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EFFECT OF ENTREPRENEURIAL NETWORKING ON SMES PERFORMANCE IN TARABA STATE, NIGERIA.

By

KAPPE Peter Mamman
Department of Business Administration
Federal University, Wukari, Taraba State
Email: petermkappe1960@gmail.com

IGOMU Mathias Drisu
Department of Business Administration
Federal University, Wukari, Taraba State

&

BARNABAS E. Barde
Department of Business Administration
Nasarawa State University Keffi

Abstract

SMEs are known to play a critical role in the economic development of any country, especially in developing countries like Nigeria. However, SMEs in Nigeria face several challenges, including limited access to finance, inadequate infrastructure, and poor business environment, which affect their growth and performance. This study examined the effect of entrepreneurial networking on SMEs performance in Taraba State, Nigeria. The population comprised all small and medium enterprises registered in Taraba State, Nigeria. Based on Small and Medium Enterprise Development Agency of Nigeria report of 2021, the total number of these enterprises are 518, 462. The study used the Taro Yamane formula and arrived at a figure which was not representative enough to provide accurate and reliable result. 126 small and medium enterprises formed the sample size for the study. Primary data were collected from the field using structured questionnaire designed in 5 LIKERT Scale format. 116 usable copies were returned analyzed using Partial least Square Structural Equation Model. Findings revealed that operational networking has no significant effect on SMEs performance in Taraba State, Nigeria. Howerver, personal networking and strategic networking both have significant effect on SMEs performance in the state. Based on the findings, this study concluded that entrepreneurial networking has a significant effect on SMEs performance in Taraba State, Nigeria. Therefore, it is recommended that SMEs should prioritize operational networking activities that align with their business goals and objectives, it is still important to build and maintain relationships with customers and suppliers. SMEs should focus on building strong relationships with these stakeholders to improve their overall business performance and SMEs should actively seeking out strategic networking opportunities such as attending networking events, such as business breakfasts, lunches, or after-hours events.

Key words: Entrepreneurial Network SMEs, Performance, Networking.

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Introduction

The concept of entrepreneurial networking has been discussed and studied by scholars in the field of entrepreneurship for several decades. The origins of the concept can be traced back to the early works of sociologists such as Max Weber and Émile Durkheim, who studied the role of social networks in economic activity. However, it was not until the 1980s and 1990s that the concept of entrepreneurial networking began to receive significant attention from scholars in the field of entrepreneurship.

Entrepreneurial networking refers to the process of creating and maintaining relationships with other entrepreneurs, business owners, investors, and other stakeholders in the entrepreneurial ecosystem to access resources, knowledge, and opportunities. It involves building social capital through the development of personal, operational, and strategic relationships with key stakeholders in the entrepreneurial ecosystem. According to Aldrich and Zimmer (1986), entrepreneurial networking involves the creation of social bonds that provide entrepreneurs with access to critical resources, such as information, financial capital, and legitimacy. Birley (1985) defines entrepreneurial networking as the process of establishing and maintaining relationships with key individuals or groups that can provide entrepreneurs with access to the resources needed to start and grow their businesses. Gulati (1995) describes entrepreneurial networking as a process of alliance formation between firms and other key stakeholders in the entrepreneurial ecosystem, such as suppliers and customers. According to Johannisson (1988), entrepreneurial networking involves the development of personal networks that can provide entrepreneurs with access to new knowledge, perspectives, and opportunities.

The components of entrepreneurial networking can be broadly classified into three categories: personal, operational, and strategic networking.

Personal Networking: This component involves the development of personal relationships that are based on trust, mutual respect, and shared interests. Personal networking is essential for entrepreneurs to build social capital and access resources that are not available through formal channels. Scholars who have studied personal networking in entrepreneurship include:

Granovetter (1973): He introduced the concept of "weak ties," which are loose connections between individuals who are not closely related, but who can provide valuable information and resources. Burt (1992): He described the importance of "structural holes" in networks, which are gaps between individuals or groups that can be bridged to create new opportunities.

Operational Networking: This component involves the development of relationships with suppliers, customers, and other stakeholders who are involved in the day-to-day operations of the business. Operational networking is critical for entrepreneurs to access the resources needed to produce and deliver their products or services. Scholars who have studied operational networking in entrepreneurship include: Gulati (1995): He introduced the concept of "relational embeddedness," which refers to the extent to which a firm is embedded in its network of relationships with suppliers, customers, and other stakeholders. Uzzi (1997): He studied the role of social networks in the success of Broadway musicals and found that teams with diverse networks were more successful than those with homogeneous networks.

Strategic Networking: This component involves the development of relationships with key stakeholders who can provide access to important resources and opportunities, such as investors, strategic partners, and government agencies. Strategic networking is essential for entrepreneurs to grow their businesses and access new markets. Scholars who have studied strategic networking in entrepreneurship include: Podolny and Stuart (1995): They introduced the concept of "network positions," which refers to the location of a

firm in its network of relationships and its ability to access valuable resources. Powell et al. (1996): They studied the role of interorganizational networks in the biotechnology industry and found that strategic alliances between firms were essential for accessing key resources and developing new products.

Statement of the Problem

SMEs are known to play critical roles in the economic development of any country, especially in developing countries like Nigeria. However, SMEs in Nigeria face several challenges, including limited access to finance, inadequate infrastructure, and poor business environment, which affect their growth and performance. To overcome these challenges, entrepreneurs need to develop and maintain strong networks with other entrepreneurs, business owners, investors, and other stakeholders in the entrepreneurial ecosystem.

Entrepreneurial networking has been shown to be an effective strategy for SMEs to access critical resources, such as information, knowledge, and financial capital. Studies have shown that entrepreneurs who have strong networks are more likely to access new markets, develop innovative products and services, and grow their businesses. However, little is known about the specific factors that influence the effectiveness of entrepreneurial networking in the context of SMEs in Taraba State, Nigeria. The lack of understanding of the role of entrepreneurial networking in SMEs' performance in Taraba State, Nigeria, is a significant problem that needs to be addressed. While previous studies have shown that entrepreneurial networking is an effective strategy for SMEs to access critical resources, such as information, knowledge, and financial capital, the specific factors that influence the effectiveness of entrepreneurial networking in the context of SMEs in Taraba State, Nigeria, are not well understood. This lack of understanding hinders the development of effective strategies for promoting the growth and development of SMEs in the state.

Notwithstanding the attention the topic has received, this study discovered a lack of empirical consensus among previous studies concerning the case at hand. For instance, while Han and Chu (2017) in South Korea found that entrepreneurial networking had a negative effect on SMEs performance, Adeoye and Adeniji (2018) in Nigeria found that entrepreneurial networking was positively related to SMEs performance. Study by Kibet and Kibet (2017) in Kenya found that entrepreneurial networking was positively related to SMEs performance whereas similar study by Mahmoudi and Salemzadeh (2014) in Iran found that entrepreneurial networking had no significant effect on SMEs performance in Iran. Therefore, this study aims to address these problems by investigating the effect of entrepreneurial networking on SMEs performance in Taraba State, Nigeria, and identifying the specific factors that influence the effectiveness of entrepreneurial networking in the context of SMEs in the state. To achieve this objective, the following specific hypotheses were posited.

Ho_1 Personal Networking does not have significant effect on SMEs performance in Taraba State, Nigeria.

Ho_2 Operational Networking has no significant effect on SMEs performance in Taraba State, Nigeria.

Ho_3 Strategic Networking does not have significant effect on SMEs performance in Taraba Stae, Nigeria.

Literature Review

Concept of Entrepreneurial Networking

Entrepreneurial networking is a process of creating and maintaining relationships with other entrepreneurs, business owners, investors, and other stakeholders in the entrepreneurial ecosystem to access resources, knowledge, and opportunities (Aldrich & Zimmer, 1986; Birley, 1985; Johannisson, 1988). It involves building social capital through the development of personal, operational, and strategic relationships with key stakeholders in the entrepreneurial ecosystem. Entrepreneurial networking has three primary components: personal, operational, and strategic networking, Mustafa et al. (2018) The authors identified three types of entrepreneurial networking: personal networking, operational networking, and strategic networking. Personal networking involves building relationships with other entrepreneurs and business owners through social interactions, such as attending networking events or joining business associations. Operational networking involves building relationships with suppliers, customers, and other stakeholders in the value chain to ensure the smooth operation of the business. Strategic networking involves building relationships with investors, mentors, and other stakeholders who can provide strategic guidance and access to resources (Aldrich & Zimmer, 1986). Entrepreneurial networking is the process of building and maintaining relationships with other entrepreneurs, investors, suppliers, and customers to access resources, knowledge, and opportunities that are critical for the success of a new venture" (Guzman & Kacperczyk, 2019,)

According to Klyver and Hindle (2016). Entrepreneurial networking involves the creation and maintenance of relationships with people who can provide access to resources that are necessary for the success of a new venture "Entrepreneurial networking refers to the process of establishing and maintaining relationships with other entrepreneurs, business owners, investors, and other stakeholders in the entrepreneurial ecosystem in order to access critical resources, knowledge, and opportunities" (Kibler et al., 2017). Entrepreneurial networking is the process of identifying and connecting with individuals, groups, and organizations that can provide access to resources, expertise, and other critical assets for the successful creation and growth of a new venture" (Yli-Renko et al., 2001)

"Entrepreneurial networking is the process of building and maintaining relationships with other entrepreneurs, industry experts, and other stakeholders in the entrepreneurial ecosystem, with the goal of accessing resources, knowledge, and opportunities that are critical for the success of a new venture" (Liao et al., 2017). Zahra et al., (2006).defined entrepreneurial networking as the process of creating and maintaining relationships with other entrepreneurs, investors, and other stakeholders in the entrepreneurial ecosystem to access critical resources, knowledge, and opportunities that are necessary for the success of a new venture" "Entrepreneurial networking refers to the process of building and leveraging relationships with other entrepreneurs, investors, and other stakeholders in the entrepreneurial ecosystem to access critical resources, knowledge, and opportunities that are essential for the establishment and growth of a new venture" (Chandra & Coviello, (2010). "Entrepreneurial networking is the process of identifying and connecting with other entrepreneurs, industry experts, and other stakeholders in the entrepreneurial ecosystem to gain access to resources, knowledge, and opportunities that are essential for the success of a new venture" (Stam & Elfring, 2008). "Entrepreneurial networking is the process of building and maintaining relationships with other entrepreneurs, investors, and other stakeholders in the entrepreneurial ecosystem to access the resources, knowledge, and opportunities necessary for the successful creation and growth of a new venture" (Sukhov & Bereznoy, 2019). Entrepreneurial networking involves the creation, maintenance, and utilization of relationships with various stakeholders in the entrepreneurial ecosystem to access resources, knowledge, and opportunities that are essential for the success of a new venture" (Gnyawali et al., 2016,). "Entrepreneurial networking is the process of building and leveraging social connections with other entrepreneurs, investors, and other stakeholders in the entrepreneurial ecosystem to access resources and opportunities that are needed for the success of a new venture" (Kraus et al., 2015).

Furthermore, Kautonen et al., (2015). Opined that entrepreneurial networking refers to the process of building and maintaining relationships with other entrepreneurs, investors, and other stakeholders in the entrepreneurial ecosystem to access resources, knowledge, and opportunities that are critical for the success of a new venture" "Entrepreneurial networking is the process of establishing and maintaining relationships with other entrepreneurs, investors, and other stakeholders in the entrepreneurial ecosystem to access critical resources, knowledge, and opportunities that are essential for the success of a new venture" (Jantunen et al., 2018,). Welter and Smallbone, (2011) asserted that entrepreneurial networking refers to the process of developing and maintaining relationships with key stakeholders in the entrepreneurial ecosystem to access resources, knowledge, and opportunities that are essential for the success of a new venture" "Entrepreneurial networking is the process of identifying and connecting with other entrepreneurs, experts, and stakeholders in the entrepreneurial ecosystem to access critical resources, knowledge, and opportunities that are essential for the success of a new venture" (Fayolle & Liñán, 2014,). "Entrepreneurial networking is the process of establishing and maintaining relationships with other entrepreneurs, investors, and other stakeholders in the entrepreneurial ecosystem to access resources, knowledge, and opportunities that are critical for the success of a new venture" (Wang et al., 2014). "Entrepreneurial networking refers to the process of building and maintaining relationships with other entrepreneurs, investors, and other stakeholders in the entrepreneurial ecosystem to access critical resources, knowledge, and opportunities that are necessary for the success of a new venture" (Bruton et al., 2010,).

While Gassmann and Zeschky, (2014) concluded that entrepreneurial networking is the process of building and leveraging relationships with other entrepreneurs, investors, and other stakeholders in the entrepreneurial ecosystem to access resources, knowledge, and opportunities that are critical for the success of a new venture Foss and Klein, (2012).defined entrepreneurial networking as the process of connecting with other entrepreneurs, experts, and stakeholders in the entrepreneurial ecosystem to access resources, knowledge, and opportunities that are essential for the success of a new venture". Entrepreneurial networking is the process of building and maintaining relationships with other entrepreneurs, investors, and other stakeholders in the entrepreneurial ecosystem to access resources, knowledge, and opportunities that are critical for the success of a new venture" (Zahra et al., 2014). Kerfoot and Knights, (2019). Opined that entrepreneurial networking refers to the process of building and leveraging relationships with other entrepreneurs, investors, and other stakeholders in the entrepreneurial ecosystem to access resources, knowledge, and opportunities that are essential for the success of a new venture.

Concept of SMEs Performance

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 €43 million (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.).According to 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. In the words of Jantunen et al., (2018).SMEs are businesses that

are typically less complex and less bureaucratic than large corporations, and are often characterized by their informal structures and personalized relationships. SMEs are important drivers of economic growth and job creation in many countries" (Bruton et al., 2010). SMEs are businesses that have limited resources and capabilities, and are often characterized by their ability to adapt to changes in their environment. SMEs are important drivers of innovation and job creation, particularly in emerging economies

Chandra and Coviello, (2010) defined SMEs as businesses that have fewer than 500 employees and are not dominant in their markets. SMEs are often characterized by their entrepreneurial orientation, innovativeness, and risk-taking behavior). 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. SMEs may benefit from operating in industries that are growing, have low entry barriers, and are not dominated by large corporations. They may also benefit from favorable government policies such as tax incentives, access to funding, and regulatory support (Cassar, 2017; Jantunen et al., 2018).

Organizational factors that influence SMEs performance include entrepreneurial orientation, networking, innovation, and strategic orientation. SMEs may benefit from developing an entrepreneurial culture that emphasizes innovation, risk-taking, and proactivity. They may also benefit from building and maintaining relationships with other firms, which can help them access critical resources, knowledge, and opportunities (Kraus et al., 2015; Wang et al., 2014).

Individual factors that influence SMEs performance include the characteristics and skills of the owners and managers. SMEs may benefit from having owners and managers who are experienced, knowledgeable, and have strong leadership skills. They may also benefit from having owners and managers who are open to learning, have a growth mindset, and are willing to take risks (Bruton et al., 2010; Gnyawali et al., 2016).

The literature on SMEs performance has also identified several performance measures and metrics, including financial performance, growth, productivity, and innovation. Financial performance measures include profitability, return on investment, and cash flow. Growth measures include revenue growth, market share, and employee growth. Productivity measures include efficiency, effectiveness, and quality. Innovation measures include new product development, patent filings, and research and development expenditures (Jantunen et al., 2018; Kraus et al., 2015).

SMEs may use various strategies and approaches to improve their performance, including diversification, strategic alliances, mergers and acquisitions, and internationalization. Diversification involves expanding into new markets or product lines. Strategic alliances involve forming partnerships with other firms to share resources and knowledge. Mergers and acquisitions involve buying or merging with other firms to achieve economies of scale and scope. Internationalization involves expanding into new geographic markets to access new customers and opportunities (Cassar, 2017; Wang et al., 2014).

In addition, the literature on SMEs performance has also highlighted the importance of financial management, human resource management, information technology, social responsibility, and innovation for improving performance (Gnyawali et al., 2016; Wang et al., 2014). These practices involve managing financial resources effectively, managing people effectively, using technology effectively, behaving ethically and responsibly towards stakeholders, and developing and introducing new products, services, or processes.

Overall, the literature on SMEs performance has identified several factors, strategies, and practices that SMEs can adopt to improve their performance. These include environmental, organizational, and individual factors, as well as various strategies and approaches, performance measures and metrics, and practices. By adopting these approaches, SMEs can enhance their performance and contribute to economic growth and job creation in their respective countries.

Empirical Review.

Empirical studies have examined the effect of personal networking on SMEs performance, with mixed results. Some studies have found a positive relationship between personal networking and SMEs performance, while others have found no significant relationship or even a negative relationship.

For example, a study by Garg and Deligonul (2018) conducted in India found that personal networking had a positive effect on SMEs performance. The study used a survey questionnaire to collect data from 200 SMEs in the manufacturing sector. The authors found that personal networking positively influenced SMEs performance in terms of sales growth, profitability, and market share. This study was carried out in a different geographical loaction as such the findings may not be tenable in the environment of the current study.

Similarly, a study by Nguyen and Nguyen (2018) conducted in Vietnam found that personal networking had a positive effect on SMEs performance. The study used a survey questionnaire to collect data from 150 SMEs in the retail sector. The authors found that personal networking positively influenced SMEs performance in terms of sales growth, customer satisfaction, and brand awareness. This study was conducted in 2018 so the findings may have been redered obsolete by time factor.

Another study by Hye et al. (2019) conducted in Malaysia found that personal networking had a positive effect on SMEs performance. The study used a survey questionnaire to collect data from 200 SMEs in the manufacturing sector and used SPSS to analyse the data collected. The authors found that personal networking positively influenced SMEs performance in terms of sales growth, profitability, and customer satisfaction. Using SPSS to analysis may not take take adequate care of collinearity problems but PLS-SEM which is used in this study does.

Similarly, a study by Kianto et al. (2018) conducted in Finland found that personal networking had a positive effect on SMEs performance. The study used a survey questionnaire to collect data from 96 SMEs in the service sector. The authors found that personal networking positively influenced SMEs performance in terms of customer satisfaction, innovation, and employee satisfaction. Given this sample size, the findings may not be representative enough.

In contrast, a study by Hatak et al. (2015) conducted in Austria found no significant relationship between personal networking and SMEs performance. The study used a survey questionnaire to collect data from 247 SMEs in the service sector. The authors found that personal networking had no significant effect on

SMEs performance in terms of growth, profitability, and productivity. This study looked at the service sector alone but the current study is based on different sectors.

Another study by Tafesse (2019) conducted in Ethiopia found a negative relationship between personal networking and SMEs performance. The study used a survey questionnaire to collect data from 120 SMEs in the manufacturing sector. The author found that personal networking negatively influenced SMEs performance in terms of sales growth, profitability, and market share.

In another development, Valenzuela-Fernández et al. (2018) conducted in Chile found no significant relationship between personal networking and SMEs performance. The study used a survey questionnaire to collect data from 170 SMEs in the manufacturing sector. The authors found that personal networking had no significant effect on SMEs performance in terms of sales growth, profitability, and competitiveness. The authors focused on service sectors alone, as such the findings may not be used to generalise happenings in other sectors.

Another study by Zahra et al. (2017) conducted in Iran found a mixed relationship between personal networking and SMEs performance. The study used a survey questionnaire to collect data from 200 SMEs in the service sector. The authors found that personal networking positively influenced SMEs performance in terms of access to resources and information, but had a negative effect on SMEs performance in terms of innovation.

Operational Networking and SMEs Performance

Naidoo and Pherali (2018) conducted a study in South Africa and found that operational networking had a positive effect on SMEs performance. The study used a survey questionnaire to collect data from 150 SMEs in the manufacturing sector. The authors found that operational networking positively influenced SMEs performance in terms of sales growth, profitability, and productivity. The study did not account for other factors that could affect SMEs performance, such as the level of competition, access to finance, and government policies. These factors could confound the relationship between operational networking and SMEs performance.

Similarly, a study by Sahoo and Padhy (2017) conducted in India found that operational networking had a positive effect on SMEs performance. The study used a survey questionnaire to collect data from 200 SMEs in the manufacturing sector. The authors found that operational networking positively influenced SMEs performance in terms of sales growth, market share, and customer satisfaction. The authors did this study in a different location and so the result may not be useful in the present setting.

Another study by Tukamuhabwa et al. (2018) conducted in Uganda found that operational networking had a positive effect on SMEs performance. The study used a survey questionnaire to collect data from 200 SMEs in the manufacturing sector. The authors found that operational networking positively influenced SMEs performance in terms of sales growth, productivity, and competitiveness. The use of self-reported data, which could introduce bias due to respondents' social desirability biases or recall errors. The use of objective measures such as financial records or external evaluations could provide more accurate information about SMEs performance.

Díaz-Díaz et al. (2019) did a study in Spain found that operational networking had a positive effect on SMEs performance. The study used a survey questionnaire to collect data from 238 SMEs in the service sector. The authors found that operational networking positively influenced SMEs performance in terms of sales growth, innovation, and customer satisfaction. Other factors that could influence the relationship

between operational networking and SMEs performance that were not considered in these studies. For instance, the level of trust and social capital within a network could affect the success of operational networking.

Another study by Wamae et al. (2018) conducted in Kenya found a mixed relationship between operational networking and SMEs performance. The study used a survey questionnaire to collect data from 200 SMEs in the service sector. The authors found that operational networking positively influenced SMEs performance in terms of sales growth and productivity, but had a negative effect on SMEs performance in terms of profitability. The findings of these studies could have important implications for policy and practice. For instance, policymakers could provide support and resources to SMEs to facilitate their access to operational networking opportunities.

Another study by Sultana et al. (2019) conducted in Bangladesh found a negative relationship between operational networking and SMEs performance. The study used a survey questionnaire to collect data from 200 SMEs in the manufacturing sector. The authors found that operational networking negatively influenced SMEs performance in terms of sales growth, profitability, and productivity. With these findings, SMEs could be encouraged to participate in networks that are diverse, of high quality, and have a high level of trust and social capital.

Strategic Networking and SMEs Performance

A study by Foss et al. (2017) conducted in Norway found that strategic networking had a positive effect on SMEs performance. The study used a survey questionnaire to collect data from 150 SMEs in the service sector. The authors found that strategic networking positively influenced SMEs performance in terms of sales growth, profitability, and innovation. This study did not account for the quality of the network or the diversity of the network, which could affect the relationship between strategic networking and SMEs performance. Additionally, future studies could explore the role of intermediaries or brokers in facilitating strategic networking for SMEs.

Similarly, a study by Santarelli et al. (2017) conducted in Italy found that strategic networking had a positive effect on SMEs performance. The study used a survey questionnaire to collect data from 250 SMEs in the manufacturing sector. The authors found that strategic networking positively influenced SMEs performance in terms of sales growth, productivity, and competitiveness. While this study found a positive relationship between strategic networking and SMEs performance, the same thing may not be the outcome of the present study.

Another study by Lee and Kim (2019) conducted in South Korea found that strategic networking had a positive effect on SMEs performance. The study used a survey questionnaire to collect data from 200 SMEs in the service sector. The authors found that strategic networking positively influenced SMEs performance in terms of sales growth, profitability, and innovation. The study did not account for other factors that could affect SMEs performance, such as the level of competition, access to finance, and government policies.

Similarly, a study by Mustafa et al. (2018) conducted in Pakistan found that strategic networking had a positive effect on SMEs performance. The study used a survey questionnaire to collect data from 200 SMEs in the service sector. The authors found that strategic networking positively influenced SMEs performance in terms of sales growth, customer satisfaction, and competitiveness. This study was done in 2018 and in a different environment, necessitating a further study.

In contrast, a study by Ibeh et al. (2018) conducted in Nigeria found no significant relationship between strategic networking and SMEs performance. The study used a survey questionnaire to collect data from 200 SMEs in the manufacturing sector. The authors found that strategic networking had no significant effect on SMEs performance in terms of sales growth, profitability, and market share. This study could have important implications for policy and practice. For instance, policymakers could provide support and resources to SMEs to facilitate their access to strategic networking opportunities.

Another study by Khavandkar et al. (2019) conducted in Iran found a negative relationship between strategic networking and SMEs performance. The study used a survey questionnaire to collect data from 150 SMEs in the service sector. The authors found that strategic networking negatively influenced SMEs performance in terms of sales growth, profitability, and customer satisfaction. Future studies should be conducted using rigorous methods and account for other factors that could affect SMEs performance.

A study by Tao and Bryde (2017) conducted in China found no significant relationship between strategic networking and SMEs performance. The study used a survey questionnaire to collect data from 150 SMEs in the service sector. The authors found that strategic networking had no significant effect on SMEs performance in terms of sales growth, profitability, and innovation.

Another study by Vun et al. (2018) conducted in Malaysia found a mixed relationship between strategic networking and SMEs performance. The study used a survey questionnaire to collect data from 200 SMEs in the service sector. The authors found that strategic networking positively influenced SMEs performance in terms of sales growth and innovation, but had a negative effect on SMEs performance in terms of profitability. While the study provides valuable insights into the relationship between strategic networking andSMEs performance, the mixed findings highlight the need for more research to understand the contextual factors that could influence this relationship

Theoretical Framework

There are several theories related to the topic of the effect of entrepreneurial networking on SMEs performance in Taraba State. Here are some of the relevant theories and their relevance to the study. However, it important to study that this study aligns with the network theory.

Resource-based view (RBV): The RBV theory, first proposed by Wernerfelt (1984) and later expanded by Barney (1991), suggests that a firm's performance is determined by its ability to access and utilize valuable resources. In the context of entrepreneurial networking, RBV suggests that SMEs can improve their performance by accessing valuable resources through networking with other firms. This theory is relevant to the study as it highlights the importance of networking for SMEs in Taraba State to access valuable resources and improve their performance. The RBV theory has been criticized for overemphasizing the importance of resources and not adequately considering the role of external factors such as the competitive environment and market conditions in determining a firm's performance.

Social capital theory: Social capital theory, first proposed by Bourdieu (1986) and later expanded by Putnam (1993), suggests that social connections and relationships can provide valuable resources and benefits to individuals and organizations. In the context of entrepreneurial networking, social capital theory suggests that SMEs can improve their performance by developing and leveraging social connections and relationships with other firms. This theory is relevant to the study as it highlights the importance of developing social capital through entrepreneurial networking for SMEs in Taraba State to improve their performance. The theory assumes that social connections and relationships are always beneficial, which may not be the case in all situations.

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Network theory: Network theory, first proposed by Granovetter (1973) and later expanded by Burt (1992), suggests that social networks can provide access to valuable information, resources, and opportunities. In the context of entrepreneurial networking, network theory suggests that SMEs can improve their performance by developing and leveraging their networks to access valuable information, resources, and opportunities. This theory is relevant to the study as it highlights the importance of network development and utilization for SMEs in Taraba State to improve their performance. Network theory has been criticized for oversimplifying the complexity of social networks and not adequately accounting for power dynamics and conflicts that can arise within networks.

Institutional theory: Institutional theory, first proposed by DiMaggio and Powell (1983), suggests that organizations are influenced by the norms, values, and expectations of their institutional environment. In the context of entrepreneurial networking, institutional theory suggests that SMEs can improve their performance by conforming to the norms and expectations of their institutional environment through networking with other firms. This theory is relevant to the study as it highlights the importance of understanding and conforming to the institutional environment of Taraba State for SMEs to improve their performance through entrepreneurial networking. Institutional theory has been criticized for not adequately considering the agency of firms and assuming that organizations passively conform to their institutional environment.

Methodology.

This study adopts survey research design. Survey design is a research method that involves collecting data from a sample of individuals or organizations using a standardized set of questions. The purpose of a survey is to gather information on a particular topic or issue to help researchers understand and make generalizations about the population from which the sample was taken. The population comprised small and medium enterprises registered in Taraba State, Nigeria. Based on Small and Medium Enterprise Development Agency of Nigeria report of 2021, the total number of these enterprises are 518, 462. The study used the Taro Yamane formula and arrived at 4 which was not representative enough to provide accurate and reliable results, therefore, the study set a criterion that for any of the Small and Medium Enterprises to be sampled; the Small and Medium Enterprises must have an annual turnover of 5m to 10m and workforce of 50 to 250. Based on the report of Small and Medium Enterprises Development Agency, it was only 126 Small and Medium Enterprises that satisfied the stated criteria. These 126 Small and Medium Enterprises formed the sample size for the study. The study used filtering sampling technique to arrive at sample size of 126.

Filtering sampling is a non-probability sampling technique that involves selecting a sample based on a specific set of criteria or filters. It is used when the population of interest is too large or too diverse to be practically sampled using probability sampling techniques. Primary data were collected from the field using structured questionnaire designed in 5 likert scale format. The questionnaire was mailed to the respondents electronically using WhatsApp and email addresses and at the end 116 usable copies were returned analyzed using Partial least Square Structural Equation Model.

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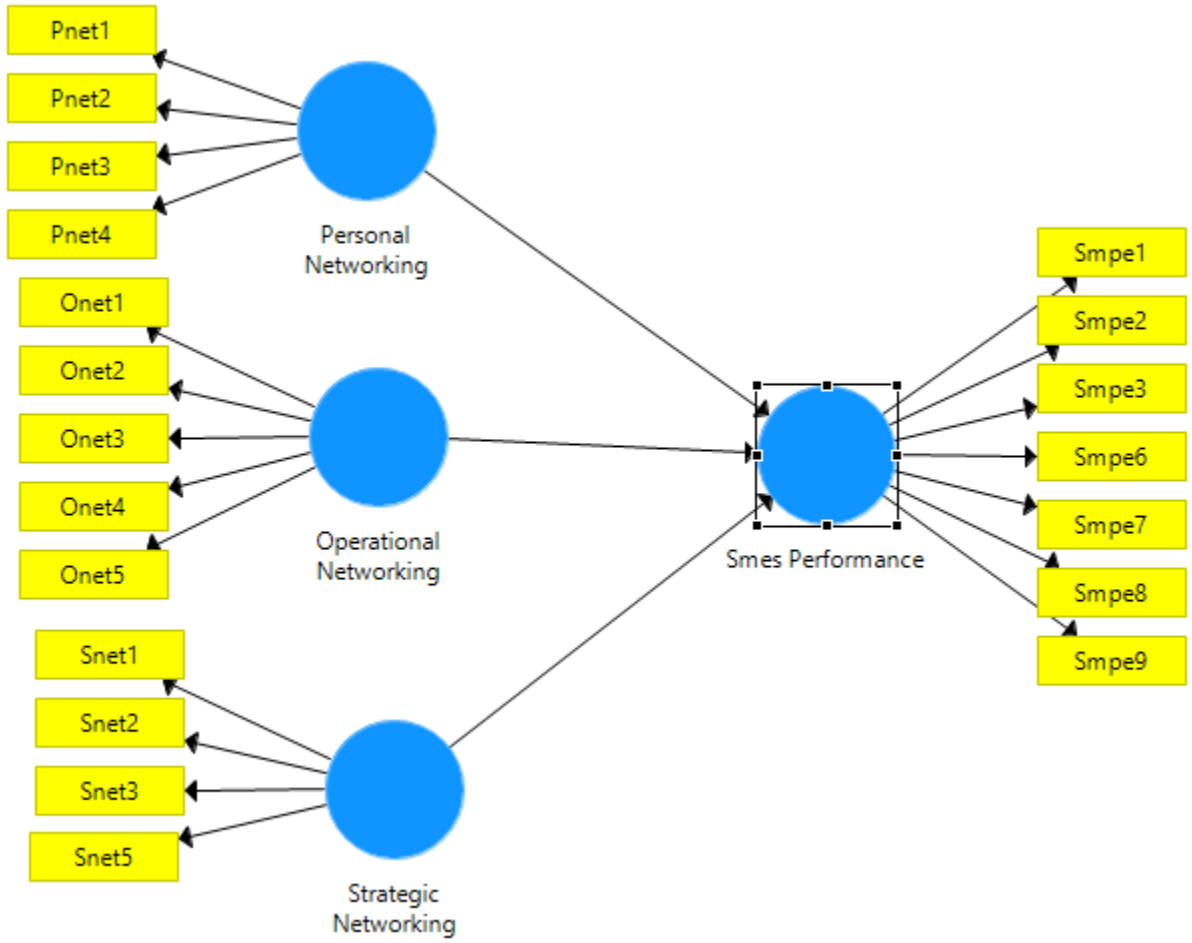

Figure Study Model

Results and Discussion

Of the one hundred and twenty-six copies of questionnaire sent out, one hundred and sixteen were properly filled and returned giving a response rate of 96%. Subsequently, all further analyses were done using 116 data from the responses

Table 1: Descriptive Statistics

Variable	Mean	Meian	Min	Max	SDV	Kurtosis	Skewness
Pnet	4.5	4.5	4.5	4.5	4.5	4.5	4.5
Onet	4.49	5	2.8	5	0.65	-0.18	-0.89
Snet	4.45	4.8	3	5	0.61	-0.31	-0.77
Smpe	4.38	4.4	2.8	5	0.63	-0.23	-0.63

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The descriptive statistics table above provides a summary of the distribution of values for each variable in your study. Here is a detailed discussion of each variable's statistics:

The variable for Pnet has the same value for mean, median, minimum, maximum, and standard deviation, all of which are 4.5. This indicates that the data is highly concentrated between 4.5 and 5 respectively, showing that most of the respondents chose the scale of strongly agree and agree. On the other hand, the mean and median values for Onet are close (4.49 and 5, respectively), indicating a slightly left-skewed distribution. The minimum value is 2.8, and the maximum value is 5. The standard deviation is 0.65, indicating low variability in the data. The kurtosis value of -0.18 suggests that the distribution is relatively flat, while the skewness value of -0.89 suggests a slight negative skew. The mean value for Snet is 4.45, and the median is 4.8, indicating a left-skewed distribution. The minimum value is 3, and the maximum value is 5. The standard deviation is 0.61, suggesting low variability in the data. The kurtosis value of -0.31 indicates a relatively flat distribution, while the skewness value of -0.77 suggests a slight negative skew. Finally, the mean value for Smpe is 4.38, and the median is 4.4, indicating a slightly left-skewed distribution. The minimum value is 2.8, and the maximum value is 5. The standard deviation is 0.63, indicating low variability in the data. The kurtosis value of -0.23 suggests a relatively flat distribution, while the skewness value of -0.63 indicates a slight negative skew.

Assessment of Measurement Model

To evaluate the measurement model, the outer loadings of the items were examined. It is generally recommended to have loadings of 0.708 or higher, as they indicate that the construct explains more than 50% of the indicator's variance, providing acceptable item reliability. However, Hair et al. (2019) suggest that low but significant indicator loadings of 0.50 can also be included. In this study, none of the indicators have loadings of 0.50 or lower, as shown in Figure 2 below

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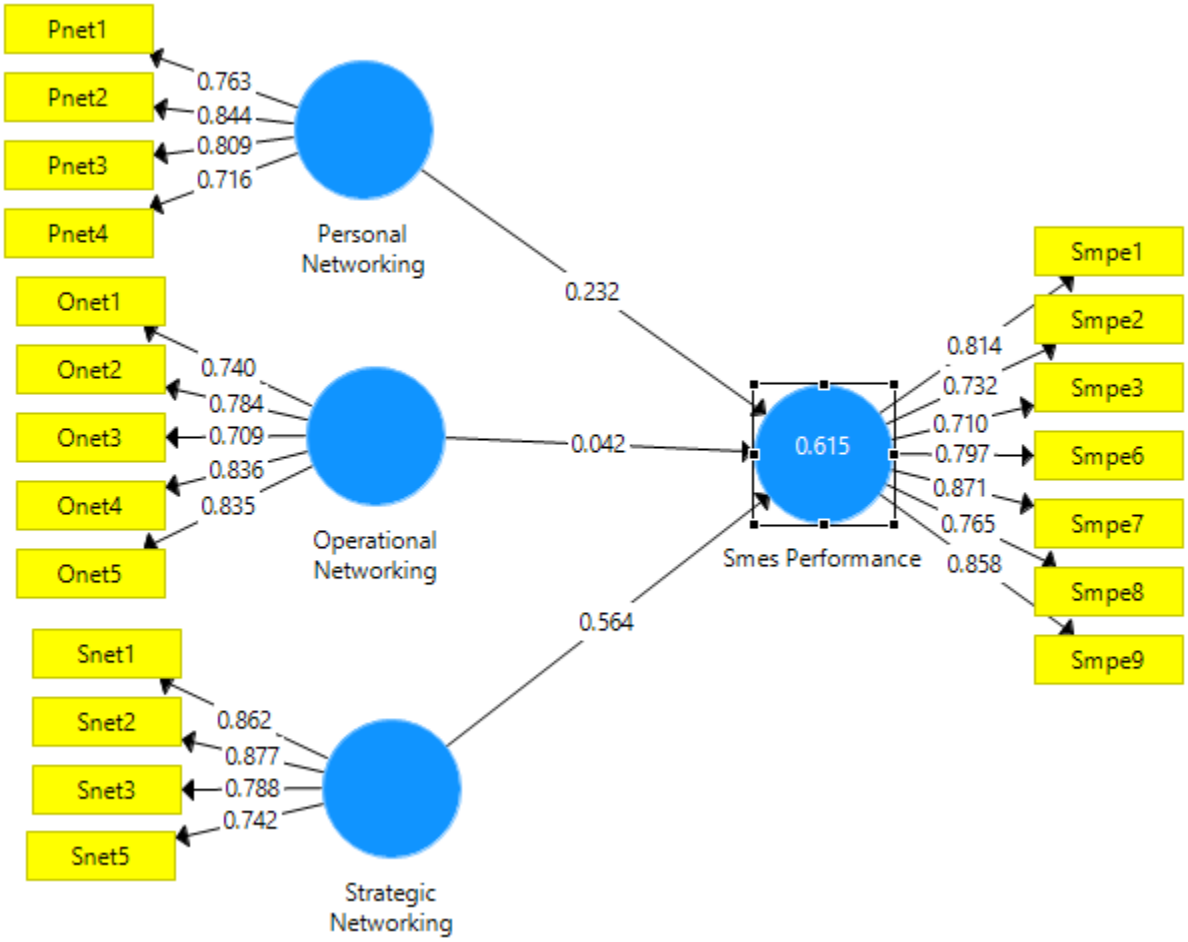

Table 2: Reliability of study scale

S/N	Variable	Factor loading	Cronbach Alpha	Composite Reliability	Average Variance Extracted (AVE	No of Items
1	Pnet1 Pnet2 Pnet3 Pnet4	0.763 0.844 0.809 0.716	0.936	0.952	0.769	4
2	Onet1 Onet2 Onet3 Onet4	0.740 0.784 0.709 0.836	0.771	0.841	0.571	5

	Onet5	0.835				
3	Snet1 Snet2 Snet3 Snet5	0.862 0.877 0.788 0.742	0.831	0.888	0.665	4
4	Smpe1 Smpe2 Smpe3 Smpe6 Smpe7 Smpe8 Smpe9	0.814 0.732 0.710 0.797 0.871 0.765 0.858	0.879	0.917	0.733	7

Source PLS-SEM, 2023

To test the internal consistency of the study, the composite reliability of Jöreskog's (1971) method was used. All values were found to fall within the range of good consistency, as defined by Hair et al. (2019). Additionally, the Cronbach alpha values were above the recommended threshold of 0.60, as suggested by Sekaran (2010).

To assess convergent validity, the average variance extracted (AVE) was used. All latent variables showed values greater than 0.50, indicating that the constructs explain at least 50% of the variance of their respective items. However, the Fornell-Larcker criterion was not used to test for discriminant validity, as it does not perform well when the indicator loadings on a construct differ only slightly, according to Henseler et al. (2015). Instead, the Heterotrait-Monotrait (HTMT) ratio of the correlations was used, which is the mean value of the item correlations across constructs relative to the (geometric) mean of the average correlations for the items measuring the same construct (Voorhees et al., 2016). Discriminant validity problems are present when HTMT values are greater than 0.90 for structural models, as suggested by Henseler et al. (2015).

In summary, the study's internal consistency and convergent validity were found to be satisfactory. However, the HTMT ratio was used to test for discriminant validity instead of the Fornell-Larcker criterion.

Heterotrait-Monotrait Ratio (HTMT)

	Pnet	**Onet**	**Snet**	**Smpe**
Pnet	1.000			
Onet	0.426	1.000		
Snet	0.615	0.693	1.000	
Smpe	0.454	0.493	0.546	1.000

Source: SmartPLS Output, 2023

To evaluate the presence of collinearity among the formative indicators, the variance inflation factor (VIF) was used. The VIF values for all indicators were found to be less than 5, indicating the absence of significant collinearity issues among the formative indicators. This is in accordance with the guidelines provided by Hair et al. (2019).

Path Coefficients of the Regression Model

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The R-square value stood at 62% indicating that entrepreneurial networking represented by personal networking, operational networking and strategic networking is responsible for 62% variation in Smes performance in Taraba State, Nigeria The remaining 38% variation could be explained by other factors not included in the study. Based on Hair, et al., (2019), the r-square is considered moderate but doesn't negate the findings of the study. The result of the path analysis is presented in the table below:

Table 4: Path Coefficients

Hypotheses	Variable	Path Coeff Beta	T. Value	P. Value	Decisions
Ho_i	Personal Networking -> SMEs Performance	0.232	0.551	0.011	Rejected
Ho_{ii}	Operational Networking -> SMEs Performance	0.042	0.303	0.762	Accepted
Ho_{iii}	Strategic Networking -> SMEs Performance	0.564	0.049	0.000	Rejected

Source: SmartPLS Output, 2023

Discussions of Findings

The regression results presented in the table show the path coefficients, beta values, t-values, and p-values for the three null hypotheses tested in the study.

The first null hypothesis (Ho1) stated that there is no relationship between personal networking and SMEs performance in Taraba State, Nigeria. The path coefficient is 0.232, indicating a moderate positive relationship between the two variables. However, the t-value of 0.551 is not significant at the 0.05 level, but the p-value of 0.011 is significant at the 0.1 level. Therefore, the null hypothesis is rejected, suggesting that there is a significant relationship between personal networking and SMEs performance in the State. This result is consistent with Hakat et al (2015) and Valenzuela et al (2018) who found that personal networking has no significant effect on SMEs performance. However, it contrasts the findings of Garg and Deligonul (2018) who reported that personal networking has a significant effect on SMEa performance.

The second null hypothesis (Ho2) stated that there is no relationship between operational networking and SMEs performance in Taraba State, Nigeria. The path coefficient is 0.042, indicating a weak positive relationship between the two variables. The t-value of 0.303 is not significant, with a p-value of 0.762. Therefore, the null hypothesis is accepted, suggesting that there is no significant relationship between operational networking and SMEs performance in Taraba State, Nigeria. This result agrees with Naido and Pherali (2018) and Diaz et al (2019) whose studies established significant effect of operational networking on SMEs performance.

The third null hypothesis (Ho3) stated that there is no significant effect of strategic networking on SMEs performance in Taraba State, Nigeria. The path coefficient is 0.564, indicating a strong positive relationship between the two variables. The t-value of 0.049 is significant at the 0.05 level, with a p-value of 0.000. Therefore, the null hypothesis is rejected, suggesting that there is a significant relationship between strategic networking and SMEs performance in Taraba State, Nigeria. Foss et al (2017) and Lee & Kim (2019) found similar results in their studies. However, Ibeh et al (2018) found that there is significant effect of strategic networking on SMEs performance.

Overall, the study provides insights into the importance of different types of entrepreneurial networking for SMEs performance in Taraba State. The results suggest that SMEs should focus on building strategic relationships to improve their performance, rather than relying solely on operational or personal networking activities. This can inform the development of effective networking strategies for small businesses in the state, which can help to improve their competitiveness and sustainability

Conclusion and Recommendations

Based on the regression results, study concludes that there is a significant effect of entrepreneurial networking on SMEs performance in Taraba State, Nigeria. However, the following specific conclusions can be drawn for the study "Effect of entrepreneurial networking on SMEs performance in Taraba State.

(i) Operational networking has no significant effect on SMEs performance in Taraba State, indicating that SMEs that engage in operational networking activities may not experience a improvement in their performance.

(ii) Personal networking has significant effect on SMEs performance in Taraba State. Therefore, SMEs may not need to focus on other types of networking activities to improve their performance.

(iii) Strategic networking has a strong positive effect on SMEs performance in Taraba State. SMEs that engage in strategic networking activities, such as building relationships with individuals or organizations that can provide strategic support, may experience significant improvements in their performance.

Recommendations

Based on the findings of the study "Effect of entrepreneurial networking on SMEs performance in Taraba State," the following recommendations can be made:

(i) SMEs should prioritize operational networking activities that align with their business goals and objectives. This may involve attending industry events or conferences that are relevant to their business, or participating in trade associations that can provide access to valuable resources and information.

(ii) While personal networking has a significant effect on SMEs performance in Taraba State, it is still important to build and maintain relationships with customers and suppliers. SMEs should

focus on building strong relationships with these stakeholders to improve their overall business performance.

(iii) The results of the study suggest that SMEs should adopt a strategic approach to entrepreneurial networking, rather than relying solely on operational or personal networking activities. This can involve developing 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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