# INTER-FIRM RELATIONS: NETWORKS, NETWORKING AND THEIR VARIANTS - A NIGERIAN PERSPECTIVE

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**Abstract**

The assertion that private enterprises constitute a major driver of national economic development has been convincingly established. It has indeed been noted that economic development is most sustainable when an economy is undergirded by its own small- and medium-sized enterprises (SMEs), as opposed to foreign-owned businesses- as useful as they are. Entrepreneurs, that is, those individuals who create and run SMEs are much revered because through their entrepreneurial activities, development benefits of job creation, poverty reduction, innovation, as well as improvements in productivity, national income and living standards, among others, are unleashed within national economies. Because of these critical contributions, developed and developing countries alike strive to nurture dynamic SME sectors, through various forms of support such as financing, training, and many others. This paper considers another approach to nurturing SMEs; and this approach revolves round helping entrepreneurs appreciate the need for banding together in various forms of inter-firm relations. In other words, besides the usefulness of institutional assistance from the state and external donors, much growth comes from cooperative activities of entrepreneurs themselves. This paper therefore considers the prospects, challenges and strategies for improvements of inter-firm relations within the Nigerian context.

**Keywords:** Economic development, inter-firm relations, networks, networking, business associations, clusters, connections.

**Paper Type:** Conceptual Paper

**Introduction**

Entrepreneurship has been defined in various ways. For our present purposes, however, it suffices to define this phenomenon as the processes and activities connected with creating, owning and managing a business firm (Carland, Carland and Stewart, 2000). In the same vein, those individuals who are at the helm of affairs in these businesses are referred to as entrepreneurs. Formally defined, an entrepreneur is that individual who holds a majority interest in a privately-owned business, one who actively works in and manages that business, relying upon it as a primary source of income (Carland et al., 2000).

There has been much enthusiasm about nurturing entrepreneurship within national economies, and rightly so too, considering the fact that the business-formation activities of entrepreneurs constitute a major driver of national economic development (United Nations, 1993). In particular, indigenously-owned, small- and medium-sized enterprises (SMEs) having between 10 and 199 workers (United Nations Development Programme/Small and Medium Enterprises Development Agency of Nigeria - UNDP/SMEDAN, 2007), have been pinpointed as the bedrock of sustainable economic development (Moy, Luk, Sheehan and Sammapan, 2001). Their importance derives from their contributions in terms of employment creation, poverty reduction, introduction of innovations and so on (Inegbenebor, 2006). In an attempt to promote entrepreneurship, therefore, researchers previously focused on identifying the characteristics of successful entrepreneurs, with a view to nurturing these traits in others through training and by so doing, increasing the stock of entrepreneurs. Within this research perspective,- entrepreneurs were characterised as individuals with high needs for autonomy, independence, and individualism, as well as demonstrable creativity or innovativeness, among other traits (Sexton and Bowman-Upton, 1991; Shaw and Conway, 2000; Stewart, Carland, Carland, Watson, and Sweo, 2003).

More recent research has however begun to emphasise the tremendous contributions of inter-firm cooperative relations to entrepreneurship and by extrapolation, national economic development (Shaw et al., 2000). It is being said that entrepreneurs cannot be totally individualistic; rather, they must of necessity interact cooperatively because no single one of them has all the resources required for starting and/or operating their businesses (Premaratne, 2001; Verhees and Meulenberg, 2004). Indeed, strong inter-firm relations have been implicated in the industrialisation and economic development of the newly industrialising economies (NIEs) of East Asia (Adenikinju, 2005; Onugu, 2005). By contrast, the relatively poor performance of indigenous African businesses has been partly blamed on the inability of their owner-managers to develop necessary inter-firm relations (Bräutigam, 1998). The objectives of this paper, therefore, are: to explore the major forms of inter-firm relations namely, networks, linkages, alliances, and clusters; as well as the prospects and strategies for improving inter-firm relations within the Nigerian context. The paper also considers very tentatively the possibility that the concepts: 'connection' and 'arrangee', which are used in local Nigerian parlance to describe all manner of intermediary activities, actually pertain to networking.

## 2. The Literature on Inter-Firm Relations

In the literature on small business management, four key concepts are employed in describing inter-firm relations and they are networks, linkages, alliances, and clusters. A *network* has been defined as a group of two or more firms which have banded together to carry out some new business that the members of the network could not pursue independently due to constraints of costs and economies of scale (Copp and Ivy, 2001). *Inter-firm alliances* are defined as arrangements wherein two or more independent firms cooperate to perform business activities. Such cooperation may include the exchange of goods or information; it may relate to technology, products or resources (**BarNir** and **Smith, 2002**); or take the form of licensing, joint ventures, agreements and collaborations (Kelley and Rice, 2002). ***Clusters*** **or** *industrial districts* **are local agglomerations of physically** contiguous **enterprises producing and selling a range of complementary products within a particular industrial sector or sub-sector (United Nations Industrial Development Organisation (UNIDO), as cited in Tambunan, 2005: 139)**; and they are themselves a form of networks (Bräutigam, 1998).

As can be seen, there is much over-lap in the definitions of these concepts. In fact, one of the four concepts- networks- is frequently used in describing all other forms of inter-firm relations among small firms, including *industrial districts (clusters), support structures, and the personal contacts* of small-business owner-managers (Shaw et al., 2000; Premaratne, 2001; Biggs and Shah, 2006). Consequently, a closer examination of networks as broadly defined will suffice for our present purpose.

### 2.1 Networks and Networking:

The concept of networks was developed by social anthropologists as a construct for exploring and understanding the social relationships between social actors (Shaw et al., 2000). Some writers even study networks using a quantitative approach. In the context of management, a network has been defined as a group of two or more firms that have banded together to carry out some new business that the members of the network could not pursue independently due to constraints of costs and economies of scale (Copp et al., 2001). It has also been conceived of as the composite of the relationships in which firms are embedded, which serve to link or connect them to the environment in which they exist and conduct their businesses (Shaw et al., 2000). No single business has all the resources required; rather, necessary resources are acquired from external actors, including suppliers, banks, government agencies, relatives, and friends (Premaratne, 2001; Verhees et al., 2004).

**Networks and Networking**: Although the concepts 'networks' and 'networking' tend to be used interchangeably, there are slight nuances in their meanings (Shaw et al., 2000). While networks are as already defined, networking refers to "a supportive system of sharing information and services among individuals and groups having a common interest"; and as "making links from people we know to people they know, in an organized way, for a specific purpose ..." (Fisher and Vilas, 2011: 1).

Networking can also be viewed as the process of developing and using contacts made in business for purposes beyond the reason for the initial contact (Entrepreneur.com, 2011).

## 2.2 Types of Networks

Various typologies of networks have been proposed. One of the most recurring typologies in the literature classifies networks into informal and formal types. *Informal networks* pertain to relations with individuals such as family, friends, colleagues, as well as informal relations with similar enterprises (Copp et al., 2001; Neck, Meyer, Cohen, and Corbett, 2004). While in time past, the social ties of kinship, friendship, and community that are intrinsic to informal networks were perceived as fetters on economic growth, these ties are now recognised as the moral nexus that enable informal networks play the economic roles of reducing transaction costs, offering an informal private mechanism of economic co-ordination and on the overall, facilitating integration into the global economy (Meagher, 2006). These roles are viewed as being of inestimable value in the context of institutional failure in African economies; and even in advanced countries with well-developed institutional infrastructures, relation-based governance via social (informal) networks also exist (Biggs et al., 2006). Research evidence indeed suggests that informal networks may be more important than formal ones (Wiklund, Dahlqvist, and Havnes, 2001). At the very least, friendship and informality are crucial elements of successful formal relationships (Shaw et al., 2000).

*Formal networks* on their part denote links between an entrepreneur and an organisation rather than an individual; and these organisations only offer assistance after a formal request is made by the intending beneficiary entrepreneur. Examples of organisations in the formal-network category include government agencies; professional and support service providers such as lawyers, consultants, and suppliers; formal sources of capital like banks; larger corporations; and formal groupings such as chambers of commerce and small business associations (SBAs) (Copp et al., 2001; Neck et al., 2004). Some writers combine formal and informal networks into a single construct- social network, which is then defined as a set of nodes in the form of persons or organisations, linked by a set of social relationships such as friendship, exchange of funds, and so on (Neck et al., 2004).

## 2.3 Benefits of Networks: Networks as Social Capital

Membership in networks confers numerous benefits on participating firms, no matter their stage in the business life cycle. For new ventures which tend to start small and typically resource-deficient, networks are ready sources of much needed resources. Enterprises that are backed by venture capital or angels are the exceptional small sub-set (about 1% to 3%) of new ventures. Bootstrapped entrepreneurial ventures therefore cultivate the art of networking or coalition-building, rallying to themselves a crop of friends and allies to augment their limited resources (Pendergast, 2004; Verhees et al., 2004). By so doing, they gain access to resources such as goods, services, easier access to markets, technology transfer, start-up capital, human capital, advice, information, support, and financing. With these resources, smaller firms can be assisted to survive and compete with larger firms (Evans, 1999; Copp et al., 2001; **BarNir** et al., **2002;** Pendergast, 2004; Verhees et al., 2004; Tambunan, 2005). Indeed, it is said that net-worked firms grow faster than non-members, irrespective of enterprise size and age, as well as entrepreneurs' education and access to finance (Biggs et al., 2006).

An entrepreneur's social networks therefore constitute a resource - a form of social capital that compensates for the lack of other resources (Shaw et al., 2000; **BarNir et al., 2002**); where social capital itself pertains to the benefits which individuals extract from their membership in social networks (Wiklund et al., 2001). In this vein then, networks and networking are important entrepreneurial tools that extend the strategic competencies of the entrepreneur in identifying and handling opportunities and threats; and in creating or expanding new ventures. The greater the number of contacts available to an entrepreneur, the more robust the individual's social capital and the greater his/her chances of acquiring resources at minimum costs (Shaw et al., 2000; Premaratne, 2001; Wiklund et al., 2001).

**Networks' Implications for Economic Development: Formal networks in particular, such as industry associations, do not benefit just individual firms;** they have been recognised as essential to the development of the respective industries from which they evolve and which they serve, **and the national economy as a whole.**

These types of institutions at the micro (industry) level have been identified as key contributors to effective policy formulation and implementation at the macro (economy-wide) level. Where institutions are not well developed, markets and governments often fail (Textile and Garment Industry in Vietnam (TGIV), 1998).

### 2.4 Efforts entailed in Building Networks

As advantageous as they are, networks do not emerge without considerable effort. Participating entrepreneurs must make investments of time, money and effort in building and maintaining networks; and this is particularly true of formal networks (Premaratne, 2001). In this vein, it has been observed that: "Entrepreneurs have to work hard to develop relationships: they have to persuade, socialize, bargain, reciprocate with others to create a relationship and maintain it ..." (Birley et al., 1991: 58-67 as cited in Shaw et al., 2000: 383).

Further, there has been some debate surrounding the hold that certain forms of networks have on participating firms. In this regard, it has been observed that inter-firm cooperation appears too strongly binding in some contexts, such as contexts wherein small firms are obliged to participate in business within parameters set by larger members of their umbrella associations; (Dana, 1998, cited in Evans, 1999). Some other writers however contend that smaller firms are not captive to their umbrella associations; and that they may even refrain from joining these associations (Evans, 1999). In a related vein, writers have noted that over-reliance on informal networks could easily result in a lack of innovation and inability of family members to make sound long-term managerial decisions, among other un-intended negative effects (Copp et al., 2001). Despite these potential costs of networks, many entrepreneurs find it beneficial to join formal and/or informal organisations where they interact with people who share similar business concerns (Wiklund et al., 2001). In the sections that follow, two forms of formal networks: *business associations* and *clusters* are examined in order to highlight the conditions under which networks contribute (or otherwise) to entrepreneurship and economic development.

### 2.5 Business Associations (BAs) - A Form of Formal Networks

The business association (BA), also known as trade association, industry trade group, or sector association is an example of a formal business network. It is usually founded and funded by businesses that operate in a specific industry (Answers.com, 2011). The development of business associations (BAs) in Nigeria started with the formation of the Lagos Chamber of Commerce (LCC) in 1888. In the 1920s, other chambers were formed in other parts of the country namely Kano, Calabar, Port Harcourt and Ibadan. The resultant five chambers realised the need for a central body to represent them with the state. Consequently, the Association of Chambers of Commerce in Nigeria and Southern Cameroon was founded in 1960, which later metamorphosed into the Nigerian Association of Chambers of Commerce, Industry, Mines and Agriculture (NACCIMA) in 1974 (Hamalai, 1999). Among smaller indigenous businesses comprising mainly crafts-people, the literature describes the existence of trade associations, guilds or unions, rather than chambers of commerce. Indeed, throughout human history, craft-people have tended to organise themselves into trade association (guilds) for purposes of regulating trade practices, maintaining the identity and occupational standards of specific crafts, as well as serving as powerful lobbies to protect collective interests (Denzer, 2003; Crews, 2005).

**Roles of BAs**: Within the socio-economic milieu of developed economies, BAs typically participate in public relations activities such as advertising, influencing government and publishing; but their main focus is on collaboration between member-enterprises, or standardisation (TGIV, 1998; Copp et al., 2001; Answers.com, 2011). For instance, the American Apparel Manufacturers Association (AAMA) is known for establishing voluntary standards for clothes within the industry itself (Horn, 1975), with a view to avoiding legislative actions by consumers. BAs may also organise conferences and educational programmes that broaden the skills of members (TGIV, 1998; Copp et al., 2001; Answers.com, 2011).

However, the degree to which BAs perform these beneficial functions is determined by their own internal organisational capacities. BAs' organisational capacities in turn are determined by their membership, the nature of their administrative structure, availability of funds, and so on. In the Nigerian context, deficiencies in these areas have constrained the economic roles of existing BAs. Looking at the criterion of *membership*, the strength of a BA's membership is determined by its comprehensiveness, differentiation, density, and the social status of leading (key) members. As an illustration, *membership comprehensiveness* refers to the scope or territorial coverage of membership; and this feature is what differentiates BAs into peak or macro associations such as chambers of industries; meso- (sector-based or functional) associations; and micro (sub-sector, mostly firm-level) associations. Peak BAs are usually comprehensive in that membership is open to all the economic sectors in an economy. In this regard, the National Chamber of Commerce, Industry, Mining and Agriculture (NACCIMA), and Manufacturers Association of Nigeria (MAN) are examples of peak BAs, since their membership covers all business sectors in the case of NACCIMA; and the whole of the manufacturing sector in the case of MAN. By contrast, meso- or sector-based BAs admit only firms within particular economic sectors. An example is the Nigerian Textiles Manufacturers Association (NTMA), which admits only textile companies. *Membership density* refers to the proportion of actual members to potential members (Hamalai, 1999). Many Nigerian BAs are plagued with low membership density. For example, Aba Garment Manufacturers Cooperative, a micro-level trade association of largely informal small garment enterprises in Aba town in South-eastern Nigeria, can only boast of 10% to 15% of the town's garment enterprises (Forrest, 1994; Meagher, 2006). Obviously, the better the comprehensiveness and density of a BA's membership, the more influential and effective it would be, all things being equal.

**Administrative Structure**: As touching BAs' *administrative structure*, a competent (professional or technocratic) administrative work-force ensures that the association possesses accurate understanding of the needs of its industry as a whole, and the implications of industrial policies for member-enterprises. Regrettably, many Nigerian BAs cannot afford to pay professional administrative workers (Hamalai, 1999). Further, many indigenous entrepreneurs themselves are poorly educated, including many officials of Nigerian BAs. This deficiency is more pronounced within micro associations, and is often a reason cited by better-educated entrepreneurs for refraining from membership of their trade associations or leading a break-away fraction (Denzer, 2003).

**Availability and Sources of Funding**: A BA should have assured sources of, and sufficient funds. Regrettably, Nigerian BAs depend on membership fees for over 90% of their funds. BAs that depend largely on membership fees for funding tend to favour unwarranted activism so as to continue to appear relevant. Worse still, the weak financial clout of Nigerian BAs limits the number and competencies of the administrative staff they can employ. This problem in turn hampers Nigerian BAs' ability to engage in useful projects, such as market information generation that would enhance the business performance of their members (Hamalai, 1999).

**Lack of Concern for Micro-economic Issues**: While the literature indicates that in developed economies, the main concern of BAs is collaboration among member-enterprises, Nigerian BAs like NACCIMA and MAN have been criticised for overtly portraying themselves as partners with government in macro-economic policy formulation; while neglecting sub-sector and enterprise-level needs of their members, such as the need for ready access to formal loan funds, prompt and cost-efficient port clearance procedures, among others (Hamalai, 1999). In a related vein, a micro-level BA like the Aba Garment Manufacturers Cooperatives has been unable to support its members with performance-enhancing forms of assistance such as loans, technical training, joint procurement or marketing schemes, and quality control, due to organisational weaknesses, as well as the poverty and informality of participating enterprises. Instead, the main roles of this BA has been settling of disputes among members; assisting members with social obligations such as burials; assisting firms with registration and only occasionally administering a rotating loan facility (Meagher, 2006). These inadequacies of Nigerian business associations force individual enterprises to continue to rely on informal personal networks to solve their operational problems; while perceiving participation in BAs as unnecessary and avoidable bother (Hamalai, 1999).

**Ability to Internalise Conflicts**: A BA should have a high capacity to internalise conflicts in order to avoid constant breakup or fissure. A tendency toward constant fissures has been linked to several factors, including the tendency of comprehensive (umbrella) associations to be more responsive to the interests and influence of big business (small- versus large-business conflicts); differences among business groups in regard to how their operations are impacted by different sets of economic policy measures; and so on. Where a BA is unable to successfully contain these types of conflicts, the result is that dissenting factions keep emerging and breaking away. Ultimately, there will be a proliferation of BAs, many of them too small and resource-constrained, and therefore ineffective. Besides internal conflicts in existing BAs, other factors that encourage proliferation of BAs include the tendency of BA organisers, that is, those individuals who play major roles in keeping BAs active and recruiting new members-, to canvass for causes in which they have personal vested interests (Hamaiai, 1999). In fact, there is a prevailing impression among Nigerian business people to the effect that many BA organisers hide under the umbrella of promoting these associations to pursue personal goals (SME Success Digest, 2005).

In the context of informal trade associations such as Nigerian garment producers' associations, one major cause of proliferation has been differences in social-class markers like education. These differences became more pronounced following the adoption of structural adjustment programmes (SAP) in Nigeria from 1986 to the early 1990s. The economic hardships of economic liberalisation, currency devaluations and downsizing of the public sector under SAP, pushed unemployed graduates and retrenched formal-sector workers into starting their own businesses, and consequently joining existing trade associations. These new entrants were however very different from older members in terms of level of education, aspirations, social ties, and so on. Regrettably, these differences introduced more differentiation rather than cohesion into existing trade associations (Denzer, 2003; Meagher, 2006). All these factors constrain the organisational effectiveness of Nigerian BAs, and their contributions to private-enterprise and economic development.

**Impact of Economic Instability on Cooperative Business Relationships:** It would appear that these constraints are not limited to Nigerian BAs. In this vein, it has been observed that contrary to what obtains in other parts of the world like Asia, BAs in the sub-Saharan African (SSA) region as a whole have not been very effective as a form of collective support mechanisms for individual firms. The reason given for this unwelcome situation is the prevailing economic instability in much of the SSA region, which undermines incentives for long-term, cooperative business relationships (Biggs et al., 2006; Meagher, 2006).

## 2.6 Clusters- A Second Form of Networks

Clusters refer to agglomeration of small and medium firms, which produce and sell a range of related or complementary products within the same industrial sub-sector and the same geographical location. In its most advanced form, a cluster may include suppliers of inputs, regular buyers, government institutions, business associations, providers of business services, and agencies that support clustered enterprises in such fields as product development, production process improvement, marketing information, and so on (Tambunan, 2005). Clusters can be spatially limited to local industrial clusters or can be large international business networks (Bräutigam, 1998), such as global commodity chains (Gereffi and Memedovic, 2003). In sum, clustering has the potential to give rise to gigantic webs of horizontal and vertical inter-firm cooperative relationships (Bräutigam, 1998; Thoburn, 2000; Tambunan, 2005).

**Enterprise Clusters in Nigeria:** Some Nigerian towns are recognised for their relatively dense enterprise clusters. Aba town in South-eastern Nigeria is recognised for its garment-making, as well as its shoe clusters; Abeokuta and Osogbo (also spelt as Oshogbo) are recognised for their *adire* (tie-dye fabric) clusters (SME Success Digest, 2005). Other clusters in Nigeria include Kano leather tannery clusters; Otigba Computer Village in Lagos, and the Nnewi auto spare-parts manufacturing clusters (Ugwu, 2005).

**Potential Benefits of Clustering:** Several benefits have been associated with clustering, that is, with being part of a local cluster. To start, smaller firms can band together to seize larger market opportunities by sharing orders. They can share information on production techniques so as to attain international quality and pricing standards. They may also collaborate with regard to market intelligence, logistics and other forms of management acumen. Through clustering, individual firms can benefit from external economies that are made possible by the proximity of large foreign buyers, suppliers of inputs and machinery; presence of workers with sector-specific skills; and presence of workshops that make or service production machinery. It is also easier and cheaper for government as well as international donor agencies to provide supporting services to clusters than to geographically dispersed enterprises (Tambunan, 2005). All these benefits will ultimately facilitate over-all economic development.

Constraints on the Potential Benefits of Clusters: It has however been noted, that clusters can only facilitate SME growth and development of host economies if clustering leads to inter-firm specialisation of work processes and joint actions, and to production linkages to larger enterprises. In this regard, clusters have been classified into four types based on the degree to which these practices- specialisation of work processes and so on- are entrenched. The first type of clusters is the artisanal (survival) clusters, which are clusters of micro enterprises. This type of clusters signals that clustering of firms is still at infancy in a region. The fourth type of clusters is the most complex and most advanced. It is often an agglomeration of clusters, that is, clusters within clusters- the Italian term for which is the 'industrial district'. The clusters within this 'macro-cluster' inter-link in various forms of contractual inter-firm relations; thereby benefitting from each other (Tambunan, 2005).

Regrettably, in much of Africa, enterprise clusters are very far from this advanced and most beneficial stage of development. Firms may physically cluster together within the same location but without exhibiting inter-firm specialisation of work processes and joint actions (Thoburn, 2000). As an illustration, among Aba informal garment and shoe clusters, the form of inter-firm linkages that exist are informal sharing of materials, equipment, orders, information and designs, on the basis of emotional ties of kinship, community, church, and friendship. These relationships more or less entail less-endowed enterprises asking for the assistance of better-endowed fellow practitioners, rather than mutually beneficial business dealings among enterprises. Aba clusters have therefore been described as networks of survival wherein a "downward-levelling frame-work", prevents significant capital accumulation in any firm unable to detach itself from the constant pressures for assistance (Meagher, 2006: 572). To shield themselves from the weakening effects of these pressures, once enterprises become large enough to acquire requisite facilities, they break out of the clusters, move to self-contained premises, and undertake all processes in-house (Meagher, 2006).

*Weak Linkages with Larger, Formal-Sector Garment Firms*: While the degree of inter-firm cooperation within Nigerian enterprise clusters is weak, that between enterprises within clusters and larger external formal-sector enterprises is even weaker. Indeed, very little sub-contracting occurs between smaller and larger Nigerian private enterprises as a whole. The main problem is not skill as often supposed but quality and reliability as a result of inadequate resources and weak infrastructural capital in the larger business environment (Forrest, 1994; Thoburn, 2000; Mambula, 2002; Meagher, 2006). This situation is regrettable, because sub-contracting has been identified as the driving force of some nations' private-sector development- for instance, the Japanese industry (Evans, 1999).

**2.7 'Arrangee' and Connections Are they Networks Too?**

As undeniable as the deficiencies of inter-firm networks in Nigeria are, it seems to us that there might be other forms of networks upon which Nigerian entrepreneurs rely, which are less well-known and perhaps disdained. Forrest (1994) described the emergence of "*arrangee*" businesses in the 1970s (Forrest, 1994: 41). 'Arrangee' plays on the word 'arrange' as entailed in arranging or handling the logistics of an activity; and it describes a wide range of intermediary businesses like contracting, consultancy and commission agents (Forrest, 1994). The emergence of this phenomenon in the 1970s, a period of prolonged oil boom in Nigeria is not surprising. Such periods are associated with large volumes of money circulating as a result of excessive government spending of huge oil revenues (World Trade Organisation, 2005).

In similar vein, Guyer, Denzer and Agbaje (2003), have described the rise to prominence of *connection* in the mid-1980s. According to the authors, the use of connection as a form of resources might have existed all along, but it became more pronounced from the mid-1980s to mid-1990s during the SAP era. The economic hardships entailed in structural adjustment, forced people to turn away from relying on social ties of kinship and friendships, and rely more on individuals who could "get things to work; really work, not simply appear to work" (Guyer et al., 2003: xxxvii). Such individuals were relied upon either because they possessed expertise, or simply because they possessed relevant information or knowledge which permitted them to tap into circuits of wealth, influence, as well as institutional structures (Forrest, 1994; Guyer et al., 2003; Obukhova, 2003). Being linked to such individuals who could 'get things to work' was described as having "connections" in local parlance. Getting things done consequently became a matter of having connections to someone who also has connections to some other persons (Guyer et al., 2003).

**Negative Connotations of Arrangee and Connection**: Regrettably, 'arrangee' and connection have come to be associated with fraud because many individuals have employed their 'knowledge resources' in what are often quite devious activities (Guyer et al., 2003). In addition, there is an all-pervading perception of the Nigerian business class as an unproductive and corrupt class which gains its wealth through privileged 'connections' to the state, rentier relations, and abuse of power and position (Forrest, 1994). Interestingly, it appears that networking as applied in Western societies is not devoid of negative connotations either. While the ability to network is one of the most crucial skills any entrepreneur can have, many people are put off by the idea of networking, having associated it with a phony, insincere personality (Entrepreneur.com, 2011).

### 3. Concluding Remarks

In the light of weaknesses in inter-firm relations in the African context, writers have suggested that governments should actively promote linkages between larger firms and indigenous SMEs; not just by introducing firms to each other, but by facilitating improvements in firm-level competences. The need has also been stressed for education and training programmes directed at nurturing indigenous African firms into desirable business partners and sub-contractors (Biggs et al., 2006). Indonesia, which has since the late 1980s actively promoted linkages between foreign and domestic firms on one hand, and linkages between large and smaller firms on the other (Bräutigam, 1998), offers valuable lessons for Nigeria.

Indeed, international donor agencies have been working with relevant agencies and state governments in promoting enterprise development in Nigeria by supporting enterprise clusters. Six SME manufacturing clusters are being targeted, namely garments; footwear/leather products; woodwork/furniture; pottery/ceramics; electrical/electronics; and metal works. The vision is to promote geographical clusters of non-oil manufacturing SMEs; with the primary objective of up-grading their technical and entrepreneurial skills through the sharing of common facilities; and ultimately equipping them for exports production (Federal Ministry of Commerce and Industry/United Nations Industrial Development Organisation (FMCI/UNIDO), 2008; Ugwu, 2008). Aba is the only location thus far, where a common facility centre (CFC) has been established since 2008, furnished with advanced machinery for the use of the garments and leather-products artisanal clusters which have been identified as the densest in Nigeria (FMCI/UNIDO, 2008).

In our opinion, a two-pronged approach should be employed in promoting the development of Nigerian SMEs, through nurturing of inter-firm relations. On one hand, there is a dire need for promoting the various inter-firm relations as conceptualised in mainstream entrepreneurship literature and as already discussed. Seminars should be organised for Nigerian entrepreneurs and officials of BAs on a continuing basis, to educate them about the various forms of inter-firm relations; potential contributions of inter-firm relations; best practices in regard to the ways BAs facilitate SME development in other parts of the world; alternative sources of funding for BAs so that funds are available to execute projects that would improve the business performance of members; conflict resolution tactics to minimise constant breakups; as well as the need for transparency so that members can fully trust the leaders of their BAs.

On the other hand, there is a possibility that *arrangee* and *connection* are informal networks in the Nigerian context, which have significantly facilitated the survival of Nigerian SMEs, albeit with shortcomings, in the face of deficient formal business support structures. It is possible that the more traditional constructs networks, alliances, linkages, and so on, have simply been 'sanitised', according to the sensibilities and refined tastes of the cultural milieu within which they were conceptualised. We therefore recommend intensive entrepreneurship training for service-oriented ventures in Nigeria, since the activities entailed in 'arrangee' and connections are more or less services. Nigerians who possess knowledge- and information-related skills should be trained in setting up legally-registered, transparent modern businesses that will be built upon these skills. And we dare say that we are already seeing the emergence of these types of businesses in the forms of enterprises that undertake events planning, assist people secure admission into foreign tertiary institutions, and so on. These individuals should be trained about the centrality of professionalism and trust in services delivery. Perhaps by so doing, activities which hitherto were disdained as 'arrangee' and therefore conducted informally - such as ferrying uneducated youngsters from the villages into the cities to serve the middle classes as domestic workers (*house help*), would subsequently become formalised, to the advantage of all transacting parties. Perhaps these endeavors would eventually evolve into the types of very useful intermediary businesses that have facilitated industrialisation in Asia.

Lastly, the legal and regulatory system must be strengthened to make economic actors more responsible in fulfilling contracts, be it to supply tangible goods, or to render knowledge- and information-related services as entailed in connecting people together in all these different forms of networks.

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