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Dimensional Effects of Social Capital on the Performance of Manufacturing SMEs in Lagos and Oyo States, Nigeria

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Abstract

This study analyses the dimensional effects of the three basic dimensions (structural, relational, and cognitive) of social capital on the performance of manufacturing Small and Medium Enterprises (SMEs) 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. The result of the multi-linear regression analysis showed that there is a positive relationship between the three dimensions of social capital and manufacturing SMEs performance. The result also showed that structural dimension of social capital ($p<0.05$), relational dimension ($p<0.05$) and, cognitive dimension ($p<0.05$) have statistically significant effect on manufacturing SMEs performance. It was concluded that structural, cognitive and relational social capitals significantly predict manufacturing SMEs performance. Therefore, it was recommended that manufacturing SME owners should strive to use these dimensions of social capital to improve their performances

Keywords: Lagos State, Manufacturing SMEs, Oyo State, SMEs Performance, Social Capital.

Introduction

Issues related to failures of SMEs mainly focused on internal causes as evident from extant literatures. Most studies have always attributed the failure of SMEs to external factors like bad financial performance (Azavado & Gogatz, 20210) and the lack of seed capital raised (Brouthers & Nakos, 2010) thus ignoring the intrinsic causes of the failures of SMEs. In particular, the psychological and behaviorally contribution and continuity of the individuals who start can help enterprises in the volatile environment to overcome difficulties thus maintaining sustainable growth of the business as observed by, (Uy et.al, 2017). The role of social capital in development is as important as other types of capital such as natural, physical and human capital. Development has traditionally focused on natural resources, physical and human capital as the main determinants of economic growth (Iyer et al, 2005). However, Field (2008) contends that social capital probably has a similar or higher contribution to development compared to other types of capita. The studies on the contributions of social capital to development showed that various types of traditional capital (natural, physical and human resources) only partially determine the overall process of economic growth and the remaining growth depend on social capital. SMEs account for the highest rate of employment in most countries of the world and had in many ways contributed to the economic growth and development of virtually all countries of the world (Ozigi, 2018,). 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 Sarmal (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, et al., 2018)

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

Conceptual Review

Social Capital

Social capital is a valuable resource that can have a significant impact on individual and collective well-being. The term refers to the networks, relationships, and norms of trust and cooperation within a community or society. It encompasses the value derived from social connections, including:

a. Networks: personal and professional relationships
b. Trust: faith in others and institutions
c. Norms: shared values and expectations
d. Cooperation: collective action and mutual support

Benefits of Social Capital

The benefits of social capital includes but not limited to the following

1. Improved mental and physical health: strong social connections can lead to better well-being.
2. Increased economic opportunities: networks can provide access to job opportunities, funding, and resources.
3. Enhanced community engagement: social capital can foster civic participation and community development.
4. Better governance: trust in institutions and cooperation can lead to more effective governance.

Challenges and Limitations of Social Capital

Below are some of the typical challenges of social capital

1. Inequality: social capital can be unequally distributed, with some groups having more access to networks and resources.
2. 2. Exclusion: social capital can also lead to exclusion, where those outside a network or group are marginalized.
3. Maintenance: social capital requires effort and investment to maintain and build relationships.

SMEs Performance

Small and Medium-sized Enterprises (SMEs) performance is influenced by various factors, including taxation, access to finance, and business environment. Here's a breakdown of key points:

Factors Affecting SME Performance

1. Taxation: Tax policies, multiple taxation, and tax incentives significantly impact SME
2. Performance. A study on Nigerian SMEs found that tax policy and multiple tax, as well as tax incentives, can improve SME performance, while poor tax administration may hinder it.
3. Access to Finance: SMEs often face challenges in accessing finance, which can limit their growth and productivity. Informal capital markets can play a role in supporting SME development.
4. Business Environment: A supportive business environment, including clear regulations, quality institutions, and infrastructure, is crucial for SME success.

SME Performance Metrics

Labour Productivity: SMEs tend to have lower labour productivity compared to larger firms. In OECD countries, SMEs with the lowest labour productivity levels were about half as productive as large firms in 2021.

Growth and Innovation: SMEs are often more agile and innovative than larger firms, allowing them to respond quickly to market changes and thrive in niche markets.

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 organization, 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, Carlos et al*.,* (2019), examined the extent to which personal and professional relationship networks of small-scale local entrepreneur help improve their scarce resource endowments in Spain. The empirical study was conducted on a sample of small Spanish entrepreneurs, whereas, judgment sampling techniques was employed because of the small nature of the size. Resource and exchange view approaches were used as social capital indicators. Both descriptive and correlation analyses were employed as analytical tools. From the findings; (1) when exploiting a professional network (intra-network analysis), the exchange mechanism is significantly more relevant than the resource mechanism, and (2) the resource mechanism (inter-network analysis) is significantly more determinant when exploiting personal networks than in the case of professional ones.

Mozumdar, Farid and Sarmal (2017) examined relevance of social capital in women's business performance in Bangladesh. A total of 446 (440 from Scopus Grey literature) documents were retrieved, out of which 85studies were selected after scrutinizing the title and abstract. Finding found that 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.

Glaeser et al., (2000) examined the predicting power of trust and trustworthiness. Experiments and survey were both used. Research Center's General Social Survey (GSS), a primary survey source for the U. S. was adopted. Results show that, trusting behavior

in the experiment is predicted by past trusting behaviour outside of the experiments; survey reveals that when individuals are closer socially, both trust and trustworthiness rise. Trustworthiness declines when partners are of different races or nationalities. High status individuals are able to elicit more trustworthiness in others. Mariel, Ivam and Jose (2012), analysed the impact of an entrepreneur's social capital and performance. Using Structural Equation Modelling, and 282 respondent 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.

Iloufaret al*.,* (2016) investigated the factors affecting organizational social capital: Department of the Environment, Yazd Province, Iran. The main objective of the study was to investigate the relationship between enterprise-class, education, organizational justice and work experience and social capital. Correlation and regression methods were used as tools for data analysis. S*ample* size *was* 121persons in the department. The results indicated that the enterprise-class has least impact and organizational justice has the greatest impact on social capita. 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. 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.

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 is traceable to cohesion index, membership density index, decision making index, and cash contribution and labour.

METHODOLOGY

Data Collection and Sampling Technique

The study focuses on the dimensional effects of social capital on the performance of small and medium manufacturing enterprises in Lagos and Oyo 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.

The study population consisted of all the registered SMEs in the manufacturing sector that carry out 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. 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 1 below.

Table 1: 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: Ministry of Trade and Investment, 2023

This study examines the dimensional effects of social capital on the performance of small and medium-sized manufacturing enterprises (SMMEs) in Lagos and Oyo States, Nigeria. According to the 2023 reports by the Ministries of Commerce and Investment in both states, the manufacturing sector within the SMME category is dominated by five key enterprise types: pig farming, block making, bakery, poultry farming, and shoe making. These five sectors collectively account for approximately 70% of all registered small and medium manufacturing enterprises in Lagos and Oyo States.$y = f(x)$ (1)

$P = f(SC)$ (2)

$P = \beta_0 + \beta_1 SD$ (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.

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 the 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
	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	

Table 4 : Percentage Analysis of The 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%)
Relational Social Capital					
I believe that if I am in trouble, other firms will try to help me out	227(25.1%)	563(62.3%)	80(8.8%)	33(3.7%)	1(0.1%)
I believe if I need any help, other firms are willing to help	327(36.2%)	491(54.3%)	60(6.6%)	25(2.8%)	1(0.1%)
I can always rely on other members within	278(30.8%)	540(59.7%)	57(6.3%)	24(2.7%)	5(0.6%)
Members who work in this firm are usually considerate of each other's feeling	278(30.8%)	505(55.9%)	72(8%)	46(5.1%)	3(0.3%)
Members who work at this firm believe in each other market	265(29.3%)	574(63.5%)	32(3.5%)	31(3.4%)	2(0.2%)
Through relationship with others, I often obtain valuable information.	244(27%)	554(61.3%)	65(7.2%)	39(4.3%)	2(0.2%)
Cognitive Social Capital					
Enterprises are committed to the goal of the union.	200(22.1%)	596(65.9%)	79(8.7%)	24(2.7%)	5(0.6%)
There is a common purpose shared among enterprises.	242(26.8%)	554(61.3%)	58(6.4%)	46(5.1%)	4(0.4%)
I share same ambitions and vision with other firms on the development of our union	202(22.3%)	566(62.6%)	101(11.2%)	30(3.3%)	5(0.6%)
I always agree with other enterprises in what is important for the development of the union	215(23.8%)	577(63.8%)	80(8.8%)	31(3.4%)	1(0.1%)
I am enthusiastic about pursuing the collective goals and missions of the union	208(23%)	597(66%)	73(8.1%)	24(2.7%)	2(0.2%)
I share my business experience with others who may be in need.	691(76.4%)	213(23.6%)	0(0%)	0(0%)	0(0%)

Table 5: SMEs 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%)
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%)

Source: Researchers Field Survey, 2024

Effects of Structural Dimensions of Social Capital on the Performance of Manufacturing SMEs

Table 6: Regression Result I

Variables	*B coefficient*	*t-statistic*	*Sig*
Constant	3.169	25.455	**0.000**
Structural	0.268	8.718	**0.000**
R=0.279, R^2 = 0.078, Adjusted R^2 = 0.077, F(1,902) = 76.002, p=0.000			

Source: Researchers Field Survey, 2024

The study found that structural social capital explains 7.7% variation in SMEs performance (R^2 = 7.7%). This revealed that structural social capital accounts for 7.7% changes in the performance of the SMEs under consideration. The beta coefficient showed

that structural social capital has a statistically significant effect on SMEs performance (B= 0.268, p< 0.05). This means that for every change in structural social capital, SMEs performance will increase by 26.8%. Therefore, the null hypothesis is rejected and the study concludes that structural dimension of social capital has significant effect on SMEs performance. This supports the study of Qiansong Zhang *et al.* (2019) which found a positive relationship between structural social capital and SMEs performance.

Effects of Relational Dimensions of Social Capital on the Performance of Manufacturing SMEs

Table 7: Regression Result II

Variables	*B coefficient*	*t-statistic*	*Sig*
Constant	2.922	27.348	**0.000**
Relational	0.319	12.514	**0.000**
R=0.385,R^2=0.148, Adjusted R^2=0.147, F(1,902)=156.600,p=0.000			

Source: Researchers Field Survey, 2024

The result showed that there is a positive relationship between the relational dimension of social capital and SMEs performance (R= 0.385). The result further showed that relational social capital explains14.7% variation in SMEs performance (R^2= 14.7%). This revealed that the structural social capital accounts for14.7% changes in the performance of the SMEs under consideration. The beta coefficient showed that relational social capital has a statistically significant effect on SMEs performance (*B*= 0.319, p< 0.05). This means that for every change in relational social capital, SME performance will increase by 31.9%.

This supports the findings of Ozigil (2018) which found a positive relationship between social capital (structural and relational) and the performance of SMEs. Relational social capital facilitates access to finance based on mutual trust and integrity; thus, it makes access to finance easier for SMEs. The structural social capital facilitates access to information which enhances market penetration and a good market share among SMEs. Cognitive social capital on the other hand, helps SMEs to have competitive advantage in the market.

Effects of Cognitive Dimensions of Social Capital on the Performance of Manufacturing SMEs

Table 8: Regression Result III

Variables	*B coefficient*	*t-statistic*	*Sig*
Constant	2.796	23.131	**0.000**
Cognitive	0.347	12.089	**0.000**
R=0.373, R^2=0.139, Adjusted R^2=0.138, F(1,902) =146.155, p=0.000			

Source: Researchers Field Survey, 2024

The study also found that cognitive social capital explains 13.8% variation in SME performance (R^2 = 13.8%). This revealed that cognitive social capital accounts for 13.8% changes in the performance of the SME under consideration. The beta coefficient showed that cognitive social capital has a statistically significant effect on SMEs performance (β=0.347, p<0.05). This means that for every change in cognitive social capital, SMEs performance will increase by 34.7%.

Even thou the structural and cognitive social capital positively influence both market differentiation advantage and cost advantage. This did not support the work of Won-Jun Lee (2015) which found that the impacts of relational social capital are not significant to SME market performance. Nevertheless, Qiansong Zhang *et al.* (2019) found a positive relationship between relational and structural social capital and performance. This further emphasized the importance of the three dimensions of social capital. As emphasized by Mozumdar, Farid and Sarma1 (2017) relational social capital facilitates access to finance based on mutual trust and integrity, thus it makes access to finance easier for SMEs. The structural social capital facilitates access to information which enhances market penetration and a good market share among SMEs. Cognitive social capital, on the other hand, helps SMEs to have competitive advantage in the market. This further affirmed the position of Ciro *et al.* (2020) about the importance of both obligation and trustworthiness (relational dimension) to performance.

This supports the findings of Ozigil (2018) which found a positive relationship between social capital (structural and relational) and the performance of SMEs. Relational social capital facilitates access to finance based on mutual trust and integrity; thus, it makes access to finance easier for SMEs. The structural social capital facilitates access to information which enhances market penetration and a good market share among SMEs. Cognitive social capital on the other hand, helps SMEs to have competitive advantage in the market.

CONCLUSION

In conclusion, this study's findings highlight the interconnectedness of the examined constructs within the framework of the study. The intricate relationships, positive and negative associations, and the impact of indicator variables contribute to a holistic understanding of how these constructs interact and potentially influence each other. Specifically, the study concludes that the relational social capital dimension significantly predicts customer satisfaction. Moreover, the relational social capital dimension significantly predicts market size. The study also concludes that structural social capital dimension significantly predicts SMEs performance. Generally, the study concludes that structural social capital is not significant predictors of SMEs performance. Moreover, cognitive and relational social capital significantly predicts SMEs performance.

RECOMMENDATIONS

The following recommendations are proposed based on the findings of the study

a. Relational social capital could be further promoted among SME owners as it significantly predicts customer satisfaction. Therefore, SME owners should utilize relational social capital for increasing their performances in terms of customer satisfaction.
b. In addition, market size is vital to the performance of SMEs and this could be improved through the use of relational social capital dimension. SME owners could further explore the use of relational social capital to gain competition in their respective markets for enhanced performance.
c. Furthermore, structural social capital is important to the performance of SMEs in Lagos and Oyo states and the study revealed that it significantly predicts market size and customer satisfaction. Therefore, SME owners should strive to use this dimension of social capital to improve their performances.

SUGGESTIONS FOR FURTHER STUDIES

For the purpose of further studies, the following are suggested

a. Future researchers can consider wider coverage.
b. More so, comparative studies can be carried out between two or more States within the same geo-political zones.
c. Future researchers can also undertake a comparative study two or more geo-political zones.

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