Strategic Networking: A Re-Engineering Approach for Sustainable Growth of Small Businesses in Nigeria

Elikwu, Michael I.¹, Paul, Shulamite², Mohammed, Munirat N.³, & Emokhare, Godwin⁴
¹,²Entrepreneurship Unit, Centre for Foundation and Interdisciplinary Studies, Baze University, Abuja, Nigeria.
³Department of Business Administration and Management, Federal Polytechnic, Nasarawa
⁴Department of Business Administration, Nasarawa State University, Keffi

Corresponding Author:
Elikwu, Michael I.
ORCID ID: https://orcid.org/0000-0002-2393-3423
michael.elikwu@bazeuniversity.edu.ng, +2347085524075

Abstract
In Nigeria, the challenges inhibiting growth of small businesses includes the combined effect of low market access, poor information flow, poor business literacy and pre-start-up industry knowledge, weak linkage among different segments of the operations in the sector, weak operating capacities in terms of skills, knowledge and attitudes, use of obsolete equipment and methods of production because of owner’s inability to access new technology. Also, owing to the absence of strategic networking, resulting in absence of capacity of small business owners to simultaneous exploit opportunities innovatively and to create competitive advantage for business growth; hence, this study investigates strategic networking as a re-engineering approach towards sustainable growth of small businesses in Nigeria. This study employed the cross-sectional survey design, with a sample size of one hundred and ninety-eight (198) small businesses operating within the Federal Capital Territory, Abuja. Data generated for the study were analysed using descriptive analytical techniques, while hypotheses was tested using multiple regression. The result revealed that, strategic networking has a significant impact on re-engineering sustainable growth of small businesses in Nigeria. Hence, the study recommended that, small businesses desirous of growth and expansion should ensure effective business networking within the industry to enhance productivity in the event where they lack technological capacity to produce for uninterrupted operations, effective and profitable product distribution and access to wider markets

Keywords: Distribution, Strategic Networking, Growth, Small Business, Production Capacity,

Introduction
Globally, the growth of small and medium enterprises largely determines the economic development of nations; this is due to the fact that a critical mass of people in such countries is captured within this net. According to Recklies (2001), the sector of small businesses is an important factor in most economies. Business growth has become among the top priorities of visionary entrepreneurs, because growing business is a necessity for business survival and the entrepreneur’s economic well-being. It is important therefore for entrepreneurs to be acquainted with the various strategies that will ensure effective growth. The focus of this study is to evaluate strategic networking as a re-engineering approach for growth of small business in Nigeria. Strategic networks have emerged as a re-engineering process premised on fundamental rethinking and radical redesign of business processes to achieve dramatic improvements in critical contemporary measures of performance, such as cost, quality, service and speed (Okpue,
2007); which is also a major form of organizing to acquire the resources and capabilities necessary to compete effectively in markets (Hitt et al., 2001a), wealth creation and business growth (Hitt et al., 2001b). Furthermore, Gulati, Nohria, and Zaheer (2000), argue that strategic networks can help firms develop resources and capabilities that are difficult to imitate, leading to a competitive advantage. Strategic networks may be even more important for entrepreneurial firms, partly because of the need for resources in order to compete effectively against other entrepreneurial and established firms.

In Nigeria, the challenges deterring business growth transcends inaccessibility to adequate finance and entrepreneurial capacity to the combined effect of poor information flow, weak linkage and operating capacities in terms of skills, technology and knowledge, lack of infrastructure and an unfavourable economic climate to support production and effective processing of raw materials and distribution of finished goods; inadequate power supply, the high exchange rate impeding acquisition of appropriate technology and machinery resulting in continuous use of obsolete equipment and methods of production because of owner’s inability to access new technology; coupled with weak industry linkages and poor access to global market, which are all factors that aid business growth. Finally, owing to the absence of networking and industry alliances, resulting in absence of capacity of small business owners to simultaneous exploit opportunities innovatively and to create competitive advantage for business growth, this study evaluates strategic networking as a re-engineering approach towards growth of small businesses in Nigeria.

The specific objective of this study aims to determine the impact of strategic networking as a re-engineering approach on sustainable growth of small businesses in Nigeria, while the research question seeks to know what is the impact of strategic networking on sustainable growth of small business? From the specific objective and research question, the study posits the following null hypothesis;

\[ H_0: \text{strategic networking as a re-engineering approach has no significant impact on sustainable growth of businesses in Nigeria} \]

**Literature Review**

**Concept of Networking**

Strategic alliance (networking) involves partnerships between firms whereby their resources, capabilities, and core competencies are combined to pursue mutual interests to develop, manufacture, or distribute goods or services (Abbah, 2015). Networking provides access to information, resources, technology and markets (Hitt et al., 2001b). Morris, Kuratko and Schindehutte, (2011), suggest that networks may serve even more competitively critical purposes for entrepreneurial firms. For example, networks create legitimacy for entrepreneurial firms when they partner with a well-known and respected company. This is especially true for independent new ventures focused on creating a new market or a niche within an established market. Furthermore, the creation of new independent ventures frequently is based either on the network ties of an individual entrepreneur or of entrepreneurial teams in the case of ventures by larger firms (Igboke & Elikwu, 2019). In particular, sources of ideas for new ventures often come from social networks. Thus, networks are sources of entrepreneurial opportunities (Teece, Pisano & Shuen, 2013). Perhaps most importantly, some of the critical resources to create and operate a new venture are obtained through network ties. As such, according to Morris et al, (2011), review of the research, the number and extent of network ties are positively related to entrepreneurial firm performance.
Collaboration is important for resource-poor SMEs to accomplish development. Networks help SMEs achieve economies of scale; brings new value-added products to market more quickly and can market more effectively than a single SME can, this will enable SMEs maintain their flexibility but still share financial, human and relational capital with others so as to reduce the risks associated with the new global business environment (Nzitunga, 2015). Networking might make an SME more dynamic by boosting its supply chain management (Raymond, 2004) and its customer relationship management (Kalwani & Narayandas, 2013). According to Goleman (2002), partnership agreements allow organisations to benefit from market opportunities and react to customer needs in collaboration, allowing them to more efficiently and effectively do so than they possibly will separately. Gulati (1998) defines network development or strategic partnering as collaboration and partnerships with customers, suppliers, distributors, competitors and other organisations such as consulting firms and research centres. Moreover, Goleman (2002), states that network development means the following: spreading risk and expecting others to perform in mutual best interests; seeking a tactical fit among partners so that goals match and action plans show synergy; finding complementary skills, competences and resources in partners; and sharing privileged or confidential information.

According to Wincent and Westerberg (2005), small firms need to manage social and professional networks with other actors seen as “organisers” in order to be able to carry out a strategy and build competitive advantage that is far beyond the scope of the single firm. All collaborating partners can focus on their core business and by interlinking these, competitive advantage can be achieved. Having a capability to know about and make use of other firm’s resources seems to be a valuable asset in the harsh competitive landscape of today’s business environment (Wincent & Westerberg, 2005; Smedlund, 2007). The literature offers benefits of networking for small firms such as right to use to technical or commercial resources (Hoang & Antoncic, 2003; Armitage, Brook, Carlen & Shulz, 2006), improving organisational learning (Kale, 2002; Oliver, 2001) and innovation (Pittaway, 2004; Powell, 2012). In the preliminary stages of a small firm’s life, it needs access to more external information and guidance. This dependence persists also after the preliminary stages. Access to external knowledge could result into better performance. SMEs may as well use their network as a foundation for idea generation and gather information to identify entrepreneurial opportunities (Hoang & Antoncic, 2003).

An essential but less appreciated advantage of networking manifests itself in the form of social standing and respect. When an SME joins a network, they stand for that network. This is then of assistance to them in getting noticed and acknowledged easily within their respective industry. However, it is imperative to select the correct partners because an unknown firm will not add much value to the firm’s standing. This gain of authenticity exists even when the network fails to attain its core objectives (Stuart, 2000; Bradley, 2006). Strategic partnering improves a firm’s aptitude to learn and realize competitive advantage. However, learning from networking is not easy. Moreover, inferred knowledge is a hefty part of learning which cannot be readily transferred (Oliver, 2001). Therefore, SMEs have to be proficient enough to identify and use outside knowledge for learning, which strongly relates with the theory of “absorptive capability” i.e. a firm’s ability and capacity to identify and make use of outside knowledge for commercial accomplishment (Cohen & Levinthal, 1990).

Oliver (2001) argued that, learning from networking is not linear throughout the life cycle of SMEs. Enterprises change their way of learning from networking based on their experience and needs. Experience gained from networking can aid an SME in making the best from their networks (Anand & Khanna, 2000). The “locus of innovation” is no longer within individual firms but in their network (Powell, 2012). This relays back to the logic of learning from
networking. When SMEs operate in collaboration, new ideas surface because each SME brings their distinctive competence to the network. The probability of success with innovation is also likely to increase, when it is developed in a network, as it tends to be more technologically and economically feasible (Pittaway, 2004). The challenge that remains for SME owner-managers is how to establish and manage the network to realise the benefits offered (Trim & Lee, 2008).

Walter (2006) defined networking capability as a firm’s “ability to develop and make use of inter-organizational relationships to gain access to a variety of resources held by other actors”. Kale et al. (2002) note that it is not sufficient to build networks – it is also crucial for SMEs to accomplish network success. Managing networks is not straightforward. An SME has to put some efforts in developing trust with partners, sharing resources and working closely for efficiency, or else, inter-organizational ties - also termed as “inter organizational learning linkages” (Cohen & Levinthal, 1990) would just lead to loss of efforts and resources (Gulati et al., 2000). SMEs with high networking capability should not only be able to spot strategic partners but also sustain close relations (Walter, 2006).

According to Walter (2006), networking capability is a concept consisting of four elements which are coordination, relationship skills, partner knowledge and internal communication. All these elements are different but would often appear interrelated. For instance, when SMEs have good relationship skills, they would be able to have access to external knowledge, which in turn makes possible for them to develop their partner knowledge (Nzitunga, 2015). An SME’s coordination activities can help them in synchronizing with different external partners and achieving mutual advantages. But just establishing relation with a firm is not sufficient, since interpersonal skills i.e. ability to maintain a healthy relationship, is also of the essence. A vital characteristic of relationship skills is related to individuals because firms do not have relations but rather individuals/employees who cultivate these relationships (Hakansson, 2014). Hence, SMEs need to be cautious while assigning responsibility to individuals for managing such relations. SMEs should also focus on understanding their partners and enhancing partner knowledge. Partner knowledge is an essential component of networking capability. This type of partner knowledge can lead to unwavering and long-term relationships between different actors because they would understand each other’s needs and wants better.

**Business process re-engineering**

Davenport (1993) described process innovation as the” envisioning of new work strategies, the actual process design activity, and the implementation of the change in all its complex technological, human, and organizational dimensions”. The question now is what is Business Process Reengineering? Business process reengineering” is the analysis and design of workflows and processes within and between organizations (Davenport & Short, 1990). It is a pioneering attempt to change the way work is performed by simultaneously addressing all the aspects of work that impact performance, including the process activities (Adegbite, 2007), the people's jobs and their reward system, the organization structure and the roles of process performers and managers (Roberts, 1994), the management system and the underlying corporate culture which holds the beliefs and values that influence everyone's behaviour and expectations (Okpue, 2007).

**Business growth**

The concept of business growth has been described as the expansion in a business resulting from use of its internal resources and or merging or acquiring other businesses which may or may not be within the same industry (Swedberg, 2013). This implies that business growth can be stimulated internally, which involves a business using its own resources to expand (Tse &
Soufani (2013), or externally induced, which involves a business joining with or taking over other business which may or may not be in the same industry (Davidsson, Delmar & Wiklund, 2012). Davidsson (2012) argues that growth in small firms is affected by many factors. Some of these factors are external to the firm, and some are internal, but both affect the firm’s ability and willingness to grow. All through history, there has been a tendency in entrepreneurial research and practice to emphasize company growth as the ultimate measure for entrepreneurial success (Rasmussen, 2009). Among other researchers, Delmar (2006), Wiklund, Patzelt and Shepherd (2009) use growth in empirical studies as the dependent variable of the performance of young, small companies. Thus, growth has very central role when talking about entrepreneurship, and in many cases this measure has been seen as the very essence of entrepreneurship (Stevenson & Gumpert, 2010).

Benefits of strategic networking
UNCTAD (2011), describes the benefits of strategic networking to SME development as being four types of relations, i) Productivity gain, which involves outsourcing products and services to enable SMEs produce better or cheaper products, enhance technological specialization and achieve economies of scale (Mendola, 2007), therefore giving SMEs a certain degree of bargaining power. ii) The adoption of strategic entrepreneurship networking gives specialized SMEs access to a reliable market; as intra-industry linkages based on mutual specialization usually go beyond arms-length transactions, toward the coordination of delivery times, product standardization among others (UNIDO, 2011), thereby promoting a long-term commitment on the part of the customer. This further promotes factor-cost advantages, a state in which SMEs tend to have access to cheaper basic factors, mostly lower labour costs, due to the informality of the workshop or a non-unionized workforce. When the production process is standardized and the necessary technology is available, price competition is usually fierce, forcing firms to continuously cut costs and achieve extraordinary increases in productivity (Hazarika & Alwang, 2003). iii) Furthermore, benefits of SMEs strategic networking which is a basis for business growth includes Passive’ (numerical) flexibility, which is the occasional subcontracting for the purpose of increasing production (Zeller, Diagne & Mataya, 2007); and iv) Active (functional) flexibility, which is a situation where firms rapidly switch production processes and flexibly modify the quantity of output (Castillejo, Barrachina, Llopis & Samchis, 2012). However, the preconditions for such a flexible system of production are multi-skilled workers and technological advancement.

Theory of Dynamic Capabilities
According to Teece (2007), dynamic capabilities are ‘the foundation of enterprise-level competitive advantage in regimes of rapid (technological) change’. Teece, further argued that dynamic capabilities are component capabilities that are ‘necessary to sustain superior enterprise performance’ (capacity utilisation, production efficiency and productivity) in a highly dynamic environment. Auger and Teece (2009), refined this definition of dynamic capabilities to “the ability to sense and then seize new opportunities, and to reconfigure and protect knowledge assets, competencies, and complementary assets with the aim of achieving a sustained competitive advantage”. The dynamic capabilities theory suggests that in order to compete successfully in their markets, firms need two types of capabilities: ‘Ordinary’ capabilities allow organizations to operate their chosen lines of business efficiently and effectively, while ‘dynamic capabilities’ help them to upgrade their ordinary capabilities, or to create new ones (Winter, 2003). Teece, et al, (1997), argued that dynamic capabilities are particularly important for performance in situations of environmental change when a firm’s needs to rejuvenate its set of capabilities are greatest. According to Easterby-Smith and Prieto (2008), dynamic capabilities can take on multiple roles in organizations, such as changing
resource allocations, organizational processes, knowledge development and transfer, and decision making.

In the dynamic capability’s framework, Teece (2007) argued that, sustainable advantage comes from improving internal processes, structures and procedures to generate innovations, be they technological or organizational. He further argued that the dynamic capabilities framework recognizes analytical functions which must be performed at the enterprise level to sustain success. Thus, dynamic capabilities theory seeks to explain what it is that enables organizations adapt to environmental changes to either sustain or acquire competitive advantage for sustainable technological advancement, capacity utilisation, employment generation, productivity and production efficiency, financial performance and business growth. Eisenhardt and Martin (2000), stated that dynamic capabilities involve the organizational processes by which resources are utilized to create growth and adaptation within changing environments and permit the renewal and reconfiguration of a firm’s resources. According to Teece, et al. (1997), dynamic capability deployment involves sensing and shaping market opportunities, seizing market opportunities and redeploying and reconfiguring (creating, extending and modifying) the resource base.

**Empirical Review**

Igbokwe and Elikwu (2019) examined the implications of strategic entrepreneurship alliances (networking) on sustainable growth of small businesses in Nigeria. This study employed the deductive approach research and adopted the cross-sectional survey design. The study employed a sample size of four hundred and eighty-seven (487) small businesses in the twenty-five local government areas of Delta State, registered with the Delta State Micro, Small and Medium Enterprise Development Agency. Data generated for the study were analysed using descriptive analytical techniques, while hypotheses were tested using multiple regression. The result revealed that, strategic alliances have significant effect on sustainable growth of small businesses in Nigeria. The study recommended that, small businesses should embrace any of the strategic alliances (vertical, horizontal or networking), to achieve sustainable business growth.

Širec and Bradac (2014) reviewed how networking impacts on growth of SMEs, focusing on cooperation between firms for various reasons and at various levels. The statistical population of the research comprised of Slovenian small and medium-sized companies (joint-stock companies, limited liability companies, non-limited liability companies) in all Standard Industry Classification (SIC) categories. The study adopted the quota sampling method, while the Pearson correlation for data in the form of measurements on quantitative variables was used, chi-square statistic \( \chi^2 \) for nominal data, together with phi coefficient \( \phi \) and Cramer’s \( V \) were also used. The findings revealed that, for SMEs, the cooperation with different partners is of utmost importance; they namely lack a certain amount of expertise, knowledge, experience, etc. The study revealed that, the most frequently contacted groups are final customers (76.6% cooperate with them on a monthly basis). Equipment and material suppliers were quoted by 66.7% of respondents, and distributor agents in 29.4% of cases. It is interesting that cooperation with competitive companies ranked higher than supporting, educational, and R&D institutions; hence, the frequency of cooperation with partners depends on the nature of business. Similar, the findings revealed that, companies that express frequent cooperation with product end users, suppliers, agents and partnering competitors, express income and asset growth. That kind of cooperation enables them to achieve better performance in the value chain, which brings them to a superior competitive position. With such networking, small businesses do not have so much
need for hiring additional employees as they can share some activities among partners in the value chain.

Methodology
This study employed the cross-sectional survey design used for descriptive research purpose. The population of study comprised of three hundred and fifty-four (354) small businesses operating within Karu in Abuja Municipal Area Council (AMAC), Federal Capital Territory, Abuja. The study adopted the Taro Yamane sample size estimation technique in determining the minimum returnable sample size as 188 respondents. Thus, of the 226 copies of questionnaire administered, a total of 198 were returned and certified usable, representing 87.6%. The research instrument was subjected to content and construct validity, while, reliability for internal consistency was assessed by indication of Cronbach’s alpha at a value of 0.74 for the questionnaire. For the purpose of this study, primary and secondary data were used. While the questionnaire was used to collect the primary data from respondents, the secondary data formed the basis for the literature review of this study.

Data analysis techniques and model specification
Data generated for the study was analysed using descriptive analytical technique, being simple percentage frequency distribution table to analyse data from the questionnaire, while the formulated hypothesis was tested using the multiple regression analysis. The evaluation of the relationship between dependent and independent variables was performed using the multiple regression technique. The first step involved defining the variables of interest. Strategic Networking represents the independent variable is indicated STNWK, while Sustainable Growth of Small Businesses (SGSB) represents the dependent variable.

The model specification employed in this study is based on the stated hypotheses of the study. This statistical model is presented below to empirically test the posited hypothesis.

Ho: Strategic networking as a re-engineering approach has no significant impact on growth of small businesses in Nigeria

$$SGSB = f(STNWK)$$

The econometric equation for the model is specified as

$$SGSB = \beta_0 + \beta_1 STNWK + u_1$$

Results and Discussions

<table>
<thead>
<tr>
<th>Variables</th>
<th>SA (%)</th>
<th>A (%)</th>
<th>UN (%)</th>
<th>D (%)</th>
<th>SD (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strategic networking as a re-engineering approach facilitates access to reliable distributorship to boost high sales turnover</td>
<td>41</td>
<td>54</td>
<td>2</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>Strategic networking as a re-engineering approach facilitates access to raw materials for uninterrupted operations and business growth</td>
<td>36</td>
<td>58</td>
<td>2</td>
<td>3</td>
<td>1</td>
</tr>
<tr>
<td>Strategic networking as a re-engineering approach facilitates use of production equipment of allied businesses for survival and growth</td>
<td>38</td>
<td>59</td>
<td>1</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Strategic networking as a re-engineering approach promotes firm competitive advantage</td>
<td>29</td>
<td>48</td>
<td>10</td>
<td>9</td>
<td>4</td>
</tr>
<tr>
<td>Strategic networking as a re-engineering approach boosts access to wider market and stimulates business growth</td>
<td>35</td>
<td>43</td>
<td>12</td>
<td>7</td>
<td>3</td>
</tr>
</tbody>
</table>

Source: Field Survey (2019)
Analysis in that above Table shows the impact of strategic networking as a re-engineering approach on growth of small businesses. The analysis shows that, strategic networking 41% of the respondents strongly agreed and 54% agreed with the statement, 2% remained undecided, while 2% disagreed and 1% strongly disagreed respectively. This implies that, 95% of the sample size agreed that, strategic networking as a re-engineering approach facilitate access to reliable distributorship to boost high sales turnover. The analysis indicates that, 36% of the respondents strongly agreed and 58% agreed with the statement, 2% remained undecided, while 3% disagreed and 1% strongly disagreed. This implies that, 94% of the sample size agreed that, strategic networking as a re-engineering approach facilitates access to raw materials for uninterrupted operations and business growth. The analysis revealed that, 38% of the respondents strongly agreed and 59% agreed with the statement, 1% remained undecided, while 1% disagreed and 1% strongly disagreed respectively. This implies that, 97% of the sample size agree that, strategic networking as a re-engineering approach facilitate use of production equipment of allied businesses for survival and growth.

Also, the table indicates that, 29% of the respondents strongly agreed and 48% agreed with the statement, 10% remained undecided, while 9% and 4% disagreed and strongly disagreed respectively. This implies that, 77% of the sample size agreed that, strategic networking as a re-engineering approach promotes competitive advantage. Finally, the table indicates that 35% of the respondents strongly agreed and 43% agree with the statement, 12% were undecided, while 7% and 3% disagreed and strongly disagreed respectively. This implies that, 78% of the sample size agrees that, strategic networking as a re-engineering approach has the capacity to boost access to wider market and stimulate business growth.

**Test of hypothesis**

**H₀:** strategic networking as a re-engineering approach has no significant impact on sustainable growth of small businesses in Nigeria

**Table 4.2 Regression Result on impact of strategic networking as a re-engineering approach on growth of small businesses**

<table>
<thead>
<tr>
<th>Model 1: SGSB = β₀ + β₁STNWK₁ + u₁ ………………………………. (3)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dependent Variable: SGSB</td>
</tr>
<tr>
<td>Method: Least Squares</td>
</tr>
<tr>
<td>Date: 06/08/19 Time: 17:23</td>
</tr>
<tr>
<td>Sample: 198</td>
</tr>
<tr>
<td>Included observations: 198</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Variable</th>
<th>Coefficient</th>
<th>Std. Error</th>
<th>t-Statistic</th>
<th>Prob.</th>
</tr>
</thead>
<tbody>
<tr>
<td>STNWK</td>
<td>0.012434</td>
<td>0.029135</td>
<td>2.346087</td>
<td>0.5853</td>
</tr>
<tr>
<td>C</td>
<td>0.159308</td>
<td>0.365864</td>
<td>1.318518</td>
<td>0.5680</td>
</tr>
</tbody>
</table>

| R-squared | 0.718409 | Mean dependent var | 6.026983 |
| Adjusted R-squared | 0.281591 | S.D. dependent var | 2.104321 |
| S.E. of regression | 1.940198 | Akaike info criterion | 3.196343 |
| Sum squared resid | 1773.018 | Schwarz criterion | 3.205825 |
| Log likelihood | -991.5404 | Hannan-Quinn criter. | 3.219069 |
| F-statistic | 104.2175 | Durbin-Watson stat | 1.580293 |
| Prob(F-statistic) | 0.003524 |

*Source: Authors Computation, 2019 (E-views 9.0)*
SGSB = 0.15 + 0.01 STNWK ............... (4)
SEE = 0.36; 0.02

\[ t^* = 1.31 : 2.35 \]
\[ F^* = 104.2; \text{Prob (F-statistic) = 0.0035} \]
\[ R^2 = 0.7184; \text{Adj. R}^2 0.2816 \]

From table 4.2, the calculated t-value for STNWK (2.35), (SGSB model) and the tabulated value is given as ±1.96, under 95% confidence levels. Since the calculated t-values for STNWK (2.35 > 1.96) is greater than the tabulated value (1.96), we reject the null hypotheses (H01). We therefore conclude that strategic networking has a significant impact on growth of small businesses in Nigeria. This implies that, 

**strategic networking as a re-engineering approach has a significant impact on sustainable growth of small businesses in Nigeria.**

Also, by examining the overall fit and significance of Sustainable Growth of Small Businesses (SGSB) model, it can be observed that the model does have a good fit, as indicated by the relatively high value of the \( F \)-statistic, 104.2 and it is insignificant at the 5.0 per cent level; that is, the P Value (rho value) of 0.0035 being less than 0.05 probability levels implies that there is a 0.0035 chance that the equation as a whole is not significant. More so, the \( R^2 \) (R-square) value of 0.718409 shows that the model does have a good fit too. It indicates that about 71.84 percent of the variation in Growth of Small Businesses is explained by STNWK, while the remaining 28.16 percent is captured by the error term.

The finding of the hypothesis agrees with the finding of Širec and Bradac (2014), whose study established that, companies that express frequent cooperation with product end users, suppliers, agents and partnering competitors, express income and asset growth. That kind of cooperation enables them to achieve better performance in the value chain, which brings them to a superior competitive position. With such networking, small businesses do not have so much need for hiring additional employees as they can share some activities among partners in the value chain.

**Conclusion and Recommendation**

In conclusion strategic networking has been established from the above analysis to have significant impact on growth of small businesses in Nigeria, encourages use of production equipment of allied businesses, facilitates uninterrupted operations, boosts high sales turnover, promotes competitive advantage and boosts access to wider market and business growth. It is therefore recommended that small businesses desirous of growth and expansion should ensure effective business networking within the industry to enhance productivity in the event where they lack technological capacity to produce for uninterrupted operations, effective and profitable product distribution and access to wider markets.

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