

Influence of Entrepreneurial Network on the Growth of Small and Medium Enterprises in Calapan City

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ABSTRACT : Entrepreneurial network have become a vital resource for the growth and success of small and medium enterprises (SMEs), especially in developing countries where access to capital, knowledge, and support can be challenging. This study proposes to investigate how social and business networks influence the growth of SMEs in Calapan City, Oriental Mindoro, Philippines. As a result, the influence of social network (family and/or friends) and business networks are the subject that merits additional study. The sample of this study consists of registered SME owners from Calapan City. The analysis showed that social and business networks significantly contribute to SME growth. The study found that entrepreneurial networks are a cornerstone of success to help business grow through facilitating connections, sharing knowledge, and fostering collaboration. As a result, several suggestions have been made with the hope of supporting SME owners in their business growth.

KEYWORDS – business network, entrepreneurial network, growth, SME, social network

I. INTRODUCTION

In the developing world, where formal institutions frequently refuse to interact with small and medium-sized businesses, entrepreneurial networks have become an essential tool for medium-sized enterprises to get resources (Anwar and Ali Shah, 2020). It serves as a global cornerstone for business growth and development by encouraging information sharing among entrepreneurs and providing the opportunity for exchanging experiences and best practices. Businesses, particularly in emerging nations, benefit from this knowledge exchange by being better prepared to handle the complexities of quickly evolving marketplaces [1].

Addressing the difficulties small businesses encounter in obtaining funding is one of the most important functions of entrepreneurial networks. Entrepreneurial networks accelerate the flow of capital to prospective companies by connecting aspiring entrepreneurs with potential investors, venture capitalists, and funding sources (Wang, Wu, & Hitt, 2023) [2]. Entrepreneurial networks not only help businesses connect with potential employees, collaborators, and advisors, but they also serve as a safety net during difficult times, providing financial assistance, crisis management advice, and emotional support (Iyengar, Nilakantan, & Rao, 2021). [3]

In the United States, Mr. Jonathan Ortman, founder and President of the Global Entrepreneurship Network, its goal is to make easier for anyone, anywhere to start and scale a business. By fostering deeper cross-border collaboration and initiatives between entrepreneurs, investors, researchers, policymakers, and entrepreneurial support organizations. [4]

In the Philippines, Mr. David Abrenilla, founder and CEO of the Philippine SME Business Network, also known as "PHILSME," it offers business solution providers' products and services to empower the growth of Small and Medium Enterprises (SMEs), Start-Ups, and Entrepreneurs. Its goal is to provide members with a proactive communications platform to increase their business growth and help develop new business relationships. [5]

In Calapan City, SMEs face significant challenges, particularly in obtaining the capital needed to start, operate, expand, and grow their enterprises. Traditional financial institutions often have strict lending conditions, considering SMEs to be high-risk borrowers. This financial barrier makes it difficult for SMEs to access the resources necessary for growth. Additionally, SMEs encounter an intense competition from more established and larger businesses with greater resources. Maintaining customer satisfaction and building a foundation of loyal clients remain constant challenges, making it harder for smaller enterprises to thrive in such a competitive landscape.

The study focused on the influence of entrepreneurial social networks and business networks on the growth of small and medium enterprises, with the following objectives: to determine the influence of entrepreneurial networks on the growth of small and medium enterprises; to examine the growth of SMEs and how it is influenced by social networks and business networks; and to propose a program that provides insightful information, experiences, and knowledge to enhance

The survey was done in Calapan City, with 158 registered owners of small and medium-sized businesses in the following areas: Sto. The relevance of Niño, Ilaya, Calero, San Vicente, Camilmil, Lumangbayan, Lalud, Tawiran, Masipit, Bayanan I, and Bayanan II is found in recognizing the function of entrepreneurial networks in addressing the main issues that SMEs face. This study offers a complete action plan for empowering SMEs to overcome barriers and achieve long-term success by emphasizing the relevance of social and business relationships.

1.1 Review of Related Literature

1.1.1 Entrepreneurial Network

According to the Longman Dictionary of Contemporary English, the word network refers to ‘a group of people and/or organizations that are connected or that work together’ to help each other develop and grow their own businesses. [6] Similarly, Das and Goswami (2019) describe entrepreneurial network as “informal business groupings that aim to increase the productivity of their members’ profitable undertakings.” [7]

In alignment with these, the Resource Dependence Theory (RDT) argues that no organization is resource-sufficient and must rely on external resources (Pfeffer & Salancik, 2015) [8]. It is theoretical framework that emanates from strategic management and organizational studies. One among these strategies is networking activities which may involve social relationships (i.e. family members and friends) and interfirm relationships (e.g. alliances/joint ventures), (Abdurakhmonov et al., 2021) [9].

Faroque et al. (2017) categorized the two forms of networks: social or personal networks and inter-firm networks (business networks) [10]. Social networks contain informal and formal contacts, ranging from relatives, friends, and other individuals to assist an entrepreneur (Bhuiyan & imam, 2012; Felzensztein et al., 2010; Jeong et al., 2019) [11]. Meanwhile, business networks consist of formal and collaborative business relationships formed to access strategic resources that are not within the control of an entrepreneur (Milovanović et al., 2016) through business networks, firms can obtain professional advice, decrease risk and production costs, and increase flexibility (Milovanović et al., 2016) [12]. The nature of relationships in social networks is primarily driven by personal connections and social interactions, business networks primarily revolve around business-related motives.

1.1.1.1 Social Network

Social networks refer to relationships with family, friends, and acquaintances, playing a vital role in entrepreneurship by providing monetary support, shared knowledge, emotional ties, and trust (Matsuda Naoko, n.d.) [13]. This network is a key component of entrepreneurial networks, offering resources and guidance essential for both family and non-family business development, leading to improved decision-making and stability (Arregle et al., 2014) [14]. They help entrepreneurs manage stress, maintain work-life balance, and share responsibilities within clear boundaries (Samantha Friedlander, 2022) [15]. Friends, in particular, foster trust, provide mutual support, and enhance professional collaborations (Frank Hanna & Pat Cipollone, 2023) [16].

Studies confirm the importance of this network in entrepreneurship. Family and friend networks provide initial resources (Kim & Lee, 2016) [17], encourage entrepreneurial activities (Kiprotich et al., 2014) [18], and have a significant positive impact on SME outcomes (Dar & Mishra, 2020) [19]. In essence, social networks serve as a cornerstone for entrepreneurial success, driving growth through emotional and material support.

1.1.1.2 Business Network

Business networking is the process of establishing professional ties with individuals and firms via the strategic exchange of information and resources to produce mutually beneficial connections. This networking can take place online, in person, or a mix of the two. Companies can deepen connections over time through recurrent encounters, which generate information sharing, mutual adaptation, and a shared commitment of both financial and social resources (Oberg Christina, 2019) [20].

A business network is a made organizational structure that aims to achieve certain strategic and operational objectives. This is shown in networks such as business organizations and company aggregations, which help small and medium-sized firms (SMEs) become more competitive and innovative (Viera Spanikova, 2014) [21]. Businesses can foster the growth of cooperative partnerships by building relationships with other

entrepreneurs. By collaboration resources, these enterprises can take advantage of possibilities that arise from their shared understanding of client demands (Li and Zhou, 2014) [22].

In addition to these internal partnerships, external support is essential to SMEs' survival and development. According to Nawal Abdalla and Ghada Alirifi (2021), training, consulting, and financial support assist SMEs in not only sustaining their operations but also driving growth, organizational reform, and strategic renewal [23]. Through this assistance, SMEs gain additional expertise, experience, and skills that may not be accessible through their own internal resources and implement innovative management concepts. SMEs can improve their overall competitiveness and ability for innovation by collaborating with outside experts (Wright et al., 2014) [24].

1.1.2 Growth of Small and Medium Enterprises

Growth is the goal of most businesses and is the reason behind many decisions that affect the daily workings of a company both internally and externally. It is important and should be sustainable for small and medium enterprises. In fact, growth is expanding a business to generate additional profits (Munsey, 2023) [25]. The ability to sustain growth is a prerequisite for survival and prosperity. Explosive growth is essential for financial performance (Pearce and Pearce, 2020) [26]. Growth is seen as a sign of success, particularly as a source of continuity and generational wealth creation. (Stenholm et al, 2016) [27].

A business grows when it expands a customer base, increases revenue or produces more products. Business growth is impacted by consumer trends, market opportunities and decisions made by company leadership (Indeed, 2023) [28]. Business growth is not the result of chance but is linked to specific factors and attributes. Moreover, it is a core element underlying the resource-based view of the firm and as such important inside-out (within firm to environment) perspective. Firm growth is combined with a firm's ability to adapt and survive in an unpredictable business environment. Thus, growth does not happen in a vacuum, but is affected by dynamism, uncertainty, and unpredictable changes in markets. (Poudel, Carter, and Lonial 2019) [29].

Furthermore, networking is not just an ordinary strategy that a business can rely on, but a growth accelerator. By utilizing the power of networking, SMEs can access opportunities, resources, and collaborative ventures in the business world (Daniel, 2024) [30]. Networking enables businesses to expand their client base, with word-of-mouth referrals emerging as a powerful tool for attracting new business opportunities. Trust established through networking can convert leads into loyal clients, contributing directly to revenue growth. (Amplifi Labs, 2023) [31]. This may be especially relevant for business-to-business (B2B) companies, as they rely on the patronage of other companies to increase profits. Sharing more of the business dealings with them will help the business through referrals. (Samantha Friedlander, 2022) [32].

Beyond fuelling the growth of the businesses, unlock a treasure trove of opportunities and resources. It connects business with like-minded professionals, enabling collaboration and exchange of expertise. Also, networking, businesses can gain access and valuable insights and guidance that can help to make informed decisions (Daniel, 2024) [33]. This will also enable SMEs to identify strategic collaboration that can elevate businesses offerings and expand the client base. Additionally, according to Iyke and Onuoha (2023), a business owner may increase their knowledge base and pave the route for the company's success by cultivating a wide circle of contacts [34].

1.2 Theoretical Framework

This study is anchored on the theories of Entrepreneurship Network Theory, Growth Theory, and Resource Dependence Theory.

1.2.1 Entrepreneurship Network Theory

The theory of entrepreneurship, namely the entrepreneurial value creation theory, the entrepreneurial experience in its fullest form, from the entrepreneurial intention and the discovery of an entrepreneurial opportunity, to the development of the entrepreneurial competence, and the appropriation of the entrepreneurial reward (Mishra and Zachary, 2014) [35]. This outlines the major milestones in an entrepreneur's journey. It all starts with the entrepreneur's desire to start something new and identify an achievable opportunity. It then focusses on acquiring the abilities and information required to realize this concept. Also, it involves gaining the rewards for their efforts and invention. This theory explains how entrepreneurs create advantage at every level, from idea to success.

1.2.2 Growth Theory

Greiner (1998) perceives that growth of firms goes through phases accompanied by crisis and states that movement to the next phase is anchored on dissolution of crisis in the current phase. [36]. The study of growth theory in entrepreneurial networks in small and medium-sized (SMEs) focuses on how owners use the elements mentioned above to get access to opportunities, information, and resources that help their businesses

grow. It is one of the reasons on how SMEs can achieve their goals and objectives in their business. By adopting this theory can make the business grow and stay in the market.

1.2.3 Resource Dependence Theory

The Resource Dependence Theory (RDT) is a theoretical framework that emanates from strategic management and organizational studies. Developed by Jeffrey Pfeffer, Gerald R. Salancik, the theory contends that no organization is resource-sufficient, one among these strategies is networking activities which may involve social relationships (i.e. family members and friends) and inter-firm relationships (business network) (Pfeffer & Salancik, 2015) [37]. Resources from outside sources are necessary for firms to succeed, companies frequently rely on resources like funds, materials, knowledge, and experience that they are unable to fully supply for themselves. Businesses must establish networks and relationships, whether with friends, family, or other businesses, in order to access these resources. They can obtain the vital resources required for development and growth through these networks. In summary, a company's relationships and connections are crucial to its success as a whole.

1.3 Conceptual Framework

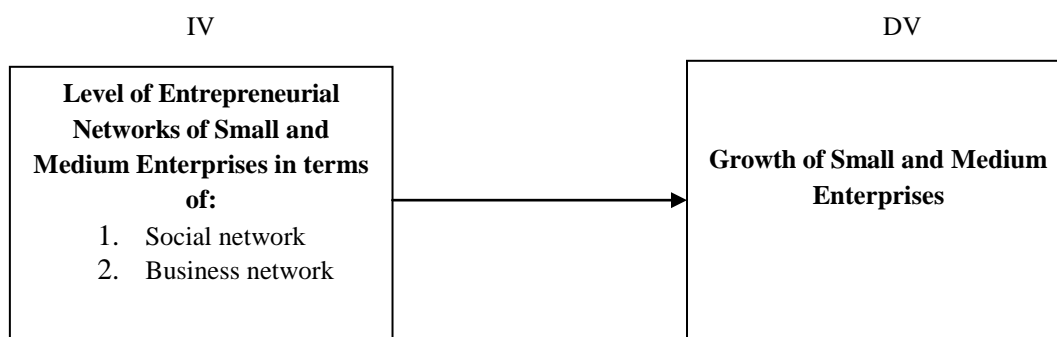


Figure 1. Conceptual Framework

The above diagram shows the conceptual framework of the study. The independent variables are the level of entrepreneurial network relations of small and medium enterprises in terms of social and business networks. Meanwhile, the dependent variable is the level of growth of small and medium enterprises. The researcher uses a one-directional arrow to determine the influence of entrepreneurial networks on the growth of small and medium enterprises.

1.4 Statement of the Problem

This study aims to determine the influence of entrepreneurial networks on the growth of small and medium enterprises. Specifically, this study aims to answer the following questions:

1. What is the level of entrepreneurial network in terms of:
 - 1.1. social network;
 - 1.2. business network?
2. What is level of growth of small and medium enterprise?
3. Is there a relationship between the level of entrepreneurial networks and the level of growth of small and medium enterprises?

1.5 Hypothesis

H₀: There is no relationship between the level of entrepreneurial networks and the level of growth of small and medium enterprises.

II. METHODOLOGY

2.1 Research Design

This study is quantitative research since it involved collecting and analysing numerical data. This quantitative study used a correlational approach to test whether variables are related. In this case, the two variables tested are the influence of entrepreneurial networks as the independent variable and the growth of small and medium enterprises as the dependent variable.

2.2 Subject and Sampling

This study was conducted in Calapan City, Oriental Mindoro. The researchers consulted the City Trade and Industry Department to obtain information about the total number of registered small and medium enterprises in Calapan City, Oriental Mindoro. The respondents are the registered small or medium enterprises

with a total population of 3,932 estimated as of September 2024. Using Roasoft, the calculated respondents are 158 with an 80% confidence level. The researchers used purposive sampling to target registered SMEs owners.

2.3 Data Gathering Procedures and Instrumentation

To gather and collect data for the study, the researchers used different data gathering methods. The current study relies on both primary and secondary data sources. Primary data will be gathered using a well - structured questionnaire. Secondary data was gathered from articles that appeared in a variety of journals, periodicals, and websites.

The researchers used the survey method to gather the primary data from the respondents through a set of questionnaires using a printed survey. The questionnaire was divided into two sections: the first is entrepreneurial network, which included the subparts of social network and business network. The second section is about growth of small and medium enterprises. In terms of questionnaires, the researchers constructed a self-made questionnaire wherein questions were based on the literature review. This self-made questionnaire underwent a test and retest method for validation.

2.4 Reliability

The reliability of the researcher-made questionnaire was assessed using Cronbach's alpha. To establish this reliability, the questionnaire was administered to ten (10) individuals who were not part of the study's respondent group. Table 1 presents the result on the reliability of the questionnaires.

Table 1. Result of the Reliability of the Instrument

Cronbach's alpha (α)	Interpretation
0.891	Good reliability

Table 1 shows the Cronbach's alpha result and its interpretation regarding the reliability of the questionnaire, which assesses the influence of entrepreneurial networks on the growth of small and medium enterprises. The computed Cronbach's alpha value of 0.891 indicates a high level of reliability, suggesting that the instrument used to measure these variables is dependable.

2.5 Scaling and Quantification

Table 2. Interpretation for the level of entrepreneurial network and level of Growth of SME

Scale	Statistical Limits	Description	Interpretation
4	3.28 – 4.00	Strongly Agree	Very High
3	2.52 – 3.27	Agree	High
2	1.76 – 2.51	Disagree	Low
1	1 – 1.75	Strongly Disagree	Very Low

Pimentel, Jonald. (2019). Some Biases in Likert Scaling Usage and its Correction. International Journal of Sciences: Basic and Applied Research (IJSBAR). 45. 183 – 191.

Table 2 provides the statistical limit, verbal description and the interpretation for the level of entrepreneurial network and level of growth of SME. Each point represents a different level of agreement with the statements related to entrepreneurial network and growth of SME.

Table 3. Description of the Correlation Coefficient

Coefficient of the Correlation (r)	Interpretation
0.00 < r ≤ ± 0.19	Very Low Correlation
± 0.2 ≤ r ≤ ± 0.39	Low Correlation
±0.4 ≤ r ≤ ± 0.59	Moderate Correlation
±0.6 ≤ r ≤ ± 0.79	High Correlation
±0.8 ≤ r ≤ ± 1.0	Very High Correlation

<https://www.coursehero.com/tutors-problems/Statistics-and-Probability/32690033-The-correlation-coefficient-r-describing-the-association-of/>

Table 3 was used to interpret the strength of the correlation coefficient (r), which measures the relationship between the level of entrepreneurial network and the level of Growth of SME. The correlation coefficient ranges from -1.0 to +1.0, and its magnitude indicates the degree of association between the variables. When the correlation coefficient lies between 0.00 and ±0.19, it is classified as very low correlation, indicating an extremely weak relationship with values close to zero. In contrast, very high correlation is observed in the

range of ± 0.8 to ± 1.0 , representing a near perfect linear relationship, where the variables are highly correlated and move together in a strong linear pattern.

2.6 Data Analysis

The data analysis procedure involved the use of descriptive statistics to provide an overview of the variables in the study. Descriptive statistics, such as the mean, were utilized to summarize and describe the central tendency of the data. To examine the association between the independent and dependent variables, the simple linear regression was utilized.

2.7 Ethical Consideration

The researchers make sure that the study overview and data analysis method are fully disclosed to the respondents before the data gathering procedure. Additionally, the researchers explained and obtained consent from the respondents. All data gathered from the respondents was kept confidential and used with the sole purpose of the study only. Proper citation of references was observed to avoid plagiarism. Most importantly, the researchers assured that this study is being conducted not for self-interest but for the public good.

III. RESULTS AND DISCUSSION

3.1 Descriptive Statistics

What is the level of entrepreneurial network in terms of:

- social network;

Table 4: Result on the level of entrepreneurial network in terms of social network

	Mean	Description	Interpretation
1. My family and/or friends share helpful ideas that inspire my business. (<i>Ang pamilya at mga kaibigan ko ay nagbibigay ng mga ideya na nakakatulong sa aking negosyo.</i>)	3.61	Strongly Agree	Very High
2. My family and/or friends help me with my initial capital, and my business continues to succeed in the market. (<i>Tinulungan ako ng pamilya at mga kaibigan ko sa panimulang puhunan, kaya patuloy na nagtatagumpay ang aking negosyo sa merkado.</i>)	3.41	Strongly Agree	Very High
3. My family and/or friends help me through business challenges such as guiding my decisions and keeping my business stable. (<i>Tinutulungan ako ng pamilya at mga kaibigan ko sa mga pagsubok sa negosyo sa pamamagitan ng paggabay sa aking mga desisyon at pagpapanatiling matatag ng aking negosyo.</i>)	3.57	Strongly Agree	Very High
4. My trusted family and/or friends are essential for my collaboration and smooth dealings in business. (<i>Ang aking pinagkakatiwalaang pamilya at mga kaibigan ay mahalaga para sa maayos na transaksyon sa negosyo.</i>)	3.57	Strongly Agree	Very High
5. My family and/or friends serve as my support network and contribute positively to my business. (<i>Ang pamilya at mga kaibigan ko ay nagsisilbing suporta at nakakatulong sa aking negosyo.</i>)	3.64	Strongly Agree	Very High
Overall Mean	3.56	Strongly Agree	Very High

The table presents the level of entrepreneurial networks in terms of social networks, focusing on the extent to which family and friends support and contribute to business activities. Each statement was rated on a scale, and responses indicate high levels of agreement across all items.

The highest rating is for the statement "My family and/or friends serve as my support network and contribute positively to my business," with a mean of 3.64. This suggests that family and friends play a significant role in providing a reliable support system, positively impacting the entrepreneur's business. Meanwhile, participants acknowledged the financial support from family and friends with the statement, "My family and/or friends help me with my initial capital, and my business continues to succeed in the market," which received a mean of 3.41. This rating indicates a strong positive influence of initial capital provided by family and friends on the business's success.

The overall mean score of 3.56, described as "Strongly Agree," indicates a "Very High" level of social network influence. This result suggests that family and friends contribute significantly across various dimensions, such as idea-sharing, initial funding, guidance, stability, and overall support. Therefore, the data

reflects that social networks are vital for the growth and sustainability of the entrepreneur's business, underscoring the positive and essential role of personal connections in entrepreneurial success. This can be supported by the study of Dar & Mishra (2020), which indicated that social or personal networks have a significant and positive influence on the outcomes of SMEs [38].

3.1.1 What is the level of entrepreneurial network in terms of:

- business network;

Table 5: Result on the level of entrepreneurial network in terms of business network

	Mean	Description	Interpretation
1. Business network gives me the opportunity to join training, consultations, and finance support programs. <i>(Nagbibigay ang business network ng oportunidad para sa mga pagsasanay, konsultasyon, at tulong pinansyal.)</i>	3.44	Strongly Agree	Very High
2. Business networks provide valuable information that helps my business grow. <i>(Nagbibigay ang business networks ng mahahalagang impormasyon para sa paglago ng aking negosyo.)</i>	3.58	Strongly Agree	Very High
3. Business networks help me understand customer needs. <i>(Tinutulungan ako ng business networks na maunawaan ang pangangailangan ng mga customer.)</i>	3.60	Strongly Agree	Very High
4. Business networks help me improve my operational methods. <i>(Tinutulungan ako ng business networks na mapabuti ang aking mga pamamaraan sa operasyon.)</i>	3.58	Strongly Agree	Very High
5. Business networks make my business more competitive and innovative. <i>(Ginagawa ng business networks na mas mapagkumpitensya at makabago ang aking negosyo.)</i>	3.50	Strongly Agree	Very High
Overall Mean	3.54	Strongly Agree	Very High

The table shows the level of entrepreneurial networks in terms of business networks. The table illustrates a "Very High" level of influence from business networks on entrepreneurial activities, as evidenced by an overall mean score of 3.54 and a consistent "Strongly Agree" response across all items. This indicates that entrepreneurs place great importance on business networks as a crucial support system for their growth and competitiveness.

Among the items, the statement "Business networks help me understand customer needs" received the highest mean score of 3.60, suggesting that business networks play a key role in aiding entrepreneurs to better understand and meet customer demands. Additionally, the support provided by business networks in the form of training, consultations, and financial programs (mean of 3.44) underscores their role in equipping entrepreneurs with resources that foster business resilience and development.

In summary, the "Very High" mean ratings across all aspects demonstrate that business networks are indispensable for entrepreneurs. This comprehensive support contributes significantly to the growth and sustainability of businesses, reflecting the essential role of business networks in entrepreneurial success. This can be supported by the study of Li and Zhou (2014), wherein the established relationships of the owners and other businesses will promote the development of possible firm collaboration that can benefit the associated businesses [39].

3.1.3 What is level of growth of small and medium enterprise?

Table 6: Result on the level of growth of small and medium enterprise

	Mean	Description	Interpretation
1. Because of the influences of my networks (social and business), my revenue has significantly increased. <i>(Dahil sa impluwensya ng aking mga network (social at business), tumaas nang husto ang aking kita.)</i>	3.46	Strongly Agree	Very High
2. Because of the influences of my networks (social and business), I now offer new products and services. <i>(Dahil sa impluwensya ng aking mga network, nagbibigay ako ng mga bagong produkto at</i>	3.60	Strongly Agree	Very High

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<i>serbisyo.</i>			
3. Because of the influences of my networks has grown and expanded its operation. <i>(Dahil sa impluwensya ng aking mga network, lumago at pinalawak ang aking operasyon.)</i>	3.63	Strongly Agree	Very High
4. Because of the influences of my networks (social and business), my business enters a larger market. <i>(Dahil sa impluwensya ng aking mga network, nakapasok ang aking negosyo sa mas malaking merkado.)</i>	3.55	Strongly Agree	Very High
5. Because of the influences of my networks (social and business), my business sees higher demand and loyal clients. <i>(Dahil sa impluwensya ng aking mga network, tumataas ang demand at nagkakaroon ako ng mga loyal na kliyente.)</i>	3.68	Strongly Agree	Very High
Overall Mean	3.58	Strongly Agree	Very High

The table reveals a "Very High" level of growth for small and medium enterprises (SMEs) as influenced by entrepreneurial networks, as shown by an overall mean score of 3.58. Respondents consistently "Strongly Agree" that both social and business networks contribute significantly to various aspects of business growth.

The highest rating, with a mean of 3.68, corresponds to the statement, "Because of the influences of my networks, my business sees higher demand and loyal clients." This result suggests that networks play a critical role in not only attracting customers but also fostering client loyalty, which is essential for sustainable growth. Meanwhile, the influence of networks in generating increased revenue received a mean score of 3.46, suggesting that networks not only provide operational and market growth benefits but also contribute directly to financial growth.

In summary, the "Very High" mean ratings across all items illustrate that entrepreneurial networks are vital for various dimensions of SME growth. These networks foster increased demand, customer loyalty, operational expansion, product innovation, market entry, and revenue growth, highlighting their indispensable role in driving business success. This can be supported by the study of Indeed (2023), wherein business growth is impacted by consumer trends, market opportunities and decisions made by company leadership [40].

3.2 Correlation

Is there a relationship between the level of entrepreneurial networks and the level of growth of small and medium enterprises?

The table presents the relationship between the level of entrepreneurial networks and the level of growth in small and medium enterprises (SMEs), using model fit measures to assess the strength of this connection. The model shows a *R* value of 0.611, indicating a moderate positive relationship between entrepreneurial networks and SME growth. The *R*² value of 0.373 further illustrates that 37.3% of the variation in SME growth can be explained by the level of entrepreneurial networks. The data indicates a meaningful relationship between entrepreneurial networks and SME growth, emphasizing that networks are influential factors in driving growth but that additional variables may also impact overall business growth. This can be supported by the study of Daniel (2024) that by utilizing the power of networking, SMEs can access the opportunities, resources, and collaborative ventures in the business world [41].

Table 7: Model Fit Measures		
Model	R	R ²
1	0.611	0.373

Table 8: Model Coefficients - Level of Growth Of SME

Predictor	Estimate	SE	t	p
Intercept	1.246	0.2432	5.12	< .001
LEVEL OF ENTREPRENEURIAL NETWORK	0.659	0.0682	9.67	< .001

The table shows the model coefficients for predicting the level of growth in small and medium enterprises (SMEs) based on the level of entrepreneurial networks. The intercept value of 1.246 (with a standard error of 0.2432) is statistically significant ($t = 5.12$, $p < .001$), indicating that even in the absence of network influence, there is a baseline level of growth in SMEs. This finding underscores the important role that entrepreneurial networks play in enhancing business growth, supporting the conclusion that as entrepreneurs expand their social and business networks, their businesses experience higher growth. The statistical significance and size of this coefficient confirm that networks are a critical factor in promoting the success and development of SMEs.

Table 9: Model Coefficients - LEVEL OF GROWTH OF SME

Predictor	Estimate	SE	T	p
Intercept	1.175	0.2410	4.88	< .001
SOCIAL NETWORKS	0.264	0.0657	4.02	< .001
BUSINESS NETWORKS	0.415	0.0714	5.81	< .001

The table displays the model coefficients for predicting the growth level of small and medium enterprises (SMEs) based on two components of entrepreneurial networks: social networks and business networks. The intercept is 1.175, with a standard error of 0.2410, and it is statistically significant ($t = 4.88$, $p < .001$), suggesting a baseline level of growth even without network influences.

For social networks, the coefficient estimate is 0.264, with a standard error of 0.0657. This coefficient is also statistically significant ($t = 4.02$, $p < .001$), indicating that social networks positively impact SME growth. The coefficient for business networks is 0.415, with a standard error of 0.0714, and is highly significant ($t = 5.81$, $p < .001$). This indicates that business networks have an even stronger effect on growth, where each unit increase in business network level corresponds to a 0.415 increase in SME growth level.

In summary, both social and business networks significantly contribute to SME growth, with business networks having a stronger positive effect. This highlights the value of cultivating professional networks in addition to personal connections for driving business growth and success.

IV. CONCLUSION

The growth of small and medium-sized businesses depends on entrepreneurial networks. These networks comprise social and corporate networks, each of which made a unique contribution.

1. Social networks consist of family members, friends, and other people you may trust. These individuals provide important support, such as providing strong support systems that motivate the business, providing financial assistance to thrive in the market, and guiding the owner in overcoming challenges. Meanwhile, the business network consists of professional contacts like other business owners, organizations, and groups that offer helpful resources. These networks assist business owners in better understanding the demands of their clients, improving their operations, and acquiring essential data for growing their business. Therefore, social networks are vital for the growth and sustainability of the entrepreneur's business, underscoring the positive and essential role of personal connections in entrepreneurial success and business networks contributes significantly to the growth and sustainability of businesses, reflecting the essential role of business networks in entrepreneurial success.

2. Based on tabulated data, the findings demonstrated how social and business networks contribute to the growth of SMEs. Both types of networks have significant implications on the growth and success of a business.

Social networks have a good effect on the growth of SMEs and business networks that may provide more significant assistance. Both networks were vital for maintaining competitiveness and were successful in promoting further growth. These networks can be used by companies to increase revenue, extend their consumer base, and expand their market.

3. The results show that the variables chosen to have significant connections with each other. Business and social networks both play a major role in fostering the growth of SMEs. Additionally, a moderately positive correlation between entrepreneurial networks is revealed, highlighting the significance of networking in promoting company growth. The results highlight how crucial it is for entrepreneurs to develop and sustain both professional and personal relationships in order to succeed in the long run.

4.1 Recommendation

After a thorough examination of the findings and conclusions of the study, the researchers emphatically offer the following recommendations:

1. Entrepreneur networks (social and business networks). The researchers suggested friends, family, and other business contacts to keep actively supporting entrepreneurial activities that aim to improve success and resource sharing by offering both financial and emotional support. These networks provide entrepreneurs with an in-depth network of support.
2. Business owners. The researchers advised all SMEs owners to adapt their entrepreneurial networks (both social and business). Entrepreneurs should concentrate on creating and maintaining both kinds of networks, utilizing each one's advantages to promote their own and their company's growth.
3. Government. The researcher recommended that governments and business associations support entrepreneurial networks by planning workshops, events, and providing incentives. These networks operate best when entrepreneurs possess the necessary abilities, therefore education and training in areas such as digital technologies and company management are necessary.
4. Future Researcher. The researcher recommended that this article be used as a resource on SME growth and as a helpful reference for future researchers. It emphasizes the necessity of more research on networks of entrepreneurs. Researchers are encouraged to look for deeper hyperlinks in areas other than SMEs. Deeper understanding of network effects might be obtained by increasing the area of study.

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