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Social Structures and Entrepreneurial Success of SMEs in Rivers State

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Abstract: *This study examined the relationship between social structures and entrepreneurial success of SMEs in Rivers State. The cross-sectional survey design was utilized and a total population of 1100 owners of SMEs in Rivers State were covered. A sample size of 285 owners of SMEs were drawn as the sample size of the study. Data were collected using copies of well-structured questionnaire and the simple random sampling technique was utilized in the study. The data was analyzed using the Spearman's Rank Order Correlation and Partial Correlation. The result of the analysis revealed that the dimensions of Social Structures (centralization and formalization) have a significant positive relationship with profitability and organizational reputation. It was concluded that improved social structures in terms of centralization and formalization, help improve the Entrepreneurial Success of SMEs. It was recommended amongst others that the owners of SMEs should utilize effective social structures in their business operations to boost their profitability.*

Key words: *Social Structures, Entrepreneurial Success, Centralization, Formalization, Profitability, Organizational Reputation.*

Introduction

Due to their crucial contributions to the economies of every nation, small and medium-sized enterprises (SMEs) have received a great deal of attention in contemporary entrepreneurship studies. The emergence of SMEs is crucial, particularly in emerging nations because they contribute to economic growth and enhance income distribution, productivity, efficiency, and economic structure during a recession (Abdullah &Manan, 2011). Due to their adaptable and compatible organizational structures, small and medium-sized enterprises (SMES) have gained increased significance for the entire world (Kayadibi et al., 2013). Due to their adaptive traits, these SMEs contribute significantly to economies by delivering a sizable share of the production in a world that is changing quickly. SMEs significantly contribute to a country's economic growth, political stability, and social uplift. SMEs have a flexible personality. They can be set up for any type of commercial activity and are regarded as the foundation of the nation's economy (Radamet al.,2008; Amini, 2004).

Successful businesspeople play a crucial role in the advancement of society since they help to create employment opportunities and progress economic growth (Wei-Wen, 2009). It is widely acknowledged that small businesses are more likely to fail than big ones (Murphy, 1996). Storey also discovered certain characteristics that affect the likelihood that a corporation will collapse (1994). These include factors such as company size, age, location, type of business, staff, activity sector, past performance, property, business size, and government support (subsidies) among others. Success has been characterized by many academics in different ways. Business success was defined as remaining in operation during the first two or three years (Owoseni & Akanbi, 2011). A successful entrepreneur was someone who founded a firm, grew it where none had previously existed, and maintained it for at least five years to reach its current profit-making structure (Owoseni & Akanbi, 2011). A successful firm is one that adapts better and makes the most of the chances provided by the business environment, according to Kalleberg and Leicht (1991).

Income or profitability have been linked to business success (ENSR, 2003). It is difficult to define success or performance from the perspective of profit because young firms may not make profits in their first few years of operation, even though sales are increasing, due to high interest payments and setting-up costs. Profit has been used as an indicator of business success or performance (Perez & Canino, 2009). According to Perez and Canino (2009), a company's entrepreneurial venture may be seen favorably if it can establish a positive brand identity and reach a portion of its target market during the first year of operation. This is due to the relatively narrow focus of these success determinants, which results from their structure and characteristics (Perez & Canino, 2009).

Although conceptual and definitional clarity for the idea of social structures has been difficult, many academics have embraced the general idea, at least in the context of for-profit businesses. Market-based, entrepreneurial activities with a focus on resolving social issues or generating social value are represented by social structures (Canestrino et al., 2020; Dacin et al., 2011; Santos, 2012; Short et al., 2009; Wu et al., 2020).

Entrepreneurial success has been extensively studied, and it continues to be of great relevance to experts worldwide (Pratono, Wee, Syahhari, TyazNugraha, Mat and Fitri, 2013; Sarworko, Surachman and Hadiwidjojo, 2013; Onstenk, 2003; Sadler-Smith, Hampson, and Badger, 2003; Frese and De Kruif, 2000). In SMEs, Cortes and Lee (2021) looked at social entrepreneurship. According to Radazi, Nor, and Ali's (2017) research, the use of technology has a significant impact on small business success. As a result, business owners who are adept at integrating IT into their operations can accelerate their company's expansion.

Margaretha and Supartika (2016) shown that while variable productivity and industry affiliation have a favorable impact on a small enterprise's profitability, variable firm size, growth, and lagged profitability have a negative impact. According to Jarsa and Khan (2010), government assistance, marketing tactics, and entrepreneur skills all have a significant and favorable impact on the success of Pakistani SME businesses. In Harabi, the success elements for African SME are examined (2005). According to Harabi (2005), the following significant factors have a positive impact: company location, diversification effect, legal status, price competition, strong demand for product, and government regulations that are favorable; adverse factors include worker qualification, small population centers, and government policies that are unfavorable. Regardless of all of this, these studies did not assess the influence of social structures on the success of entrepreneurs. This study assesses the current state of SMEs by studying the impact of social structures on their capacity for entrepreneurial success.

Statement of Problem

Africa has a high proportion of company failures and short-lived firms notwithstanding the importance of SMEs to the economy and national growth. According to a PricewaterhouseCoopers analysis, SMEs in Nigeria represent 84% of all firms, 48% of the nation's GDP, and 96% of all jobs. In contrast, the research states that despite an alarming rate of business closures due to the country's severe economic conditions, at least 1.9 million SMEs have been lost since 2017. It's challenging for so many business owners to be successful. Largely unanticipated mishaps can occur, neglecting to learn from this or from one's mistakes, repeating these mistakes, and making poor decisions can have serious repercussions (Olubiyi, 2022). The failure of a one-man operation where the proprietor believes he is an expert in every department and function might be attributed to overlapping obligations. A business can fail when there is no separation between ownership and management and when there is an excessive concentration of power, including an excessive amount of administrative rules imposed on subordinates and employees (Olubiyi, 2022).

Despite the growing problem of business failure, which is primarily caused by an increasingly harsh business environment, the literature on entrepreneurial success in Nigeria is very sparse because little attention is paid to research in this area (Oyeku, Oduyoye, Asikhia, Kabuoh & Elemo, 2014). As a result, it is imperative to conduct empirical studies on entrepreneurial success factors and success measuring parameters. Therefore, with a focus on social structures, this study offers the empirical framework for future research on the entrepreneurial success of Nigeria's small and medium-sized enterprises.

Objectives

The objective of this work is to examine the relationship between Social Structures and Entrepreneurial Success of SMEs in Rivers State, Nigeria.

Specifically, the study

i. Examines how centralization relates with profitability.

ii. Assesses the relationship between centralization and organizational reputation.

iii. Checks how formalization relates with profitability.

iv. Assesses the relationship between formalization and organizational reputation.

Hypothesis

The following null hypotheses were put forward:

Ho_1: There is no significant relationship between centralization and profitability.

Ho_2: There is no significant relationship between centralization and organizational reputation.

Ho_3: There is no significant relationship between formalization and profitability.

Ho_4: There is no significant relationship between formalization and organizational reputation.

Literature Review

The contingency theory of management is a leaders-managerial-adaptation theory, meaning that the leader strives to adapt to various circumstances (Fiedler and Chemers, 1974). It is called contingent because it implies that a leader's success is dependent on how well their leadership style suits the situation. According to this strategy, a leader or the way a leader leads in one environment may differ in another. The contingency theory, which demonstrates the connection between situational factors and leadership performance, was developed by Fred Fiedler. In the 1960s, Fielder made the claim that the method of effective leadership is dependent on the circumstances of the situation, requiring the nature of the task and how secure they are. In order to make broad generalisations about the formal structures that are generally connected to or best suit the application of various technologies, contingency theory has been employed (Nohria & Khurana, 2010). This viewpoint was first put forth by (Woodward, 1958), who claimed that technological advancements are directly responsible for differences in organisational characteristics including the scope of control, the centralization of authority, and the formalisation of rules and procedures. The theory supports an approach to studying organisational behaviour that provides justifications for how contingent elements like technology, culture, and the surrounding environment affect the structure and operation of organisations (Bastian & Andreas, 2012). Contingency theory is predicated on the idea that not all organisations require the same kind of organisational structure.

The theory's behavioural approach, which pertains to the best organisational structure depending on situational circumstances, is its defining characteristic (Bastian & Andreas, 2012). There is no one optimal way to organise things; a leadership approach that worked well in one circumstance might not work as well in another. According to Donaldson (2001), the theory addresses how to match a leader's style to a given situation. In situations involving leader-member relationships, task structure, and position power, the style is either task-motivated or relationship-oriented. Effective leadership depends on how well the leader's style fits the context, while the leadership style is dependent on both internal and external environmental variables. Consequently, it is possible to define contingency theory as a class of behavioural theory that contends there is no ideal structure for a firm, management style, or decision-making process. Instead, the best course of action depends on both the internal and exterior circumstances.

Conceptual Framework

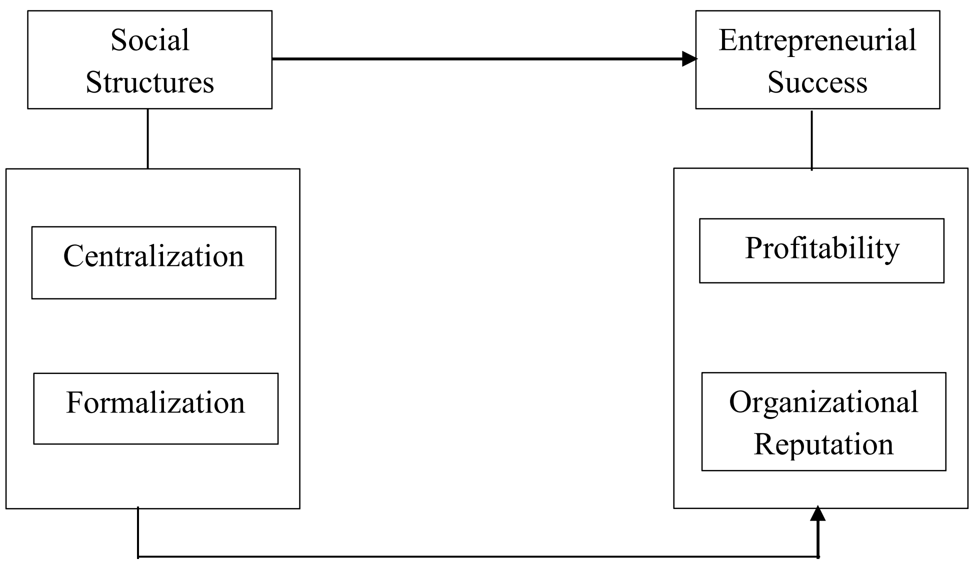

Figure 1: A conceptual framework showing the link between social structure and entrepreneurial success.
Source: Adapted from Derbali (2014)

Concept of Social Structures

In general, everything has a structure, whether it be an idea or an item. We can only understand a structure's existence by looking at its persistent features. In a similar vein, we might assert that every society in the world possesses a structure that can be referred to as its social structure. The formal and informal control structures, task distribution, decision-making, management and professionals in organisations, innovation, technology, and organisational change are all included in sociological and multidisciplinary analyses of organisational structure and the dynamics of social relationships in organisations. In an effort to make generalisations about Organizations, develop typologies of Organizations, and explain similarities and differences in organisational structure, there is also emphasis on nonprofit-seeking ones like educational institutions, medical facilities, correctional facilities, and mental health facilities. There is an endeavour to comprehend organisations in their historical context and in relation to larger society, rather than just addressing managerially defined applied concerns and problems in organisations.

Every organisation has a structure of some kind, and this structure is intended to make it easier to carry out a strategy and accomplish goals. The established pattern of connections between persons, groups, and organisational departments can be summed up as the structure of an organisation. Although this pattern can occasionally alter, an organization's structure is a largely static framework within which activities like leadership, decision-making, and communication occur. The fundamental structure of an organisation is concerned with how tasks are allocated and distributed as well as how cooperation to goal achievement is accomplished. Operating mechanisms, such as written rules and regulations, job descriptions, reward systems, and so on, are used to reinforce the fundamental structure and make clear what is expected of personnel. One of the most important factors affecting an organization's performance and employees' behaviour is its organisational structure. The organization's operating environment and markets have an impact on it as well.

Centralization

Different hierarchical systems shape organisations, giving people at various organisational levels the power to make their own decisions or not (Heide, Johansson & Simonsson 2005). In business organisations, a managerial hierarchy is typical, and the organisational structure is established based on the environment and the industry the organisation operates in (Alonso, Dessein & Matouschek, 2008). The size of the company, the geographic location and dispersion, and the level of market rivalry all have an impact on the structure (Siggelkow & Levinthal, 2003). An organisation that makes decisions from the top down is said to be centralised.

The degree of centralization or decentralisation in decision-making is a significant measure of how an organisation allocates resources and sets policies and objectives. Furthermore, it is a problem that has long been acknowledged as a crucial subject for organisational structure research (Pugh, Hickson, Hinings and Turner 1968). For organisational theorists, the "delegation of authority" and the "degree of participation in decision-making" are indicators of the relative amount of centralization within an organisation since these characteristics of structure reflect the allocation of power throughout the entire company (Carter and Cullen 1984; Glisson and Martin 1980; Hage and Aiken, 1969). In fact, many studies of organisational structure in the public, corporate, and nonprofit sectors evaluate both of these aspects of centralization to determine how much centralization there is. Participation in decision-making refers to the extent of staff involvement in the formulation of organisational policy, whereas hierarchy of authority refers to the extent to which the capacity to make choices is exercised at the top levels of the organisational hierarchy.

The advantages of centralization include: (1) centralised decisions will support commonality when an organization's activities are similar, such as when it offers standardised goods and services; (2) management can send out clear information to employees, such as rules and directives, which benefits both workers and customers because they know what to expect from the business (Kates & Galbraith, 2007). The drawbacks of a centralised organisation include its potential to undermine motivation if involvement is limited, its potential to hinder innovation, and its potential to lessen employees' flexibility and sense of personal accountability (Locke & Latham, 2004; Jacobsen & Thorsvik, 2008). And furthermore, because centralised decision-making has little impact on a person's own workplace environment, it can occasionally diminish a person's sense of responsibility (Jacobsen & Thorsvik, 2008). Additionally, depending on the degree of centralization and decentralisation within the company, the organisational structure may have an impact on employee motivation (Locke & Latham, 2004). When units are scattered across the nation in industries with high levels of rivalry, it is crucial to have decision-making close to the client in order to be able to address their needs (Karlöf, 2012).

Formalization

The phrase "formalisation" refers to the writing down of an organization's procedures, policies, rules, and other practises (Price and Mueller, 1986). The formalised practises and procedures of an organisation draw employees in. According to Adler and Borys (1996), formalisation increased employees' levels of motivation and improved their productivity. In the end, it increases employee happiness and organisational dedication.

Formalization is described in a variety of ways by different thinkers. It is a method of controlling organisational operations by formal rules, according to Weber (1997). In Weber's view of bureaucracy, rules have actual authority. Regulations carefully specify the authority of superiors. However, formalisation, according to Organ and Green (1982), is a method of regulating personal behaviours through policies and procedures. Organizations formalise employee behaviour, according to Mintzberg (1983), to reduce employee unpredictability and improve their capacity to predict and manage it. He claims that formalisation makes it simpler to coordinate activities. It does, however, offer additional justifications for formalisation. Among these is the requirement for maintaining order. Highly structured systems, in the words of Mintzberg (1983), "warm the hearts of people who prefer to see things arranged" and are above all clean. The definition given by Armandi-Mills (1985) is significantly different; according to them, formalisation is the degree to which individual jobs within an industry are standardised.

Although some researchers (Organ and Greene, 1982; Walton, 1985) objected to high formalisation and argued that it is a limited mechanism and essentially useless because it lowers employee commitment and satisfaction levels, these arguments were rejected by others. According to research by Morris and Steers (1980), Jermier (1982), and Greene (1978), there is a strong correlation between formalisation and organisational commitment.

Entrepreneurial Success

There are numerous definitions of entrepreneurial success. The simplest definition uses concrete factors like revenue or a company's growth, personal wealth generation, profitability, sustainability, and turnover (Perren, 1999; Amit et al., 2000). Entrepreneurial failure is associated with unprofitable or discontinued trading, according to Watson et al. (1998) and Dafna (2008), who both link entrepreneurial success to continuous trade. This idea is refuted by Harada (2002), who claims that some business owners, who possess a high degree of determination, would prefer to carry on with their operations even in the face of hardship and loss.

The definition of entrepreneurial success used in this study is based on the belief that a successful business is one that has been in operation for at least three years, which is supported by a number of scholars (e.g., Vesper, 1990; Watson et al., 1998; Taormina and Lao, 2007; Dafna, 2008). But according to Vesper (1990), just 10% of companies remain in existence after three years.

The beginning of a business's success stems from its commencement, where it will be decided if the enterprise will operate well or not. The ability of an object to provide outcomes in a dimension set a priori, in relation to an objective, has been characterised as having a comparable meaning to performance, according to Sefiani (2013). Following that, the result of a successful business (ascending or sinking) must be determined from the beginning of the operation of the business. According to Storey (2011), it is wise to gauge a company's performance in terms of its managerial accomplishments or failure, but occasionally other factors, such as luck, may also play a role. The dispute over these two types of performance, which have emerged as a key issue in numerous studies for micro, small, medium, and large sizes of businesses, is currently ongoing in the literature on entrepreneurship (Gorgievski, Ascalon, & Stephan, 2011). Failure in the context of the business sector is defined as an event that occurs during a key time, such as bankruptcy or death. While the terms survival and growth, sometimes known as the matured and reinforcing stage, are frequently used to describe success (Sefiani, 2013).

Survival can also be used as a success indicator. Researchers Harada (2003), Reijonen & Komppula (2007), and Sefiani (2013) found that an entrepreneur's success is influenced by the success or failure of their business. Entrepreneurs will be able to carry on with their firm if it is stable, and if it fails, they will no longer be able to pursue entrepreneurship. However, there are some business owners who have endured for a long time despite the modest size of their enterprises. This sort of entrepreneur is one that is more concerned with maintaining their business than with succeeding quickly, per a study by Sefiani (2013). This is due to the fact that business owners who are more concerned with staying in business for a long time are able to manage their enterprises well, and the influence of the cultural environment has had an impact on the growth of their enterprises (Baum, Locke, & Smith, 2001).

Agbim & Oriarewo (2012) recommended using the four dimensions of entrepreneurship development, which are entrepreneurial purpose (desire to start or create a business), entrepreneurial capabilities (based on flexibility to alterations), entrepreneurial connectivity assistance (create a network or relationship for business growth), and entrepreneurial success (started and reached certain advantages of business).

Profitability

A business's main goal is to make money (Nimalathasan, 2009). In light of the significant expenditure required for the majority of firms to succeed. In the context of accounting, profit has a tendency to evolve into a long-term goal that gauges both the performance of the product and the growth of the market for it. Revenue and associated costs are compared to determine it. Only expenses that had a hand in producing the revenue in question were offset against it. For a business to thrive and expand over time, it must generate revenues. It offers proof of a company's potential for financial success and of how well a company is run. The invested capital erodes if the business is unable to turn a profit, and if the scenario persists, the business eventually fails.

A company's ability to turn a profit from the operational procedures put in place to assure its survival in the future is represented by its profitability (Manoppo & Arie: 2016). It may be claimed that profitability influences capital structure since larger profits made by a company would boost the confidence of creditors to extend loans and the investor confidence to invest money. This is in line with the Pecking Order Theory, according to which a corporation uses less debt the more profitable it is. Research by Guna and Sampurno backs this up (2018). According to the signal theory, the firm's profits will be a signal from management to represent the prospects of a company that may be viewed based on the degree of profits obtained by the company. Research by Yanti & Darmayanti supports this hypothesis that profitability influences the value of the company (2019).

Profitability and profit are two distinct concepts. Profit is a relative measure of earning capacity, whereas profitability is an absolute measure. According to Nimalathasan (2009), profitability is defined as "the ability of a particular investment to make a return from its use," whereas profit is defined by Iyer (1995) as "excess of return over outlay." Profitability is made out of the phrases profit and ability. Although the term "profit" has already been defined, its meaning varies depending on the use and goals of the business that seeks to make profits. Therefore, it is possible to define profitability as the capacity of a particular investment to generate a profit from its use.

Profitability ratios gauge a company's capacity to turn a profit and provide capital for investors, shareholders, and security research. The main metric for gauging an enterprise's success as a whole is profitability. For shareholders, creditors, potential investors, lenders, and the government alike, the measurement of profitability ratios is crucial.

Organizational Reputation

As the foundation of a corporation's reputation, several definitions and fundamental ideas have been recognised. Corporation reputation, according to Whetten and Mackey (2002), is a specific kind of feedback an organisation receives from its stakeholders regarding the veracity of the business's identity claims. According to Fombrun (1996), the whole affective or emotional response is represented by a company's reputation. Based on how well-known the company is, it is an overall assessment of whether it is excellent or poor, dependable, trustworthy, reputable, and believable (Brown, 1995; Levitt, 1965). These traits are categorised as economic and non-economic variables by Weigelt and Camerer (1988), who also identify a third attribute as firms' historical behaviour. Similar to this, Deephouse and Suchman (2008) note that reputation is fundamentally (1) a perpetual measure, by placing each actor on a continuous spectrum from worst to best; (2) a rival, in that an organization's reputation can only improve at the expense of another organisation; (3) differentiating, in that reputation encourages organisations to stand out from their peers; and (4) economic, in that it is a strategic resource that helps to promote competition. In contrast to the definition he offered in 1996, Fombrun (2012) provides a definition that is more precise: "A corporate reputation is a collective assessment of a company's attractiveness to a particular group of stakeholders relative to a reference group of companies with which the company competes for resources."

Different strategies are used to manage corporate reputation. Reputation is viewed by economists as either characteristics or signals. Reputation is a character quality that helps corporations set themselves apart from competing firms, according to game theorists. Reputation has an educational component for signalling theorists. Because of this, both game theorists and signalling theorists accept that reputations are really just external stakeholders' impressions (Fombrun and van Riel, 1997).

Corporate reputation influences how different stakeholders interact with an organisation, impacting things like staff retention, customer happiness, and consumer loyalty, among other things. Naturally, CEOs consider a company's reputation to be a significant intangible asset (Institute of Directors 1999). An organisation with a good reputation attracts good employees, keeps consumers (Markham, 1972) and is associated with higher overall returns (Robert and Dowling 1997; Vergin and Qoronfleh 1998). Corporate reputation is a multifaceted idea. Positive effects of firm size on corporate reputation include bigger firms having better reputations (Fombrun and Shanley, 1990). Reputation is positively impacted by accounting performance and the risk profile of the company (Roberts and Dowling, 2002). Advertising, corporate social responsibility, and community involvement are also found to have an impact on reputation (Bromley, 1993; Fombrun and Shanley, 1990; Sabate and Puente, 2003).

Empirical Review

In the middle eastern nation of Oman, Ismail and Naqshbandi (2022) investigated the internal and external factors that influence the survival and success of SMEs. By providing SME owners and potential business owners with a survey questionnaire, they used a quantitative approach to gather the data. In Oman, the survey was given to several industries. The results, based on 344 replies, demonstrate that the school system need assistance for SME survival and success. Other intervention areas include changing the business culture in Oman, emphasizing managerial abilities, and enhancing the procedures needed to start a business. These findings have significant economic and SME owner consequences for Oman.

To explain the complex impacts of centralization on firm performance, Fan, Chen, and Yuan (2022) added firm size as a threshold variable to our model. They discovered that whereas a high degree of centralization could greatly hinder company performance in large-scale enterprises, it could significantly enhance it in small- and medium-sized firms. We discovered through heterogeneity analysis that private, family, and manufacturing enterprises are more significantly affected favorably by centralization than other types of firms. In addition, we investigated the variables affecting the relationship between centralization and firm performance and discovered that centralization can enhance the degree of cost allocation management and technological innovation, driving firm performance but potentially leading to overinvestment, which is detrimental to firm performance. Our research offers firms advice on how to allocate decision-making authority in a way that satisfies their scale-appropriate development requirements.

Using a panel dataset from Vietnam, Boly (2018) examined how formalization affected the performance of informal businesses. They discovered that switching firms have higher profits and value added (prior to switching) than non-switching enterprises, indicating heterogeneity. The profit and value added of switching enterprises increase as a result of formalization. The advantages of formalization manifest over the course of a year and continue over a longer period of time (three or more years). These advantages can be obtained in a variety of ways, such as through increased business association membership or easier access to powered equipment, but not through easier financial availability.

Shahzad, Zulfiqar, Ali, Haq, Sajjad, and Raza (2022) examined how the formalization of RM approaches mediated the relationship between perceived business risk and organizational performance. They also examined how quickly technology and globalization were changing. 301 financial professionals from various industries were given the questionnaire, and 204 completed surveys were returned. 96 responses were collected for a pilot study to assess the instrument's reliability and validity. Distribution of a questionnaire to CFOs, financial managers, and risk managers in specific industries The study's findings suggest that all elements of perceived business risk (PBR), including economic considerations, financial indicators, technological development, political unpredictability, and market competition, have a substantial positive link with the organization's performance. The formalization of RM Methods is also discovered to act as a mediator between PBR component and organizational performance.

Methodology

Current study used quantitative research approach to reach at the decisions by using numeric data. As this study is correlational in nature, deductive method of inferencing was applied. Current study is cross-sectional where survey was used as the research strategy to gather the data from the respondents due to available limited time and financial resources. The dependent variable in this research is entrepreneurial success and independent variable is social structures. A questionnaire was designed to gather the research data. The study utilized simple random sampling technique where copies of a structured questionnaire was distributed to 288 SMEs, with confidence interval of 5% and confidence level of 95%. Spearman Correlation, using SPSS version 25.0 software, was used for the data analysis.

Result

Out of the 285 copies of questionnaire distributed randomly to the respondents, only 240 copies were complete in all aspects and utilized in the study. The hypotheses were tested using SEM and Partial least squares to test the relationship between entrepreneurial competence and organizational agility. The decision rule is to accept the hypothesis where $p>0.05$, and reject the hypothesis where $p<0.05$.

Hypotheses 1 and 2

Table 1: Centralization and Measures of Entrepreneurial Success

Correlations

			Centralization	Profitability	Organizational Reputation
Spearman's rho	Centralization	Correlation Coefficient	1.000	**.159***	**.554****
		Sig. (2-tailed)	.	**.014**	**.000**
		N	240	**240**	**240**
	Profitability	Correlation Coefficient	**.159***	1.000	.109
		Sig. (2-tailed)	**.014**	.	.092
		N	**240**	240	240
	Organizational Reputation	Correlation Coefficient	**.554****	.159*	1.000
		Sig. (2-tailed)	**.000**	.014	.
		N	**240**	240	240

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

*. Correlation is significant at the 0.05 level (2-tailed).

Ho1: There is no significant relationship between Centralization and Profitability.

According to the analysis' findings in Table 1, there is a substantial correlation between centralization and profitability at the level of 0.05 ($0.014<0.05$) and rho = 0.159. This proves that there is a weak link between centralization and profitability. We reiterate that there is a strong correlation between centralization and profitability, rejecting the null hypothesis in the process.

Ho2: There is no significant relationship between Centralization and Organizational Reputation.

A significant level of $p<0.05$ ($0.000<0.05$) and rho = 0.554 between centralization and organizational reputation is shown by the analysis in Table 1. This demonstrates that centralization and organizational reputation have a substantial link. We reiterate that there is a substantial correlation between centralization and organizational reputation and reject the null hypothesis.

Hypotheses 3 and 4

Table 2: Formalization and Measures of Entrepreneurial Success

Correlations

			Formalization	Profitability	Organizational Reputation
Spearman's rho	Formalization	Correlation Coefficient	1.000	**.574****	**.143***
		Sig. (2-tailed)	.	**.000**	**.027**
		N	240	**240**	**240**
	Profitability	Correlation Coefficient	**.574****	1.000	.159*
		Sig. (2-tailed)	**.000**	.	.014
		N	**240**	240	240
	Organizational Reputation	Correlation Coefficient	**.143***	.159*	1.000
		Sig. (2-tailed)	**.027**	.014	.
		N	**240**	240	240

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

*. Correlation is significant at the 0.05 level (2-tailed).

Ho3: There is no significant relationship between Formalization and Profitability.

According to the analysis' findings in Table 1, there is a substantial correlation between formalization and profitability at the level of 0.05 ($0.000<0.05$) and rho = 0.574. This proves that there is a strong link between formalization and profitability. We reiterate that there is a strong correlation between formalization and profitability, rejecting the null hypothesis in the process.

Ho4: There is no significant relationship between Formalization and Organizational Reputation.

A significant level of $p<0.05$ ($0.027<0.05$) and rho = 0.143 between formalization and organizational reputation is shown by the analysis in Table 1. This demonstrates that formalization and organizational reputation have a substantial link. We reiterate that there is a substantial correlation between formalization and organizational reputation and reject the null hypothesis.

Discussion of Findings

Based on the above findings, the study realized;

Centralization and Profitability

The bivariate hypothesis between profitability and centralization show an interesting link between the two variables. The spearman correlation coefficient shows that the p-value of 0.014 was less than 0.05 ($p=0.0014<0.05$), indicating that there is a strong link between centralization and profitability. As a result, the alternative hypothesis was accepted and the null hypothesis was rejected. The correlation coefficient (r) yields a value of 0.159. This demonstrates that centralization and profitability have a substantial link. Therefore, improving centralization will contribute to improving profitability. As a result, the study's initial goal, which was to determine if centralization is related to profitability, was accomplished. This result supports that of Ismail and Naqshbandi (2022) who found that the structure of an organization affects its success in terms of income genenration.

Centralization and Organizational reputation

The study of hypothesis two shows a significant connection between organizational reputation and participatory decision making. According to the spearman correlation coefficient, the p-value for 0.000 was less than 0.05 ($p=0.000<0.05$), indicating that centralization and Organizational reputation are significantly correlated. As a result, the alternative hypothesis was accepted and the null hypothesis was rejected. The correlation coefficient (r) value is 0.554. This demonstrates that centralization and Organizational reputation have a substantial link. As a result, improving centralization will contribute to improving Organizational reputation. Thus, the study's second goal, which was to determine if centralization is related to organizational reputation, was accomplished. This result is consistent with Fan, Chen and Yuan (2022) who opined that found that a high degree of centralization could promote firm reputation.

Formalization and Profitability

The bivariate analysis of hypothesis three demonstrates a substantial link between profitability and formalization. The significant link between formalization and profitability is shown by the p-value of 0.000, which is less than the significant threshold of 0.05 ($p=0.000<0.05$). The correlational (r) value of 0.164 suggests that formalization and profitability have a high positive link. This suggests that altering formalization will have a big effect on profitability. Formalization may improve profitability if it is carefully planned and put into practice. This finding is consistent with that of Boly (2018) who posited that becoming formal leads to an additional increase in switching firms' profit and value added.

Formalization and Organizational reputation

Formalization and organizational reputation have a high correlation, according to study of hypothesis 4. The significant link between formalization and organizational reputation is shown by the p-value of 0.027, which is less than the significant threshold of 0.05 ($p=0.027<0.05$). The correlational (r) value of 0.143 indicates that formalization and organizational reputation have a marginally favourable link. This suggests that organizational reputation will be significantly impacted by a change in formalization. Formalization may improve successful organizational reputation if it is properly thought out and put into practice. This result is consistent with the findings of Shahzad, Zulfiqar, Ali, Haq, Sajjad and Raza (2022) whose work suggested that formalization affects the reputation of an organization.

Conclusion and Recommendations

This work attempted to find out the relationship between social structures and entrepreneurial success of SMEs in Rivers State. It found out that SMEs' social structures in form of centralization and formalization influence the entrepreneurial success (profitability and organizational reputation). Emanating from the research, it can be observed that from the relationship amongst the four variables under study, a strong relationship exists between formalization and profitability. This implies that formalization within the SMEs accounts for greater percentage of the profitability of the SME. Following this is centralization and organizational reputation. Centralization of the SMEs will impact on their reputation. The result of centralization and profitability, and formalization and organizational reputation shows that low levels of centralization accounts for the firm's profitability, while formalization adds little to its reputation.

Based on the output of analysis, discussion of findings and conclusion derived, the following recommendations are put forward:

1. The owners of SMEs should utilize effective social structures in their business operations to boost their profitability.
2. SMEs should evaluate their social structures and adopt the advantages of centralization and formalization in order to improve their reputation.

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