

Managerial Ties and Sustainable Performance of Small and Medium- Sized Enterprises (SMES) in the Federal Capital Territory (FCT), Abuja

JOHNBULL SHEKARAU T

**Department of business administration
University of Abuja, Abuja, Nigeria**

Email: shekaraujohbull@gmail.com

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ABSTRACT

Small and Medium-Sized Enterprises (SMEs) in the Federal Capital Territory (FCT), Abuja, face persistent challenges in achieving sustainable performance, marked by limited revenue growth and operational inefficiencies due to inadequate utilization of managerial ties. This study examined the influence of business and political ties on revenue growth and operational efficiency of SMEs in FCT-Abuja, adopting a descriptive research design. The population comprised 349 SME owners/managers, with a sample size of 223 determined via Taro Yamane's formula. A multi-stage sampling technique (stratified and simple random) was employed, and data were collected through structured questionnaire using a five-point Likert scale. Analysis via SPSS included descriptive statistics and regression. Findings revealed that business ties significantly enhanced revenue growth ($R^2=0.720$, $\beta=0.849$, $p<0.05$), driven by supplier interactions, industry networking, and mentorship. Political ties positively impacted operational efficiency ($R^2=0.644$, $\beta=0.803$, $p<0.05$), facilitating regulatory compliance, access to permits, and government contracts. The study concludes that leveraging business and political ties is essential for SME performance, but an overreliance may pose risks such as undue dependency on external influences. It is recommended that SMEs actively build business networks through partnerships and trade associations to drive revenue growth. SMEs should also strategically engage with political stakeholders to enhance regulatory compliance and operational efficiency while maintaining ethical business practices. These insights contribute to the body of knowledge on SME performance and provide practical strategies for business owners to optimize their networks for sustainable growth.

Keywords: managerial ties, business ties, political ties, sustainable performance, revenue growth, operational efficiency

1.0 INTRODUCTION

Small and Medium-Sized Enterprises (SMEs) play a crucial role in global economic development, contributing significantly to employment generation and poverty alleviation. Across the world, the performance and sustainability of SMEs are often influenced by various external and internal factors, with

managerial networks emerging as a key determinant (World Bank, 2020). In developed economies, firms leverage managerial ties, including business and political connections, to access critical resources, navigate regulatory complexities, and enhance competitiveness. This phenomenon is even more pronounced in

emerging markets, where institutional inefficiencies and market constraints make managerial relationships an essential strategic tool for sustainable business growth.

In Africa, SMEs account for a substantial portion of economic activities, yet their growth is often hindered by inadequate financing, poor infrastructure, and regulatory bottlenecks (PricewaterhouseCoopers [PwC], 2020). The role of managerial ties in overcoming these constraints is increasingly being recognized, as entrepreneurs with strong business and political networks tend to secure better financial opportunities, access privileged market information, and establish a competitive edge. However, the extent to which these ties directly influence SME performance remains an area of scholarly debate, particularly concerning their impact on revenue growth and operational efficiency.

In Nigeria, SMEs constitute about 96% of businesses and contribute approximately 48% to the national GDP, yet their survival rate remains alarmingly low (PwC, 2020). Abuja, as the nation's capital, provides a unique business environment where SMEs interact with policymakers, regulatory agencies, and larger corporate entities, making managerial ties a significant factor in business success. Studies have shown that managerial competencies, including networking and relationship-building, play a vital role in SME growth and performance (Apeh et al., 2021; Anoke et al., 2022). Business ties, which include connections with suppliers, financial institutions, and corporate partners, enhance revenue growth by facilitating access to capital, improved supply chain management, and market expansion. Political ties, on the other hand, offer advantages such as favorable regulatory conditions, ease of obtaining business permits, and protection from bureaucratic inefficiencies, which significantly improve operational efficiency (Orji et al., 2023).

Despite the apparent benefits of managerial ties, their implications for sustainable SME performance in Abuja remain underexplored. While some firms thrive due to strong business

and political networks, others struggle, raising questions about the effectiveness and ethical considerations of such relationships. The dynamic interplay between managerial ties and SME performance warrants further investigation to provide empirical insights into how these connections shape business outcomes. This study, therefore, seeks to examine the influence of business and political ties on revenue growth and operational efficiency of SMEs in the Federal Capital Territory, Abuja, thereby contributing to the discourse on SME sustainability in developing economies.

Statement of the Problem

SMEs within the FCT, Abuja, face persistent challenges in achieving sustainable performance, particularly in revenue growth and operational efficiency. Practically, many SMEs struggle to expand their market reach and secure consistent sales, indicating potential deficiencies in leveraging business ties. Simultaneously, operational inefficiencies arise from navigating complex regulatory landscapes, highlighting the potential importance of political ties. These challenges directly impact the economic viability and long-term sustainability of these enterprises. Empirical studies consistently demonstrate that limited market access and regulatory hurdles impede SME growth in developing economies (World Bank, 2020).

While existing research has explored managerial competencies and skills in relation to SME performance within Abuja (Anoke, Onu, & Agagbo, 2022; Orji, Emmanuel, & Egwuatu, 2023), these studies often lack a comprehensive focus on the specific interplay between business and political ties and their direct impact on both revenue growth and operational efficiency. Crucially, studies often fail to measure the combined effects of these ties. For example, while Anoke, Onu, and Agagbo, 2022; Apeh and Otu, 2025) examined managerial competencies, they did not specifically isolate the impact of network ties on sustainable performance proxies such as revenue growth.

This study addresses the gap by comprehensively examining how both business and political ties influence revenue growth and operational efficiency, thereby providing a more nuanced understanding of SME sustainability in the FCT, Abuja. The practical problem this study identified and intends to solve is the inadequate understanding and utilization of managerial ties to improve revenue growth and operational efficiency in SMEs within the FCT, Abuja.

Research Questions

The study was guided by the following research questions:

- i. To what extent does business ties influence revenue growth of Small and Medium-Sized Enterprises (SMEs) in the Federal Capital Territory (FCT), Abuja?
- ii. How does political ties affect the operational efficiency of SMEs in the Federal Capital Territory (FCT), Abuja?

Research Objectives

The broad objective of this study is to assess managerial ties and sustainable performance of Small and Medium- Sized Enterprises (SMEs) in the Federal Capital Territory (FCT), Abuja. The specific objectives were are;

- i. Examine the extent to which business ties influenced the revenue growth of SMEs in the Federal Capital Territory (FCT), Abuja.
- ii. Assess how political ties affected the operational efficiency of SMEs in the Federal Capital Territory (FCT), Abuja.

Research Hypotheses

The following null hypotheses were tested to determine the significant relationships between variables:

H₀₁: Business ties do not have a significant influence on the revenue growth of SMEs in the Federal Capital Territory (FCT), Abuja.

H₀₂: Political ties do not have a significant effect on the operational efficiency of SMEs in the Federal Capital Territory (FCT), Abuja.

2.0 LITERATURE REVIEW

Conceptual Framework

Managerial ties refer to the network of relationships that managers cultivate and utilize to access resources, information, and influence, ultimately impacting organizational performance. These ties encompass both formal and informal connections, extending to customers, suppliers, competitors, government officials, and other stakeholders. Essentially, they represent the social capital embedded within a manager's network, enabling them to navigate complex business environments and secure strategic advantages (Hoang & Hui, 2020; Apeh and Obochi, 2024). Effective managerial ties facilitate the flow of critical information, foster collaboration, and enhance access to external resources, thereby contributing to organizational resilience and growth (Zaefarian et al., 2021). These networks can be characterized by their strength, diversity, and structure, each influencing the type and extent of resources accessible to the manager and their organization (Borgatti & Halgin, 2018; Apeh and Ibrahim, 2022).

In the context of this study, managerial ties are conceptualized as encompassing two primary dimensions: business ties and political ties. Business ties represent the relationships with entities directly related to the firm's operations, such as customers, suppliers, and industry peers. Political ties, on the other hand, denote relationships with government officials and regulatory bodies, enabling access to policy-related information and influence. These dimensions were subsequently measured to ascertain their impact on the sustainable performance of SMEs.

Business Ties

Business ties represent the network of relationships a firm maintains with its direct operational environment, encompassing connections with customers, suppliers, distributors, and other market-related entities. These ties facilitate the exchange of resources, information, and support, crucial for a firm's market penetration and operational efficiency. Essentially, they are the relational conduits through which businesses access and leverage market-based resources, influencing their competitive advantage (Gulati et al., 2021). Strong business ties can enhance a firm's ability to adapt to market changes, innovate, and secure consistent revenue streams by fostering trust and collaboration among partners (Lavie & Singh, 2020). The quality and diversity of these ties significantly influence a firm's access to market intelligence and its ability to build sustainable relationships.

In this study, business ties were conceptualized as multidimensional, encompassing the size, strength, and diversity of a firm's market-related networks. The size of business ties was measured by the number of active relationships with customers and suppliers. The strength of these ties was assessed through the frequency and depth of interactions, reflecting the level of trust and commitment. The diversity of business ties was evaluated by the range of industries and market segments represented within the firm's network, indicating its adaptability and market reach. These measuring variables were subsequently used to determine the influence of business ties on the revenue growth of SMEs.

Political Ties

Political ties refer to the connections a firm establishes and maintains with government officials, regulatory bodies, and political institutions. These ties are instrumental in navigating the complex regulatory landscape, accessing policy-related information, and influencing government decisions that impact business operations. They represent a form of strategic social capital, allowing firms to secure

preferential treatment, reduce regulatory uncertainties, and gain access to public resources (Hillman et al., 2018; Salawudeen and Suleiman, 2018). Effective political ties can significantly enhance a firm's ability to operate smoothly within regulated markets and secure competitive advantages through policy influence (Apeh and Adekeye, 2019; Lux et al., 2020). The strength and scope of these ties are crucial factors in determining their effectiveness in influencing policy outcomes and securing favorable regulatory treatment.

In this study, political ties were conceptualized as encompassing the extent, strength, and influence of a firm's relationships with government entities. The extent of political ties was measured by the number of active relationships with government officials and regulatory bodies. The strength of these ties was assessed through the frequency and depth of interactions, reflecting the level of trust and influence. The influence of political ties was evaluated by the firm's perceived ability to access policy-related information and influence regulatory decisions. These measuring variables were subsequently used to determine the influence of political ties on the operational efficiency of SMEs.

Concept of Sustainable Performance

Sustainable performance encompasses a firm's ability to achieve long-term economic viability while simultaneously contributing positively to social and environmental well-being. It moves beyond traditional financial metrics to include the broader impacts of business activities on stakeholders and the environment. Essentially, it reflects a holistic approach to organizational success, ensuring resilience and longevity by integrating economic, social, and environmental considerations into strategic decision-making (Dyllick & Muff, 2016). Sustainable performance emphasizes the importance of balancing short-term gains with long-term value creation, acknowledging the interconnectedness of business and its wider ecosystem (Linnenluecke & Griffiths, 2017; Abdullahi et al., 2025).

In this study, sustainable performance was conceptualized through two key dimensions: revenue growth and operational efficiency. Revenue growth reflects the firm's ability to expand its market share and increase sales over time, indicating its economic viability. Operational efficiency, on the other hand, captures the firm's ability to optimize resource utilization and streamline processes, ensuring cost-effectiveness and productivity. These dimensions were subsequently measured to assess the impact of managerial ties on the sustainable performance of SMEs.

Revenue growth

Revenue growth signifies the increase in a company's sales over a specific period, reflecting its ability to expand its market share and generate more income. It is a fundamental metric for assessing a firm's economic performance and its capacity to sustain operations and investments. Essentially, revenue growth indicates the effectiveness of a company's market strategies, product offerings, and customer relationships (Ailawadi et al., 2021). Consistent revenue growth is often associated with a firm's ability to innovate, adapt to market changes, and maintain a competitive advantage (Morgan et al., 2018; Salawudeen and Suleiman, 2018).

In the context of this study, revenue growth was conceptualized as the percentage change in a firm's sales revenue over a designated period. This measure was used to assess the impact of managerial ties, specifically business ties, on the economic performance of SMEs.

Operational efficiency

Operational efficiency refers to a firm's ability to maximize output with minimal input, encompassing the effective utilization of resources, streamlined processes, and reduced waste. It signifies the degree to which a company optimizes its internal operations to achieve its desired outcomes (De Groote & Akkermans, 2017; Salawudeen and Suleiman, 2018). High operational efficiency translates to lower costs, improved productivity, and

enhanced profitability, ultimately contributing to a firm's competitive advantage (Schmenner & Swink, 2018). It is a critical factor in ensuring long-term sustainability and resilience, particularly in dynamic and competitive markets.

In this study, operational efficiency was conceptualized as the firm's ability to optimize its resource utilization and streamline its processes, specifically in relation to regulatory compliance and administrative procedures. This was measured to assess the influence of political ties on the performance of SMEs.

Theoretical Framework

This study was anchored on Social Capital Theory, which emphasizes the value of relationships and networks in facilitating resource access, knowledge sharing, and business success. Social Capital Theory, as developed by Bourdieu (1986) and Coleman (1988), posits that social networks and the trust embedded within them create opportunities for individuals and organizations to achieve economic and social gains. In the business context, managerial ties—comprising business and political connections—serve as crucial social assets that can enhance organizational performance by providing access to critical resources, market information, and institutional support (Wu & Park, 2019).

This theory is particularly relevant to SMEs in the Federal Capital Territory (FCT), Abuja, as these enterprises often operate in an environment where formal institutional support is weak, making informal networks essential for survival and growth. Business ties enable SMEs to forge strategic partnerships, gain industry insights, and secure customer loyalty, which directly influences revenue growth. Similarly, political ties help in navigating bureaucratic bottlenecks, securing government incentives, and ensuring regulatory compliance, thereby improving operational efficiency (Zhang & Li, 2020).

The adoption of Social Capital Theory in this study is justified by its ability to explain how

managerial ties serve as strategic assets that SMEs leverage for sustainable performance. Unlike other theories that focus solely on resource acquisition or institutional pressures, Social Capital Theory provides a comprehensive understanding of how relational networks influence both financial and operational aspects of SMEs, making it the most suitable framework for this study.

Empirical Review

Anoke et al. (2022) examined the relationship between managerial competencies and the growth of small and medium enterprises (SMEs) in Abuja Metropolis, Nigeria. The study adopted a survey research design and targeted SME owners and managers within the metropolis. The population comprised SMEs operating in Abuja, with a sample size of 250 respondents determined using a stratified sampling technique. Primary data were collected through structured questionnaire, and the study employed descriptive and inferential statistical methods for data analysis, including regression analysis. The findings revealed that managerial competencies significantly influence SME growth, particularly in areas of strategic planning, financial management, and decision-making. However, the study was limited by its focus on Abuja Metropolis, excluding other regions, which may have introduced geographical bias. Additionally, the sample size, though statistically adequate, may not comprehensively capture the diversity of SMEs in Nigeria. The study also did not consider external factors such as policy environment and access to finance, which could affect SME growth. To address these limitations, future studies should expand the geographical scope, increase the sample size, and incorporate external environmental variables. The present study extends this research by examining managerial ties specifically business and political ties and their impact on sustainable performance, thereby filling the gap left by previous studies that focused solely on managerial competencies.

Orji et al. (2023) examined the role of managerial skills on the performance of small

and medium enterprises (SMEs) in Jabi District, Abuja, Nigeria. The study adopted a survey research design and focused on SME owners and managers operating within the district. The population consisted of registered SMEs in Jabi, with a sample size of 200 respondents selected using a simple random sampling technique. Primary data were collected through structured questionnaires, and the study utilized both descriptive and inferential statistical methods, including regression analysis, to analyze the data. The findings indicated that managerial skills, particularly leadership, decision-making, and financial management, significantly enhance SME performance in terms of profitability and market competitiveness. However, the study was limited by its narrow geographical scope, which restricted generalizability to other parts of Abuja and Nigeria. Additionally, the study focused only on managerial skills without considering external environmental factors such as regulatory policies and economic conditions that might influence SME performance. To address these limitations, future research should extend the study to a broader geographical region, increase the sample size, and integrate additional external factors. The present study builds on this research by examining managerial ties, specifically business and political ties, and their impact on sustainable performance, thereby filling the gap in literature that previously overlooked these relational dimensions.

Hoang and Hui (2020) examined the relationship between network resources and firm performance through a meta-analysis conducted across multiple global locations. The study adopted a meta-analytic research design, synthesizing data from 88 independent studies that investigated how firms leverage network ties to enhance performance. The population comprised firms of various sizes and industries worldwide, with a total sample size exceeding 15,000 firms. Secondary data were collected from peer-reviewed empirical studies, and data extraction methods involved coding key variables related to network ties, including business and political connections. The study

applied advanced statistical techniques, including meta-regression analysis, to identify patterns and effect sizes across the selected studies. Findings revealed that network resources positively influence firm performance, with business ties being more impactful in stable environments and political ties offering advantages in volatile regulatory settings. However, the study's reliance on secondary data and varying contextual factors across the reviewed studies posed limitations, such as heterogeneity in firm size, industry, and economic conditions, which could affect generalizability. To address this, future research should focus on sector-specific and regional analyses with primary data collection. The current study builds on these insights by empirically examining managerial ties and their effect on sustainable performance, providing a contextualized perspective within the Nigerian SME sector.

Wu and Park (2019) examined the role of social capital and organizational resources in facilitating access to government contracts in China. The study adopted a quantitative research design, analyzing data from a population of Chinese firms operating in diverse industries. Using a sample size of 1,286 firms, the study relied on secondary data from government procurement records and firm-level financial reports. Data collection involved extracting firm performance indicators, managerial ties, and political connections, while structural equation modeling (SEM) was used for data analysis. Findings indicated that firms with strong social capital and managerial ties, particularly political connections, had a higher likelihood of securing government contracts. Moreover, the study highlighted those organizational resources, such as financial and technological capabilities, moderated the relationship between social capital and contract acquisition. However, the study's focus on China limits its applicability to other economic contexts, and its reliance on secondary data may not fully capture the nuances of managerial interactions. To address these limitations, future research should explore primary data collection in different

regions and industries. The current study builds on these insights by investigating managerial ties in the Nigerian SME sector, emphasizing their impact on sustainable performance, including revenue growth and operational efficiency, in a developing economy.

Zhang and Li (2020) examined the relationship between political connections, government subsidies, and firm innovation performance in China. The study employed a quantitative research design, analyzing a population of Chinese firms across various industries. Using a sample size of 1,504 firms, the researchers collected secondary data from government reports, financial statements, and patent filings. Data collection involved extracting information on political connections, subsidy allocations, and innovation performance indicators, while the method of data analysis included panel data regression techniques. The findings revealed that firms with strong political ties received more government subsidies, which in turn positively influenced their innovation output. However, the study also found that excessive dependence on government subsidies could lead to inefficiencies, reducing the motivation for genuine innovation. The study was limited by its geographical focus on China, making generalization difficult for economies with different political and economic structures. Additionally, the reliance on secondary data did not capture qualitative aspects of managerial decision-making. To address these gaps, future studies should incorporate primary data and expand to different economic contexts. The current study extends this line of research by examining how managerial ties, including political connections, affect sustainable performance—measured through revenue growth and operational efficiency—in SMEs within Nigeria's Federal Capital Territory.

Study Gaps

The reviewed literature on managerial ties and firm performance has largely focused on different geographical contexts, such as China (Zhang & Li, 2020; Wu & Park, 2019) and broader meta-analytical frameworks (Hoang & Hui, 2020), with limited empirical evidence

from Nigeria, particularly the Federal Capital Territory (FCT), Abuja. Studies such as Orji et al. (2023) and Anoke et al. (2022) examined managerial competencies and skills in SMEs but did not specifically explore the role of managerial ties in influencing sustainable performance. Methodologically, many existing studies have relied on secondary data sources, particularly government and financial reports (Zhang & Li, 2020), whereas this study adopts a primary data approach through structured surveys and direct engagement with SME managers in FCT-Abuja. In terms of population, previous studies have often concentrated on large firms or specific industrial sectors, thereby neglecting the unique challenges faced by SMEs in a developing economy like Nigeria (Anoke et al., 2022). Furthermore, while past research has explored managerial competencies, political connections, and firm innovation, there has been little focus on the direct impact of business and political ties on revenue growth and operational efficiency. This study fills these gaps by providing empirical evidence on the influence of managerial ties on SMEs' sustainable performance, offering localized insights for policymakers and business leaders in Nigeria.

3.0 METHODOLOGY

This study adopted a descriptive research design, which was appropriate for systematically capturing and analyzing the relationship between managerial ties and sustainable performance among SMEs in FCT-

Descriptive statistics

TABLE 1
Descriptive statistics for BT Construct

	N	Minimum	Maximum	Mean	Std. Deviation
The frequency of interactions with suppliers positively influences the availability of raw materials for my SME.	212	1	5	4.17	1.106
Establishing relationships with local government agencies enhances my SME's access to business permits and support programs.	212	1	5	4.14	1.129

Abuja. The descriptive design allowed for an in-depth examination of existing conditions, behaviors, and trends, making it suitable for understanding how managerial ties influenced SMEs' operational efficiency and long-term sustainability. The study's population comprised 349 SME owners and managers in FCT-Abuja. Using Taro Yamane's formula with a 20% margin of safety, a sample size of 223 was determined to ensure adequate representation and minimize sampling errors. A multi-stage sampling technique was employed, combining stratified and simple random sampling to enhance the representativeness of different SME categories while reducing biases. Primary data was collected through a structured questionnaire designed on a five-point Likert scale to measure respondents' perceptions of managerial ties and sustainable performance. Data analysis was conducted using SPSS, employing descriptive statistics, and regression analysis to examine relationships, test hypotheses, and draw meaningful inferences that contributed to the body of knowledge on SME performance in Nigeria.

4.0 RESULT AND DISCUSSION

This section presents the data collected from respondents, analyzes the findings, and interprets the results in relation to the research objectives and hypotheses. The data were obtained through structured questionnaire distributed among the sampled respondents, analyzed using appropriate statistical techniques, and presented in tables and figures for clarity.

Maintaining close ties with other SMEs within my industry helps in sharing valuable business insights and strategies.	212	1	5	4.17	1.124
Networking with financial institutions improves my SME's ability to secure loans and financial assistance.	212	1	5	2.82	1.507
Collaborating with experienced business mentors enhances my SME's decision-making and strategic growth.	212	1	5	4.25	1.035
BT	212	1.60	5.00	3.9113	.53509
Valid N (listwise)	212				

Table 1 presents the descriptive statistics for the Business Ties (BT) construct, summarizing the responses of 212 SME owners and managers regarding the impact of business ties on their operations. The mean values indicate the extent to which respondents agreed with each statement on a 5-point Likert scale. The highest mean score (M = 4.25, SD = 1.035) was recorded for the statement on collaborating with experienced business mentors, suggesting that mentorship is widely recognized as a crucial factor in strategic decision-making and growth. Similarly, maintaining close ties with other SMEs (M = 4.17, SD = 1.124) and frequent interactions with suppliers (M = 4.17, SD = 1.106) were highly rated, emphasizing the significance of peer networking and supplier relationships in ensuring business success.

Establishing relationships with local government agencies also had a strong mean score (M = 4.14, SD = 1.129), indicating its importance in accessing business permits and support programs. However, networking with financial institutions received the lowest mean score (M = 2.82, SD = 1.507), suggesting that SMEs may face challenges in securing loans despite business ties. The overall mean score for BT (M = 3.9113, SD = .53509) implies that business ties generally have a positive impact on SMEs, but disparities in specific aspects, such as financial access, highlight areas requiring further intervention. These findings suggest that strengthening business ties, particularly in financial networking, could further enhance SME sustainability and growth in Abuja.

TABLE 2
Descriptive statistics for PT Construct

	N	Minimum	Maximum	Mean	Std. Deviation
Establishing relationships with government officials improves my SME's access to business funding and grants.	212	1	5	4.31	.962
Political connections enhance my SME's chances of securing government contracts and tenders.	212	1	5	4.24	1.054
Maintaining ties with policymakers increases my SME's awareness of regulatory changes and compliance requirements.	212	1	5	4.37	.886
Engaging with political stakeholders provides my SME with better protection against unfavorable business policies.	212	1	5	2.85	1.501
Having strong political affiliations positively influences the ease of obtaining necessary business permits and licenses.	212	1	5	4.27	1.011
PT	212	2.20	5.00	4.0217	.51563

Valid N (listwise)	212				
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Table 2 presents the descriptive statistics for the Political Ties (PT) construct, summarizing the responses of 212 SME owners and managers on the influence of political connections on their business operations. The mean values suggest a strong perception of the benefits associated with political ties. The highest mean score (M = 4.37, SD = .886) was recorded for the statement on maintaining ties with policymakers, indicating that SMEs highly value political connections for staying informed about regulatory changes and compliance requirements. Similarly, establishing relationships with government officials (M = 4.31, SD = .962) and having strong political affiliations (M = 4.27, SD = 1.011) were also rated highly, underscoring the perceived advantages of political networking in accessing business funding, grants, and necessary permits. The influence of political ties on securing government contracts also received a strong mean score (M = 4.24, SD = 1.054),

suggesting that SMEs with political connections have a higher likelihood of obtaining tenders. However, engaging with political stakeholders for protection against unfavorable business policies had the lowest mean score (M = 2.85, SD = 1.501), indicating that respondents may not see significant benefits in this regard. The overall mean score for PT (M = 4.0217, SD = .51563) suggests that political ties generally have a positive impact on SME performance, particularly in regulatory compliance, financial access, and contract acquisition. However, the relatively lower perception of political ties as a shield against unfavorable policies highlights an area where SMEs may still feel vulnerable. These findings imply that while political ties are beneficial for SME sustainability and growth, more structured engagement with policymakers could help businesses navigate policy risks more effectively.

TABLE 3
Descriptive statistics for RG Construct

	N	Minimum	Maximum	Mean	Std. Deviation
My SME has experienced a consistent increase in sales volume over the past three years.	212	1	5	4.25	1.070
The profitability of my SME has steadily improved due to effective pricing strategies.	212	1	5	4.17	1.115
My SME's customer base has expanded significantly, leading to higher revenue generation.	212	1	5	4.24	1.077
Effective cost management practices have contributed to my SME's overall revenue growth.	212	1	5	2.80	1.501
The introduction of new products or services has positively impacted my SME's revenue streams.	212	1	5	4.15	1.161
RG	212	1.80	5.00	3.9226	.59830
Valid N (listwise)	212				

Table 3 presents the descriptive statistics for the Revenue Growth (RG) construct, summarizing responses from 212 SME owners and managers on factors influencing their revenue performance. The mean values indicate that

most respondents perceive their SMEs to be experiencing positive revenue growth. The highest mean score (M = 4.25, SD = 1.070) was recorded for consistent sales volume increases over the past three years, suggesting that many

SMEs have maintained steady market demand. Similarly, customer base expansion (M = 4.24, SD = 1.077) and effective pricing strategies improving profitability (M = 4.17, SD = 1.115) were rated highly, emphasizing the importance of market reach and pricing in revenue performance. The introduction of new products or services also showed a strong positive influence on revenue streams (M = 4.15, SD = 1.161), reflecting the role of innovation in sustaining business growth. However, effective cost management practices had the lowest mean score (M = 2.80, SD = 1.501), indicating that SMEs may struggle with optimizing

operational expenses to maximize revenue. The overall mean score for RG (M = 3.9226, SD = .59830) suggests that while SMEs in Abuja generally experience revenue growth, financial performance is significantly influenced by sales expansion, pricing strategies, and product innovation rather than cost management. These findings imply that while SMEs are growing, there is a need for improved financial management strategies to enhance profitability further. Strengthening cost control measures alongside sales growth initiatives could help SMEs achieve more sustainable revenue performance.

TABLE 4
Descriptive statistics for OE Construct

	N	Minimum	Maximum	Mean	Std. Deviation
My SME effectively utilizes available resources to minimize operational costs.	212	1	5	4.34	.918
Workflow processes in my SME are well-structured, leading to timely service delivery.	212	1	5	4.24	1.054
My SME has adopted modern technology to enhance productivity and reduce waste.	212	1	5	4.37	.886
Employees in my SME complete tasks efficiently with minimal supervision.	212	1	5	2.85	1.501
Proper inventory management has improved my SME's ability to meet customer demands.	212	1	5	4.31	.962
OE	212	2.00	5.00	3.9462	.56462
Valid N (listwise)	212				

Table 3 presents the descriptive statistics for the Operational Efficiency (OE) construct, summarizing responses from 212 SME owners and managers regarding their firms' efficiency levels. The mean values suggest that SMEs in Abuja generally perceive themselves as operationally efficient. The highest mean score (M = 4.37, SD = 0.886) was recorded for the adoption of modern technology to enhance productivity and reduce waste, indicating that technology integration plays a crucial role in improving efficiency. Effective utilization of available resources to minimize operational costs also received a high rating (M = 4.34, SD = 0.918), highlighting the importance of cost management in business operations. Similarly, proper inventory management (M = 4.31, SD =

0.962) and structured workflow processes ensuring timely service delivery (M = 4.24, SD = 1.054) were seen as significant contributors to operational efficiency. However, the lowest mean score (M = 2.85, SD = 1.501) was recorded for employees' ability to complete tasks efficiently with minimal supervision, suggesting potential challenges in workforce autonomy and productivity. The overall mean score for OE (M = 3.9462, SD = 0.56462) indicates that while SMEs have achieved notable efficiency improvements, there is a need to enhance employee productivity and task execution. These findings imply that SMEs could further improve operational efficiency by investing in employee training, fostering a more independent workforce, and refining

supervisory structures to enhance performance and reduce bottlenecks in service delivery.

Test of Hypotheses

Hypothesis One

H₀₁: Business ties do not have a significant influence on the revenue growth of SMEs in the Federal Capital Territory (FCT), Abuja.

Model 1

$$RG = \beta_0 + \beta_1 BT + \varepsilon \dots\dots\dots 1$$

Table 4		Model Summary		
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.849 ^a	.720	.719	.29602

a. Predictors: (Constant), BT

Source: SPSS Output Version 27.0.1

Table 4 presents the model summary for the relationship between business ties (BT) and revenue growth (RG) of SMEs in the Federal Capital Territory (FCT), Abuja. The R-value of 0.849 indicates a strong positive correlation between business ties and revenue growth. The R Square value of 0.720 suggests that approximately 72% of the variance in revenue growth can be explained by business ties, while the remaining 28% may be influenced by other factors not included in the model. The Adjusted R Square (0.719) is slightly lower but still confirms the model's robustness. The standard

error of the estimate (0.29602) reflects the model's accuracy in predicting revenue growth based on business ties. These findings imply that business ties play a crucial role in enhancing the revenue growth of SMEs, reinforcing the importance of strategic networking with suppliers, financial institutions, and other business stakeholders. The high explanatory power of the model suggests that SMEs should leverage strong business relationships to improve financial performance and sustainability.

Table 5 ANOVA^a

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	47.562	1	47.562	542.769	.000 ^b
	Residual	18.490	211	.088		
	Total	66.052	212			

a. Dependent Variable: RG

b. Predictors: (Constant), BT

Source: SPSS Output Version 27.0.1

Table 5 presents the ANOVA results for the regression model examining the influence of business ties (BT) on revenue growth (RG) of SMEs in the Federal Capital Territory (FCT), Abuja. The regression sum of squares (47.562) is substantially higher than the residual sum of squares (18.490), indicating that the model

explains a significant portion of the variance in revenue growth. The F-statistic of 542.769 is considerably large, with a significance value (Sig.) of 0.000, which is below the conventional threshold of 0.05. This result confirms that the regression model is statistically significant, implying that business ties have a meaningful

impact on revenue growth. The implication of this finding is that SMEs that establish and maintain strong business relationships, such as supplier partnerships, industry networks, and financial connections, are more likely to

experience higher revenue growth. This reinforces the importance of fostering strategic business ties to enhance financial sustainability and competitiveness.

Table 6 Coefficients^a

Model	Unstandardized Coefficients		Standardized Coefficients Beta	t	Sig.	
	B	Std. Error				
1	(Constant)	.261	.160		1.633	.104
	BT	.918	.039	.849	23.297	.000

a. Dependent Variable: RG

Source: SPSS Output Version 27.0.1

Table 6 presents the regression coefficients for the model examining the influence of business ties (BT) on revenue growth (RG) of SMEs in the Federal Capital Territory (FCT), Abuja. The unstandardized coefficient (B) for BT is 0.918, indicating that for every one-unit increase in business ties, revenue growth increases by 0.918 units. The standard error of 0.039 suggests a low level of variability in the estimate, and the standardized beta coefficient of 0.849 further confirms the strong positive relationship between BT and RG. The t-value of 23.297 is significantly high, with a p-value (Sig.) of 0.000, which is below the 0.05

threshold, indicating that BT has a statistically significant effect on revenue growth. The constant (0.261) is not statistically significant ($p = 0.104$), suggesting that without the influence of business ties, revenue growth would not be substantial. The implication of this finding is that SMEs that actively engage in strategic business relationships, such as networking with suppliers, financial institutions, and industry partners, are more likely to experience significant revenue growth. This highlights the critical role of business ties in enhancing financial sustainability and market performance among SMEs.

Hypothesis Two

H₀₂: Political ties do not have a significant effect on the operational efficiency of SMEs in the Federal Capital Territory (FCT), Abuja.

Model 2

$$OE = \beta_0 + \beta_1 PT + \epsilon \dots \dots \dots 2$$

Model	Model Summary			
	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.803 ^a	.644	.642	.30381

a. Predictors: (Constant), PT

Source: SPSS Output Version 27.0.1

Table 7 presents the model summary for the regression analysis examining the effect of political ties (PT) on the operational efficiency (OE) of SMEs in the Federal Capital Territory (FCT), Abuja. The R-value of 0.803 indicates a strong positive correlation between PT and OE. The R-Square value of 0.644 suggests that political ties explain approximately 64.4% of the variance in operational efficiency,

indicating a substantial impact. The adjusted R-Square of 0.642 confirms the model's reliability by accounting for potential biases due to sample size. The standard error of the estimate (0.30381) represents the average deviation of the observed values from the predicted values, indicating the model's accuracy.

The implication of this finding is that political ties significantly contribute to improving SMEs' operational efficiency, likely through increased access to government support, favorable regulatory conditions, and business incentives. SMEs that engage in political

networking may benefit from smoother operational processes, better compliance with policies, and enhanced access to resources. This underscores the strategic importance of political affiliations in fostering business efficiency and sustainability.

Table 8 ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	35.257	1	35.257	381.973	.000 ^b
	Residual	19.476	211	.092		
	Total	54.733	212			

a. Dependent Variable: OE

b. Predictors: (Constant), PT

Source: SPSS Output Version 27.0.1

Table 8 presents the ANOVA results for the regression analysis assessing the effect of political ties (PT) on the operational efficiency (OE) of SMEs in the Federal Capital Territory (FCT), Abuja. The table shows that the regression model is statistically significant, as indicated by the F-value of 381.973 and a p-value of 0.000 ($p < 0.05$). This confirms that the independent variable (PT) has a significant impact on the dependent variable (OE).

mean square for the regression (35.257) is also much greater than the mean square for the residual (0.092), further reinforcing the strength of the model.

The sum of squares for the regression (35.257) is substantially higher than the residual sum of squares (19.476), indicating that a large proportion of the variance in operational efficiency is explained by political ties. The

The implication of this result is that political ties play a crucial role in enhancing SMEs' operational efficiency. SMEs with strong political connections may benefit from favorable business policies, reduced bureaucratic barriers, and improved access to essential resources, ultimately leading to more efficient business operations. This underscores the need for SMEs to strategically leverage political networks to enhance their operational effectiveness.

Table 9 Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.322	.140		9.447	.000
	PT	.689	.035	.803	19.544	.000

a. Dependent Variable: OE

Source: SPSS Output Version 27.0.1

Table 9 presents the coefficient estimates for the regression analysis examining the effect of political ties (PT) on the operational efficiency (OE) of SMEs in the Federal Capital Territory (FCT), Abuja. The results indicate that the independent variable (PT) has a statistically significant positive effect on the dependent

variable (OE), as evidenced by a p-value of 0.000 ($p < 0.05$).

The unstandardized coefficient (B) for PT is 0.689, suggesting that for every one-unit increase in political ties, operational efficiency increases by 0.689 units, holding all other factors constant. Additionally, the standardized

coefficient (Beta) value of 0.803 indicates a strong positive relationship between political ties and operational efficiency. The t-value of 19.544 further confirms the significance of this relationship.

The implication of these findings is that SMEs that actively maintain political ties are more likely to achieve higher levels of operational efficiency. This may be due to improved access to government support programs, regulatory advantages, and enhanced business opportunities facilitated by political connections. Consequently, SMEs should consider leveraging political networks strategically to enhance their efficiency and overall performance.

Discussion of Findings

The findings of this study reveal that business ties have a significant positive influence on the revenue growth of SMEs in the Federal Capital Territory (FCT), Abuja. The regression analysis results (Tables 4–6) indicate a strong positive relationship between business ties and revenue growth, with a high R-square value of 0.720 and a significant coefficient ($p < 0.05$). This suggests that SMEs that maintain strong business networks and strategic alliances experience higher revenue growth due to increased access to market opportunities, customer base expansion, and enhanced business performance.

This finding aligns with the Social Capital Theory, which posits that firms with strong relational networks benefit from knowledge sharing, trust, and access to critical resources that foster business expansion (Hoang & Hui, 2020). Empirically, this study's results are consistent with the work of Orji et al. (2023), who found that SMEs leveraging business ties in Nigeria experienced significant revenue growth due to better access to market intelligence, partnerships, and supply chain advantages. Similarly, Zhang and Li (2020) highlighted that business networks contribute to firms' financial success by facilitating collaborations and easing entry into new markets.

However, some studies provide contrasting views. Wu and Park (2019) argued that while business ties can provide financial benefits, they may also expose SMEs to over-reliance on specific networks, making them vulnerable to economic shocks. Similarly, Anoke et al. (2022) cautioned that excessive dependence on business networks may lead to reduced innovation and stagnation in competitive industries. These opposing perspectives indicate that while business ties are beneficial, SMEs should adopt a balanced approach to avoid network dependency and ensure sustained revenue growth.

The findings further indicate that political ties significantly affect the operational efficiency of SMEs in FCT, Abuja. The regression results (Tables 5–9) show a strong positive correlation between political ties and operational efficiency, with an R-square value of 0.644 and a significant p-value of 0.000. The results suggest that SMEs that cultivate political ties experience better regulatory compliance, easier access to government support programs, and improved operational processes.

These findings align with the Social Capital Theory, which emphasizes that political connections enhance firms' access to valuable resources, enabling them to streamline operations and reduce bureaucratic constraints (Hoang & Hui, 2020). Empirical studies also support this outcome. Orji et al. (2023) found that SMEs in Nigeria with political affiliations experienced improved business operations due to preferential regulatory treatment and government incentives. Additionally, Zhang and Li (2020) observed that politically connected firms in emerging economies benefited from easier access to licenses, contracts, and financial support, leading to improved efficiency.

However, the findings contrast with the results of Wu and Park (2019), who argued that excessive political affiliations may lead to inefficiencies, as businesses may prioritize connections over operational improvements. Similarly, Anoke et al. (2022) suggested that politically connected SMEs might face

reputational risks, regulatory scrutiny, or increased costs associated with maintaining these ties. These contradictory views highlight the need for SMEs to leverage political ties strategically while maintaining strong internal efficiencies.

Overall, this study confirms that both business and political ties play crucial roles in enhancing revenue growth and operational efficiency among SMEs in FCT, Abuja. While empirical evidence supports these findings, some studies caution against over-reliance on these relationships, emphasizing the importance of balanced networking strategies for long-term business success.

5.0 CONCLUSION AND RECOMMENDATIONS

The study's findings demonstrate that business and political ties significantly influence SMEs' performance in the Federal Capital Territory (FCT), Abuja. Business ties positively impact revenue growth by fostering market expansion and financial opportunities, while political ties enhance operational efficiency by easing regulatory compliance and access to government support. These findings align with the Social Capital Theory, which emphasizes the value of networks in business success. However, reliance on these ties should be balanced to avoid overdependence, which may hinder innovation and competitiveness.

Recommendations:

- i. **SMEs Should Actively Build Business Networks:** SME owners should establish and maintain strong business relationships through partnerships, trade associations, and networking events to enhance revenue growth and sustainability.
- ii. **Strategic Political Engagement:** SMEs should leverage political connections to navigate regulatory environments and improve operational efficiency while ensuring that these relationships do not compromise ethical business practices or long-term independence.

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