INFLUENCE OF SOCIAL CAPITAL ON THE PERFORMANCE OF SMALL AND MEDIUM ENTERPRISES (SMES) IN KADUNA STATE

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Abstract

This study examines the impact of social capital on the performance of small and medium enterprises (SMEs) in Kaduna State, Nigeria. It focuses on three key dimensions of social capital, structural, relational, and cognitive and assesses their individual contributions to SME performance. While previous research has largely emphasized structural and relational dimensions, this study adopts a more holistic approach by incorporating all three. Data were collected from SMEs owners and managers across Kaduna State using a proportionate stratified sampling method. A total of 363 valid responses were analyzed using Partial Least Squares Structural Equation Modeling (PLS-SEM) with Smart PLS 2. The findings indicate that structural, relational, and cognitive social capital each exert a positive and statistically significant influence on SME performance. Based on these results, the study recommends that SME owners and managers strengthen cognitive capabilities related to product development, service delivery, and business operations. In addition, they should foster innovation by continuously adapting their offerings and actively cultivating relational networks to support idea exchange and collaboration.

Keywords: *social capital, SMEs, performance, structural capital, relational capital, cognitive capital, Nigeria*

Introduction

Nigeria, often hailed as the largest market in Africa with an estimated population of over 200 million, might appear to be a fertile ground for business ventures. However, this assumption contrasts sharply with the lived experiences of many small business owners in the country. As Gbandi and Amissah (2014) observed, the entrepreneurial landscape in Nigeria is fraught with numerous structural and environmental challenges that significantly hinder the growth and sustainability of small and medium-sized enterprises (SMEs) (Times, 2023; Wellbeing, 2022).

According to the World Bank (2024), Nigeria ranked 131st out of 189 countries in its "Ease of Doing Business" assessment. This low ranking reflects the complex and often inhospitable business environment, particularly for SMEs. A recent PwC (2024) report highlighted key economic challenges faced by Nigerian SMEs, including high inflation, currency depreciation, and escalating costs in transportation and energy. Moreover, the Central Bank of Nigeria (CBN, 2024) implemented restrictive monetary policies which further tightened liquidity. The monetary policy rate increased from 18.75% in 2023 to 27.5% by February 2025, while the cash reserve ratio for deposit money banks rose from 32.5% in 2022 to 50% by November 2024. These macroeconomic dynamics have constrained access to credit, reduced profitability, and diminished business resilience.

Furthermore, the harsh economic climate led to a significant decline in consumer purchasing power. The PwC (2024) report noted that 67% of SMEs experienced a decrease in demand for their products and services due to surging retail prices and weakened consumer spending. In addition to economic factors, SMEs face a volatile regulatory environment, including frequent and unpredictable changes in government policy (PwC, 2024; SMEDAN, 2021). Consequently, more than 50% of SMEs fail within their first year of operation, and over 95% collapse within five years due to persistent performance-related issues (Yuefen, Long, & Kian, 2024).

Despite these challenges, SMEs remain vital to Nigeria's economy. They account for a significant portion of economic activity and employment, contributing approximately $212.6 billion USD, representing 57.9% of the Gross National Product (GNP) and 41.43% of the Gross Domestic Product (GDP) (NBS, 2021). The Nigerian economy, like those of other sub-Saharan countries, is heavily supported by a mix of large multinational firms and domestic SMEs operating across various sectors (NBS, 2021).

Central to the competitiveness and adaptability of SMEs is their ability to develop and leverage dynamic capabilities such as strategic resources that drive innovation, resilience, and performance (Rekik & Bergeron, 2017). In developed economies, SMEs are credited with contributing up to 98% of total business activity and play a pivotal role in national economic development (Al-Abri, Rahim, & Hussain, 2018).

A key dynamic capability increasingly recognized in literature is social capital the collective value derived from the networks, relationships, and trust within and around an enterprise. According to Frimpong (2013), SMEs form the backbone of industrial activity in countries like South Africa (90%), Ghana (70%), and Nigeria (70%). The success of these businesses is often attributed to the interpersonal competencies of their owners and managers. Scholars like Stam (2014) argue that social capital can be defined as the resources embedded in the social networks of entrepreneurs plays a critical role in the performance and survival of SMEs.

Social capital encompasses various forms of relationships and shared norms that facilitate cooperation and resource exchange (Claridge, 2019; Mbowa et al., 2023). It includes internal and external networks that provide access to information, opportunities, and support (Akintimehin et al., 2019; Xie, Wang, & Lee, 2021). Neira et al. (2013) contend that entrepreneurship is fundamentally reliant on social capital for resource mobilization and operational support. Similarly, Kwon and Adler (2014) highlight the role of social connections in fostering trust, solidarity, and innovation.

In their influential work, Parra-Requena, Ruiz-Ortega, and Garcia-Villaverde (2012) conceptualize social capital as comprising three key dimensions: Structural social capital as overall pattern and quality of network ties, which determine access to resources and information (Oyeyinka, 2019). On the other hand, relational social capital is the nature of personal relationships developed through trust, shared norms, and mutual obligations (Akintimehin, 2019) and finally, cognitive social capital represents shared values, goals, and cultural narratives that facilitate communication and understanding (Neira et al., 2013). However, each dimension contributes uniquely to the coordination and collective action necessary for firm performance and innovation (Nahapiet & Goshal, 1998; Hoang et al., 2020; Lim & Putnam, 2010).

Although the relationship between social capital and business performance has been widely studied in developed economies including in North America (Cantner & Stuetzer, 2010; Ndofor & Priem, 2011), Asia (Patel & Terjesen, 2011; Brink, 2011), and Europe (Hongyun et al., 2019) there remains a notable research gap in African contexts. Studies specific to countries such as Kenya (Mbowa et al., 2023; Olatunbosun & Onuoha, 2020) are limited, and research focused on Nigeria is still emerging. Moreover, empirical studies rarely disaggregate social capital into its structural, relational, and cognitive dimensions when assessing its effect on firm performance. Therefore, this represents a significant gap in the literature, especially given the growing interest in context-specific factors that shape SMEs performance in developing economies.

Hence, this study seeks to fill this critical gap by empirically examining the relationship between structural, relational, and cognitive social capital and the performance of SMEs in Kaduna State, Nigeria. By doing so, it aims to contribute to a more nuanced understanding of how social networks, trust-based relationships, and shared values can support the sustainability and growth of small businesses in challenging economic environments like Kaduna State.

Literature Review

Theoretical Framework

Social Capital Theory (SCT)

This study adopts Social Capital Theory (SCT) as its theoretical framework due to its relevance in explaining the role of interpersonal networks, trust, and mutual exchange in business outcomes. Rooted in social network theory, SCT emphasizes the value embedded within social relationships and interactions, particularly how these relationships serve as resources that individuals or groups can access and leverage (Pratono, 2018). Our interest in SCT was initially sparked by the concept's emphasis on multi-level social interactions, which align closely with the network-driven nature of entrepreneurial ecosystems.

The application of SCT in this study is aimed at examining the extent to which network ties, shared norms, and trust-based relationships influence entrepreneurial outcomes. Specifically, the theory posits that entrepreneurs embedded in dense, trustful networks with members who share similar values are more likely to harness both tangible and intangible resources, thereby enhancing the financial and non-financial performance of their ventures.

Nahapiet and Ghoshal (2000) provide a foundational framework for SCT by delineating three dimensions of social capital as in structural, relational, and cognitive which together form an interdependent system: These three dimensions not only define the nature of social capital but also underscore its potential advantages and limitations. Unlike traditional network theories that often isolate structure from meaning or value, SCT integrates these layers, offering a more holistic understanding of how social connections contribute to organizational and individual performance.

Furthermore, SCT is grounded in a resource-based view (RBV) of the firm, treating social relationships as a critical resource that can generate sustained competitive advantages. This aligns with the study's broader aim of investigating how entrepreneurs' access, mobilize, and benefit from their social networks to achieve desired outcomes. In this paper, SCT serves as both a lens and a scaffold for analyzing how different forms of social capital influence SMEs performance. It allows for a nuanced understanding of how networks function not just as channels for information, but as dynamic systems of exchange, influence, and shared meaning. By incorporating all three dimensions identified by Nahapiet and Ghoshal (2000), the study ensures a comprehensive and theoretically grounded approach to analyzing social capital within entrepreneurial contexts.

Concept of Performance

Performance refers to as the total indicator of the strength of an SME to satisfy their customers, suppliers and other stakeholders that can be measured based on primary data (Jalali, Abhari, & Jaafar 2022; Jalali et al, 2020). According to Wardani and Eliyana (2020), performance is the outcome of task completion and signifies the degree of accomplishment of each job, along with the adherence to expectations, regulations, or requirements pertinent to the official position of the organisation. According to Ogundare and Merwe (2024) organizational performance can be defined as the capability of firm to accomplish its goals and objectives with the help of talented administration, good governance and have a constant rededication to accomplish business objectives.

Similarly, Nwankwere's (2017) refers performance as a productive corporation that effectively converts inputs into outputs at the most optimal cost. Thus, the functionality of a company is determined by its ability to attain this objective. The researchers arrived at the determination that performance could potentially comprise factors such as personnel quantity, revenue expansion, financial gain, ROI, and calibre of products or services. Consequently, given that SMEs are not legally obligated to prepare and disclose their financial statements, participants in this research may exhibit hesitancy in providing precise data pertaining to subjective indicators of organisational performance. Multiple studies have demonstrated the reliability of employing subjective measures to evaluate corporate performance, as evidenced by Hoang et al.'s (2020) research. Monday et al. (2015) posit that the fundamental aspect of performance is the creation of value, and therefore, any organization's principal performance metric should be the generation of value in line with the resource provider's specifications. As per the findings of this research, an enterprise's efficacy can be evaluated through a diverse range of financial and non-financial indicators that demonstrate the extent to which the organisation is accomplishing its objectives and results.

Concept of Social Capital

Social capital (SC) is defined as the resources SMEs employ to stimulate their performance. Resources refer to constructs measured by relationships within the community, ties/networks, and norms (Claridge, 2019). Social capital can be defined by a range of interconnected concepts, including but not limited to social networks, reciprocal communication, perception, public confidence, and responsibility. SC influences SMEs through increased sales, high profits, increased market share, and customer base (Anoke, Ngozi, Uchechukwu, & Joyce, 2022), and accessibility to finances among others.

Despite the increasing significance of social capital as a valuable business asset, there remains a lack of consensus among scholars regarding its precise definition. The limited discourse on the impact of human resources in the internet industry is due to their crucial role in ensuring the continued relevance of firms amidst intricate social and economic challenges. Public enterprises and private enterprises alike rely heavily on the intellectual and visionary contributions of their internet workforce to effect necessary adaptations and innovations (Lindgreen, Hingley, Grant, & Morgan, 2012).

According to Elmi, Sharei Pour, and Hosseini (2006), the term "social capital" was initially introduced by Marshal Alfred in 1980, albeit with a distinct connotation from its contemporary usage in the social sciences. Bourdieu (1986) posits that social capital refers to a set of resources, both present and future, that arise from institutionalised networks. As per Coleman's (1988) definition, social capital pertains to the ability of a society to effectively engage in interpersonal communication. According to Putnam's (1993) definition, social capital refers to the establishment of social structures such as trust, norms, interactions, and networks that can enhance the effectiveness of a community in achieving shared objectives by promoting relationships and cooperation.

Structural Social Capital

The degree to which actors are linked or related is known as structural capital (Carmona-Lavado, Cuevas-Rodriguez, & Cabello-Medina, 2010). It outlines the opportunities or potentials for expanding entrepreneurs' access to resources, knowledge, and assistance (Liao & Welsch, 2005). Strong interpersonal links and social networks are beneficial assets for businesses. Actors can get to know one another, share useful information, and develop a unified viewpoint through frequent and strong social encounters.

Relational Social Capital

The types of personal relationships that people create via repeated contacts are referred to as the relational dimension (Granovetter, 1992), mentioned in (Elyas, Ansari, & Mafi, 2012). It focuses on the calibre of the actors' affiliations and the particular relationships that people have established, such friendship, respect, acceptance, and trust. Alternatively, values, standards, and trust. But, in order to assure corporate success, relationships and decision-making in the workplace may be influenced and made easier by trust, honesty, and shared standards. In other words, the nature of the relationships, such as trust, bond, collaboration, and personal links, is the relational dimension of social capital. All parties involved in social capital cultivate these aspects of trust, friendship, respect, and communication in a sustainable manner (Gelderman, Janjaap, Patrique, 2016). This ongoing relationship may lessen the need for formal contracts (Zaheer & Venkatraman, 1995).

Cognitive Social Capital

The degree to which two related actors share mental frameworks that organise knowledge, direct their thought processes, and influence their behaviour is known as cognitive social capital. Resources that offer common interpretations, representations, and systems of meaning among people are specified by the cognitive dimension. The network links component of social capital needs dedication to the company's mission (Lorenzo & Antoni, 2008). The term "dimension" refers to a group's collective identity, which facilitates effective social networking inside Businesses. According to Jean-Luc, Hitt, Sirmon, and Very (2007), the cognitive dimension associated with common vision, belief, and collaborative aims and objectives supports members of social networks to replace free flow of information (structural social capital), which is based on trust (relational social capital).

Empirical Review of Related Studies

Akinbode, Okewale, Bilewu, and Omoba (2024) Conducted a study in Nigeria to examine the relational capital efficiency and financial performance. A descriptive study design was employed, utilizing an ex- post facto methodology. 22 companies were purposefully chosen from a total of 151 publicly listed firms in Nigeria for this analysis, focusing on their financial statements. The sample included 11 manufacturing firms, 5 ICT companies, 3 health services providers, and 3 oil and gas enterprises, spanning a period from 2013 to 2022. The analysis made use of panel data techniques and a number of post-estimation tests, such as random effects models, fixed effects, and Ordinary Least Squares (OLS). In order to maintain accuracy and handle endogeneity concerns, the System Generalized Method of Moment (SGMM) was also utilized. According to the study's findings, ROE was negatively and statistically significantly impacted by RCE (p-value = 0.5354, $\beta = -0.1032$, t-value = -0.6208), and ROA was negatively and statistically significantly impacted by RCE (p-value = 0.0121, $\beta = -0.0169$, t-value = -2.533). These findings demonstrated that whereas relational capital efficiency had a statistically significant negative impact on ROA, its influence on ROE was negative but not statistically significant. The study's findings indicate that since relational capital development has a detrimental impact on Nigerian companies' financial performance, management should prioritize it in order to improve financial outcomes. However, the sample size is relatively small considering the nature and the scope of the research and that if more sample were collected the relationship between the variables as well as the result of the findings will have been different which this study intends to do. Therefore, enlarging the sample size to encompass both unquoted and private companies, rather than focusing solely on listed firms. This method would offer a more comprehensive and wide-ranging knowledge of the connection between financial performance and relational capital in many corporate contexts.

YahiaMarzouk and Jin (2022) Investigated a study in Egypt to examine the effect of relational capital on organizational resilience and the mediating role of environmental scanning. Five hundred SMEs in the food and beverage industry were chosen at random and given a total of 500 questionnaires. A total of 253 CEO surveys were returned back, 36 of which were not complete and therefore not included in the ultimate sample. Finally, 217 valid surveys were included in the sample, with an effective response rate of about 44%. However, the result proves that a large amount of information relevant for recovery are inherent within an SME’s external relations network. Therefore, the study collected data from managers in food and beverage organizations only which cannot be generalize. Hence, the present study shall examine the relationship between SC and SMEs performance in Nigeria context.

Akmal (2020) aimed to elucidate the impact of various dimensions of social capital on collaborative efforts. The individual exerted effort to construct a research model utilising the framework of social capital theory. The assessment of the partnership between the research and development teams within the Uzbek textile sector was ultimately conducted. A survey methodology was employed, whereby a questionnaire was formulated and disseminated. The study evaluated the model's predictive capacity by employing structural equation modelling and multiple regression techniques on a representative sample of 170 individuals working in the research and development division. Research findings indicate that social capital exerts a substantial positive impact on collaborative efforts. The results of this study provide support for the significance of social capital in comprehending cooperation.

In 2020, Mahar and Ghumro conducted a study in Sindh, Pakistan, investigating the impact of social capital on the operational efficacy of small and medium-sized enterprises. The research focused on examining the impact of personal, professional, social, and institutional networks on the performance of 397 participants. The study employed a quantitative methodology utilising a regression analysis technique. The study revealed a significant correlation between social capital and the operational effectiveness of businesses.

In 2020, Yani, Eliyana, Hamidah, Ketut, Sudiarditha, and Buchdadi conducted an empirical investigation to examine the impact of social capital and entrepreneurship skills on the performance of small and medium-sized enterprises (SMEs) in Bekasi City, located in West Java. The data was obtained through a questionnaire that received responses from a total of 315 participants. The study's results were presented in a comprehensive manner by utilising analytical tools and the Structural Equation Modelling (SEM) approach through the Smart PLS software. The results of the hypothesis testing indicate that social capital has a significant impact on both company performance and entrepreneurial skill. The entrepreneurial competence has a positive and significant impact on the business performance. The possession of entrepreneurial acumen, in conjunction with social capital, exerts a positive and noteworthy influence on the operational efficacy of businesses.

The empirical review presents a broad examination of studies exploring the relationship between relational or social capital and organizational outcomes, such as financial performance, collaboration, and operational efficiency. Akinbode et al. (2024) found a statistically significant negative relationship between relational capital efficiency (RCE) and return on assets (ROA), while its impact on return on equity (ROE) was negative but not statistically significant, suggesting that relational capital may hamper financial performance in the Nigerian context. However, the study's limited sample size and focus on listed firms may restrict the generalizability of the findings. Similarly, YahiaMarzouk and Jin (2022) highlighted the role of external relational networks in supporting organizational resilience but noted limitations due to the narrow industry focus on Egyptian SMEs in food and beverage.

Other studies, including those by Akmal (2020), Fried (2020), Mahar and Ghumro (2020), and Yani et al. (2020), consistently emphasize the positive influence of social capital on collaboration, innovation, and SME performance across various countries and industries. These findings contrast with Akinbode et al., (2024) results, indicating potential contextual or methodological factors affecting outcomes. A key critique across these studies is the frequent reliance on sector-specific or geographically constrained samples, limiting broader applicability. Therefore, there's also an observed need for more nuanced models such as incorporating dynamic capabilities to better capture the complexity of the relationship between social capital and organizational performance. However, a notable void exists in the existing body of literature. Hence, this research will address the aforementioned gap in knowledge. The present study posited the hypothesis that:

HO1: There is no significant effect of structural social capital on SME's performance in Kaduna State.

HO2: There is no significant effect of relational social capital on SME's performance in Kaduna State.

HO3: There is no significant effect of cognitive social capital on SME's performance in Kaduna State.

Methodology

This study adopts a cross-sectional survey design to examine its research objectives, following the precedent set by similar studies such as Carlos and Miguel (2013) and Nwankwere (2017). The target population comprises all registered small and medium-sized enterprises (SMEs**)** operating within Kaduna State, Nigeria. Specifically, the study focuses on SMEs in Kaduna State. Specifically, the three senatorial districts namely: Kaduna North, Kaduna South, and Kaduna Central.

According to the Small and Medium Enterprise Development Agency of Nigeria (SMEDAN) and the National Bureau of Statistics (NBS, 2021), there were 21,615 registered SMEs in Kaduna State as of December 2021. This figure includes 19,694 small enterprises and 1,921 medium enterprises, engaged in various sectors such as manufacturing, general trading, sales and services, agriculture, agribusiness, and general contracting.

However, to determine an appropriate sample size from this population, the study employed the Yamane (1967) formula for sample size calculation, which is widely recognized for its simplicity and reliability in survey research. Based on this formula, a minimum sample size of 377 respondents was deemed statistically sufficient. However, considering the potential for non-response and bias in questionnaire-based surveys, Israel (2013) recommends a 30%

increase in the calculated sample size. Accordingly, the final sample size was adjusted upward to 490 respondents to enhance data reliability and representativeness.

A stratified random sampling technique was utilized to select participants. This method ensures that each subgroup (stratum) within the population is proportionately represented, thereby minimizing the risks of overrepresentation or underrepresentation in the sample (Nicholas, 2011). The three senatorial districts (Kaduna North, Kaduna South, and Kaduna Central) served as the strata, and questionnaires were distributed to SMEs in each area based on their proportional representation in the overall population. Thus, this methodological approach ensures a balanced and objective representation of SMEs across Kaduna State, thereby improving the generalizability and validity of the study's findings.

Hence, a total of 490 SMEs was selected for the research from the three senatorial districts in Kaduna State, with a portion of the question being distributed at each stratum based on a proportionate ratio. This information is shown in Table 1.

Table 1: *Proportionate Stratified Sampling*

Senatorial Districts	Population	Proportional Ratio	Copies of Questionnaire
Kaduna North	7183	7183/21615*490	163
Kaduna Central	9112	9112/21615*490	207
Kaduna South	5320	5320/21615*490	120
TOTAL	21,615		490

Source: Researchers Computation (2025)

Given the cross-sectional design of this study, it is imperative to collect data from a single stratum. A cross-sectional survey study provides an opportunity to assess the correlation between the population and the differences observed among subgroups (Visser, Krosnick & Lavrakas, 2000). The study utilised primary sources of data to assess the relationship between social capital and the performance of small and medium-sized enterprises (SMEs) in Kaduna State. The fundamental data was collected through the distribution of questionnaires to the small and medium-sized enterprises that are registered within Kaduna Metropolis. The study distributed a total of 490 questionnaires to the proprietors or managers of the selected small and medium-sized enterprises (SMEs) based on the designated sample frame.

The study's variables were measured using items that were derived from the original creators' work. Hoang et al. (2020) employed a set of constructs, namely structural capital, relational capital, and cognitive capital, which were adapted from the works of Lee (2015) and Carr et al. (2011), to assess organisational performance. Composite reliability and average variance extracted are utilised to assess the validity and reliability of the questionnaire item. The results of the analysis indicate that both the composite reliability figures and AVE were in excess of 0.7, thereby fulfilling the requisite criteria as stipulated by Hair et al. (2014). The data collected for the study was analysed through the utilisation of SmartPls2, employing the technique of partial least square structural equation modelling (PLS-SEM).

Data Analysis and Presentation

A total of 490 copies of the questionnaire were given out to study participants, and the researcher was able to collect 406 of those copies. This is equivalent to around 83% of the total questionnaire copies given. 43 of the returned surveys were deemed outliers, and they were eliminated from the data set. Just 363 copies of the questionnaires were therefore determined to be relevant for the final analysis. This is thought to be extremely pertinent to this investigation.

Measurement Model

Table 2: *Construct Reliability and Convergent Validity*

Construct	Item	Loadings	AVE	CR
Structural Social Capital	SSC1	0.82	0.61	0.90
	SSC2	0.86		
	SSC3	0.82		
	SSC4	0.82		
Relational Social Capital	RSC1	0.78	0.64	0.89
	RSC2	0.82		
	RSC3	0.83		
	RSC4	0.79		
	RSC5	0.71		
Cognitive Social Capital	CSC1	0.81	0.63	0.91
	CSC2	0.89		
	CSC3	0.86		
	CSC4	0.86		
	CSC5	0.66		
Performance	FP1	0.79	0.67	0.93
	FP2	0.81		
	FP3	0.83		
	FP4	0.87		
	FP5	0.86		
	FP7	0.84		

Note: AVE represents Average Variance Extracted; CR represents Composite Reliability. One item was deleted due to measurement issues.

Composite reliability was used to assess the constructs' reliability, and average variance extracted (AVE), as recommended by Garson, was used to assess the constructs' convergent validity (2016). Nevertheless, according to Lee and Chen (2013), each reflective contract's CR value must be below 0.7 in order to achieve internal consistency reliability, and its AVE value must be below 0.5 in order to achieve convergent validity (Garson, 2016). Items should have loadings greater than 0.5 (Hair et al., 2013). According to the findings in Table 2 above, all of the constructs are therefore reliable and convergent. Yet, given each construct's grand mean scores, or the average of the squared factor loadings of each construct's items, are higher than the criterion of 0.50, it is evident that each of these constructs' accounts for more than 50% of the variance of its indicators (Hair et al., 2013). Hence, it is claimed that both convergent validity and reliability have been attained.

Table 3: *Discriminant Validity (Fornell-Lacker Criterion)*

	1	2	3	4
1. Cognitive Social Capital	**0.79**			
2. Performance	0.65	**0.82**		
3. Relational Social Capital	0.56	0.28	**0.80**	
4. Structural Social Capital	0.36	0.34	0.24	**0.78**

Note: The bolded diagonal values correspond to the square root of the AVE of the constructs.

The criteria proposed by Fornell-Larcker (1981) were utilised to evaluate discriminant validity. The square root of AVE is represented by the numerals in bold. Fornell-Larcker criteria requires that correlations with the bolded square root of AVEs be less than the bolded number in order for the constructs to fulfil discriminant validity. The bolded number in Table 3 has a lower correlation than the other bolded values, as can be observed. The constructs met the Fornell-Larcker criterion for discriminant validity as a result.

Table 4: *Structural Model: Test of Significance for Direct Relationships*

Hypotheses	Relationships	Beta	SE	T Statistics	P Value	Decision
H_{01}	SSC-PRF	0.18	0.05	3.87***	0.00	Rejected
H_{02}	RSC-PRF	0.21	0.06	3.59***	0.00	Rejected
H_{03}	CSC-PRF	0.35	0.06	5.78***	0.00	Rejected

***$p < 0.01$; **$p < 0.05$; *$p < 0.10$

The direct relationships in the study are presented in Table 4, which displays the outcome of the bootstrapping analysis. The results presented in Table 4 demonstrate that there is a significant relationship between Structural Social Capital (SSC) and the performance of Small and Medium Enterprises (SMEs), with a beta coefficient of 0.18 and a p-value of less than 0.01. The null hypothesis (H01) which posits that there is no significant impact of structural social capital on the performance of small and medium-sized enterprises (SMEs) in Kaduna State has been refuted. The study found that there is a significant correlation between Relational Social Capital (RSC) and the performance of Small and Medium Enterprises (SMEs) ($\beta=0.21$, $p<0.01$). The present study refutes the null hypothesis (H02) which posits that relational social capital does not exert a statistically significant impact on the performance of small and medium-sized enterprises (SMEs) operating in Kaduna State. Furthermore, it is noteworthy that there exists a significant correlation between Cognitive Social Capital (CSC) and the performance of Small and Medium Enterprises (SMEs) ($\beta=0.35$, $p<0.01$). The null hypothesis H03, which posits that there is no statistically significant impact of cognitive social capital and the performance of small and medium-sized enterprises (SMEs) in Kaduna State, has been refuted.

Discussion of Findings

The impact of structural social capital on the performance of SMEs is believed to be both significant and favourable. Structural social capital, which pertains to the attributes of the social system in its entirety and the interconnectivity of relationships, constitutes a fundamental element of social capital. The aforementioned phrase pertains to the depersonalised configuration of linkages among persons or entities. The configuration of links between individuals can be exemplified by roles, regulations, precedents, and processes (Nahapiet & Sumantra, 2018). The present statement aligns with the findings of Valdez-Juárez (2020) and Fried (2020).

Relational social capital is a significant and positive predictor of the success of small and medium-sized enterprises (SMEs). To clarify, it can be posited that the performance of a small and medium-sized enterprise (SME) is positively correlated with the extent of its relational social capital. The term "relational social capital" pertains to the characteristics and elements of personal connections, encompassing factors such as dedication, esteem, and even companionship. According to Nahapiet and Sumantra (2018), the relational dimension of social capital comprises four primary constituents, namely identity and identification, duties and expectations, norms and punishments, and trust and trustworthiness. Research suggests that small and medium-sized enterprises (SMEs) are more likely to exhibit superior performance when they possess a greater degree of relational social capital attributes, such as confidence and trustworthiness, norms and penalties, duties and expectations, and identity and identification. This discovery aligns with the research conducted by Pinho (2013), Song (2016), and Fried (2020).

Analogous to this, cognitive social capital exerts a beneficial and significant influence on the operational efficacy of small and medium-sized enterprises (SMEs). It can be inferred that an increase in cognitive social capital will have a positive impact on the performance of small and medium-sized enterprises (SMEs). Cognitive social capital, a constituent of social capital, pertains to resources that facilitate the exchange of representations, interpretations, and systems of meaning between parties. Everyday language and storytelling exhibit cognitive frameworks and meaning systems. Cognitive social capital, which encompasses a common language and established norms, serves as the fundamental basis for effective communication. This finding is in accordance with the scholarly works of Muniady, Mamun, Mohamad, Permarupan, and Zainol (2015).

Conclusion and Recommendations

The performance of SMEs in the Kaduna State is positively and significantly impacted by structural social capital, relational social capital, and cognitive social capital, according to the empirical analysis of the study. As a result, the research advises managers and owners of SMEs to actively enhance their cognitive capacities in their offerings and operational procedures. They should always make sure that their product or service lines undergo significant adjustments. In addition, SMEs owners/managers can undergo training programs and partnership to enhance their cognitive capabilities and relational network so as to achieve superior performance. Managers and owners of SMEs should also make sure that their companies are urged to participate in relational social capital with fresh concepts. Moreover, SMEs ought to have a strong tendency. Interestingly, various forms of social capital enhance SMEs' performance through increased customer base, profits, sales volume, and creativity. This implies that SMEs proprietors/managers who intensively aligned their daily operations to different social capital forms achieved the best performance. Thus, SMEs and other entrepreneurs can use the findings in business operations for outstanding performance to gain a competitive advantage over others. Lastly, SMEs should constantly aim to act first in every scenario, ahead of their rivals, by doing relational acts that elicit a response from rivals.

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