European Business & Management Journal 2022; 7(2)
http://www.bwjournal.org
ISSN: 6197-541X (Print); ISSN: 2480-3811 (Online)
Threshold Publishing, Five Kings House, 1 Queen Street Place, London, EC4R 1QS, UK

Strategic Networking and Relational Capabilities of Agro-Allied Small and Medium Enterprises in Bayelsa State, Nigeria

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Abstract: *The focus of this paper bordered on assessing the relationship between strategic networking and relational capabilities of agro-allied Small and Medium Enterprises (SMEs) in Bayelsa State. The study adopted the correlational design and using the structured questionnaire, generated data from 17 agro-allied SMEs (land cultivation and fishery) in Bayelsa State. Related hypotheses testing addressed the relationship between strategic networking and relational capabilities outcomes such as co-innovation, co-adaptation, and co-efficiency. Results revealed all null hypotheses to be false as all three relationships were significant and positive; suggesting that the behaviour and relative actions of agro-allied SMEs in Bayelsa, can be explained and predicted from the perspective or lens of their strategic networks. It was thereafter concluded that the deliberate and purposive approach toward networking and partnerships by agro-allied SMEs, enhances not only their individual capacities but also advances the health, growth, and development of the industry as well.*

Keywords: Agro-allied, SMEs, Bayelsa State, strategic networking, relational capabilities

INTRODUCTION

In Nigeria, agricultural revenue in the first quarter reached N34 billion in 2022. This pales in comparison with the revenue from oil and gas exports which reached ₦5.3 trillion naira in the first quarter of the year 2022; a 200% increase as compared to the first quarter of 2021 (Ikpoto, 2022). Despite increasing calls for economic diversion, the gap between investments in the oil industry and that of agriculture has in recent years broadened owing to a more dominant interest in the nation's oil and gas (Banji, 2022). Ikpoto (2022) reported that in the oil and gas industry, between 2012 and 2022; a total of $70 billion worth of investments entered Africa with only $3.5 billion reaching Nigeria due to the competitiveness of other African nations and their ability to woo investors. Yet levels of corruption in the government and management of intervention actions; the inconsistencies in government policies and still, this substantially outweighs the investments, both foreign and local, advanced in the agricultural industry. Adeyeye (2022) argued that despite the compelling growth potential of the agricultural industry, its development has been slow and discouraging; performing far below its capacity and expectations.

Despite various government interventions and financing initiatives in the agricultural industry, not much has been realized from its related activities as compared to other industries such as banking, telecommunication, entertainment, and oil and gas (Ezealaji & Adenegan, 2014). Olaitan (2016) observed that some of the major constraints facing the industry are such that flow from existing
actions due to the periodic changes in officials, poor

implementation, monitoring and control of government policy actions and the superficiality of some government plans – structured primarily for selfish gain and the manipulation of public trust. This follows Idachaba (2016) observation that the emphasis over the years on the macro-level analysis of agriculture productivity and growth in Nigeria, is narrow, and overly dependent on the government. According to Idachaba (2016), there is a need for a shift and focus on a micro-level analysis of the farming and agricultural activities of agro-allied Small and Medium Enterprises (SMEs) in Nigeria.

Research shows that there exists a variety of reasons why agro-allied SMEs fail in Nigeria; dominant amongst these is the lack of resources, necessary for driving their businesses (Idachaba, 2016; Knipscheer, 2016). Groen (2005) identified the development of networks as critical to the emergence of relational capabilities. This according to Groen (2005) increases SMEs' possibilities and opportunities through a pooling of resources, competencies, and capacities. Fliaster and Spiess (2008) however, argued that relational capabilities are external and are enacted as a result of the interdependencies and collaborations that exist between organizations. Relational capabilities are also strategic, drawing substantially from inter-firm support, and the connectivity between firms and their markets. Research positions relational capability as fundamental (Maina et al, 2016; Lin et al, 2014), and when examined from the theoretical lens of the social capital theory; the imperatives of networks as expressed through alliances and collaborations between firms become even clearer; especially in line with outcomes of functional leverage and relational rent (Walter et al, 2005).

While dominant literature on strategic networking affirms its organizational benefits such as increased customer base, increased access to opportunities, and visibility (Lin et al, 2014; Walter et al, 2005; Machuki & Aosa, 2011), research is however scarce in terms of its role in the development and enactment of relational capabilities by SMEs in Africa. Studies such as those of Walter et al (2005) indicate that while networks are important, they have to be intentional and by that, purposeful in their development for them to generate the required competencies and accesses sought by SMEs. Hence strategic, since they align and configure relationships to support the goals of the SME. This research, therefore, advances a focus on addressing the extent to which SMEs are strategic in their networking, and the role of such in the outcomes of relational capabilities such as co-innovation, co-adaptation, and co-efficiency of agro-allied SMEs in Nigeria.

LITERATURE REVIEW

Strategic Networking

Relationships offer much more than just social connectedness and the platform for increased visibility. The interaction between business parties and groups creates ties and associations in which are embedded relative benefits and advantages. Networks according to Groen (2005) are established links between various parties, with commonalities, that could extend to both personal as well as group interests. The growing reference to networks in business research builds on its accrued benefits and opportunities. Groen (2005) affirmed to organizational outcomes such as resilience and performance as fundamentally linked to the organization's network, wherewith it is able to learn and effectively adjust its service forms and operations to match the dynamics of its environment. Networks as Walter et al (2005) noted also facilitate embeddedness – enhancing the validity of organizations in particular contexts. However, despite the inherent potential, networks can be untapped and poorly utilized by SMEs.

By being strategic in networking and its related practices, SMEs are expected to focus more on leveraging on the competencies, experiences, and resources availed in their networks. Often a "give and take" relationship is expected within alliances, nonetheless, the purposive and goal-oriented stance toward networking, ensures consistency and a deliberate choice of actions and

behaviour in one's dealings and associations with significant others (Walter et al, 2005; Maina et al, 2016). Most business-customer strategic networking builds on the development and maintenance of a customer database aimed at conveniently reaching out, advertising, promoting, and expanding the business's interests. Such at the same time draw on customers' views, and extended networks as well. Business-business strategic networking applies a focus to operations that draw on the availing operational capacities of partners and their resources such as branch networks, warehouses, agricultural-based factories, and technology and market connections (Walter et al, 2005). These occasion collaborative frameworks that, when structured effectively, can reliably drive the interest of SMEs.

Relational Capabilities

Relational capabilities are external to the firm. These forms of capabilities are premised on the firm's interaction and collaboration with significant others (Bossle et al, 2016). It is also important to note that the emergence of relational capability, offers no emphasis on shared industries or goals by the firms, only the connectedness or partnership between these firms which may span across different industries or locations. Such differences are seen in the partnerships that exist between financial institutions and farmers, tertiary institutions and farmers, and even between transport companies and farmers (Morgan et al, 2009). These forms of relationship (although more prevalent and functional within most developed countries such as the US and UK) are designed to facilitate access to funding, manpower, and the transportation of products in ways that are efficient and profitable to the parties involved. Relational capabilities are therefore such in which firms are able to depend and leverage on the services or capacities of their partners in their business operations. Within such a framework, the risk is shared and members are able to draw on the existing capital of their partners (Albino et al, 2012). While government and non-governmental intervention programs and financial support are important as they aid and enable the required environment for SMEs to thrive in Africa, the development of relational capabilities is more sustainable and strategic (Dethier et al, 2008). This is because these draw on existing market features, enriching business exchanges and collaboration, and also anchors on existing market gaps, concerns, and needs. Partners also experience a shared and genuine sense of responsibility toward the success of their businesses – with shared control and involvement in the entire process (Albino et al, 2012; Barreto, 2010). Thus, emerging operational structures are more resilient and consistent – evolving in ways hinged on the direct and frontline experiences and realities of SMEs and their partners. The emphatics on the development of relational capabilities within the agricultural sector also advance the need for less dependence on the government through the fostering of market or business collaborations that offer positive implications for employment, growth, and economic sustainability (Morgan et al, 2009).

Strategic Networking and Relational Capabilities

Relationships and networks are critical to the functioning and effectiveness of SMEs in any context. The ability of SMEs to connect and collaborate with significant others also impacts their access to opportunities, resources, and information. More importantly, such networks offer SMEs external support, enhancing their resilience and flexibility. Walter et al (2005) posited that strategic networks reposition the organization in such a way that enables the effective inflow and outflow of information – integrating the organization within an existing system of relations and exchanges that mark or define the particular context (Niesten & Jolink, 2015; Bellamy et al, 2014). Thus,

creating validation and acceptance by other organizations or groups that share or are involved in the same market or context. When this occurs, the organization is able to collaborate substantially with other groups and organizations, drawing on their extended facilities, resources, and experience in its operations (Morgan et al, 2009).

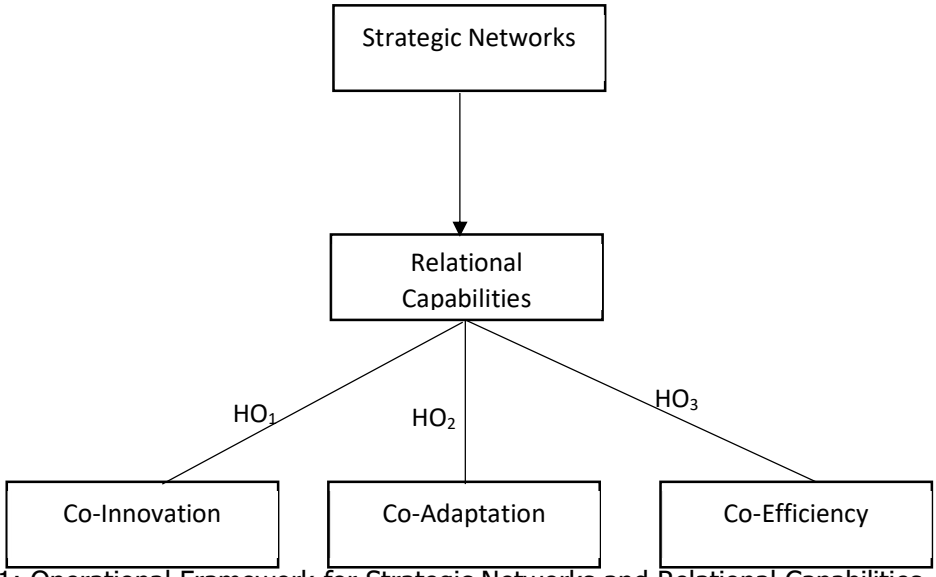

Figure 1: Operational Framework for Strategic Networks and Relational Capabilities

Strategic networking facilitates a levelling up of organizations with others who they partner or collaborate with. This occurs through learning and a transfer of knowledge. Knipscheer (2016) argued that there is much more that can be achieved when SMEs in the agricultural industry cooperate and support themselves, and also when groups and stakeholders are actively involved in the industry. According to Knipscheer (2016); increased levels of participation enrich existing processes through increased funding and shared risk. This is as Audu and Arikawei (2013) described the climate and terrain of Bayelsa as favourable and rich and supportive of farm cultivation. However, its major setback and constraint is the poor level of participation of stakeholders and groups, which according to Salman and Saives (2005) have the capacity to spur the required development and growth of the industry. Literature advances strategic networking as being necessary for the improved functionality of organizations and their ability to tap and draw on the resources and capacities of their partners; however, there is scarce empirical evidence that identifies the nature of the relationship between strategic networking and relational capabilities. Thus, the following hypotheses are put forward:

HO_1: There is no significant relationship between strategic networking and co-innovation of agro-allied SMEs in Bayelsa State, Nigeria

HO_2: There is no significant relationship between strategic networking and co-adaptation of agro-allied SMEs in Bayelsa State, Nigeria

HO_3: There is no significant relationship between strategic networking and co-efficiency of agro-allied SMEs in Bayelsa State, Nigeria

METHODOLOGY

This research builds on a positivist philosophical ideology on the objectivity of the social world; hence a quantitative methodology is adopted in the investigative process (Bryman & Bell, 2015). The correlational design is also adopted as the research design and the deductive strategy is applied as the approach to advancing a position on the nature of interaction or association between the variables in agro-allied SMEs in Bayelsa State. A population of 17 SMEs was adopted in this

research as the population. Selection criteria anchored on the SMEs being primarily related or concerned with land and fish farming, an operational period of at least 5 years, and not less than 10 employees. Data for this research was primary and quantitative in nature as well. The structured questionnaire was adopted as the data collection instrument, thus allowing for the use of pre-defined items which focused primarily on the themes and objectives of the research (Bryman & Bell, 2015). Instrumentation for the variables was premised on operational definitions offered in literature and previous instruments adapted from previous research. Strategic networking was adapted from Walter et al (2005) while relational capabilities was adapted from Albino et al (2012). Instruments for the variables were further scaled on a 5 – point Likert scale, with all indicators stated in the positive.

RESULTS

Population Characteristics

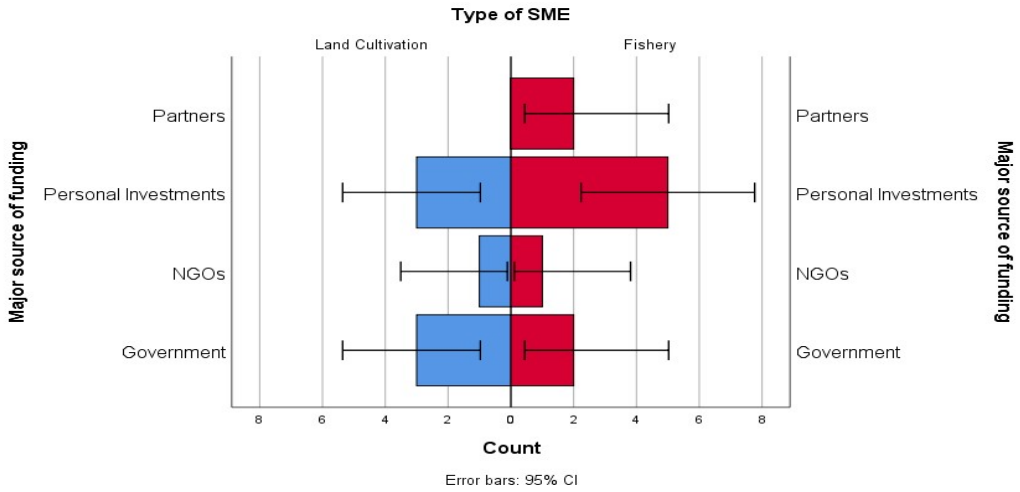

Figure 2. Pyramid distribution for major source of funding by the type of SME

The result on the distribution for the major source of funding for the SMEs suggests a substantial amount of funding for agro-allied SMEs involved in fishery draws on their own personal investments. Evidence indicates relative input from others such as partners, NGOs, and the government; however, personal investments are noted to have a dominant distribution, where out of 10 fishery SMEs, 5 admit to relying primarily on their own personal investments for funding, 2 SMEs identify the government, 2 SMEs also identify other partners or interest parties, while only 1 SME identified NGOs as providing financial funding for their business. With regard to SMEs involved in land cultivation, the is a shared majority between the categories for the government (3) and personal investments (3), with zero funding from partners. Results suggest that on the whole, personal investments make up 47% of the overall distribution and is the most

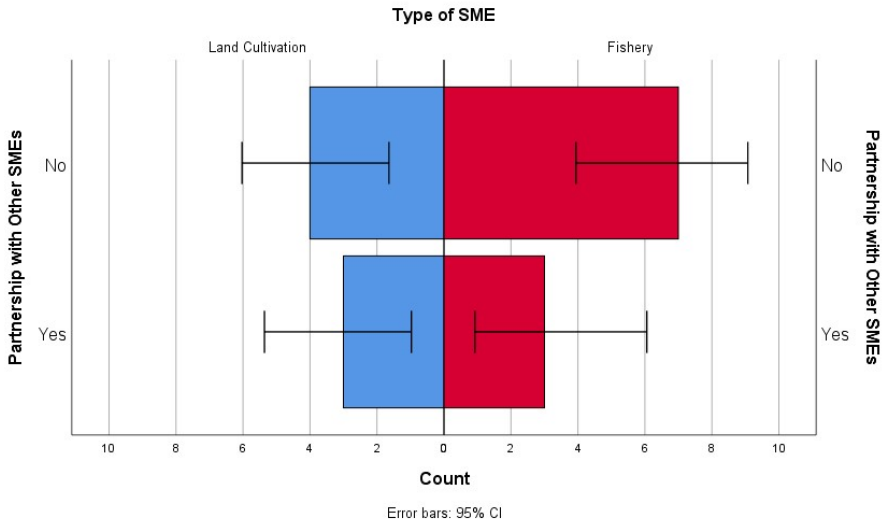

Figure 3. Pyramid distribution for partnership with other SMEs by the type of SME

The distribution of SMEs' involvement and partnership with other significant SMEs indicates that the majority (7) of the fishery-based SMEs admit to not being in any partnership with other SMEs in the agro-allied industry; however, 3 of the fishery-based SMEs admit to their involvement and partnerships with other SMEs in the industry. A similar outcome is also expressed in the distribution of SMEs into land cultivation where the majority (4) do not identify with any partnership with other SMEs in the industry; however, 3 SMEs affirm to be in partnerships with other SMEs in the industry. The result indicates that on the whole 64% of the SMEs are not into any partnerships with other SMEs in their industry, while 46% are into partnerships with other agro-allied SMEs.

Univariate Distributions

Table 1: Descriptive statistics for the variables

		Co-Innovation	Co-Adaptation	Co-Efficiency	Strategic Networks
N	Valid	17	17	17	17
	Missing	0	0	0	0
Mean		2.12	2.35	2.24	1.94
Std. Deviation		.928	.996	.970	.748
Skewness		.809	.461	.865	1.116
Std. Error of Skewness		.550	.550	.550	.550
Kurtosis		.350	-.627	.091	2.865
Std. Error of Kurtosis		1.063	1.063	1.063	1.063

Source: Data Survey, 2022

Mean distributions for the variables indicate poor and weak levels of co-innovation (x = 2.12), co-adaptation (x = 2.35), co-efficiency (x = 2.24) and strategic networks (x = 1.94). The distributions for the variables indicate weak manifestations of the variables – suggesting that referents do not affirm substantially the evidence of practices of strategic networking, co-innovation, co-adaptation, and co-efficiency in Bayelsa State.

Bivariate Analysis

Table 2. Test for Hypotheses

		Strategic Networks	Co-Innovation	Co-Adaptation	Co-Efficiency
Strategic Networks	Pearson Correlation	1	.642**	.617**	.710**
	Sig. (2-tailed)		.006	.008	.001
	N	17	17	17	17
Co-Innovation	Pearson Correlation	.642**	1	.831**	.940**
	Sig. (2-tailed)	.006		.000	.000
	N	17	17	17	17
Co-Adaptation	Pearson Correlation	.617**	.831**	1	.814**
	Sig. (2-tailed)	.008	.000		.000
	N	17	17	17	17
Co-Efficiency	Pearson Correlation	.710**	.940**	.814**	1
	Sig. (2-tailed)	.001	.000	.000	
	N	17	17	17	17

**. Correlation is significant at the 0.01 level (2-tailed).

Hypotheses tests for the relationship between strategic networking and the measures of relational capabilities show that strategic networking contribute significantly and positively at a 0.05 level of significance to outcomes of co-innovation (R = 0.642 and Pv = 0.006), co-adaptation (R = 0.617 and Pv = 0.008), and co-efficiency (R = 0.710 and Pv = 0.001). All relationships are significant and positive suggesting that the choice and related actions of networking strategically, predict, and can be considered as explaining SMEs' capacity to access resources and other related opportunities, availed within the relationships and exchanges prevalent in their context or industry. On the basis of the evidence advanced, all previous hypotheses are rejected, as findings indicate substantial levels of association between strategic networking and relational capabilities outcomes (co-innovation, co-adaptation, and co-efficiency).

DISCUSSION

Strategic networking as observed in the findings significantly promotes outcomes of relational capabilities such as co-innovation, co-adaptation, and co-efficiency. Strategic networking advances shared realities for partners, enabling a more coherent approach by farmers and their stakeholders, toward addressing the challenges or constraints in their environment. While all correlations are noted to be significant and positive, the evidence demonstrates a more dominant level of association between strategic networking co-efficiency of SMEs. This suggests stronger levels of efficiency outcomes as a result of pooled resources and shared risks by partners in strategic networks. Iyoha (2005) argued that the interdependency of farmers, facilitates the transfer and exchange of resources, tools, equipment, personnel, technology, and ideas, thus creating capabilities external to any individual party, objective and substantiality distinct from the individual capacities of any of the farmers, groups or parties involved in the network. Thus, the findings validate the social capital theory, emphasizing the imperatives of the strength and depth of ties in advancing the required benefits.

The findings on the relationship between strategic networking and relational capabilities, establish

strategic networks as a pivoting form of communal structure from which members or identified participants can source for and draw on for support in their farming or agro activities. Groen (2005) observed that through such integration or shared reality, network members' behaviour is synchronized, thereby creating the enabling platform for the emergence of ideas, inventiveness, and creative solutions to existing problems. As such, there is co-innovation as these partners or network members are able to correspond resourcefully and in a harmonic manner. Similarly, change experiences and approaches are shared and canvassed across networks, especially by more competent or proactive organizations (Lin et al, 2014; Walter et al, 2005). Where related change actions are harmonic; and firms collaborate, networks tend to be more co-adaptive with members able to effectively adjust to the emerging concerns and restructuring in their context. It is therefore important that effort is focused on bridging the strategic interest of agro-allied SMEs, providing linkage between these SMEs and relevant partners, and also facilitating the effective coordination of related processes, relations, and exchanges.

CONCLUSION

In advancing relational capabilities in Bayelsa State, it is imperative that networking actions and behaviour is strategic – that is, purposive and intentional in aligning the values or features of such networks with the goals of the SME. Networks are important and increase the options and opportunities available to the SME. This way, strategic networks go further by strengthening the level of integration and interdependency between SMEs, and their stakeholders. This would enrich partnerships and alliances – thus, enabling capacities and capabilities that are dynamic, but nonetheless external to the SMEs. Resulting in and contributing toward SMEs' shared position and collaborative approach toward addressing their relative concerns. Such relational capabilities are premised on healthy levels of trust, bonding, and integration expressed in networks and the partnerships between the SMEs. Hence, apart from the individual goals or objectives of improved agricultural production, access to resources, and support for farming, the industry will be offered a boost in terms of improved cooperation and as such resilience, robustness, and system coherence necessary for growth and development.

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