

The Impact of Entrepreneur Social Networks on the Performance of SMEs in Guizhou

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Abstract: Small and micro enterprises have a vast number and are an essential part of the national economy. They play an important role in GDP growth, providing jobs, stabilizing prices, and diversifying products and services. However, due to limited funds, small scale, and single business, SMEs face problems such as lack of resources, weak technological innovation capabilities, and weak market competitiveness. In the fierce market competition, SMEs have more and more room for survival and development. Small, showing a situation of surviving in the cracks. To eliminate the problematic dilemma of survival and growth, entrepreneurs usually use their social networks to explore the logic and path of integrating resources and form resource integration advantages to obtain more social resources and increase access to social resources and technological innovation, channels to improve the performance of SMEs.

Keywords: Entrepreneur; Social Network; and SMEs

1. Introduction

Entrepreneurs' social networks have a positive impact on the performance of SMEs, which is mainly reflected in the corresponding resources through entrepreneurs' social networks, and have a positive effect on the obtained resources through strategic orientation (innovation orientation, market orientation) and resource patchwork. Integrate and optimize resources to enhance their survival and development capabilities and demonstrate a higher level of performance. The survival and development of SMEs are in an environment of "relationships and favors." Social network relationships are complex and ever-changing. SMEs are responsible for negotiating business externally, comprehensively managing internally, and doing business. Make significant decisions; the richness of entrepreneurs' social networks, diversity, scale, density, and relationships have an essential impact on SMEs' strategic orientation (innovation orientation, market orientation) and resource assembly. If SMEs broaden their horizons, expose themselves to new things, use it for reform and innovation, increase access to relevant resources, integrate resources quickly and effectively, reduce losses, improve efficiency and product and service quality, and enhance brand awareness and customer loyalty.

2. Theoretical Basis

2.1 Theoretical Significance and Value

This study takes SMEs in Guizhou as the object, uses innovation orientation, market orientation, and resource patchwork as intermediary variables to construct a theoretical model of the impact of entrepreneurial social networks on performance, and explores the effect of the five dimensions of entrepreneurial social networks on the performance of SMEs in Guizhou. The influencing mechanism of SME performance aims to provide paths and experiences for enterprises in Guizhou to improve their performance. This study enriches and extends relevant theoretical research on social networks, strategic orientation (innovation orientation, market orientation), resource patchwork, and performance. It conducts cross-integrated research from management, economics, and sociology perspectives, expands the research fields and theoretical connotations of related disciplines, and gives birth to emerging edge interdisciplinary disciplines and the generation of theories (Huang: et al. 2020) ^[1].

2.2 Practical meaning and value

It is helpful to guide entrepreneurs to build and maintain good social networks in the development process of small and micro en-

terprises, form an excellent social network system, promote SMEs to broaden and integrate resource channels under strategic orientation (innovation orientation, market orientation), and enhance SMEs. It is conducive to guiding SMEs to explore new markets and opportunities through entrepreneurial social networks, strengthening the cooperation willingness and information resource exchange of SMEs in the social network, improving resource utilization efficiency, and realizing enterprises' benign and healthy development.

3. Understanding the impact of entrepreneur social networks on the performance of SMEs in Guizhou

3.1 Social network theory

Granovetter (1971)^[2] put forward the hypothesis about the strength of weak ties in his paper "The Power of Weak Ties," which reflected social network relationships, and also proposed the concept of "relationship strength." The power of network relationships consists of two types of relationships, strong and weak, and these two relationships play different roles in the network. The primary function of weak ties is to connect groups and organizations, while the direct part of solid ties is to maintain relationships within groups and organizations. The weak tie advantage theory believes that weak links have certain advantages through transferring information with lower costs.

3.2 Social resource theory

Lin (1982)^[3] put forward that a participant cannot directly possess the power, wealth, prestige, etc. embedded in a social network. These resources are usually obtained by the social network participants directly or indirectly from the social network. First, the greater the status strength of the participants in the social network, the more opportunities they have to discover and obtain more resources; second, as the scope of contact with heterogeneous resources expands, participants in the social network use weak ties to improve resources. The greater the probability of acquisition; third, participants in the social network have richer social resources than others, and they can have more opportunities to acquire social resources than others.

3.3 Structural hole theory

Burt (1992)^[3] proposed the structural hole theory based on the analysis of weak relationship theory. Structural hole theory believes that under the premise that the network has the same scale, the more structural holes there are in the network, it indicates that the network has higher efficiency. The structural hole is usually in the opposite network with a more significant advantage in controlling information

4. The Conceptual Framework for the Research Study

4.1 Strategic orientation and corporate performance

Strategic orientation is a core content of enterprise management. Through strategic orientation, the future development direction of the enterprise can be clarified, and the healthy development of the enterprise can be promoted.

4.2 The strategic orientation dimension

Strategic orientation is divided into innovation orientation, market orientation, resource orientation, technology orientation, competitor orientation, entrepreneurship orientation, sales orientation, and customer orientation. Resource orientation and market orientation will positively impact corporate innovation performance and financial performance.

4.3 Innovation orientation

Zhao (2014)^[4] believed performance management of small and micro enterprises has an influential guiding role in the daily work behavior of employees; innovation has become the foundation of SMEs, and employees are the main body of innovation. SMEs also need to

maintain various information-sharing mechanisms and adopt corresponding countermeasures and strategies based on the actual situation of the shared information.

5. The impact of entrepreneur social network on the performance of SMEs in Guizhou

5.1 The performance connotation of SMEs

The performance of SMEs is defined as the results and contributions made by SMEs in their survival and development from the perspective of environmental adaptability and efficiency, and the ability of SMEs to the environment and their operating efficiency in survival and growth.

5.2 Performance dimensions of SMEs

Wang (2019) ^[5] aimed to study the relationship between entrepreneurial networks and start-up performance, using eight indicators such as net profit, market share, sales growth, and new product or service growth rate to measure corporate performance.

5.3 Factors affecting the performance of SMEs

Murphy (2013) ^[6] found that technological or service innovation positively impacts the performance of small and micro enterprises. Investment in innovation will not impose an economic burden on SMEs and will improve the performance of SMEs through the collective social network.

6. Conclusion

This study concludes that all dimensions of entrepreneurs' social networks (social network richness, social network diversity, social network size, social network density, and social network relationships) have a positive role in promoting the performance of SMEs. The richness and diversity of entrepreneurs' social networks significantly positively impact innovation orientation with market orientation and resource patchwork. Innovation orientation, market orientation, and resource patchwork promote the performance of SMEs through the right resources. Social network guides innovation, faces market competition, integrates and reuses limited resources, strengthens their comprehensive competitiveness, and forms a lasting competitive advantage. In the fierce market competition, entrepreneurs need to continuously improve the ability of SMEs to resist risks and explore practical ways to improve the performance of small and micro enterprises.

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