SUSTAINING ORGANISATIONAL PERFORMANCE OF SMALL AND MEDIUM ENTERPRISES (SMEs) THROUGH ENTREPRENEURSHIP

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Abstract
The study examined the effect of entrepreneurship capital on organizational performance of SMEs in South-South, Nigeria. The specific objectives are to: to examine the effect of Social Capital on organizational performance of SME’S in South-South Nigeria; ascertain the effect of loan and grant on organizational Performance of SME’S in South South Nigeria. The descriptive survey research design was used. A sample size of 400 SMEs employees of selected SMEs was used. The study used descriptive statistics, correlation, and multiple regression analyses to analyze the data collected for the study. Finding showed that Social Capital ($\beta =0.250, p=0.000< 0.05$) and Loan and Grant ($\beta =0.224, p=0.000< 0.05$) have significant positive effect on organizational performance. It was concluded that entrepreneurship capital has a significant positive effect on organizational performance. It was recommended to achieve organizational performance; management of SMEs should continue to leverage on social capital to positively influence the performance. The study established that customer retention and social interaction is influenced by the level of relationship between entrepreneurship capital and organizational performance.

Keywords: Organisational Performance, SMEs, Entrepreneurship Capital, Social Capital, Loan, Grant.

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1. INTRODUCTION
Entrepreneurship capital is occasioned by a process whereby clusters of new businesses located in a region continuously derive multidimensional benefits from incumbent enterprises or from
one another which could necessitate economic growth and output in that region. Entrepreneurship capital can contribute to output and growth by serving as a conduit for knowledge spillovers, increasing competition, and by injecting diversity. Inclusion of measures of entrepreneurship capital would be expected to be positively related to output. (Kifordu, Adeiza, Ismail & Arnaut, 2021). Entrepreneurship capital usually give room to start-ups and spin-offs within a particular region to survive and become more productive because some employees that left large and successful organizations for one reason or the other usually use their experience, skills and knowledge they acquired from such organization to run their personal business within that region, these could be referred to as knowledge spillover. Opportunity discovery occurs when the entrepreneur has access to factual and sufficient information on the resources’ actual value and the resulting value after combining them. Opportunity creation further explains that entrepreneurs “seek to maximize the utility functions of multiple stakeholders and that opportunities can only truly be identified” (Cohen, Smith, & Mitchell, 2018).

Anaduaka (2020) & Ogunleye (2021) note that capacity building and quality of human capital are indispensable in attaining sustainable organizational performance and quality economic growth in developing countries such as Nigeria because there is an increase in business performance for every increase in resource development. Based on the resent research literature studies it has been observed that human capital and institutional factors encourage entrepreneurial opportunities to achieve sustainable business performance and achieve quality economic growth (Acs, 2019, Chitsaz, 2020). However, there are number of factors which affect organizational performance, in which one of the most known is human capital. Investment in human capital (Education, Experience, and Knowledge) creates multi-dimensional benefits for the economy. However human capital is vitally important for an organization's success (Khuwaja, 2018).

For an excellent review of social capital as it applies to entrepreneurship, as well as a discussion of how social capital (e.g. social structures, networks, and memberships) relates to human capital which there are number of different ways, both indirect and direct, to measure entrepreneurship capital in an economic region, direct and indirect as well as objective and perceptual.
The Problem
In developing countries, entrepreneurs take the chance in growing new revolutionary ideas, which is one of the potentials of entrepreneurial capital; notably sound innovative ideal can lead to a ripple effect in organizational performance. Access to finance is a key determinant for businesses start-ups and spin-ups development and growth of small and medium enterprises; unfortunately, one of the key challenges of most entrepreneurs is their inability to access sufficient funds. Financing constraints are one of the biggest concerns affecting potential entrepreneurial business around the world. They fade away at fast rate during their initial year of existence, due to inadequate financial resources and lack of funding. Another challenge facing entrepreneurs is institutional constraint where enterprises are deprived from quality support by the government, and imposition of student legalization and taxation that hinders start-ups growth and sustainably business performance. Barriers that may hinder growth or small business are normally related to institutional and financial barriers.

Objectives

1. Access the effect of social capital factors on sustained organizational performance of selected SMEs in south-south, Nigeria.
2. Determine significant of loan and grant on sustained organizational performance of selected SMEs in south-south, Nigeria.

Research Hypotheses

H0: Social Capital factors has no significant effects on organizational performance of selected SMEs in south-south, Nigeria

H1: Social Capital factors has a significant effect on organizational performance of selected SMEs in south-south, Nigeria

2. LITERATURE UNDERPINNINGS

Concept of Entrepreneurship

Entrepreneurship has been defined as consisting of two criteria. The first involves the state of (asymmetric) knowledge and is the ability of economic agents to recognize economic opportunities that can only, or best be realized through the creation of a new enterprise. The
second criterion involves economic behavior and involves the creation of a new enterprise to appropriate the economic value of that knowledge. Such entrepreneurial activity could be considered to reflect the underlying stock of entrepreneurship capital. By entrepreneurship capital we mean the capacity for geographically relevant spatial units of observation to generate the startup of new enterprises. A large and robust literature has emerged trying to link social capital to entrepreneurship.

Social Capital

Attaining and sustaining superior performance is the goal of every organization, even public institutions whose goal is not necessarily to make a profit. The strategic management field has a plethora of theories, views, and recommendations about how to improve organizational performance, and studies demonstrating the impact of the social aspects of organizations on organizational performance are by no means new, and yet we believe that they generally go unrecognized. This is true for hospitals as well, which are typically more reluctant to catch up with the developments in management systems, especially if these are intangible and harder to measure.

The social capital inherent in the social relations within an organization can, therefore, be regarded as a potentially critical asset in maximizing organizational advantage. Where there are high levels of collaboration and good will among organization members, firms may be able to reduce their reliance on cumbersome monitoring procedures, thereby lowering the transaction costs associated with accumulating knowledge and stimulating innovation (Shalley, 2013). Organizational social capital consists of the structural (connections among actors), relational (trust between actors) and cognitive (shared goals and values among actors) dimensions of the relationships between organization members.

Entrepreneurs and Entrepreneurship

The concept of entrepreneurship is elusive, that is difficult to define and taking various meanings as it is viewed differently by different scholars regarding the context it is employed for. For example, the psychologist (behaviourist) sees it as “the need for achievement, perceived locus of control, and risk-taking propensity”. The economist looks at it as bringing together the factors of production (land, labour, capital, and entrepreneur) and bearing the risk of buying at a certain price and selling at uncertain prices. While the sociologist views it as the ability to recognize and act upon market opportunities in order to provide social services.
Neither of these approaches is sound and all-embracing because each focuses upon some aspects of entrepreneurship and leaving some untouched.

**Loan and Grant**

Entrepreneurial Finance is becoming a global concept which scholars are queuing in to make a living. It has been considered as an innovation that is assisting young entrepreneurs by developing template for various small-scale businesses. In this century where there are more competition in diverse business areas, star ups are being challenged by those in bigger businesses. This made it necessary for encouragement to be received from relevant stakeholders in the field of entrepreneurship development. Financial outlay is one of the important decisions young entrepreneurs must overcome as they venture into business. Since old ventures are quite different from new ones. It is therefore of great importance to help the younger businesses to overcome this fear knowing their contributions to the economy (Cosh, Cumming & Hughes, 2009). Availability of loan and grant makes financial decisions for young venture or start-ups. The reason is that start-ups must be made to understand various ways of sourcing funds and how to manage funds and other business resources. The most important is deviation from business expenditures which has crippled many businesses.

**Organizational Performance**

Folan, Browne & Jagdev (2017) cited that the concept of performance has gained increasing attention in recent decades, being pervasive in almost all spheres of human activity. Performance is a subjective perception of reality, which explains the multitude of critical reflections on the concept and its measuring instruments. The multitude of studies at international level in the field of performance is also due to the financial crisis that swept the economy globally, which has led to a continuing need of improvement in performance of entities. The concept of company performance is often used in scholarly literature, but it is only rarely defined. Due to the large number of concepts employed in defining performance, it is more and more discussed the existence of a confusion of this concept. Thus, organizational performance is confounded with notions such as: productivity, efficiency, effectiveness, economy, earning capacity, profitability, competitiveness etc.
Competitiveness

A competitive and high performing SME sector is critical and strategic in attaining economic and social development of any country. Some scholars associate SME performance to firms’ entrepreneurial orientation and competitive advantage since competitive advantage occurs when a firm implements a value creating strategy that is not concurrently implemented by rivals. Despite the importance of competitive advantage as described in the resource-based view, the mediating effect of competitive advantage on the relationship between entrepreneurial orientation and firm performance is not yet extensively studied (Mahmood & Hanafi, 2013).

Knowledge Capital and Sustained Organizational Performance

Knowledge capital can be defined as all those intangibles an organisation has and which can be acquired or generated, assimilated, processed, and implemented in a harmonious way in order to attain higher levels of innovation, productivity and competitiveness, in spite of not being reflected in the financial statements. Moreover, they produce future value, upon which competitive advantage rests (Sánchez, 2017 & Zhanget 2018). The first attempt to define the concept of knowledge capital is attributed to Stewart (1998) who said that intellectual capital which is an integral part of knowledge capital consists of talents, the skills of individuals and groups, technological and social networks, software, and the culture that unites all of these elements.

Loan and Grant on Sustainable Organizational Performance

In any business organization, the performance of an organization depend on the relative ease with which funds of different types are obtainable, and this in turn affected by the character of the company's assets, the seasonal and cyclical fluctuations in its volume of business, its rapidity of growth, its demonstrated or anticipated stability of profits and continuity of operations, its size, and any other aspect of its operations which affects its position as a potential borrower. These factors also determine its financial policy, causing the management to choose one source of financing rather than another (Adam, 2014). Loan and grant is one of financing options most commonly pursued by companies. According to Tirole (2006), debt financing takes many forms. The essence of debt is that the borrower must repay the funds along with agreed-upon service charges such as interest and loan origination fees. If the money is not repaid as promised, the lender can start collection proceedings.
3. THEORETICAL FOUNDATION

Social Capital or Social Network Theory

The study is fecundated upon Social Capital or Social Network Theory. Entrepreneurs are embedded in a larger social network structure that constitutes a significant proportion of their opportunity structure (Clausen, 2006). Shane and Eckhardt (2003) cited that “an individual may have the ability to recognize that a given entrepreneurial opportunity exist, but might lack the social connections to transform the opportunity into a business startup. It is thought that access to a larger social network might help overcome this problem”. In a similar vein, mentioned social network in his four stages in the sociological theory. The literature on this theory shows that stronger social ties to resource providers facilitate the acquisition of resources and enhance the probability of opportunity exploitation (Aldrich & Zimmers, 2006).

The relevance of this theory to entrepreneurs is that it does not only enables them to recognize a given entrepreneurial opportunities but also facilitates the social connections that will transform the opportunities into a business start-up or business growth, within a business region.

Tools and Methods

The study adopted descriptive survey research design. The population of the study comprises of all SMEs in south south. Nigeria that came to twenty-four thousand two hundred and fifty six (24,256). A sample size for this study is 400. The stratified random sampling was used. Multiple regression analysis was used to determine the relationship between entrepreneurship capital and organisational performance of SMEs.
4. DATA PRESENTATION AND ANALYSIS

Description variable

Table 1: Social Capital Factors and Organizational Performance of selected SMEs in South-South Nigeria

<table>
<thead>
<tr>
<th>S/N</th>
<th>Statement</th>
<th>Scale</th>
<th>Mean (X)</th>
<th>Standard Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>SA</td>
<td>A</td>
<td>U</td>
</tr>
<tr>
<td>1.</td>
<td>Social capital is inherent in the social relations within an organization, therefore, be regarded as a potentially critical asset in maximizing organizational change and performance</td>
<td>165</td>
<td>162</td>
<td>40</td>
</tr>
<tr>
<td>2.</td>
<td>Organizational social capital consists of the structural, cognitive and relational dimensions between organization members.</td>
<td>140</td>
<td>121</td>
<td>27</td>
</tr>
<tr>
<td>3.</td>
<td>Social capital is formed through information flow such as education related to jobs, exchanging ideas, self-help groups and altruism</td>
<td>130</td>
<td>112</td>
<td>28</td>
</tr>
<tr>
<td>4.</td>
<td>Social capital factors tends to be life saver of firms in accumulating resources that could enhance organizational goals</td>
<td>165</td>
<td>76</td>
<td>10</td>
</tr>
<tr>
<td>5.</td>
<td>Social capital factors cut across educational, social, religion, culture and customer preferences which placed them on the competitive edge</td>
<td>159</td>
<td>124</td>
<td>50</td>
</tr>
</tbody>
</table>

Source: Field work, 2023

The descriptive statistics showing the pattern of sample response, in relationship to Social capital factor and organizational performance questionnaire items is indicated on table 1 above.

327 (85.4%) of the respondents agreed that social capital is inherent in the social relations within an organization, therefore, be regarded as a potentially critical asset in maximizing...
organizational change and performance, 40(10.3%) were undecided and 20(5.2%) of the respondents disagreed to the above statement.

A total of 261(67.5%) of the respondents agree that Organizational social capital consists of the structural, cognitive and relational dimensions between organization members, 27(7.0%) of the respondents were undecided. While 99 (25.6%) of the respondents disagreed.

To the statement Social capital is formed through information flow such as education related to jobs, exchanging ideas, self-help groups and altruism 242(62.5%) of the respondents agree, 28(7.2%) were undecided while a total of 117(30.2%) disagree.

A total of 241 (62.2%) of the respondents agree that Social capital factors tends to be life saver of firms in accumulating resources that could enhance organizational goals, 10(2.6%) of the respondents were undecided. While 136(35.1%) respondents disagreed to the above statement.

A total of 283 (73.1%) of the respondents agree that Social capital factors cut across educational, social, religion, culture and customer preferences which placed them on the competitive edge, 50(12.9%) of the respondents were undecided. While 54(13.9%) respondents disagreed to the above statement.

Table 2: Loan and Grant and Organizational Performance of selected SMEs in South-South Nigeria

<table>
<thead>
<tr>
<th>S/N</th>
<th>Statement</th>
<th>Scale</th>
<th>Means (X)</th>
<th>Standard Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Loan and grant in entrepreneurial finance is the utilization of techniques</td>
<td>SA 5 (60.5)</td>
<td>4.3385</td>
<td>0.9982</td>
</tr>
<tr>
<td></td>
<td>of finance and principles in the planning, funding and valuation of an</td>
<td>A 4 (23.8)</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>organizational in order to ensure performance and development</td>
<td>U 3 (5.9)</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>D 2 (8.8)</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>SD 1 (1.0)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2.</td>
<td>Loan and grants is one of the financing options most commonly pursue by</td>
<td>223 (57.6)</td>
<td>4.4031</td>
<td>0.7968</td>
</tr>
<tr>
<td></td>
<td>organization in order for them to improve in the turbulent business</td>
<td>A 106 (27.4)</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>environment</td>
<td>U 49 (12.7)</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>D 9 (2.3)</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>SD -</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3.</td>
<td>The inability of an organization an loan could lead to the short</td>
<td>211 (54.5)</td>
<td>4,2532</td>
<td>0.9885</td>
</tr>
<tr>
<td></td>
<td></td>
<td>A 102 (26.4)</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>U 35 (9.0)</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>D 39 (10.1)</td>
<td></td>
<td></td>
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<tr>
<td></td>
<td></td>
<td>SD -</td>
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</table>
down of such business and this may affect their integrity in the competitive business environment

4. Small labour-intensive industries and medium industries were seen not to increase employment but also increase the living standard of the poor

<p>| | | | | | | |</p>
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</thead>
<tbody>
<tr>
<td>4. Small labour-intensive industries and medium industries were seen not to increase employment but also increase the living standard of the poor</td>
<td>233 (60.2)</td>
<td>87 (22.5)</td>
<td>17 (4.4)</td>
<td>34 (8.8)</td>
<td>16 (4.1)</td>
<td>4.2565</td>
</tr>
</tbody>
</table>

5. Having access to loans and grants can easily business room to be innovative and invest into business that is profitable in a long run.

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</thead>
<tbody>
<tr>
<td>5. Having access to loans and grants can easily business room to be innovative and invest into business that is profitable in a long run.</td>
<td>245 (63.3)</td>
<td>87 (22.5)</td>
<td>22 (5.7)</td>
<td>33 (8.5)</td>
<td>-</td>
<td>4.4041</td>
</tr>
</tbody>
</table>

Source: Field work, 2023

From table 2 above 326(84.3%) agree that loan and grant in entrepreneurial finance is the utilization of techniques of finance and principles in the planning, funding and valuation of an organizational in order to ensure performance and development, 23(5.9%) were undecided, while 38(9.0%) disagreed on the above statement.

To the statement ‘Loan and grants is one of the financing options most commonly pursue by organization in order for them to improve in the turbulent business environment’ 329(85%) of the respondents agreed, 9(2.3%) disagree, while 49(12.7%) of the respondents were undecided.

313(80.9%) of the respondents agree that inability of an organization to secure grant/loan could lead to the short down of such business and this may affect their competitiveness in business environment, a total of 35(9.0%) were undecided while 39(10.1%) disagreed.

320(82.7%) agree that small labour intensive industries and medium industries were seen not to increase employment but also increase the living standard of the poor, 17(4.4%) were undecided, while 50(12.9%) disagreed on the above statement.

332(75.8%) of the respondents agree that Having access to loans and grants can easily business room to be innovative and invest into business that is profitable in a long run., a total of 22(5.7%) were undecided while 33(8.5%) disagreed.
Multiple Regression Analysis

Table 3: Model Summary of Multiple Regression Analysis

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.518</td>
<td>.269</td>
<td>.265</td>
<td>1.7248</td>
</tr>
</tbody>
</table>

a. Predictors: (Constant), Social Capital factors (SOCCAP), Loan and Grant (GRTL),

Table 3 reveals that 26.5% (.265) of variance in organizational performance is accounted for by the joint predictive power of Social Capital factors (SOCCAP) and Loan and Grant (GRTL).

Table 4: Multiple Regression Coefficients Analysis

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>(Constant)</td>
<td>15.057</td>
<td>1.723</td>
<td>8.739</td>
</tr>
<tr>
<td></td>
<td>Social Capital factors</td>
<td>.248</td>
<td>.259</td>
<td>.250</td>
</tr>
<tr>
<td></td>
<td>Loan and Grant</td>
<td>.324</td>
<td>.266</td>
<td>.224</td>
</tr>
</tbody>
</table>

a. Dependent Variable: Organizational performance

The result in table 4 above shows that the two components of Entrepreneurship capital have a positive effect on organizational performance. On this note, Social capital (β = 0.250, P < 0.01), and Loan and Grant (β = 0.224, P < 0.01) captured these significance.

5. TEST OF RESEARCH HYPOTHESES

The Decision Rule

If the probability value calculated is greater than (>) the critical level of significance, then the null hypotheses will be accepted while the alternate hypothesis is rejected and vice versa. If the probability value of 0.00 is smaller than the critical value of 5% (i.e. 0.00<0.05) we conclude of the given parameter that it is statistically significant. In this situation, it is accepted that there is need to reject the null hypotheses and to accept the alternate. Gujarati and Porter (2009)
observed that when we reject null hypotheses, we say that our findings are statistically significant and vice versa. Thus the p-value for the hypotheses testing is at 0.05(5 %) i.e. the tolerable error thereby placing the level of significance at 5%

**Hypothesis One**

H0₁: Social Capital factors has no significant effects on organizational performance of selected SMEs in south-south, Nigeria

Hₐ₁: Social Capital factors has a significant effect on organizational performance of selected SMEs in south-south, Nigeria

From the regression coefficient in table 4 Social Capital factors has a positive effect on organizational performance of selected SMEs in south-south, Nigeria. (β = 0.250, P < 0.01). Since the P value calculated in table 4 is lesser than the critical level of significance (.001<0.05), we reject the null hypothesis and accept the alternate hypothesis implying that Social Capital factors has a significant effect on organizational performance.

**Hypothesis Two**

H0₂: There is no significant effects of Loan and Grant on organizational performance of selected SMEs in south-south, Nigeria.

Hₐ₂: There is a significant effect of Loan and Grant on organizational performance of selected SMEs in south-south, Nigeria

Based on the findings, Loan and Grant has a positive effect which is insignificant on organizational performance (β = 0.224, P < 0.01). However, based on the decision rule, the p value of .001 is lesser than .05 level of significance. Therefore, the null hypothesis is rejected while alternate hypothesis is accepted. By implication, Loan and Grant has a significant effect on organizational performance.

**Discussion of Results**

**Social Capital factors and organizational performance**

The empirical findings from the descriptive statistics on table 1 indicated that the majority of the respondents overwhelmingly responded positively to the various constructs in relationship
to Social Capital factors and organizational performance. The beta value on table 4 corroborated the positive effect given the beta value (β=.250<0.01). The test of hypothesis indicated in table 4 reveals that there is a significant effects of Social Capital factors on organizational performance (.001<0.05). The overwhelming positive result is provided support Ofori & Stacey social capitals plays an important role in predicting organizational performance. And Bakiev & Kapucu also found social capital is an important factor in improving organizational performance. This finding is also cognizance to Zhang, Zhang & Song (2019) which indicates that there is significant effect of relational social capital on sustainable organizational performance,

**Loan and Grant and organizational performance**

The empirical findings from the descriptive statistics on table 3 indicated that most of the respondents overwhelmingly responded positively to the various constructs in relationship to Loan and Grant and organizational performance. The beta value on table 4 corroborated the positive effects given the beta value (β=.224, P<0.01). Meanwhile the test of hypothesis indicated in table 4 reveals that Loan and Grant has a significant effect on organizational performance. This is in line with Sánchez-Gutiérrez, (2017) whose findings indicated that capital structure in financial terms means the way firms finance their assets through the mixture of equity, debt, or hybrid securities.

6. CONCLUSION

SMEs that social capital exhibit a great level of trust by the customers and gather a lot of information from their social groups, which form some of the elements of social capital that contributed to enhanced performance. Given the association between social capital and organizational performance, business should tap on social capital through improving network diversity among its customers, coordinating, and jointly working with other firms in different lines of business. Also, given that the study's findings show that trust influences customer retention in a way that is both favourable and substantial, trust must be considered as a driving force in a range of interactions between consumers and service providers. Only then can customer retention be as anticipated.
Recommendations

That management of SMES should leverage on social capital to positively influence the performance of their ventures. The management and business owners should put in place strategies to ensure sustained close relationships between employees and the management of ventures, between employees and the management of the venture, between the firm and the suppliers, a high level of trust in the firm by the customers and finally high interaction in cross-functional social groups by employees.

Based on this, government, and business stakeholders to create an environment suitable for the general growth of SMEs in South-South, Nigeria. Also, in partnership with banks, government can create incentives that encourages formal financing institution to provide grants and grants to SMEs, a fund like can assist these companies.

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