompasses customer perspective, internal business processes, and learning and growth. A study used a survey method to collect primary data from 278 SMEs. To assess the

impact of entrepreneurial networks on SME performance, a study employed multiple linear regression models while considering the influence of control variables such as the entrepreneur's age, sex, and firm size. Overall, the findings indicate that social networks have a significant positive relationship with customer perspective, business networks and supporting networks are statistically significant and positively associated with internal business processes, and supporting networks are positively and significantly related to learning and growth. This implies that, SMEs with owners who are embedded in a web of entrepreneurial networks have a strong chance of achieving success in their businesses beyond financial measures. The study contributes by extending the body of knowledge regarding Resource Dependence Theory (RDT) and presenting valuable evidence for understanding the importance of networking to SME performance in a context of developing countries such as Tanzania. It also provides insights to policy makers to design policies and programs that foster the creation and maintenance of supportive network environments for SMEs

METHODOLOGY

The study employed the cross sectional survey research design method. Since the sample objects are participants comprised individuals and data were collected at a single point in time. The study research instrument is a structured questionnaire used in collecting data from a sample of one hundred and twenty (120) respondents (owners and employees) of selected SMEs in Delta State. The justification for the choice of location and participant is based on reaching large participant and the promptness involved in the instrument administration. The research instrument had two sections the bio data of the respondents and the research questions drawn from the research variables. The instrument was subjected to content validity through the professional inputs of professionals and academics in related field. Reliability was determined through the Cronbach Alpha test to ensure the suitability of the study. Ahiauzu (2016) opined that Cronbach Alpha the necessity of Cronbach Alpha test to achieve high-quality reliability coefficient of the items measured and the interrelatedness.

DISCUSSION OF RESULTS

A total of one hundred and twenty (120) set of the questionnaire designed for this study was distributed to the owners and staff of selected SMEs in Delta State. However, out of the one hundred and twenty (120) sets of the questionnaire distributed, one hundred and ninety eight (98) sets of the questionnaire were properly filled; twenty two (22) copies were not properly filled. Therefore, the usable number of the copies distributed or administered was 98 copies. Data analyzed is as presented below:

Test of Hypotheses

The three null hypotheses for this study are hereby tested. This involves the test of H_{01} - H_{03} , formulated based on the study's objective. Thus, linear regression analysis was used as an analytical tool for testing the hypotheses. The p-values reported in the regression coefficient tables are used for testing the study hypotheses.

Hypothesis One: leadership network capability and performance of SMEs in Delta State

Table 1: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.332 ^a	.110	.106	1.6560

a. Predictors: (Constant), leadership network capability

Table 2: ANOVA^a

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	66.393	1	66.393	24.210	.000 ^b
	Residual	534.774	97	2.742		
	Total	601.168	98			

a. Dependent Variable: Performance of SMEs

b. Predictors: (Constant), leadership network capability

Source: Computation of Field Analysis (2025).

Table 3: Coefficients^a

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	10.890	1.026	-	10.615	.000
Leadership Network Capability	.292	.059	.332	4.920	.000

a. Dependent Variable: Performance of SMEs

Source: Computation of Field Analysis (2025).

From the regression result in the table 3 above, the p-value is less than 0.005. This shows a positive beta value of .332 (33%), which shows that leadership network capability has a positive and significant effects on SMEs as the probability value of .001 is also less than the critical level of significance (i.e. $p < 0.005$). With these statistics, we reject the null hypothesis and wish to state here that there is a positive and statistical significant effect of leadership network capability on SMEs in Delta State

Hypothesis Two: Market Network capability and Performance of SMEs in Delta State

Table 4: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.156 ^a	.024	.019	1.7343

Predictors: (Constant), market network capability

Computation of Field Analysis (2025).

Table 5: ANOVA^a

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	14.644	1	14.644	4.868	.029 ^b
	Residual	586.524	97	3.008		
	Total	601.168	98			

a. Dependent Variable: Performance of SMEs.

a. Predictors: (Constant), market network capability

Computation of Field Analysis (2025).

Table 6: Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t
		B	Std. Error	Beta	
1	(Constant)	13.575	1.063		12.775
	Market Network Capability	.143	.065	.156	2.206

a. Dependent Variable: Performance of SMEs

Source: Computation of Field Analysis (2025).

In table the above 6, even when the p-value is greater than 0.005, this shows a positive beta value of .156(16%), which shows that market network capability has a significant effect on SMEs (i.e. $p > .005$). With these statistics, we reject the null hypothesis and state here that market network capability has a statistical significant effect on SMEs in Delta State

Hypothesis Three: Social Network Capability and Performance of SMEs

Table 7: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.332 ^a	.110	.106	1.6560

a. Predictors: (Constant), social network capability

Table 8: ANOVA^a

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	66.393	1	66.393	24.210	.000 ^b
	Residual	534.774	97	2.742		
	Total	601.168	98			

a. Dependent Variable: Performance of SMEs

b. Predictors: (Constant), social network capability

Source: Computation of Field Analysis (2025).

Table 9: Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	10.890	1.026	-	10.651	.000
	Social Network Capability	.292	.059	.331	4.902	.000

a. Dependent Variable: Performance of SMEs

Source: Computation of Field Analysis (2025).

From the regression result in the table above, the p-value is less than 0.005. This shows a positive beta value of .331 (33%), which shows that social network capability has a positive and significant effects on Performance of SMEs as the probability value of .000 is also less than the critical level of significance (i.e. $p < 0.005$). With these statistics, we reject the null

hypothesis and wish to state here that there is a positive and statistical significant effect of social network capability on SMEs in Delta State.

Discussion of Findings

In the case of the first objective which aimed to assess the effects of leadership network capability on SMEs in Delta State; the results of the regression analysis established that the measures of leadership network capability used in this study has a positive and significant effect/correlation on SMEs as evidenced in the Beta value of the standardized coefficients i.e. p-value is less than 0.005 and Beta value of .0332(33%).

The result of the second objective, aimed to examine the effect of market network capability on SMEs in Delta State. It was found that there is a positive and significant effect between market network capability and Performance of SMEs. In the light of this finding, one can confidently conclude that there is a statistical significant and positive effect between market network capabilities on performance of SMEs in Delta State as evidenced in the Beta value of the standardized coefficients i.e. p-value is less than 0.005 and Beta value of .0156(16%)

The result of the third hypotheses shows a positive beta value of .331(33%), which shows that social network capability has a positive and significant effects on Performance of SMEs as the probability value of .000 is also less than the critical level of significance (i.e. $p < 0.005$). It is established that there is a statistical significant and positive effect between social network capabilities among SMEs in Delta State.

CONCLUSION AND RECOMMENDATIONS

This study underscores driving SMEs performance through entrepreneurial network capability in Delta State. Based on the findings, the study concludes that there is a significant effect of entrepreneurial network capabilities on SMEs in Delta State, Nigeria. However, the following conclusions can be drawn for the study; entrepreneurial network capability have significant effect on performance of SMEs in Delta State; leadership network capability has significant effect on performance of SMEs in Delta State and social network capability has significant effect on performance of SMEs in Delta State. Therefore, SMEs may need to focus on other types of networking activities to improve their performance.

In furtherance, market network capability has a significant effect on performance of SMEs in Delta State, in accordance to build and maintain networking relationships with customers and suppliers. SMEs should focus on building strong relationships with these stakeholders to improve their overall performance.

Based on the findings of the study "entrepreneurial networking among SMEs in Delta State, the following recommendations can be made:

The study recommends that business support organizations should play a role in facilitating entrepreneurial networking opportunities for SMEs, such as organizing industry-specific events and networking forums by investing in the development of these competencies and fostering a supportive ecosystem for networking, stakeholders can contribute to the growth and success of SMEs in the market.

The results of the study suggest that SMEs should adopt a networking plan that aligns with their business goals and objectives, and actively seeking out strategic networking opportunities such as attending networking events, such as business breakfasts, lunches, or after-hours events, can provide SMEs with the opportunity to meet and network with other entrepreneurs, potential customers and suppliers.

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