

# **EVALUATING THE EFFECTS OF ENTREPRENEURIAL ORIENTATION ON SME BUSINESS PERFORMANCE IN NIGERIA IN THE CONTEXT OF SOCIAL CAPITAL AND CAPABILITY DEVELOPMENT.**

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## **Abstract**

Social capital and capability development have been determined as effective entrepreneurial orientation enablers in achieving good business performance. To understand the effect of entrepreneurial orientation on business performance, there were a number of findings that were recorded in this research based on the notable variables. The study examined the effect of social capital on business outcome. Thereafter, the study reviewed the level of influence that developing capability brings on board an SME business. The study further examined the combined influence of SC and CD on EO and business outcome. A survey of 406 SME businesses in Nigeria was obtained out of 600 questionnaire administered. The research used a structural equation modeling (SEM) analysis to confirm the reliability and validity of the measures representing their individual constructs using the Cronbach Alpha and the convergent and discriminant validity. The results revealed that entrepreneurial orientation had a positive significant effect on business performance. Similarly, SC and CD were positive and significant moderators of business performance. The study established that both SC and CD must be deployed to achieve enhanced business outcome. The findings of the study implied that it is important for entrepreneurs to nurture their social network and invest in training for the purpose of developing team capability to function in both their specialized field as well as appreciate the value of diverse business practices and exposure. SMEs must be conscious of the need to combine attributes of business- social capital and capability development as the duo have shown significant contribution in enhancing business performance in Nigeria.

**Keywords:** Entrepreneurial Orientation, SME Performance, Social Capital, Capability Development.