

SOCIAL NETWORK AND BUSINESS GROWTH IN MANUFACTURING SMALL AND MEDIUM ENTERPRISES (SMEs) IN NIGERIA.

Abstract

With the weakness of the business conditions nowadays, the social network is considered as a weapon vital to anchorage resources for small and medium enterprises businesses. The point of this examination was to vastly explore social network and business growth in manufacturing Small and Medium Enterprises (SMEs) in Nigeria. This was attained by examining the impact of the Facebook social network on manufacturing SMEs growth in Nigeria. In this study, manufacturing industry include agro-based, designed and manufacturing related services sectors. The questionnaire was designed based on Likert Scale of 1 – 5 with 1 as strongly disagreed and 5 as strongly agreed. An aggregate of 240 questionnaires were sent out to fully registered entrepreneurs' with Corporate Affairs Commission Abuja and firms with the Manufacturers Association of Nigeria (MAN) in Kaduna, Yola, Minna, Enugu, Port-Harcourt and Lagos towns where manufacturing is visible. A total 210 questionnaires representing 87.5% of the distributed copies of questionnaires were returned and deemed useable. The data were examined utilizing percentage and linear regression for descriptive and inferential statistics respectively. The study established that 50.48% of the respondents made use of facebook social network on a daily basis and the same percentage of respondents visit the facebook sites for business purposes. Facebook social network was statistically significant in explaining the growth of manufacturing SMEs in Nigeria: The study concluded that entrepreneurs/firms in Nigeria took advantage of facebook social network for their business growth. The study recommended that entrepreneurs/firms should join facebook social network so as to help them in getting present and applicable data from great distances abroad to maintain their organizations. Also, the Nigerian government should create enabling environment for businesses by providing adequate infrastructural facilities that would enhance the growth of manufacturing firms through the use of social networks in the country.

Keywords: Business, Facebook, Growth, Small and Medium enterprises (SMEs) and Social Network

Introduction

The social network is characterized as the interrelationship between the business people and their contact for business purposes. With the helplessness of the business condition today, the social network is considered as a weapon to ensure vital resources for small and medium enterprises firms. Social networking allows business to gain access to resources that might otherwise not be available to them. It can also aid the development of a firm's worthiness, increase the customer and supplier contact, bring to light where resources and funding are available, promote innovation and help in the cultivation of strategic partnership (Zontamos & Anderson, 2004).

According to Simon (2012) business owners rarely possess all the skills and knowledge needed to expand their enterprise and finding people with necessary skills and getting them to contribute is a vital aspect of their networking. Owing to the flexibility of social networking tools, business can realize different benefits. These according to Simon (2012) are greater access to different audiences, improved customer service, improved products and services and adoption of favourable pricing practices.

As of January 2012, there were more than 800 million active facebook users, with over 250 million of them logging in every day. In addition, the average facebook users have 130 friends and likes 80 pages but this figure is expected to expand with time. Over 3.5 billion pieces of contents such as blog posts, web links and news stories are shared on the social network (Digital Buzz, 2012). Frehling & Digman (2000) opined that the appropriation of the web can enable a business to build its client and market base and this makes a commitment towards the business development system. The web can likewise encourage a business to grow in scope and broadening its fundamental business through market infiltration and improvement and item development. Porter (2001) further goes further to state that the connections framed by means of internet can help deals and create chances to concoct new products or services.

Sarvanan, Gupta & Ghatala (2008) further revealed that SMEs comprise over 90 percent of African business operations and contribute towards over 50 percent of African development and Gross Domestic product (GDP). Additionally they contribute 95 percent of formal manufacturing activities in Nigeria. Social networking takes into consideration simplicity of joint effort, enabling individuals to effectively meet, assemble data and keep in contact with others requiring little to no effort. Meeting with new network locally and from other countries can be done anytime and anywhere. Goel (2008) further states that it's internet business to have access to international markets thereby increasing their market share. Companies can also achieve Greater economies of scale.

Growth is a fundamental marvel for firms and organizations. Surely, their survival is on a very basic level dependent upon their capacity to take an interest in the market with different organizations. Along these lines, development diminishes the likelihood of shutting a business (Farm and Rijikk, 2013). Enterprises of various sizes are also using informal communities of which 72 percent of the Fortune 500 organizations in America have Facebook accounts (2013), little

companions and assembling associations can conceivably exploit utilizing the interpersonal organization as well, since it gives a stage to them to join for nothing and these systems can be overseen on a low spending plan.

Advertising over these interpersonal organizations would likewise fill in as substitute to interfacing with people yet the most persuasive stage of these social advancements inside the worldwide economy are to a great extent undiscovered (Manyika, 2011). While development is as a rule as the consequence of good organization of limits, procured data, monetary advising and innovative assets (Coat et,al 2013). It is of utmost importance to analyze this variety of social network tools that can be used for the achievement of growth by manufacturing organizations.

Thus, this study is to investigate social network and business growth in manufacturing Small and Medium Enterprises (SMEs) in Nigeria. This was accomplished by examining the impact of the facebook network on manufacturing firms growth in Nigeria.

Literature Review

The expression “Network” is for the most part utilized for the structure of ties among the performers in a social framework (Nohira & Eccles, 1992). These participants could be parts, individuals, associations, enterprises or even country states. Their ties might be founded on discussion, warmth, companions, family relationship, expertise, monetary trade, data trade or whatever else that structures the premise of a relationship. Networking stresses the creation of relationships between unfamiliar individuals.

The Concept of Social Network

The Social Network has been characterized in various ways, irrespective of the different definitions, it gives the comparative impression that the Social Network is an approach to associate with other individuals by methods for the distinctive correspondence frameworks through online media (Kitis and Karatan, 2011). The Social Network involves a few stages and channels that empower system administration, exchange and sharing of data. (Bowman, Westerman and Claus, 2012).

The study focused on social networking sites, precisely, facebook which is the generally embraced internet based apparatus among firms. In addition, on the person to person communication destinations, clients make profiles, they share data, including videos, audio records, photographs

and writes and furthermore request that associates and companions join to interface their profiles (Haunlein and Kaplan, 2010).

Types of Social Network

Facebook

According to Bodman & Cohen (2012), Facebook till date is the main and most prevalent web based medium where clients scan for, find and add companions and contact at that point to share content through corporate and individual profiles (Social Bakers, 2011). Facebook was initiated in February 2004, and starting at 2010, Facebook has more than 500 million clients. Facebook is a truly uncommon system which allows companies and firms to scan online for product ideas or develop business relationships which is either virtual or physical. Facebook has a propelled setup that enables organizations to choose a particular statistic area which suggests that they can target items, administrations and connections to particular people living in a specific geographic district (Gerrad, 2009). According to Thirushen (2011) Facebook empowers openings, for example, purchaser commitment, improvement of brand notoriety and face, business organizing, building branch reputation, upgraded client relationship administration and publicizing new goods or possible services.

Facebook Company attempt to spread their message about their free services (Ellison, Steinfield & Lamps, 2007). Organizations considered that Facebook was a door to access other products and services. This online community is seen by organizations as a fast device where the clients can see their identity, what they are and what was finished. The blog gives an incredible importance to giving their clients great substance with regards to computer user level. Once the organization has friends on Facebook, the organization would attempt to offer an added incentive, keeping in mind the end goal is to separate itself from other organizations.

LinkedIn

LinkedIn is a business medium that is more dedicated to networking (Kietzmann, 2011) with other experts or organizations. Although LinkedIn is not used for advertising to customers (Funk, 2011), it serves its importance on the business-to-business area, because it is employed in market data

acquisition, securing clients, and also recruitment of staff. Bodnar & Cohen, 2012). LinkedIn is used for advertisement and referrals from other users (Kietzmann et.al 2011). This medium is used to discover employment opportunities, prescribe individuals to others and to receive viable suggestions.

Twitter

The most generally utilized small scale blogging administration is Twitter, which enables individuals to send and read short messages of 140 characters or less on their profile to clients who follow them. (Berthon, 2012). Moreover, it makes it conceivable to add individuals to different pages or send guide messages to different clients by incorporating usernames in a post (in the form of @username) (Funk, 2011). The particularity of Twitter lies in its message like tweets that can have the highest of 140 characters, with the default setting open , which implies that the substance of occasions can be transmitted on a huge scale over the system quickly. This made Twitter owner, specialists and experts and other scientists in the field to describe Twitter as a data collection organization (The Business analyst, 2010 p.5) or a type of electronic informal (e-WOM) correspondence which is the online projection of customary verbal (WOM) which improves the perceivability of firms for profitable systems administration.

Firms Marketing Effort and Social Network

Markets are gradually paying attention to knowing meaningful connections in social network to be able to exploit information exchange in markets. Social networks data characterize an enormous source of opportunities and information for marketing studies and research by firms, and social network connections and data can lead to discovery of fresh areas in the markets by following the connectivity patterns. Social groups and business alliances can establish a great chance of internal trust and tranquility, furthermore, social network is a reliable means to gain customers loyalty. (Ansari et.al. 2011)

Furthermore, two trends were discovered regarding social network from the point of view of marketing literatures; the first trend is related viral marketing through social media (De Vries et al, 2012), while the second is related to the study of network structure for predictability and crowdsourcing. The above mentioned aspects can also be useful for any kind of firms that want to improve its business performance and contribute to the overall organizational growth.

Innovation and Social Network for Firms Growth

Researchers have established that innovation is a key constituent to success and to gain competitive advantage in organizations (Hussain and Ilyas, 2011). A quick review of current literature regarding innovation in business revealed that recent research tools focused attention in three broad categories of innovation, viz:- marketing, managerial and product innovation emanates from the capabilities of actors involved. In this sense social network built bridges to fill the gaps in business-to- customer and business-to-business relationship. These connections facilitated exchange of knowledge and collaboration, which were fundamentals for innovation. In addition to this, innovative firms can exploit its social capital by identifying new opportunities and defect trends prematurely and to share and test its ideas. Therefore, an innovative firm stands in good position to enhance the economic value of the firm and innovation. Enough social network became a facilitator of organizational growth.

Link between Social Network and Business Growth.

Networking with various individuals is either done in the light of the fact that the business people for the most part rely upon the data, crude materials, innovation or information keeping in mind the intention is to make their undertakings ceaselessly create and be satisfactory to social orders (Lechner, Sowing & Wraps 2005). Various analysts found that Networking gave numerous advantages and supported achievement of a venture. As indicated by Hile & Hesterly (2001), in their exploration found that Networking builds benefit from speculation and access to development, especially for new established organizations and made unique association with these organizations. The economic literature stresses the advantages of social networks, for example, the decrease of exchange cost, the fortification or aggregate activity, or the age of learning spinoffs (Falchamps, 2002).

Theoretical Framework.

Social Exchange Theory

Social exchange theory started from studies about human science investigating trade between people or small groups (Emerson, 1976). This hypothesis essentially utilizes money saving advantageous structures and correlation of contrasting options to clarify how people interact with each other and how networks are shaped through correspondence trade (Homans 1958).

This theory suggests that people include themselves in practices that they find fulfilling and stay away from practices which have too high a cost. This assumes that all social conduct depended on

every performer's emotional evaluation of the money saving advantages of adding to the social trade. They impart or trade with each other relying upon proportional activities from the other conveying party. (Emerson, 1974).

Thus, the reasons why people and organizations occupied with a social trade have been set as: a normal gain in notoriety and impact on others, a foreseen correspondence with respect to others, philanthropy and direct reward. Perceiving the social network sites that were useful to the organization and expanding their deceivability for development through web search tool marketing was likewise another choice.

Research Methodology

Descriptive research method was employed. The target populace for this examination was SMEs within the six geographical region of Nigeria. A list of 2400 enterprises sourced from Corporate Affairs Commission (CAC) Abuja was used as the sampling frame.

Cluster sampling was used to divide the entire population of Nigeria Manufacturing organizations into the six geopolitical regions and picking one cosmopolitan town in each region-Kaduna, Yola, Minna, Enugu, Port-Harcourt ad Lagos representing North-Western region, North-Eastern region, North-Central region, South-Eastern region, South-South region and South-Western region respectively. Each region was considered as a cluster. Simple random sampling was used to get 10% representation.

Table 1: Sampling Frame of SMEs from each Cluster

Towns	No of SMEs	Percentage	Size
Kaduna	170	10%	17
Yola	140	10%	14
Minna	110	10%	11
Enugu	320	10%	32
Port Harcourt	600	10%	60
Lagos	1,060	10%	106
Total	2400	10%	240

Simple random probability sampling technique was used to guarantee that each question had an equivalent possibility of choice and hence maintain a strategic distance from a one-sided result. A

structured questionnaire was administered to 240 managers of the SMEs. The questionnaire comprised of both closed questions to enhance uniformity and open ended questions to ensure maximum data was collected. A total number of 210 were retrieved representing 87.5%, which was deemed usable. The data was analyzed using statistical packages for social sciences (SPSS) version 17, where measure of central tendency and correlation analysis were undertaken to establish the degree of relationship between the variables. The qualitative data was analyzed using linear regression.

Results and Discussions

Descriptive Statistics

Table 1 demonstrates the enlightening insights of how business visionaries visit social network websites. It shows 50.48% of the respondents visit Facebook daily, 28.57% of the respondents visit Facebook occasionally, (15.24%) of the respondents never visited Facebook, 3.81% of the respondents visit Facebook weekly and 1.91% of the respondents visit Facebook monthly. This implies that respondents mostly visit Facebook daily.

Table 1 Extent to which Facebook is visited by entrepreneurs

Variables	Frequency	%
Never	32	15.24
Occasionally	60	28.57
Monthly	4	1.91
Weekly	8	3.81
Daily	106	50.48
Total	210	100.01

Table 2 characterizes the reactions of the respondents on what they utilize Facebook for. It shows 50.48% of the respondents use it for business, 26.7% of the respondents use it for keeping in touch with friends 19.05% of the respondents use it for local invents information and 3.01% respondents use it for making friends. This suggests these sites are generally utilized by business people for business purposes. This is shown in table 2

Table 2. Reasons for visiting Facebook Sites

Variables	Frequency	%
Keeping in touch with friends	56	26.67
Business	106	50.48
Making new friends	8	3.81
Local event information	40	19.05
Total	210	100.01

Inferential Statistics

Ho: Facebook has no significant influence on business growth of manufacturing SMEs in Nigeria.

Growth was regressed on Facebook social network. The relationship among the variables are depicted below:-

$$Y = B_0 + B_1 X_1$$

Where

Y = Growth of Manufacturing SMEs in Nigeria.

B₀ = Constant (coefficient of intercept)

B₁ = Regression Coefficient

X₁ = Facebook as a social network tool.

Linear regression was utilized to gauge the direct connection between independent and dependent variables.

Table 3 shows that correlation coefficient (R) between Facebook as a social network tool and business growth of manufacturing SMEs in Nigeria is 0.844 suggesting a solid direct connection between Facebook social network and business development of manufacturing SMEs in Nigeria. The coefficient of R² adjusted is .525 showing that 52.5 percent of the variation in business growth of manufacturing SMEs in Nigeria is elucidated by Facebook social network.

Table 3: Model Summary

Model	R	R ²	R ² Adjusted	Std error of estimate
1	0.844	.712	.525	2.52933

a. predictor (content). Facebook social networks.

Table 4 shows an ANOVA test performed on Facebook social network. It has a p-value equal to 0.000 which is less than α (0.05), it hence infers that the model is critical and in this way fit for utilization.

Table4: ANOVA

Model	Sum of Squares	Df	Mean of Square	F	Sig
Regression	11.531	2	11.531	8.156	.000
Residual	5.702	208	1.426		
Total	17.333	210			

- a. Predictor(constant) Facebook social Network
- b. Dependent Variable: Business Growth of Manufacturing SMEs in Nigeria

Table 5 shows the linear relationship between Facebook social network and business growth of manufacturing SMEs in Nigeria is $Y = 6.994 + 2.329 X_1$. Where Y is business growth of manufacturing SMEs in Nigeria and X_1 , Facebook social network. The p-value of the slope of the model. 0.000 is less than α (0.05), therefore it was rejected and it is concluded that Facebook social network has a significant influence on business growth of manufacturing SMEs in Nigeria.

Table 5 Regression coefficient

Model	Unstandardized B	Coeff Stdd error	Standardized Beta	F	Sig
Content	6.994	2.582		7.595	.004
Facebook Social network	2.329	1.113	.146	9.296	.000

a. Dependent variable: Business Growth of Manufacturing SMEs in Nigeria.

Discussions

The study established that 50.48% of the respondents made use of Facebook social network as a tool on a daily basis, for the growth of their businesses while 1.91% of the respondents used the Facebook social network on a monthly basis. Also 50.48% of the respondents visit the Facebook sites for business purposes, while 3.81% of the respondents visit Facebook sites for making new friends. This result corroborate with Bowman, Westernman & Claus (2012) which says that Facebook is the leading and most popular social media channel were clients scan for, find and add companions and get in touch with them to share substance through corporate and individual profiles.

Facebook social network was statistically significant in explaining business growth of manufacturing SMEs in Nigeria. Correlation coefficient (R) for Facebook social network is 0.844 implying a strong linear relationship between Facebook social network and business growth of manufacturing SMEs in Nigeria. 52.5% of the difference in business growth of manufacturing SMEs in Nigeria is expounded by Facebook social network. Linear relationship between the two variables is $Y = 6.994 + 2.392 X_1$. This result corroborate with Lechner et.,al (2005) that networking by entrepreneurs was carried out mostly for data, crude materials, technology, or learning keeping in mind the end goal to constantly create their undertakings and be satisfactory to social orders. This is the situation with the manufacturing SMEs in Nigeria according to the study.

Conclusion and Recommendations

Conclusion

The study was able to exactly evidence the fact that entrepreneurs in Nigeria readily exploited the Facebook social network for their business growth as corroborated with the findings of Bowman, Westernman and Claus (2012). The findings of the study show that Facebook social network brought about growth that every entrepreneur/firm craves for. It was concluded that Facebook social network has become a viable tool for any entrepreneur/firm for business separation and development as business world is more aggressive in the rising worldwide community.

Recommendations

Based on the findings of the study, the followings are recommended:

1. Entrepreneurs/firms should join Facebook social network so as to help them in getting current and relevant information from far and wide to run their businesses.
2. Government should create enabling environment for businesses to thrive by ensuring the provision of sufficient and satisfactory infrastructural tools that will enhance business growth of manufacturing SMEs in Nigeria.
3. Entrepreneurs/firms should invest on ICT and particularly on social network so as to enhance their operations which will result in the growth of their businesses

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