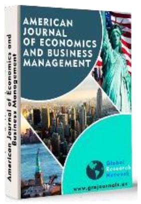

American Journal of Economics and Business Management

Vol. 7 Issue 4 | **pp.** 75-89 | **ISSN:** 2576-5973

Available online @ https://www.globalresearchnetwork.us/index.php/ajebm

Social Capital and Venture Performance of Firms in the Hospitality Industry in Rivers State, Nigeria

Gbarakae, Sampson Godae [1]; Letam, Noble Sordum [1]; Ajuka, Humphrey Monday [1]

[1] Entrepreneurships Option, Department of Management, Ignatuis Ajuru University of Education

Abstract:

This study examines the relationship between social capital and venture performance of firms in the hospitality industry in Rivers State, Nigeria. The study adopted a Cross sectional survey design was adopted for this study. The population of the study comprises of 153 Hospitality industry in Rivers state as derived from the Nigerian business directory. This is based on information available to the researcher from https://www.directory.org.ng/listcompany-tourism_and_hospitality_industry. The study adopted the census sampling method. The respondents of this study were the managers of the industry from which the chief executive officer (CEO) and General manager (GM) making 2 mangers from each were taken. With two (2) managers from each firm and the total number of firms in hospitality industry at 153, we have 306 respondents for the study.The instrument that was used for data collection in this study is a structured questionnaire. The reliability index was .887 using Cronbach's Alpha which implies that the items are reliable. Hypotheses were tested using Spearman Rank Order Correlation Coefficient at 0.05 significance level. The partial correlation was used to analyses the controlling variable which is organizational culture. The study revealed that there is a moderate significant relationship between structural capital and measures of venture performance of firms in the hospitality industry in Rivers State, Nigeria. there is a moderate significant relationship between relational capital and measures of venture performance of firms in the hospitality industry in Rivers State, Nigeria. In conclusion, organizational culture plays a critical role in the success of hotels in Rivers state, Nigeria. By prioritizing social capital, structural capital, relational capital, and cognitive capital, hotel owners and managers can create a supportive and productive work environment that fosters market growth, profitability, and efficiency. The study recommended among others that Hospitality industry should improve upon rational capital in order to enhance market shares.

Keywords: Social Capital, Venture Performance, Firms, Hospitality Industry.

Citation: Gbarakae, Sampson Godae; Letam, Noble Sordum; Ajuka, Humphrey Monday, Social Capital and Venture Performance of Firms in the Hospitality Industry in Rivers State, Nigeria. *American Journal of Economics and Business Management* **2024**, 7(4), 75-89.

Received: 21 February 2024
Revised: 29 February 2024
Accepted: 20 March 2024
Published: 08 April 2024

Introduction

Social capital refers to the network of relationships that entrepreneurs establish and maintain with other individuals, organizations, and institutions in order to access resources, information, and support for their ventures (Uzzi, & Dunlap, 2005). This concept has gained increasing attention in entrepreneurship research as scholars have recognized the importance of social networks for entrepreneurial success. Social capital can be divided into two main types: structural and relational. Structural capital refers to the characteristics of an entrepreneur's network, such as its size, diversity, and density. Relational capital, on the other hand, refers to the quality of an entrepreneur's relationships with their network contacts, such as trust and reciprocity. Studies on Social capital have shown that it can have a significant impact on various aspects of entrepreneurship, including venture creation, growth, and performance.

For example, having a diverse network can provide entrepreneurs with access to a wider range of resources and information, while strong relationships with network contacts can lead to increased trust and collaboration.

Social capital refers to the resources and relationships that entrepreneurs have access to, which can be used to start and grow businesses. These resources include social networks, knowledge, skills, and financial capital. Social capital is important because it can help entrepreneurs overcome barriers to entry and access new opportunities. The concept of social capital was first introduced by Pierre Bourdieu in the 1970s. He defined social capital as the resources that individuals have access to through their social networks. Robert Putnam further developed the concept in his book "Bowling Alone" (2000), where he argued that declining levels of social capital in the United States were leading to a decline in civic engagement and trust.

In the context of entrepreneurship, social capital has been studied extensively by scholars. For example, Nahapiet and Ghoshal (1998) defined social capital as "the sum of actual and potential resources embedded within, available through, and derived from relationships" (print). They argued that social capital can be classified into three types: structural, relational, and cognitive. Structural capital refers to the characteristics of a person's network, such as its size and diversity. Relational capital refers to the quality of relationships within a network, such as trust and reciprocity. Cognitive capital refers to the shared norms, values, and language within a network. Other scholars have focused on the role of Social capital in different contexts. For example, Aldrich and Zimmer (1986) as cited in Uzzi,and Dunlap, (2005) studied the role of social networks in the creation of new businesses (print). They found that entrepreneurs who had strong ties to other entrepreneurs were more likely to start new businesses.

Similarly, Hoang and Antoncic, (2003) studied the role of structural holes in entrepreneurial networks. Structural holes refer to gaps between different groups or clusters within a network. Burt argued that entrepreneurs who bridged these gaps were more likely to access new information and resources. Social capital is important for understanding the resources and relationships that entrepreneurs have access to. By understanding these factors, policymakers and practitioners can better support entrepreneurship and economic development. One of the key aspects of Social capital is the ability to build strong relationships with other entrepreneurs, investors, and stakeholders in the business community. These relationships can provide access to valuable information, expertise, and funding, as well as opportunities for collaboration and partnership. Another important aspect of Social capital is the ability to leverage personal networks and connections. Entrepreneurs who have strong personal networks and connections can tap into these resources to gain access to funding, expertise, and other critical resources. Social capital is an essential component of success in today's business environment. By building strong relationships, leveraging personal networks, and tapping into a wide range of resources and opportunities, entrepreneurs can increase their chances of success and achieve their goals.

Social capital refers to the resources, relationships, and networks that entrepreneurs use to identify and pursue opportunities for their ventures. Venture performance, on the other hand, refers to the process of expanding a business through increased sales, profits, and market share. Several studies have explored the relationship between social capital and venture performance. various studies have been carried out on social capital such as Lin et al. (2018) found that entrepreneurs who had higher levels of social capital were more likely to experience rapid growth in their ventures. The study also found that entrepreneurs who had diverse social networks were more likely to access new resources and opportunities, leading to greater growth. also, Zhou et al. (2019) examined the role of social capital in the growth of new ventures in China. The study found that entrepreneurs who had strong ties with government officials and industry experts were more likely to achieve rapid growth in their ventures. Hwang et al. (2019) explored the relationship between social capital and venture performance in the context of crowdfunding. The study found that entrepreneurs who had larger social networks and stronger ties with potential investors were more likely to achieve funding success and experience greater venture performance.

Stam and Elfring (2013) focused on the role of entrepreneurial networks in venture performance. The study found that entrepreneurs who were able to build strong networks with other entrepreneurs and industry experts were more likely to achieve sustained growth over time. Hoang and Antoncic (2003) examined the relationship between social capital and venture performance in a sample of Slovenian entrepreneurs. The study found that entrepreneurs who had higher levels of social capital were more likely to achieve financial success and experience rapid growth in their ventures. however, none of this study was centered on social capital and venture performance of firms in the hospitality industry in Rivers State, Nigeria.

According to Aldrich and Zimmer (1986) Social capital can be divided into three dimensions: structural, relational, and cognitive. Structural dimension: This refers to the formal and informal networks that entrepreneurs can access to gather information and resources. These networks include business associations, industry groups, government agencies, and other organizations that provide support to entrepreneurs. Structural capital helps entrepreneurs to access resources that are critical for success in their ventures. Relational dimension: This dimension refers to the quality of relationships that entrepreneurs have with others. Strong relationships with customers, suppliers, employees, and other stakeholders can help entrepreneurs to build trust and credibility in the market. Relational capital helps entrepreneurs to establish a reputation for quality and reliability. Cognitive dimension: This dimension refers to the knowledge and expertise that entrepreneurs possess. Entrepreneurs who have a deep understanding of their industry and market are better equipped to identify opportunities and develop innovative solutions. Cognitive capital helps entrepreneurs to make informed decisions about their ventures. Social capital is essential for success in entrepreneurship. By leveraging their networks and resources, entrepreneurs can overcome challenges and achieve their goals.

Entrepreneurial Venture performance is a crucial aspect of the economy, as it leads to job creation, innovation, and increased economic activity. Understanding the factors that contribute to the growth of entrepreneurial ventures is important for policymakers and entrepreneurs themselves. The study of entrepreneurial venture performance involves examining various factors such as access to capital, market conditions, and management skills. One important factor in entrepreneurial venture performance is access to capital. According to the Encyclopedia of Business and Finance, entrepreneurs often rely on external sources of funding such as venture capitalists or angel investors to finance their ventures.

In addition, academic journals such as the Journal of Business Venturing have explored the role of bootstrapping, or self-funding, in the growth of entrepreneurial ventures. Market conditions also play a significant role in entrepreneurial venture performance. The Dictionary of Business and Management notes that entrepreneurs must be able to identify and respond to market opportunities in order to grow their ventures. This involves understanding customer needs and preferences, as well as anticipating changes in the market. Management skills are essential for entrepreneurial venture performance. The Handbook of Entrepreneurship Research discusses the importance of leadership, strategic planning, and human resource management in growing successful ventures. In addition, academic journals such as Entrepreneurship Theory and Practice have explored the role of networking and social capital in facilitating growth.

According to Hisrich, et al., (2017) Entrepreneurial venture performance can be measured in various dimensions. These dimensions include financial, market, employee, and efficiency. Profitability refers to an increase in revenue, profits, and return on investment. Market share involves expanding the customer base and increasing market share. Employee growth refers to hiring more employees and expanding the workforce. Efficiency involves improving efficiency and productivity through process improvements.

Entrepreneurial market share refers to the expansion of a market that is driven by the creation and growth of new businesses. This growth occurs when entrepreneurs identify opportunities in the market and create innovative products or services to meet the needs of consumers. As these businesses grow and become successful, they contribute to the overall growth of the market. Entrepreneurial market share can be measured in a variety of ways, including the number of new businesses created, the amount of investment in those businesses, and the overall revenue generated by the market. This type of growth is often seen as a positive sign for the economy, as it indicates that there is innovation and competition in the marketplace. Entrepreneurial efficiency refers to the expansion of a business by increasing its production capacity, expanding its market share, and improving its efficiency. This growth is achieved through various strategies such as mergers and acquisitions, increased investment in research and development, and strategic partnerships. Entrepreneurial efficiency is crucial for the long-term success of a business as it enables it to compete effectively in the market, increase profitability, and create more job opportunities.

Social capital refers to the resources and networks that an entrepreneur has access to, which can be leveraged to create and grow a venture. Such resources may include business contacts, mentors, investors, and other individuals or organizations that can provide support and guidance. The relationship between social capital and venture performance is critical, as it can significantly impact the success of a new venture. One way in which social capital can contribute to venture performance is by providing access to financial resources. Entrepreneurs with strong social networks may be able to secure funding from investors or other sources more easily than those without such connections.

Additionally, social capital can provide access to knowledge and expertise that can help entrepreneurs make better decisions about how to grow their ventures. Social capital can contribute to venture performance is by providing access to key business contacts. Entrepreneurs with strong social networks may be able to leverage these connections to secure partnerships or contracts with other businesses, which can help them expand their customer base and increase revenue. Social capital can also contribute to venture performance by providing emotional support and encouragement. Starting a new venture can be a challenging and isolating experience, but having a strong network of supportive individuals can help entrepreneurs stay motivated and focused on their goals. The relationship between social capital and venture performance is complex and multifaceted. By leveraging their social networks effectively, entrepreneurs can gain access to critical resources and support that can help them overcome challenges and achieve success. It is in the light of the above that this study is carried out to determine the relationship between social capital and venture performance of firms in the hospitality industry in Rivers State, Nigeria.

Statement of the Problem

The performance of entrepreneurial ventures can be affected by various factors, including the loss of market shares due to increased competition, shrinking profits, increased operational costs resulting from general economic downturns, and technological advancements. These challenges can significantly impact the success and sustainability of entrepreneurial ventures. One of the primary problems faced by entrepreneurial ventures is the loss of market shares due to an increase in competition. As new players enter the market or existing competitors intensify their strategies, entrepreneurial ventures may struggle to maintain their market share. This can lead to a decline in revenue and profitability, making it difficult for the venture to sustain its operations and growth.

Shrinking profits also pose a significant challenge for entrepreneurial ventures. Factors such as pricing pressures, changing consumer preferences, and increased operating expenses can contribute to declining profit margins. This can limit the financial resources available for investment in innovation, expansion, and talent acquisition, hindering the long-term viability of the venture. Moreover, increased operational costs resulting from general economic downturns can further strain entrepreneurial ventures. Economic recessions or downturns can lead to higher input costs, reduced consumer spending, and tighter credit conditions. As a result, entrepreneurial ventures may face challenges in managing their cash flow, servicing debt obligations, and maintaining profitability during challenging economic conditions.

Additionally, technological advancements and changes in consumer behavior can present both opportunities and threats to entrepreneurial ventures. Rapid technological strides can render existing products or services obsolete, requiring entrepreneurial ventures to adapt and innovate to remain competitive. Furthermore, shifts in consumer preferences driven by technological advancements can impact demand patterns, posing challenges for entrepreneurial ventures in terms of product development and marketing strategies. The problems of entrepreneurial venture performance in terms of loss of market shares due to increased competition, shrinking profits, increased operational costs resulting from general economic downturns, and technological advancements highlight the complex and dynamic nature of entrepreneurship. Addressing these challenges requires strategic foresight, agility, and a deep understanding of market dynamics to sustain and grow entrepreneurial ventures. The problems associated with social capital in hospitality industry have significant implications for venture performance. Without strong social capital, hospitality industry may struggle to access resources, form strategic partnerships, and adapt to changing market conditions. This can hinder their ability to innovate, expand into new markets, and achieve sustainable growth. Various studies Hwang et al. (2019) and Stam and Elfring (2013) have been carried out on social capital and venture performance in developed countries such as United State, China, United Kingdom, however studies on social capital and venture performance in developing country such as Nigeria is scare, also it is observed that there are very limited literatures on social capital and venture performance in Nigeria specially in the Hospitality industry. It is in the light of the above that this study is carried out to fill this lacuna by providing empirical evidence on the relationship between social capital and venture performance of firms in the hospitality industry in Rivers State, Nigeria.

Aim & Objectives of the study

The aim of this study is to examine the relationship between social capital and venture performance of firms in the hospitality industry in Rivers State, Nigeria. The specific objectives are to:

1. determine the relationship between structural capital and market share of firms in the hospitality industry in Rivers State, Nigeria.
2. ascertain the relationship between structural capital and profitability of firms in hospitality industry in Rivers state, Nigeria.
3. find out the relationship between structural capital and Efficiency of firms in hospitality industry in Rivers state, Nigeria.

Research Hypotheses

The following null hypotheses will be formulated and tested at a significant level of 0.05

Ho_1: There is no significant relationship between structural capital and market share of firms in the hospitality industry in Rivers State, Nigeria.

Ho2: There is no significant relationship between structural capital and profitability of firms in hospitality industry in Rivers state, Nigeria.

Ho3: There is no significant relationship between structural capital and Operational growth of firms in hospitality industry in Rivers state, Nigeria.

Theoretical Review

Social Capital Theory (Bourdieu, Pierre 1986)

The theory of social capital and social networking was first developed by Pierre Bourdieu, a French sociologist. Bourdieu's concept of social capital refers to the resources that individuals and groups possess as a result of their social networks. These resources can include information, support, and access to opportunities. Social networking, according to Bourdieu, is the process through which individuals and groups establish and maintain these networks.

The theory of social capital is a sociological concept that refers to the resources that individuals and groups can access through their social networks. Social capital is a valuable resource because it enables individuals and groups to achieve goals that they would not be able to achieve on their own. The concept of social capital has been used to explain a wide range of social phenomena, including economic development, political participation, and health outcomes.

Social networking refers to the process of building and maintaining social connections through various forms of communication, such as face-to-face interactions, phone calls, emails, and social media platforms. Social networking has become increasingly important in contemporary society because it allows individuals to access information, resources, and opportunities that they would not be able to access otherwise.

The theory of social capital and social networking are closely related because social networking is one of the primary ways in which individuals and groups build social capital. By connecting with others through their social networks, individuals can access information, resources, and opportunities that they would not be able to access on their own. In addition, social networking can help to strengthen existing social ties and build new ones, which can further enhance an individual's or group's social capital. The theory of social capital and social networking highlights the importance of social connections in contemporary society. By building strong social networks and leveraging them effectively, individuals and groups can achieve a wide range of goals and improve their overall well-being.

Social capital refers to the resources that individuals or groups possess through their social networks, such as trust, norms, and social support. Social networking theory, on the other hand, focuses on the structure and dynamics of social networks and how they affect the behavior and outcomes of individuals within them. Both concepts are important in understanding Social capital, which refers to the resources that entrepreneurs can access through their social networks to start and grow their businesses.

Social capital is influenced by social capital in several ways. First, entrepreneurs with strong ties to their communities or other networks can leverage these connections to obtain resources such as funding, expertise, or customers. Second, entrepreneurs who are embedded in dense networks of other entrepreneurs or business owners may have access to valuable information and resources that can help them succeed. Finally, entrepreneurs who are able to build trust and social support within their networks may be better able to weather challenges and setbacks.

Social networking theory also plays a role in shaping social capital. The structure of an entrepreneur's network can affect their ability to access resources and information. For example, entrepreneurs who are part of a tightly-knit group may have access to more diverse perspectives and expertise than those who are isolated. Additionally, the position of an entrepreneur within their network can affect their access to resources; those who occupy central positions within a network may have more opportunities for collaboration and resource-sharing than those on the periphery.

METHODOLOGY

Research Design: Cross sectional survey design was adopted for this study. it is a type of quasi-experimental research design. It was adopted because the study has to do with the collection of data from respondents at different locations at a time. Moreover, the study involves the analysis of the relationships between the dimensions of social capital and venture performance of firms in the hospitality industry in Rivers State, Nigeria.

Population for the Study: The population of a study can be described as the universe of all elements and units which share common characteristics or features in which a researcher is interested. The population of the study comprises of 153 3 star hotels firms in Rivers state as derived from the Nigerian business directory (See appendix B for details).

Sample Size /Sampling Techniques: Sampling is a means of selecting part of a group of the population to represent the entire group of interest. It reduces the length of time needed to complete the study and cuts costs. It is also manageable and mirrors the sample population. The process of sampling was designed to minimize errors when estimating the true population. The sample size was determined by census methods which makes use of all the population of the study as sample size. The study adopted the census sampling method. The respondents of this study were the managers of the industry from which the general manager (GM) and Accountant (A) making 2 mangers from each were taken. With two (2) managers from each firm and the total number of firms in hospitality industry at 153, we have 306 respondents for the study.

Instrument for Data Collection: The instrument that was used for data collection in this study is a structured questionnaire. The questionnaire was designed after an extensive review. In designing the instrument, the researcher will take cognizance of the research questions as well as thehypotheses. Structurally, the questionnaire was made up oftwo sections: (Section A while section B). Section "A" seek for personal information about the respondents such as their sex, educational qualification, job experience and the current position, while section "B" elicit information on the study variables such as the dimensions of Social capital (structural capital, relational capital, cognitive capital) while measures of venture performance were (Market growth, profitability and efficiency). The questionnaire was structured on a four (4) point rating scale as: strongly agreed (SA), Agreed (A), Disagreed (D) and strongly disagreed (SD). Numerical values will be assigned to each scale to show their weight. The numerical values will be assigned as follows: strongly agreed (SA) (4), Agreed (A) (3), Disagreed (D) (2) and strongly disagreed (SD) (1). The questionnaire will be designed in this manner in order to enable the researcher measure the effect of the independent on the dependent variables of the study.

Administration of Instrument: The instrument administration process was carried out by the researcher alongside five (5) research assistants. The three research assistants will be trained on how to administer the 306 instruments to the respondents. Before administration process, the researcher will be interacting with the respondents to explain the purpose of the study. This will enable them to give their maximum co-operation by responding to the items in the questionnaire.

Methods of Data Analysis: Hypotheses was tested using Spearman Rank Order Correlation Coefficient at 0.05 significance level. The Spearman Rank Order Correlation Coefficient was used since the hypotheses contain two ranked variables, and the relationship between the two variables is sought; whether, as one variable increases, the other variable tends to increase or decrease. The choice of correlation was necessitated as the researcher seek to determine the relationship between two variables. The partial correlation was used to analyses the controlling variable which is organizational culture. Partial correlation measures the strength of a relationship between two variables, while controlling for the effect of other variable(s). The partial correlation will necessitate as the researcher seek to determine the influence of one variable over two variables.

DATA PRESENTATION, ANALYSIS AND DISCUSSION OF FINDINGS

Ho1: There is no significant relationship between structural capital and market share of firms in the hospitality industry in Rivers State, Nigeria.

Correlations 1

			structural capital	market shares
Spearman's rho	structural capital	Correlation Coefficient	1.000	.359**
		Sig. (2-tailed)	.	.000
		N	280	280
	market growth	Correlation Coefficient	.359**	1.000
		Sig. (2-tailed)	.000	.
		N	280	280

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

Ho1 There is no significant relationship between structural capital and market share of firms in the hospitality industry in Rivers State, Nigeria. (Correlation 1) reveals that there is a significant relationship between structural capital and market share of firms in the hospitality industry in Rivers State, Nigeria (where rho = .359 and p =0.000) and based on the decision rule of $p < 0.05$ for null rejection; we reject the null hypothesis and accept the alternative hypothesis: *there is a significant relationship between structural capital and market share of firms in the hospitality industry in Rivers State, Nigeria.*

Ho2: There is no significant relationship between structural capital and profitability of firms in the hospitality industry in Rivers State, Nigeria.

Correlations

			structural capital	profitability
Spearman's rho	structural capital	Correlation Coefficient	1.000	.366**
		Sig. (2-tailed)	.	.000
		N	280	280
	profitability	Correlation Coefficient	.366**	1.000
		Sig. (2-tailed)	.000	.
		N	280	280

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

Ho2 There is no significant relationship between structural capital and profitability of firms in the hospitality industry in Rivers State, Nigeria. (Correlation 2) reveals that there is a significant relationship between structural capital and profitability of firms in the hospitality industry in Rivers State, Nigeria (where rho = .366 and p =0.000) and based on the decision rule of $p < 0.05$ for null rejection; we reject the null hypothesis and accept the alternative hypothesis: *there is a significant relationship between structural capital and profitability of firms in the hospitality industry in Rivers State, Nigeria.*

Ho3: There is no significant relationship between structural capital and Operational growth of firms in the hospitality industry in Rivers State, Nigeria.

Correlations

			structural capital	Efficiency
Spearman's rho	structural capital	Correlation Coefficient	1.000	.379**
		Sig. (2-tailed)	.	.000
		N	280	280
	Efficiency	Correlation Coefficient	.379**	1.000
		Sig. (2-tailed)	.000	.
		N	280	280

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

HO3 There is no significant relationship between structural capital and Efficiency of firms in the hospitality industry in Rivers State, Nigeria. (Correlation 3) reveals that there is a significant relationship between structural capital and efficiency of firms in the hospitality industry in Rivers State, Nigeria (where rho = .379 and p =0.000) and based on the decision rule of $p < 0.05$ for null rejection; we reject the null hypothesis and accept the alternative hypothesis: *there is a significant relationship between structural capital and Efficiency of firms in the hospitality industry in Rivers State, Nigeria.*

Discussion of Findings

Structural Capital and Market Share

The result reveals that there is a significant relationship between structural capital and market share of firms in the hospitality industry in Rivers State, Nigeria (where rho = .359 and p =0.000) and based on the decision rule of $p < 0.05$ for null rejection; we reject the null hypothesis and accept the alternative hypothesis: there is a significant relationship between structural capital and market share of firms in the hospitality industry in Rivers State, Nigeria. Liao, Welsch, and Moutray (2008) undertook a study on Structural capital and market share in United States. The population of the study consisted of 208 entrepreneurs who were members of a business incubator program. The instrument of data analysis was a survey questionnaire that measured the entrepreneurs' structural capital and market growth. The findings of the study revealed that structural capital positively influenced market share in entrepreneurship. Another study on this topic was conducted by Zhai, Li, and Liang (2017) undertook a study on Entrepreneurs' Structural capital and market share in China. The population of the study consisted of 300 entrepreneurs from small and medium-sized enterprises. The instrument of data analysis was a structured questionnaire that measured the entrepreneurs' structural capital and market growth. The findings of the study revealed that there was a positive relationship between structural capital and market share in entrepreneurship.

Structural Capital and Profitability

The result reveals that there is a significant relationship between structural capital and profitability of firms in the hospitality industry in Rivers State, Nigeria (where rho = .366 and p =0.000) and based on the decision rule of $p < 0.05$ for null rejection; we reject the null hypothesis and accept the alternative hypothesis: there is a significant relationship between structural capital and profitability of firms in the hospitality industry in Rivers State, Nigeria. in the same vain, Similarly, Garg and Rahman (2019) carried out a study on Structural capital and profitability in India. The findings of the study revealed that entrepreneurial structural capital significantly influenced profitability. A study by Nga and Shamuganathan (2010) carried out a study on Structural capital and profitability in Malaysia. The findings of the study indicated that structural capital had a positive impact on profitability. Kim and Aldrich (2005) carried out a study on Structural capital and profitability in the United States. The findings of the study showed that structural capital positively influenced entrepreneurial success, which included profitability .

Structural Capital and Efficiency

The result reveals that there is a significant relationship between structural capital and Efficiency of firms in the hospitality industry in Rivers State, Nigeria (where rho = .379 and p =0.000) and based on the decision rule of $p < 0.05$ for null rejection; we reject the null hypothesis and accept the alternative hypothesis: there is a significant relationship between structural capital and Efficiency of firms in the hospitality industry in Rivers State, Nigeria. Similarly, Wang and Chen (2016) undertook a study on Structural capital and Efficiency in China, The findings showed that structural capital positively influenced efficiency in SMEs. Similarly, Klyver, Hindle, Meyer, and Matthiessen (2013) undertook a study on Structural capital and Efficiency in Australia, Denmark, and South Africa had a population of 1,031 entrepreneurs. The findings revealed that structural capital had a positive effect on efficiency. In a study conducted by Kim and Aldrich (2005) undertook a study on Structural capital and Efficiency in United States. The findings showed that entrepreneurs with higher levels of structural capital were more likely to experience efficiency. Also, Ahn and Jung (2019) undertook a study on Structural capital and Efficiency in South Korea had a population of 360 entrepreneurs. The findings revealed that structural capital had a significant positive effect on efficiency. Stam and Elfring (2008) undertook a study on Structural capital and Efficiency in Netherlands had a population of 228 entrepreneurs. The findings showed that structural capital positively influenced efficiency.

Conclusion

Social capital plays a crucial role in the success of firms in the hospitality industry in Rivers State, Nigeria. The relational capital, structural capital, and cognitive capital are essential components of social capital that significantly influence venture performance. Relational capital refers to the relationships and networks that firms build with their stakeholders, including customers, suppliers, and the local community. Structural capital encompasses the organizational structures, processes, and systems that facilitate knowledge sharing and innovation within the firm. Cognitive capital involves the knowledge, skills, and capabilities of individuals within the organization. By leveraging these forms of social capital, firms in the hospitality industry can enhance their competitive advantage and overall performance.

Recommendations

In respect to the findings and conclusion of this study, the following recommendations were made.

1. Firms in the hospitality industry should improve on rational capital in order to enhance market shares.
2. Firms in the hospitality industry should Foster strong relationships with local communities: Establishing positive relationships with local communities can enhance relational capital, leading to increased trust and support for the firm’s operations.
3. Firms in the hospitality industry should developed cognitive capital through continuous training programs can improve employee skills and knowledge, leading to better service delivery and customer satisfaction.

References

1. Ahn, J., & Jung, J. (2019). How does structural capital affect the operational performance of new ventures? *Journal of Small Business Management, 57*(4), 1555-1571. (Print)
2. Aldrich, H. E., & Zimmer, C. (1986). *Entrepreneurship through social networks. In D. L. Sexton & R. W. Smilor (Eds.), The art and science of entrepreneurship* (pp. 3-23). Ballinger

Publishing Company.

3. Garg, S., & Rahman, Z. (2019). Entrepreneurial Structural capital and Profitability : Evidence from India. *Journal of Business Research, 94*, 99-113. (Web)
4. Hisrich, R.D., Peters, M.P., & Shepherd, D.A. (2017). *Entrepreneurship* (10th ed.). McGraw-Hill Education.
5. Hoang, H., & Antoncic, B. (2003). Network-based research in entrepreneurship: A critical review. *Journal of Business Venturing, 18*(2), 165-187.
6. Hwang, J., Kim, J., & Lee, H. (2019). Social capital and crowdfunding success: The role of entrepreneurial experience and venture quality. *Journal of Business Research*, 95, 38-49.
7. Kim, P. H., & Aldrich, H. E. (2005). Social Capital and Entrepreneurship. *Foundations and Trends in Entrepreneurship, 1*(2), 55-104.
8. Klyver, K., Hindle, K., & Meyer, D. (2015). The role of Social capital in the growth of new ventures: A longitudinal study. *International Small Business Journal, 33*(4), 382-403.
9. Liao, J., Welsch, H., & Moutray, C. H. (2008). Social capital and entrepreneurial growth aspiration: A comparison study of technology-and non-technology-based nascent entrepreneurs. *Journal of Developmental Entrepreneurship*, *13*(3), 277-295.
10. Lin, N., Fu, Y., & Liang, X. (2018). The effect of social capital on venture performance: Evidence from China. *Journal of Small Business Management, 56*(4), 618-633.
11. Nahapiet, J., & Ghoshal, S. (1998). Social capital, intellectual capital, and the organizational advantage. *Academy of Management Review, 23*(2), 242-266.
12. Nga, J. K. H., & Shamuganathan, G. (2010). The Influence of Personality Traits and Demographic Factors on Social Entrepreneurship Start Up Intentions. *Journal of Business Ethics, 95*(2), 259-282.
13. Putnam, R. D. (2000). *Bowling alone: The collapse and revival of American community.* Simon & Schuster.
14. Stam, E., & Elfring, T. (2008). Entrepreneurial orientation and new venture performance: The moderating role of intra- and extra-industry social capital. *Academy of Management Journal, 51*(1), 97-111. (Web)
15. Stam, E., & Elfring, T. (2013). Entrepreneurial orientation and new venture performance: The moderating role of intra- and extra-industry social capital. *Academy of Management Journal, 56*(3), 862-884.
16. Uzzi, B., & Dunlap, S. (2005). How to build your network. *Harvard Business Review, 83*(12), 53-60.
17. Wang, Y., & Chen, Y. (2016). Social capital and SMEs growth: Evidence from China. *Journal of Small Business Management, 54*(3), 868-885.
18. Zhai, Q., Li, H., & Liang, X. (2017). The effects of social capital on entrepreneurial opportunity recognition and exploitation: A moderated mediation analysis. *Journal of Small Business Management, 55*(S1), 122-138.
19. Zhou, K.Z., Gao, G.Y., Yang, Z.X., & Zhou, N. (2019). Social capital and new venture performance: Evidence from China. *Journal of Business Research*, 96, 229-240.