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Entrepreneurial Social Networks and Growth of Small and Medium Agribusinesses in Rivers State

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Abstract

This work examined the relationship between entrepreneurial social networks and growth of small and medium agribusinesses in Rivers State. The conduct of this study was informed by how dimensions of entrepreneurial social networks such as mentoring and information sharing correlate with measures of growth in terms of financial performance and operational efficiency. The correlational research design was adopted. 270 respondents drawn from 90 small and medium agribusinesses in Rivers State were used for the study. A structured questionnaire was used for the collection of primary data for the study. Spearman Rank Order Correlation (r) was used for the test of hypotheses, with the aid of SPSS Version 23 at 0.01 level of significance. Findings revealed that all dimensions of entrepreneurial social networks correlate with growth measures of small and medium agribusinesses in Rivers State. The study concluded that entrepreneurial social networks enhance growth of agribusinesses. The study recommended amongst other things management of small and medium agribusinesses in Rivers State should establish structured mentorship programmes that connect small and medium agribusiness with experienced professionals who provide guidance on financial planning, risk management, and operational strategies as such would enhance their financial performance; Encouraging peer networking groups will foster collaboration, enabling small and medium agribusinesses to share experiences, pool resources, and improve decision-making for better operational efficiency.

Background to the Study

Agriculture has always been the backbone of Nigeria's economy. Nigeria, like many other African countries, relies heavily on agriculture for economic development (Muhammed, 2022). Nigeria's agricultural sector is undergoing a remarkable transformation, spearheaded by young entrepreneurs who are addressing critical issues such as food insecurity, post-harvest losses, and market inefficiencies (Ajayi, 2024). By leveraging on the 21st century agribusiness practices they empower smallholder farmers and agri-allied entrepreneurs, which in turn enhance the growth of their businesses. Growth among others cut across financial performance and operational efficiency.

Financial performance reflects an agribusiness's ability to generate revenue, manage costs, and secure funding for expansion, ensuring profitability and long-term stability (Katchova & Enlow, 2013). Operational efficiency, on the other hand, focuses on optimizing production processes, reducing waste, and improving resource utilization to enhance productivity and cost-effectiveness. Efficient operations enable agribusinesses to scale production, meet market demands, and increase profitability (Gjokaj et al., 2021). Together, strong financial performance and operational efficiency drive overall business growth, fostering resilience and sustainability in the competitive agribusiness sector.

Importantly, the growth of small and medium agribusinesses (SMEs) is critical to food security, employment generation, and economic development in Nigeria. However, these businesses face significant challenges, including limited access to finance, inefficient production processes, and poor market linkages (Saminu & Simon, 2021). To overcome these barriers, entrepreneurial social networks among others such as mentoring and information sharing have emerging vital tools to fostering business growth. Mentoring is a guidance process where experienced individuals support less experienced entrepreneurs by providing advice, skills, and knowledge to enhance business growth and decision-making. Information sharing involves the exchange of relevant data, market trends, and best practices among individuals or organizations to improve productivity and innovation (Akinyoola, 2021). Entrepreneurial social networks provide a platform for resource exchange, capacity building, and financial empowerment, thereby enhancing the growth of small and medium agribusinesses (Adomako et al., 2019). Despite their potential, many small and medium agribusinesses struggle to leverage these networks effectively, leading to business stagnation, reduced financial performance and efficiency.

Mentoring is a critical component of entrepreneurial social networks that enhances business success by linking less experienced agribusiness entrepreneurs with seasoned professionals who provide guidance on financial management, market strategies, and risk assessment (Fatoki, 2012). Through mentorship, agribusiness owners acquire strategic knowledge on investment planning, cost control, and supply chain optimization, leading to improved financial performance and sustainability. Additionally, mentorship strengthens reputational endorsement, making it easier for SMEs to attract investors, secure bank loans, and access government funding programs such as the Anchor Borrowers' Programme (ABP) and the Nigerian Incentive-Based Risk Sharing System for Agricultural Lending (NIRSAL) (Central Bank of Nigeria, 2021).

Information sharing, another key element of entrepreneurial social networks, facilitates the exchange of industry knowledge, market trends, and innovative farming techniques, which enhances operational efficiency (Ikuemonisan, 2024). Digital agribusiness platforms such as Farmcrowdy, Thrive Agric, and agricultural cooperative societies enable farmers to access real-time data on pricing, weather conditions, and modern agricultural practices, leading to better decision-making and resource allocation (Nwankwo et al., 2024). Moreover, trade associations and government-sponsored agricultural extension services help agribusinesses improve productivity by promoting technological adoption, sustainable farming methods, and value chain integration (World Bank, 2020). These networks ultimately reduce transaction costs, improve product quality, and enhance market competitiveness, contributing to business growth.

Despite the advantages of mentoring and information sharing, many agribusiness SMEs in Rivers State face constraints such as weak networking structures, lack of trust, and inadequate institutional support (Adegbite et al., 2021). The absence of structured mentorship programs and effective knowledge-sharing platforms has resulted in low business survival rates, limited financial access, and inefficient operations (Ononogbo et al., 2024). Understanding the role of entrepreneurial social networks in agribusiness growth is therefore essential for designing policies and interventions that support business development, financial inclusion, and sustainable agricultural practices. In the light of the above, the study examined the relationship between entrepreneurial social networks and growth of small and medium agribusinesses in Rivers State.

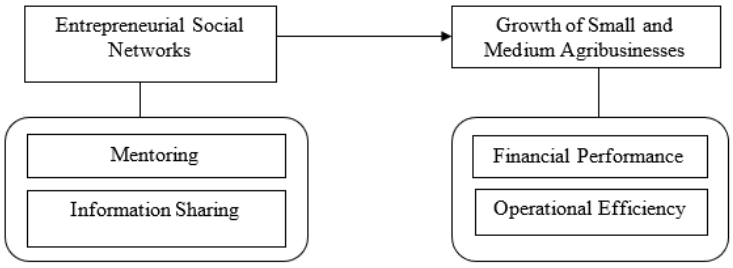
Statement of the Research Problem

Agribusiness in Nigeria is a vital sector that contributes significantly to the country's economy, employing a large percentage of the population and accounting for a substantial share of the nation's GDP (Centre for Journalism Innovation and Development, 2025). When President Bola Tinubu took office in May 2023, he promised to prioritise agricultural development and ensure food sufficiency. Over 19 months later, Nigeria faces a hunger crisis aggravated by some of Mr Tinubu's policies, especially the removal of fuel and currency subsidies, which has led to a significant decline in growth of agribusinesses across the country (Abdulkareem, 2025), among others such as poor financial performance and inefficiency in operations. The above might be linked to poor social networks among entrepreneurs ranging from mentoring to information sharing in addressing challenges faced in the course of operating their businesses. Weak business connections result in limited funding opportunities, lack of business knowledge, and reduced competitiveness in the agricultural sector. Additionally, while programs like the Anchor Borrowers' Programme (ABP) and platforms like Farmcrowdy provide financial and market support, many agribusiness SMEs fail to take full advantage due to poor social capital development. The absence of strong networking mentoring and information sharing could lead to stagnant business growth in finance and efficiencies. It is on this premise the study examined the relationship between entrepreneurial social networks and growth of agribusiness SMEs in Rivers State

Theoretical Framework

The study is rooted on Social Capital Theory. The theory was propounded by Pierre Bourdieu in 1986 and later expanded by James Coleman in 1988 and Robert Putnam in 1995. The theory assumes that social relationships, trust, and shared norms create value by facilitating access to resources, knowledge, and opportunities that drive business and economic development (Tsounis & Xanthopoulou, 2024). The relevance of social capital theory to the study is predicated on the fact that mentoring within the entrepreneurial social networks helps agribusiness entrepreneurs gain industry-specific knowledge, financial management skills, and strategic insights, improving financial performance through better investment decisions and risk management. Information sharing within social networks allows entrepreneurs to access market trends, technological innovations, and funding opportunities, leading to improved operational efficiency through the adoption of modern farming techniques and streamlined supply chains (NIRSAL, 2020). Agribusiness SMEs can benefit from cooperative societies, government-backed programs like the Anchor Borrowers' Programme (ABP), and digital platforms like Farmcrowdy, which facilitate mentoring and knowledge exchange. These networks help businesses reduce costs, increase productivity, and expand market reach, ultimately enhancing growth and competitiveness (CBN, 2021). Without strong entrepreneurial social networks, agribusiness SMEs face challenges such as limited financial resources, poor market access, and inefficiencies in production. The study was founded on the conceptual framework presented below:

Fig. 1: Conceptual Framework Showing Relationship between Entrepreneurial Social Networks and Growth of small and medium agribusinesses in Rivers State



Source: Researcher's Conceptualization, 2025.

In the light of the above conceptual framework, four (4) hypotheses were raised for the study, thus stated as:

Ho_1: There is no significant relationship between mentoring and financial performance of small and medium agribusinesses in Rivers State.

Ho_2: There is no significant relationship between mentoring and operational efficiency of small and medium agribusinesses in Rivers State.

Ho_3: There is no significant relationship between information sharing and financial performance of small and medium agribusinesses in Rivers State.

Ho_4: There is no significant relationship between information sharing and operational efficiency of small and medium agribusinesses in Rivers State.

Methodology

The study adopted the correlational research design. 270 respondents drawn from 90 small and medium agribusinesses in Rivers State were used for the study. These respondents cut across managing directors, operation manager and financial manager. Data were collected through primary source (questionnaire). A structured questionnaire titled "Entrepreneurial Social Networks and Growth Index (ESNGI)". The questionnaire was designed in a modified four-point likert scale format with the following response options: Strongly Agreed (SA) 4, Agreed (A) 3, Disagreed (D) 2, and Strongly Disagreed (DS) 1. The instrument was validated by two entrepreneurship and management experts. The reliability coefficient of the instrument (0.72) was elicited using Crombach Alpha. Spearman Rank Order Correlation (r) was used for the test of hypotheses. Out of the questionnaires administered, 256 (95%) copies were retrieved and analyzed for the study. A bivariate analysis (test of hypothesis) was done using SPSS Version 23 at 0.05 level of significance.

Results

Ho_1: There is no significant relationship between mentoring and financial performance of small and medium agribusinesses in Rivers State.

Table 1: Mentoring and Financial Performance

		Mentoring	Financial Performance
Mentoring	Correlation Coefficient	1.000	.744**
	Sig. (2-tailed)	.	.000
	N	256	256
Financial Performance	Correlation Coefficient	.744**	1.000
	Sig. (2-tailed)	.000	.
	N	256	256

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

Table 1 above shows r value of 0.744 at a significance level of 0.00 which is less than the chosen alpha level of 0.01. Since the significance value 0.000 is less than the alpha level of 0.01, the null hypothesis (Ho_1) which states that there is no significant relationship between mentoring and financial performance of small and medium agribusinesses in Rivers State was rejected and the alternate hypothesis accepted. This implies that there is a significant relationship between mentoring and financial performance of small and medium agribusinesses in Rivers State.

Ho_2: There is no significant relationship between mentoring and operational efficiency of small and medium agribusinesses in Rivers State.

Table 2: Mentoring and Operational Efficiency

		Mentoring	Operational Efficiency
Mentoring	Correlation Coefficient	1.000	.715**
	Sig. (2-tailed)	.	.000
	N	256	256
Operational Efficiency	Correlation Coefficient	.715**	1.000
	Sig. (2-tailed)	.000	.
	N	256	256

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

Table 2 above shows r value of 0.715 at a significance level of 0.00 which is less than the chosen alpha level of 0.01. Since the significance value 0.000 is less than the alpha level of 0.01, the null hypothesis (Ho_2) which states that there is no significant relationship between mentoring and operational efficiency of small and medium agribusinesses in Rivers State was rejected and the alternate hypothesis accepted. This implies that there is a significant relationship between mentoring and operational efficiency of small and medium agribusinesses in Rivers State.

Ho_3: There is no significant relationship between information sharing and financial performance of small and medium agribusinesses in Rivers State.

Table 3: Information Sharing and Financial Performance

		Information Sharing	Financial Performance
Information Sharing	Correlation Coefficient	1.000	.800**
	Sig. (2-tailed)	.	.000
	N	256	256
Financial Performance	Correlation Coefficient	.800**	1.000
	Sig. (2-tailed)	.000	.
	N	256	256

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

Table 3 above shows r value of 0.800 at a significance level of 0.00 which is less than the chosen alpha level of 0.01. Since the significance value 0.000 is less than the alpha level of 0.01, the null hypothesis (Ho_3) which states that there is no significant relationship between information sharing and financial performance of small and medium agribusinesses in Rivers State was rejected and the alternate hypothesis accepted. This implies that there is a significant relationship between information sharing and financial performance of small and medium agribusinesses in Rivers State.

Ho_4: There is no significant relationship between information sharing and operational efficiency of small and medium agribusinesses in Rivers State.

Table 4: Information Sharing and Operational Efficiency

		Information Sharing	Operational Efficiency
Information Sharing	Correlation Coefficient	1.000	.792**
	Sig. (2-tailed)	.	.000
	N	256	256
Operational Efficiency	Correlation Coefficient	.792**	1.000
	Sig. (2-tailed)	.000	.
	N	256	256

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

Table 4 above shows r value of 0.792 at a significance level of 0.00 which is less than the chosen alpha level of 0.01. Since the significance value 0.000 is less than the alpha level of 0.01, the null hypothesis (Ho_4) which states that there is no significant relationship between information sharing and operational efficiency of small and medium agribusinesses in Rivers State was rejected and the alternate hypothesis accepted. This implies that there is a significant relationship between information sharing and operational efficiency of small and medium agribusinesses in Rivers State.

Discussion of Findings

The analyses of data revealed that there is a significant relationship between entrepreneurial social networks (mentoring and information sharing) and growth (financial performance and operational efficiency) of small and medium agribusinesses in Rivers State. The findings are similar to that of Dossou et al. (2024) which positioned that social network such as network size, network centrality, competitive network, and supportive network have positive effects on the performance of agribusinesses owned by young women. Also, the study findings correlate with the works of Peng et al. (2022) which averred that social network (network size and tie strength) impact on the growth of entrepreneurial enterprises, while network density does not correlate with the growth. Drawing from, the above, and also looking at the dimensions of the present study, it is vital to note that entrepreneurial social networks, particularly mentoring and information sharing, play a vital role in enhancing the growth and sustainability of small and medium agribusinesses (SMEs) in Rivers State. Mentoring provides entrepreneurs with access to experienced business leaders who offer guidance on best agricultural practices, financial management, and strategic decision-making. Through mentoring, agribusiness owners develop essential skills in farm management, risk assessment, and supply chain optimization, leading to improved operational efficiency (Akinbami et al., 2021). Mentorship also fosters confidence among new entrants in the sector, enabling them to navigate challenges such as market volatility, access to credit, and compliance with

regulatory standards. Additionally, mentorship enhances reputational endorsement, making it easier for agribusinesses to secure funding from investors, banks, and government programs like the Anchor Borrowers' Programme (ABP).

More so, the study findings are in line with the works of Aarakit and Kimbugwe (2015) which stated that social networks enhance firm performance. Therefore, information sharing within entrepreneurial networks also drives business growth by ensuring that agribusiness SMEs stay informed about market trends, innovative farming techniques, and available financial opportunities. Platforms such as cooperative societies, trade associations, and digital agribusiness networks like Farmcrowdy and Thrive Agric provide farmers and agribusiness owners with timely information on weather conditions, pest control methods, and high-yield crop varieties. This knowledge helps businesses reduce losses, increase productivity, and maximize profits. Furthermore, information sharing fosters collaboration among entrepreneurs, allowing them to form partnerships, pool resources, and access bulk purchasing discounts on agricultural inputs.

Peng et al. (2022) which averred that social network though in terms of network size and tie strength impact on the growth of entrepreneurial enterprises. Based on the precedence, by leveraging mentoring and information sharing, agribusiness SMEs in Rivers State can overcome challenges such as limited market access, inefficient production methods, and lack of business knowledge. These networks create an ecosystem of trust, where entrepreneurs support each other in securing better deals, negotiating favorable contracts, and identifying new market opportunities. Moreover, digital networking platforms and agricultural extension services further enhance knowledge exchange, ensuring that small-scale agribusinesses remain competitive in the evolving agricultural sector. Without strong entrepreneurial social networks, many SMEs struggle with poor decision-making, financial instability, and reduced productivity (Nee et al., 2017). Thus, investing in mentoring programs and structured information-sharing platforms is essential for enhancing the growth, sustainability, and resilience of agribusiness SMEs in Rivers State.

Conclusions

Based on the findings, the study concluded that entrepreneurial social networks correlate with growth of small and medium agribusineses in Rivers State.

Recommendations

Based on the results and conclusions, the following recommendations were made:

1. Management of small and medium agribusinesses in Rivers State should establish structured mentorship programmes that connect small and medium agribusiness with experienced professionals who provide guidance on financial planning, risk management, and operational strategies as such would enhance their financial performance.
2. Additionally, leveraging digital mentorship platforms such as mobile apps and online forums will facilitate real-time knowledge sharing on market trends,

innovative farming techniques, and financing opportunities, hence promote their operational efficiency.

3. Small and medium agribusinesses can go into partnerships with extension services and trade associations to enable them receive timely updates on government policies, subsidies, and export opportunities on their businesses as such would enable them make decisions that would enhance their financial performance.
4. Encouraging peer networking groups will foster collaboration, enabling small and medium agribusinesses to share experiences, pool resources, and improve decision-making for better operational efficiency.

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