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STRUCTURAL DIMENSION OF SOCIAL CAPITAL AND PERFORMANCE OF MANUFACTURING SMES IN LAGOS AND OYO STATES, NIGERIA

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Abstract

This study analyses the effect of structural dimension of social capital on the performance of small and medium manufacturing enterprises in Lagos and Oyo states, Nigeria. The study adopted survey research design, and data was collected with the aid of structured questionnaire, copies of which were administered to 914 purposively selected out 3200 manufacturing SMEs in Lagos and Oyo States, Nigeria. Multi-Linear Regression was used to analyse the effect of structural dimension of social capital on performance of the manufacturing SMEs. Findings showed that there is a positive relationship between structural dimension of social capital and manufacturing SMEs performance (p=0.000). The result further showed that structural dimension (p<0.05) has a statistically significant effect on manufacturing SMEs performance.

Keywords: Social capital, Manufacturing SMEs, Customer satisfaction, Market size, SMEs performance.

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Introduction

The depth of research works on SMEs' performance indicates lack of consensus on the factors that drive SME's performance (Ndeye, Abdul, & Nagayevb, 2018). Estimation from international organizations shows that SMEs account for between 80% to 99% of firms in any given country as well as between 60% to 70% of global employment (World Trade Organisation,2016), and approximately 50% of GDP in Nigeria (SMEDAN, 2021) in both formal and informal sectors. SMEs in the manufacturing sector continue to encounter difficult situations, trimming performance, causing inability to remain buoyant, feasible and innovative, thus, choking the sustainability and growth of the firm (Bushe, 2019). These challenges are exacerbated by several inhibiting factors (Mohammed et al., 2017), some of which are attributed to lack of fund and increasing cost of production which negatively impact on the SMEs performance particularly in the manufacturing sector (Abdisa, 2019).

In Nigeria, Akinwale et al. (2017) noted that SMEs dominate the larger proportions of firms in the manufacturing sector. Critical in the development, it remains uncompetitive, characterized by production of less diversified products, stagnated growth, low productivity and low product patronage. SMEs in the manufacturing sector have recorded unsatisfactory performance as regards contribution to economic growth (National Bureau of Statistics [NBS], 2017) associated with inability to develop new product that meets customers' needs, low level of patronage occasioned by high demand for foreign goods at the expense of locally manufactured goods.. In addition, Ozigi (2018) aligns with the position of NBS (2017) while expressing lack of social capital as a major challenge limiting SMEs in achieving increased sales, high patronage and other higher performance indices in Nigeria. Researchers such as Olatubora and Onuaha (2020) have attributed the poor performance of SMEs particularly in the manufacturing sector to the poor flow of information, inability of SMEs operators particularly in the manufacturing sector to always meet the standard set by the formal financial institutions for loan

consideration; necessitated the need for informal institutions to attempt to render an assistance through networks which are usually based on social capital which exists in developed as well as developing countries including Nigeria (Babajide, 2011). Tzanakis (2015) used the term social capital to describe the resources of individuals that emerge from their social ties and that it differs from financial and human capital, since social capital inheres in interpersonal relations and describes the durable networks which form social resources among individuals and groups as they strive for mutual recognition. Further, the social capital theory drives on the relationship among networks to achieve access to resources which can take the form of information benefit not accessible to non-members of the network (Tian et al.,2019; Packer et al.,2020). Social capital has become an important factor such that business enterprises now consider it as an important element that gives numerous advantages of increase to profit and market shares (Agyapong *et al* (2017).

Research on the performance outcomes of social capital is similarly characterized with mixed results and a lack of understanding about the specific dimensions of social capital that influence SME performance in the manufacturing sector Grotaert & Bastelater, (2015). Thus, this study attempts to provide insight into this inconsistency. Clark et al, 2016, argued that structural, relational and cognitive dimensions of social capital are found to have unique and direct effect on manufacturing SMEs performance. As emphasized by Mozumdar, Farid and Sarma1(2017) relational and structural dimensions of social capital facilitate access to finance and information based on mutual trust and integrity; makes access to finance easier for manufacturing SMEs, thus gives proactive firms the ability to create first-movers advantage, target premium market segments, charge high prices, and reach the market ahead of competitors Cognitive dimension of Social capital on the other hand, enhances the cross-networking of organizations which is distinct from the traditional organizational links. Members with cognitive dimension of social capital are able to have collective goals aimed at providing business benefits, thereby enhancing an improved customer relation, and a

high quality product of the manufacturing SMEs. (Adegbuyi, etal.,2018). Sabatini (2006) & Bueno *et al.* (2004) stated that social capital can improve economic capabilities of producers; promote regional network production and inter-organizational learning; increase likelihood of repeated interactions among agents as it can increase reputation of an enterprise; influence professional success; reduce the rotation of employees; stimulate innovation, intellectual capital creation and the efficiency of multidisciplinary teams in enterprise; facilitate the exchange of resources between units; and reduces the average cost of transactions due to the increase of trust-based relations, leading to the overall performance of the manufacturing SMEs.

Social capital enhances the ability to seize the moment and mobilize resources for enterprises, which leads to competitive advantage of the SMEs. The competitive edge becomes an asset for the firm towards improving performance Bhagawtula et al,(2010)

Studies like Turner(2011) & Lee(2015) among others have examined the factors that affect SMEs in the developed world and agreed that social capital has significant impact on SMEs particularly in the manufacturing sector. Understanding the importance of social capital in relation to manufacturing SME performance has become an important research issue in accounting, finance and business management Lee(2015). In the light of the foregoing, this study attempts to explore structural dimension of social capital as important factors needed to sustain SMEs particularly in the manufacturing sector from the perspectives of developing economy like Nigeria.

The remainder of this study is arranged as follows: Section 2 discusses the theoretical and empirical literature. Section 3 describes the data and methodology. Section 4 presents and discusses the findings. Section 5 concludes with relevant policy prescriptions.

Literature Review

Theoretical Background

The current study hinges on the theory of social capital. Social Capital Theory was developed by Robert D. Putnam and Pierre Bourdieu, focusing on the value

and benefits that individuals and communities derive from their social networks, relationships, and interactions. These by implications suggest interactions through social networks, informal associations and cordial relationships could ignite innovative ideas that taps in to result oriented goals for organisation sustainability. Such interactions will not only benefit the organisation but also the individuals and the community. This study thus perceived social capital dimensions as the means towards securing value and benefits for the organisation, individual and community at large through such social interactions.

Empirical Review

Scholars have come up with different works on social capital and SMEs performance. There is no consensus on the relationship between social capital and SMEs performance. This could be as a result of many factors, including the region or firms considered, the choice of dataset, and methodology applied. For instance, Mozumdar, Farid and Sarma1(2017) examined relevance of social capital in women's business performance in Bangladesh. A total of 446 (440 from Scopus + 6 Grey literature) documents were retrieved, out of which 85 studies were selected after scrutinizing the title and abstract. Finding found that structural dimension of social capital had positive impact on women's business in Bangladesh by (1) bringing legitimacy to the firm (2) building intra and inter-business trust, (3) developing innovative capacity, (4) co-operation, and (5) improved access to other forms of capital.

Ivam and Jose (2012), analysed the impact of an entrepreneur's social capital and performance. Using Structural Equation Modelling, and 282 respondents from Argentinean entrepreneurs, findings show the performance of an entrepreneur depends on access to finance, market and information. Specific social capital dimension facilitates access to these resources- relational dimension facilitates to access information.

Feray et al., (2017) examined the effect of social capital and economic performance in Turkey. The main objective of the study is to find out the role

of social capital in SME's performance and which form of social capital (bonding or bridging) is much more relevant. The focus is on how trust and business networks play a part in performance enhancement process. Two sets of variables were involved; the first one measured the tendencies of trusting behaviour among entrepreneurs, namely trust levels, norms and network, called the "potential social capital". On the other hand, the second set of variables which represents the economic effects of social capital called "actual social capital" measured what entrepreneurs do in terms of investing in social capital. 94 SME owners were captured in the survey. Both descriptive and correlation analyses were employed as tools. Finding suggests that economic performance levels of collective action and learning also perform better.

Pratono (2018) investigated the mediating role of trust, selling capability and pricing capability on the relationship between social networks and firm performance using 380 small and medium enterprises (SMEs) in Indonesia as a study population, and the structural equation model (SEM) as a method of data analysis. Findings revealed that social networks enhance firm performance, with trust playing a key role in enabling social network structures to generate selling and pricing capabilities, thereby leading to a positive impact on firm performance.

Akintimehin, Abiodun and Oluwatobi (2019) examined the effect of internal and external social capital resources on financial and non-financial performance of enterprises in the informal sector in Lagos, Nigeria. A Purposive sampling technique was adopted in selecting data from 650 shop owners, using SEM as an analytical tool. Findings reveal that without the controlling variable of firm age, social capital had a significant effect on business performance, internal social capital had a significant effect on non-financial performance, it, however, had no significant effect on financial performance, while external social capital had no significant effect on financial and non-financial performance. With the controlling variable of firm age, social capital had a significant effect on business performance, internal social capital had a significant effect on financial and non-financial performance, while

external social capital had no significant effect on financial and non-performance.

Jayant (2013) investigated the causal relationship between social capital and microfinance and their Implications for rural development. The participation in local organizations, heterogeneity of associations and level of both generalized and institutional trust were identified as the key dimensions of structural and cognitive social capital to influence households' access to credit. On the other hand, when these dimensions were combined in a single social capital index, the result indicated that social capital index has no significant effect on microfinance participation. This result provided support to the argument that grouping all the dimensions of social capital into one index may run the risk of losing the explanatory power of social capital.

Pratono and Mahmood (2014) examined the correlation between social capital and firm performance, while considering the moderating effect of environmental turbulence. They employed a quantitative approach in which they purposively selected 390 SMEs from a government SME database of 35,489 SMEs published by the city government of Surabaya. Their study concluded that under low environmental turbulence, social capital has a positive outcome on firm, performance while on high environmental turbulence, social capital reported negative outcome on firm performance, also recommended that attention should be given to environmental changes if the firms intend to perform optimally, effectively and efficiently through the stock of social capital.

Durojaiye et al., (2013) examined the influence of social capital on profitability of foodstuff traders in Southwestern, Nigeria. Employing a multistage sampling technique to collect primary data and using descriptive and Regression analyses (Ordinary Least Square model), the authors revealed that foodstuff traders' identification with more than two associations with aggregate social capital significantly influenced the profitability of the foodstuff traders. The authors also showed that the effect of social capital on

profitability of foodstuff traders are traceable to cohesion index, membership density index, decision making index, and cash contribution and labour.

Agyapong et al., (2017) assessed the mediating role of innovation on the relationship between social capital and micro & small businesses (MSBs) performance in an emerging economy. Five hundred (500) MSBs in Ashanti, Ghana served as the study population with 280 MSBs as sample size which was randomly selected. The study employed hierarchical regression analysis to analyse the data collected primarily through the administration of copies of structured questionnaires. Findings revealed that social capital directly influenced MSBs performance via innovation. It furthers reveals that innovation mediates the relationship between social capital and MSBs performance. Lastly, the study revealed the existence of a positive relationship between various types of innovation and MSBs performance.

Boohene et al (2020) examined the link between social capital and SME performance, while considering the role of emotional intelligence. The study was conducted against the backdrop of failing SMEs. They examined a total of 1,532 SMEs that were carefully selected through a simple random sampling method out of 5,009 SMEs that were slated to be understudied. Boohene et al (2020) employed the structural equation modelling with the aid of AMOS. In this study, the outcome of the analysis revealed that social capital could significantly improve SME performance because of the positive link between the two variables. Again, emotional intelligence was found to influence this relationship in a positive light. Based on this outcome, it was concluded that SME operations are encouraged to bring about policies that tend to encourage the establishment of meaningful social networks that could help employees understand their emotions which creating social capital as both have the tendency of improving firm performance.

Methodology

Data, Sampling Technique, and Model Specification

The study focuses on the effect of structural dimension of ssocial capital dnd performance of small and medium manufacturing enterprises in Lagos and Oyo

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States, Nigeria. According to the Ministries of Commerce and Investment reports, 2023 of the two states, Small and Medium Manufacturing Enterprises in Lagos and Oyo states comprise of five dominant manufacturing Enterprises which include; pig farming, block making, bakery, poultry farming, and shoe making. According to the Ministries of Commerce and Investment reports, 2023 of the two states, the five SMEs constitute 70% of the total registered Small and Medium Manufacturing Enterprises in Lagos and Oyo states respectively, Structural dimension was measured by network size and diversity, Performance of SMEs was measured using two non-financial performance indicators - customer satisfaction and market size.

The study adopted the survey design approach. This design enabled the generation of data from the study population through which the association between the variables of the study were investigated. In this method, respondents were given the chance to express their opinions on the variables under investigation.

Table 1: Registered Manufacturing SMEs in Lagos State

S/N	SMEs Manufacturing/ Sector/Association	Registered Members
1	Shoe Making	420
2	Poultry Farming	410
3.	Block Molding	520
4.	Pig Farming	570
5.	Furniture Making	310
6.	Groundnut Oil Production	105
7.	Bakery	540
8.	Water Bottle Production	250
9.	Natural Juice Production	95
10.	Printing and Book Production	84
11.	Biscuit Manufacturing Company	60
12.	Jewelry Making	50

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13.	Ice Cream Production	80
14.	Toy manufacturing	70
15.	Pharmaceuticals	102
16.	Wine production	45
17.	Paint Production	80
18.	Liquid Soap production.	74
19.	Fabrics	90
	Total	**3955**

Source: Lagos State Ministry of Trade and Investment, 2024

The population for the study consisted of all the registered SMEs in the manufacturing sector that operate their businesses within Lagos and Oyo States. According to the Ministries of Commerce and Investment 2023 reports of the two states, 3200 Small and Medium scale manufacturing enterprises were dully registered. Table 1 presents a list of registered manufacturing SMEs in Lagos State. The sampling frame for the study consisted of the five (5) SMEs that constitute 70% of the study total population in Lagos and Oyo States based on the number of registered manufacturing SMEs in the two States. The five (5) SMEs are pig farming, block making, bakery, poultry farming, and shoe making. The distribution is shown in Table 2 below.

Table 2: Summary of Distribution of SMEs in Lagos and Oyo states

S/N	SMEs/Association	Lagos	Oyo	Total
1	Shoe making	420	80	500
2	Poultry Farming	410	210	620
3.	Block Making	520	250	770
4.	Pig Farming	570	105	675
5.	Bakery	540	95	635
	Total			**3200**

Source: Author's compilation, 2024.

The study used purposive sampling techniques. Five associations were considered for sampling in this study. They include; pig farming (675), block making (770), bakery (635), poultry farming (620), and shoe making (500) because they constitute more than 70 percent of the entire SMEs considered for this study (Lagos and Oyo states' ministries of Trade and Investment, 2022). The sample size was determined based on the formula provided by Slovin in Serakan (1992) with known confidence and risk levels. A confidence limit of 97% which implied 3% significant level was adopted to arrive at 904 sample size as computed below. The data collected was analysed with both descriptive and inferential statistical tools. The model for the study is specified as;

$$y = f(x) \quad (1)$$

$$P = f(SC) \quad (2)$$

$$P = \beta_0 + \beta_1 SD \quad (3)$$

where y is the dependent variables. x is the independent variable. P denotes non-financial performance. SC, S represents structural dimension. β_0 is the constant term, whereas $\beta_1 - \beta_3$ are the parameters of the independent variables to be estimated. ε_i denotes the white noise component.

Results and Discussion

The results of this study were arrived at based on the 904-questionnaire retrieved from the respondents. This indicated a retrieval rate of 98.9%.

Table 3 contains the frequencies and percentages corresponding to distinct categories across various variables.

Gender: 58.1% of the respondents were males, while 41.9% were female, signifying a predominance of male respondents.

Age: The distribution across age brackets is as follows: 29.0% fall within the 18-30 age range, 39.3% within 31-50, and 31.7% are aged 51 and above. Notably, the largest cohort is within the 31-50 age range.

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Education levels: 7.5% attained Primary education, 23.7% Secondary education, and 68.8% Tertiary education. Predominantly, respondents hold Tertiary education qualifications.

Marital status: the breakdown reveals that 8.3% are Single, 67.6% are Married, 17.1% are Widow/Widower, and 7.0% are Divorced. The most prevalent marital status is Married.

Firm ownership: 88.3% are Sole Proprietorships, 10.8% Partnerships, and 0.9% Private Limited Firms. Sole Proprietorships represent the majority of the business entities.

Tenure of respondents' businesses: is distributed as follows: 7.3% have operated for under 2 years, 28.3% for 2-4 years, and 64.4% for 5-8 years. The most sizable subset of respondents falls within the 5-8 years of operation range.

This data provides insights into the demographic and business characteristics of the participants, encompassing gender, age, education, marital status, firm ownership structures, and business operation durations. This information holds significance for informed decision-making, customized business strategies, and a comprehensive understanding of the surveyed population's profile

Table 3: Demographical Analysis of Respondents

Gender					
	Male	525	58.1	58.1	58.1
	Female	379	41.9	41.9	100.0
	Total	904	100.0	100.0	
Age (years)					
	18-30	262	29.0	29.0	29.0
	31-50	355	39.3	39.3	68.3
	51 above	287	31.7	31.7	100.0

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	Total	904	100.0	100.0	
Education					
	Primary	68	7.5	7.5	7.5
	Secondary	214	23.7	23.7	31.2
	Tertiary	622	68.8	68.8	100.0
	Total	904	100.0	100.0	
Marital status					
	Single	75	8.3	8.3	8.3
	Married	611	67.6	67.6	75.9
	Widow/Widower	155	17.1	17.1	93.0
	Divorced	63	7.0	7.0	100.0
	Total	904	100.0	100.0	
Firm ownership type					
	Sole proprietorship	798	88.3	88.3	88.3
	Partnership	98	10.8	10.8	99.1
	Private Limited Firm	8	.9	.9	100.0
	Total	904	100.0	100.0	
Number of years in operation					
	Less than 2years	66	7.3	7.3	7.3
	2-4 years	256	28.3	28.3	35.6
	5-8 years	582	64.4	64.4	100.0
	Total	904	100.0	100.0	

Source: Researcher's Field Survey (2024)

The result in Table 4 suggests a strong belief in the importance of the enterprise as a member of the association of SMEs among respondents: A good proportion of respondents (22.9%) strongly agree that their enterprise is

an important member among others in the association of SMEs. This indicates a high level of confidence in the enterprise's significance and role within the association. Additionally, most of the respondents (66.8%) agree that their enterprise is an important member.

The result suggests a positive perception of close relationships among firms within the association: A small of respondents (17.9%) strongly agree that relations among other firms in the association are very close. This indicates a high level of confidence in the tight-knit nature of relationships within the association. Additionally, a larger proportion of respondents (75%) agree that relations among other firms in the association are very close. This shows that a majority of respondents acknowledge and share the perception of close relationships. The results imply that respondents believe in the strength of connections and interactions among firms within the association. This could suggest a positive networking environment, cooperative efforts, and a sense of unity among the member firms.

The result suggests a positive perception of good relationships with other firms: A good proportion of respondents (22.3%) strongly agree that they have a good relationship with other firms. This indicates a high level of confidence in the quality of relationships they have established. Additionally, 56.3% of respondents agree that they have a good relationship with other firms. While this percentage is smaller than the strong agreement group, it still highlights that a substantial proportion of respondents acknowledge the existence of good relationships. The results imply that respondents believe they have positive interactions and connections with other firms. This could suggest collaborative efforts, effective communication, mutual support, and a sense of trust among these firms.

The result suggests that there is a perception of frequent communication with other firms: A substantial proportion of respondents (25.9%) strongly agree that they have frequent communication with other firms. This indicates a high level of confidence in the regularity of their communication activities. A larger proportion of respondents (53.2%) agree that they have frequent

communication with other firms. This suggests that a majority of respondents acknowledge the existence of regular communication efforts. The results imply that respondents believe they engage in frequent and meaningful communication with other firms. This could indicate that these firms prioritize staying in touch, sharing information, updates, and collaborating on various aspects.

The result suggests that there is a perception of frequent exchange of important information with others in the union: A substantial proportion of respondents (22%) strongly agree that they frequently exchange important information with others in the union. This indicates a high level of confidence in the regularity of their information-sharing activities. A larger proportion of respondents (63.1%) agree that they frequently exchange important information with others in the union. This suggests that a majority of respondents acknowledge the existence of regular information exchange. The results imply that respondents believe they engage in meaningful information-sharing activities with other members of the union. This could indicate that these firms prioritize staying informed about developments, updates, and opportunities within the union.

Table 4: Structural Dimensions of Social Capital

Statements	S A	A	U	D	S D
Structural Social Capital					
My enterprise is an important member among other in the association of SMEs	207(22.9%)	604(66.8%)	59(6.5%)	17(1.9%)	17(1.9%)
Relations among other firms in the association are very close	162(17.9%)	678(75%)	43(4.8%)	16(1.8%)	5(0.6%)
Good relationship with other firms	202(22.3%)	509(56.3%)	165(18.3%)	26(2.9%)	2(0.2%)

Frequent communication with other firms	234(25.9%)	481(53.2%)	164(18.1%)	23(2.5%)	2(0.2%)
My enterprise has established extensive relationship with surrounding firms	189(20.9%)	524(58%)	159(17.6%)	30(3.3%)	2(0.2%)
I frequently exchange important information with others in the union	199(22%)	570(63.1%)	107(11.8%)	25(2.8%)	3(0.3%)

The results in Table 5 suggests a positive perception among respondents regarding customer satisfaction with the quality of their products: A good number of the respondents (25.4%) strongly agree that customers express satisfaction with the quality of their products. This indicates a high level of confidence in the product quality and a belief that customers are genuinely pleased with what they receive. The majority of respondents (64.5%) agree that customers express satisfaction with the quality of their products. This signifies that a significant portion of respondents also perceive positive feedback from customers about their product quality.

The results indicate that respondents are aligned in their belief that their products meet or exceed customer expectations. High levels of customer satisfaction can lead to various benefits, including repeat business, positive word-of-mouth referrals, and enhanced brand reputation. Customer satisfaction is crucial for the long-term success of any business. It indicates that the products offered meet the needs and preferences of customers, creating a positive relationship and fostering loyalty.

The data reflects respondents' perceptions of the rate of customer retention within their businesses: A significant portion of respondents (91.6%) agree that there is a high rate of customer retention. This suggests that these respondents believe that their businesses are effective in retaining their customers over time. Some respondents (5.3%) expressed an "Undecided" response, indicating that they are unsure or lack a clear opinion about the level

of customer retention in their businesses. More so, 3.1% of respondents disagree with the concept of a high rate of customer retention.

The data reflects respondents' perceptions of the occurrence of high positive feedback from customers within their businesses: A significant portion of respondents (91.5%) agree that there is high positive feedback from customers. This suggests that these respondents believe that their businesses are receiving a substantial amount of positive feedback from their customers. Some respondents (5.4%) expressed an "Undecided" response, indicating that they are unsure or lack a clear opinion about the occurrence of high positive feedback from customers. In addition, 5.4% of respondents disagree with the concept of high positive feedback from customers. This implies that a minority of respondents do not share the belief that their businesses are experiencing a high level of positive feedback from customers. Positive customer feedback is essential for businesses, as it indicates customer satisfaction, loyalty, and the overall quality of products and services. High positive feedback can lead to increased customer retention, word-of-mouth referrals, and a positive reputation.

The data reflects respondents' perceptions of the existence of a cordial relationship between their firm and its customers: A significant portion of respondents (89.2%) agree that a cordial relationship exists between their firm and its customers. This suggests that these respondents believe that their firm maintains positive and friendly interactions with its customers. Some respondents (7%) expressed an "Undecided" response, indicating that they are unsure or lack a clear opinion about the existence of a cordial relationship. Moreover, 3.9% of respondents disagree with the concept of a cordial relationship between the firm and its customers. This implies that a minority of respondents do not share the belief that their firm maintains a positive and friendly interaction with its customers. A cordial relationship between a firm and its customers is crucial for building trust, customer loyalty, and positive brand reputation. It implies that customers feel valued and respected, leading to better customer experiences and higher customer retention rates.

The data reflects respondents' perceptions of the existence of customer-oriented incentives within their firm: A substantial majority of respondents (89.3%) agree that customer-oriented incentives are present in their firm. This indicates that these respondents believe their firm provides incentives that are designed to cater to the needs and preferences of their customers. A very small percentage of respondents (7.6%) expressed an "Undecided" response, suggesting that they are unsure or lack a clear opinion about the presence of customer-oriented incentives. A negligible percentage of respondents (3.1%) selected "Disagree," indicating that they do not believe customer-oriented incentives are in place within their firm. Customer-oriented incentives are designed to attract and retain customers by offering them rewards, discounts, special offers, or other benefits that align with their preferences and needs. These incentives can contribute to increased customer satisfaction, loyalty, and long-term business success.

The data reflects the perception of respondents regarding the extent to which their share of the market (SOM) is reasonably high when compared to other entities: A significant majority of respondents (91.6%) agree that their SOM is reasonably high compared to others. This indicates that these respondents believe their business has a substantial market share compared to their competitors or peers. Only a single respondent (3.0%) expressed an "Undecided" response, suggesting that they are unsure or lack a clear opinion about the level of their SOM compared to others. A very small percentage of respondents (5.4%) selected "Disagree," indicating that they do not believe their SOM is reasonably high compared to others. Overall, the vast majority of respondents in this dataset perceive that their share of the market is reasonably high when compared to other entities. This perception suggests a positive assessment of their business's market position and competitiveness relative to their peers or competitors. The low percentages of respondents who expressed uncertainty or disagreement indicate a high level of confidence among the majority of participants regarding their market share.

The data reflects the perception of respondents regarding the level of preference their products receive compared to those of other entities: The majority of respondents (97.3%) agree that their products receive a high level of preference among others. This suggests that these respondents believe their products are favoured and sought after by customers compared to alternatives. A small percentage of respondents (1.8%) expressed an "Undecided" response, indicating that they are unsure or lack a clear opinion about the level of preference for their products among others. A very small percentage of respondents (0.9%) selected "Strongly Disagree," indicating that they do not believe their products receive maximum preference among others. Overall, the overwhelming majority of respondents in this dataset perceive that their products receive a high level of preference compared to those of other entities. This perception reflects a positive assessment of the popularity and desirability of their products in the market. The low percentages of respondents who expressed uncertainty or disagreement indicate a high degree of confidence among the majority of participants regarding the preference for their products.

The data represents respondents' perception of the extent to which their products are patronized by major traders/marketers: A significant majority of respondents (97.3%) agree that their products are patronized by major traders/marketers. This indicates that these respondents believe their products are sought after and purchased by influential players in the market. A small percentage of respondents (1.8%) expressed an "Undecided" response, implying a lack of clear consensus or opinion about the extent of patronage by major traders/marketers. A very small percentage of respondents (0.9%) selected "Strongly Disagree," indicating that they do not believe their products are patronized by major traders/marketers. Overall, the vast majority of respondents in this dataset perceive that their products are indeed patronized by major traders and marketers. This perception reflects the respondents' confidence that their products hold appeal and value for influential market players, enhancing their business prospects. The low percentages of

respondents who expressed uncertainty or disagreement indicate a high degree of confidence among the majority of participants regarding the extent of patronage by major traders/marketers.

Table 5: SME Performance

STATEMENTS	S A	A	U	D	S D
Customer Satisfaction					
Customers express satisfaction with the quality of our products	230(25.4%)	583(64.5%)	63(7%)	28(3.1%)	0(0%)
High rate of customer retention	210(23.2%)	618(68.4%)	48(5.3%)	28(3.1%)	0(0%)
High positive feedback from customer	209(23.1%)	618(68.4%)	49(5.4%)	28(3.1%)	0(0%)
Cordial relation exists between our firm and customers.	216(23.9%)	590(65.3%)	63(7%)	35(3.9%)	0(0%)
Customer oriented incentives	236(26.1%)	571(63.2%)	69(7.6%)	28(3.1%)	0(0%)
Market Size					
Our products are always available across the states	284(31.4%)	501(55.4%)	63(7%)	49(5.4%)	7(0.8%)
High patronage of our products in all the total available market (TAM)	293(32.4%)	506(56%)	63(7%)	42(4.6%)	0(0%)
Our share of the market (SOM) is reasonably high compare to others	272(30.1%)	556(61.5%)	27(3.0%)	49(5.4%)	0(0%)

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Maximum preference is placed on our products among others	699(77.3%)	181(20%)	16(1.8%)	0(0%)	8(0.9%)
Our products are patronized by major traders/marketers	706(78.1%)	174(19.2%)	16(1.8%)	0(0%)	8(0.9%)

Table 6: Regression Result I

Variables	*B coefficient*	*t-statistic*	*Sig*
Constant	3.169	25.455	.000
Structural	.268	8.718	.000
R=0.279, R^2=0.078, Adjusted R^2=0.077, $F_{(1,902)}$=76.002, p=0.000			

Source: Researcher's Field Survey (2024)

The linear regression model was used to test this hypothesis . The result showed that there is a positive relationship between the structural dimension of social capital and SME performance ($r = 0.279$). The result further showed that structural social capital explains 7.7% variation in SME performance ($R^2 = 7.7\%$). This revealed that structural social capital accounts for 7.7% changes in the performance of the SME under consideration. In addition, a statistically significant model was achieved for SME performance through the *F statistic* ($F_{(1,902)} = 76.002, p = 0.000$). The beta coefficient showed that structural social capital has a statistically significant effect on SME performance ($\beta = 0.268, p < 0.05$). This means that for every change in structural social capital, SME performance will increase by 26.8%.

Conclusion

This study examined the effects of structural dimension of social capital on the performance of SMEs in South-West Nigeria.

The study focused on SME owners in Lagos and Oyo states, Nigeria and adopted the survey research design. Five (5) SMEs categories were considered for the study which formed a population of 3200 SME owners from which a

sample of 902 respondents were reached for data collection. Primary data were gathered through the use of structured questionnaire administered to SME owners in the states specified. The data were analysed using both descriptive and inferential statistical methods.

The study found that structural social capital explains 7.7% variation in SME performance ($R^2 = 7.7\%$). This revealed that structural social capital accounts for 7.7% changes in the performance of the SME under consideration. In addition, a statistically significant model was achieved for SME performance through the *F statistic* ($F_{(1,902)} = 76.002, p = 0.000$). The beta coefficient showed that structural social capital has a statistically significant effect on SME performance ($\beta = 0.268, p < 0.05$). This means that for every change in structural social capital, SME performance will increase by 26.8%.

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