Strategic Networks and Organisational Resilience in Small and Medium Enterprises in Bayelsa State

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Abstract
Small and medium enterprises in Bayelsa State have being plagued with uncertainties and varying complexities from their environment that has posed a threat to their continuous survival. These threat has caused a lot of enterprises to fold up while some still remain resilient and find ways to survive and remain in business. This article focuses on addressing the features detection and activation within the response of an organisation to disruptive events. The article further examines the relationship between strategic networks and organisational resilience. More so, it centres on using shared vision and resource sharing as a strategic tool for enhancing organizational resilience. Spearman Rank Correlation was used to test the formulated hypothesis and it was concluded that strategic networks can indeed help build more resilient SMEs.

Keywords: Organisational Resilience, Strategic Networks, Shared Values, Resource Sharing.

1.0 Introduction

Today environment is plagued with turbulence and ever changing discontinuities. This poses a degree of threat in terms of severity and frequency and originates internally or externally to the organisations. Organisations continuously struggle with how best to adapt to the varying situations and meet its various goals and objectives, how best they survive and are successful despite the growing array of threats posed. However, managing these uncertainties faced by the organisation also presents opportunities as well as risks for the organisation.

The concept of resilience cannot be overemphasized. The current trends have instigated organisations to be resilient in order to survive. According to Hopkins (2014), resources and assets, relationships and networks amidst other principles are relevant for enhancing organisational resilience. Building networks ensures a larger set of resources and assets, better access to information and opportunities and provides a competitive edge for the organisations involved (Baker2000, Tullier 2004, Hopkins 2014). As a result, enterprises that are plagued with varying complexities amidst their struggle to be resilient resort to creating networks with other enterprises that may be potential competitors as well as those that do not necessarily operate within the same industry in order to be strategically positioned for optimal

effectiveness. This allows for swift and effective proactive actions and responses which ensure the organisation is resilient in the face of any crisis.

While the multinationals and big enterprises continuously thrive amidst these ongoing environmental disruptions, the small and medium enterprises (SMEs) are seen to be in a constant struggle and in most cases fall into closure. The small and medium enterprises are posed with numerous challenges ranging from "emerging technological applications and practices, fulfilling new environmental and labour regulations, increasing risks of a weakening global economy, mounting pressure of shifting market conditions, slackening exports, cooling off in asset markets, intensifying financing difficulties, fluctuating customer requirements, diminishing bargaining power, continuous pricing competition, reduced customer base and growing supply disruptions"(Chan 2011). This has led to numerous setbacks that have become popular among the SMEs.

For instance, a study by carried out by Ebitu (2016) exposed that in the southern part of Nigeria, problems such as difficulty in managing firm's advertising, lack of adequate research, unawareness of competition, lack of government support, lack of current information and technological infrastructures, ever changing government and environmental compliance procedures, negative effects of economic globalisation, vagaries of the open market, and low level of knowledge on business analysis, contribute negatively in affecting SMEs' performance and their sales volume. The SMEs in Bayelsa State have being faced with all these challenges and more, leading to business closedown and failure. Could it be that the various options to be explored by these businesses are not in use?

It is pertinent to note almost all of these challenges were as a result of the fact that most of the managers of the SMEs are not knowledgeable about the principles and processes of strategic networking. In essence, if managers of SMEs in Bayelsa State are adequately educated and actively involved in strategic networking then there will be a marked improvement in the performance, growth and resilient of SMEs in Bayelsa State. It is therefore acceptable to suggest that SMEs that are proactive of the unforeseen changes in their environment will be resilient enough to survive through any posed challenges. Based on this, this paper seeks to explore the impact of strategic networks on organisational resilience in SMEs in Bayelsa State. Specifically, the study seeks to examine the relationship between strategic networking and organisational resilience thus the following questions will be addressed
1. What is the relationship between shared vision and organisational resilience?
2. What is the relationship of resource sharing and organisational resilience?

2. Literature Review
2.1 Strategic Networking
Strategic networking theory is aimed at developing relationships based on trust and reciprocity among independent business owners as a tactical stance in competitive markets (Borch and Huse, 1993; Hoang and Antoncic, 2003; Jarillo, 1988). According to Ramachandran, Mukherji and Sud 2006, strategic networking can be described as how organisations cultivate sustainable competitive advantages that lead to value creation. In the same vein, Hitt et al (2001) proscribed strategic networking to be a means for entrepreneurs to utilise and leverage possible anticipated opportunities. Abosede et al 2016 supports that strategic networking "involves the formulation and implementation of the major goals and initiatives taken by a company's top management on behalf of owners, based on consideration of resources and assessment of the internal and external environment in which the organisation competes (Nag, Hambrick and Chen 2007). This notwithstanding, strategic networking involves figuring out future priorities and

challenges for the organisation, leveraging: creating inside-outside links and getting stakeholder support for them, creating long-term policies and shared plans designed to anticipate and deal with these challenges, and then allocating resources to implement the plans. Due to the nature of environmental complexities and ever-changing competitive markets, researchers and mangers alike have resorted to the use of diverse paradigms and frameworks in ensuring strategic positioning (Ghemawat 2002). In other words, strategic networking is a continuous process that is cyclical as it passes through a phase from planning to execution and feedback to enable better plans to ensure a thorough networking process. Thus it enables firms to anticipate risks and uncertainties, exploit opportunities and on the whole strategically plan and execute processes that ensure overall organisational effectiveness.

Furthermore, strategic networking is aimed at anticipating uncertainties that may pose threats or opportunities and garnering organisational support to exploit said opportunities. It doesn't end at internal organisational support but creating external contacts aimed at future priorities. Leveraging is key to strategic networking. Hunter and Ibarra (2007) posit that strategic networking is best achieved when information, support and resources are pooled from a part of the network to garner effective results in other areas. They further opined that strategic networks pushes an aspiring leader into a set of relationships and information sources that collectively embody the power to achieve personal and organisational goals. Therefore resilient SMEs through leveraging (marshalling resources in a strategic network) can build stronger organisational base to enable survival in turbulent times.

Another key factor that enhances strategic networks is the ability for organisations in the relationship to ensure proper implementation of plans are followed. This will enable the goals of the existing network are actualised. The implementation process of strategic networks determines how the network resources (people, links processes etc) are aligned and implored towards achieving the goals for which the network was formed. Research has shown that in order for network relationships to be valuable to the organisations utilising it, the said organisations should have an edge that ensures sustainable competitive advantage (Hitt, Ireland, and Simon 2003) and establish those factors that promote the financial management of the SMEs (Osotimehin et al 2012)

Strategic networks ought to be managed properly to ensure its overall effectiveness. The management of strategic network as a means to creating more resilient SMEs ensures that networks are operationalised such that the relationship is not just an embodiment of a single factor but a collective collaboration whereby diverse connections exists between networks as a whole. Thus a partner for such collaboration is based on the organisation's overall network competencies rather than a single relationship. It therefore means that strategic networks are measured in the terms by which each single relationship is an integral part of a much larger social network.

2.2   Dimension of Strategic Networking

This paper adopts Miller, Besser and Malshe (2007) dimensions for strategic networking. Miller et al (2007) posits that small business owners invest in networking when there is potential to share resources needed for succeeding in a competitive market. In other words resource sharing is key to successful strategic networking. Strategic networks are formed among individual business owners who see similar solutions to market uncertainties.
Shared Vision: businesses agree to common goals and objectives and are willing to cultivate a relationship to actualise said shared goals.

Resource sharing: the exchange or collective use of a variety of information, support and resources (potential assets that are tangible or intangible) among businesses to achieve strategic goals.

2.3   Organisational Resilience

The term resilience has been used across many disciplines to address varying issues. Luthans et al (2006) in psychology refers to resilience as the developable capacity to rebound from adversity. In ecological systems, resilience is the ability, capacity and persistence of a system to absorb change and disturbance and still maintain the same relationships (function, structure, identity and feedback) between state variables (Hollings 1973, Walker et al 2004, Gunderson 2000 and Tillman and Darwin 1994). The engineering perspective holds resilience to be the ability to sense, recognise, adapt and absorb variations, changes, disturbances, disruptions and surprises, (Hollnagel et al. 2006). Disaster management experts describe resilience as an active process of self-righting, learned resourcefulness and growth, the ability of social units to mitigate hazards, contain the effects of disasters when they occur and carry out recovery activities that minimise social disruption, (Bruneau et al. 2003, Paton et al. 2000).

However organisational resilience, according to Hamel and Valikangas (2003) is the capacity to continuous reconstruction. Chan 2011 posits that "resilience means the capacity to anticipate unsafe and unexpected events for organisational survival in the face of threats, including the prevention or mitigation of failures in the systems" (Woods 2006).

Organisations are posed with these ever changing disruptions and discontinuities as a result of turbulence in their operating environment. This inevitably threatens the day-to-day business operations as well as the survival of the business. Turbulence within these environments is therefore defined as the 'unpredictable change' in the complexity of an organisation's environment (Boyne and Meier 2009). It therefore means that enterprises are plagued with unpredictable markets and risks eminent in both the internal and external environment as well as wide range of uncertainties. Although risk and uncertainty can be thought of as the same entity, there is a subtle distinction between the two factors. 'Uncertainty' means that it is possible to list the events that might take place in the future; without knowing its exact effect nor the possibility of its occurrence. Risk' means that it is possible to predict the relative probability that an event might occur in the future (Waters 2007). Furthermore, risk can be said to be "futuristic" and "existing through every part of an organisation (Smith 2003, Smith and Fischbacher 2009). As such, today's successful enterprises incorporate the management of unforeseen circumstances and risk into their strategic plans and processes. Risk is as a result of varying uncertainties that an organisations' future might be plagued with. (Waters 2007). Subsequently, the problem in risk management lies in that a risk remains only hypothetical until it manifests itself in an event (Alexander 2003). It is therefore only through hindsight that disasters often look like events that individuals, communities, organisations and countries should have prepared for. Hamel and Valikangas (2003) argues that it is identification of relevant resources and capabilities that enable an organisation to prepare for, and respond to, extreme events. In other words, an organisation that is able to inculcate the essential features of resilience can become more proactive and tolerant to risk, as well as develop the innate ability to proactively adjust to environmental uncertainty. Through this, organisations will anticipate and position themselves to handle the ever-changing complexities as well as explore opportunities from such environmental uncertainty. Thus resilient SMEs can now foresee, position themselves and manage any uncertainty that arises.

2.4 Measures of Organisational Resilience

In order for organisations to be resilient in the face of any turbulence in its operating environment, they must be resourceful, technical, swift and prepared to deal these ever changing complexities.

This paper adopts Weick and Sutcliffe (2001) four-category framework (as tested in pilot research, Sullivan-Taylor and Wilson 2006, 2007, 2009) to measure the level of organisational resilience in the SMEs

(1) Resourcefulness: the capacity of managers to identify potential problems, establish priorities and mobilise resources to avoid damage or disruption;

(2) Technical: the ability of managers to ensure that organisational systems perform to high levels when subject to extreme stress;

(3) Organisational: the preparedness of managers to make decisions (however counterintuitive these might sound initially) and to take actions to reduce disaster vulnerability and impacts;

(4) Rapidity: the capacity of managers to make decisions on threats (e.g. from terrorism) without undue delay.

Based on the review of literature, the following hypotheses have being formed;
1. There is no relationship between shared vision and organisational resilience.
2. There is no relationship between resource sharing and organisational resilience

3.0 Methodology

This paper utilised the positivist approach in its inquiry and as such applied the quantitative method in generating data through a structured questionnaire based on the constructs under study. The study considered the small and medium enterprises registered with the Bayelsa State Chamber of Commerce. However with reference to the study being carried out, the researcher singled out ten SMEs currently involved in strategic networking for the study. Through the use of convenient sampling, a total of 80 questionnaires were distributed, however only 76 were found useful after retrieval giving a 95% response rate.

3.1 Measures

The constructs in the study were measured for reliability using the Cronbach alpha instrument. Strategic networking has two dimensions; resource sharing has a measurement scale adapted from Mackenzie 2003 and validated in the work of Miller et al (2008) with a 4 item scale measure. Shared valued was adopted from Sharma et al.'s (1990) EXCEL scale and Mowday et al.'s (1979) scale of organizational commitment and validated in the works of Miller et al (2008) with 5 item scale measure. The construct for organisational resilience was adapted from Weick and Sutcliffe (2001) four-category framework (as tested in pilot research, Sullivan-Taylor and Wilson 2006, 2007, 2009).

4.0 Data Analysis and Results

All the statistical analyses were conducted using Spearman's Rank Correlation Statistical tool and SPSS Statistics 20 to test the research hypotheses I &II. The correlation result for H1 (Rho = 0.810 p < 0.05) shows a positive relationship between Shared Vision and Organisational Resilience. The correlation result for H2 (Rho = 0.741, P< 0.05) have established comparatively a better positive significant relationship for Resource Sharing and Organisational Resilience.

Table 1: Spearman's Rank Correlations of Shared Vision relates to Organizational Resilience

Correlations of shared vision relates to organizational resilience

			shared vision	organizational resilience
Spearman's rho	**shared vision**	Correlation Coefficient	1.000	.810**
		Sig. (2-tailed)	.	.000
		N	76	76
	organizational resilience	Correlation Coefficient	.810**	1.000
		Sig. (2-tailed)	.000	.
		N	76	76

**significant at 0.05

The results from table 1 revealed that Shared Vision relates to Organizational Resilience as the correlation coefficient gives a value of 0.810. Also, there is a significant relationship as .000 < 0.05 (p<0.05).

Table 2: Spearman's Rank Correlations of Resource Sharing relates to organizational resilience

Correlations of Resource Sharing relates to organizational resilience

			Resource Sharing	organizational resilience
Spearman's rho	**Resource Sharing**	Correlation Coefficient	1.000	.741**
		Sig. (2-tailed)	.	.000
		N	76	76
	organizational resilience	Correlation Coefficient	.741**	1.000
		Sig. (2-tailed)	.000	.
		N	76	76

**significant at 0.05

The results from table 2 revealed that Resource Sharing relates to organizational resilience as the correlation coefficient gives a value of 0.741. Also, there is a significant relationship as .000 < 0.05 (p<0.05).

4.1   Discussion of Findings

The findings from hypothesis I Ho1 shows that for small and medium enterprises in Bayelsa State to be able to withstand and survive the environmental turbulence, risk and uncertainties, there should be a form strategic networking via shared vision. Shared vision between firms creates a strong link ensuring common goals and objectives; and cultivates strategic relationships to actualise said shared goals. This further enhances the rapidity and preparedness of organisations to events that tend to threaten their survival.

Hypothesis Ho2 also reveals that the higher the network engage in resource sharing amongst firms, the higher chance of enabling organisational resilience. This is in line with Sutcliffe and Vogus (2003), they explained that organisational level resilience is based on the organisational processes and resources focused on developing the competence and growth of an organisation.

In essence these resources when unified between different SMEs gives even a stronger base for support for organisations to be more resilient in the face of any uncertainty and eventuality.

4.2   Conclusion/ Recommendation

The goal of this research was to explore how membership in strategic networks relates to the limitations and challenges faced by small and medium enterprises. Specifically how strategic networks will affect SMEs and become more resilient in the face of constant competition and struggle for survival. The literature suggests that networks, rather than mergers and acquisitions, have become a more lucrative way to combine firm strengths in collaborations that facilitate managerial decision-making. These strategic networks serve as an efficient means for gaining access to know-how and resources that may not be internally generated. Hypothesis derived from literature helped to guide the empirical measurement of how and to what degree strategic networking as a viable option promoted and enhanced organisational resilience.

This study's approach, requiring a combination of theories and methodologies, provided several answers for small businesses seeking ways to meet the challenges of operating in a turbulent environment. By examining qualitatively and quantitatively formal networking among small business members, findings advance both strategic networking and organisational resilience and generate a basis for future research.

From the aforesaid, the following recommendations are made:

1. Small and Medium Enterprises should engage in resource sharing as a major strategic objective in order to enhance its adaptability and agility in the face of environmental turbulence.
2. In order for strategic networks to survive and influence organisations to be resilient, there must be a clear cut vision that is shared by the enterprises involved in the network.
3. The study also recommends that further research be conducted to in other to ascertain other factors that relate and promote resilient small and medium enterprises.
4. The focus of the study was on SMEs, it is highly recommended that further research be done using multinationals and larger corporations.

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