COMPETENCE, NETWORKING AND INNOVATION AS KEY FACTORS TO ENHANCE SMES PERFORMANCE: A SYSTEMATIC REVIEW OF LITERATURE

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ABSTRACT

This article reviews literature that discusses the nexus between core competence, networking and innovation to enhance the performance of small and medium enterprises. Despite the fact that these thought are undoubtedly intertwined, at this point in time, there have been some endeavours that systematically review and assimilate literature to scrutinise the associations between the three in relation to firm performance in developing countries. The review is based on books, peer reviewed articles, conference papers and chapters in books between the year 2010 and 2018. Most recent studies in the field of Business Management have focused more on empirical research and given less attention to systematic reviews of literature in respect of linking core competence, networking, innovation and firm performance. As such, by connecting competence, networking as well as innovation in the review, this paper initiates debates on ways to improve SMEs performance, their survival rate and escalate their level of competitiveness in national and global market. The article concludes with recommendations of future research areas as well as recommendations to business owners or managers on ways they can improve firm performance through linking competence, networking and innovation.

Keywords: Core Competence, Networking, Innovation, Small and Medium Enterprises, Firm Performance.

INTRODUCTION

According to Fatoki & Garwe (2010) Turyakira & Mbidde (2015), small and medium enterprises (SMEs) are universally acknowledged as actual instruments for employment formation and economic growth. SMEs empower millions of people to enter the economic and social mainstream of a society, and they also create opportunities for women, immigrants and minority group (Chingwaru, 2014; Groepe, 2015). Katau (2014) expands this view by indicating that SMEs serve as the engine of poverty eradication worldwide. Despite the noticeable contribution which SMEs make to the economies of both developing and developed countries, they still face high failure rates which are of a great concern. The outcomes of linking core competence could enhance firm performance, networking and innovation and could also improve their survival and allow the firms to have good opportunities for competitiveness locally and internationally. This argument is in line with the findings of a study conducted by Turyakira & Mbidde (2015) where they looked at core competence (Kamp, 2013). According to Borch & Solevik (2015), the notion of core competence was put forward by Hamel & Heene (1994); Sanchez, et al. (1996); Sanchez (2004); Freiling (2004); who conjointly formulated the competence based view into a new strategic management perspective. Cruz-Ros, et al. (2010) revealed that the competence-based view is one vein of research explaining competitive advantage. Despite the acknowledgement of the imperative role which competence plays, much still remains to be understood about its role in networking and innovation towards firm performance.

The idea of networking is powered by the fact that firms cannot survive and prosper solely through their individual effort, and that each firm's performance depends upon the activities and performance of others (Human & Naude, 2015). Networking is advantageous for SMEs owners or managers to develop marketing capability and enhance their firm performance (Turyakira & Mbidde, 2015). Networking could be in the form of cluster, business collaborations and strategic alliance and has become popular as a competitive tool among SMEs (Human & Naude, 2015; Turyakira & Mbidde, 2015). Despite the academic interest in networking and its influence on SMEs performance and competitiveness in developed countries; little attention has been given to developing countries like South Africa.

Innovation is another corner stone of firm performance and it has been regarded as a key driver of productivity and economic growth (Gokkaya & Ozbag, 2015; Mention, 2012; Polder et al., 2010). Due to the increasing significance of networking and innovation in general as well as entrepreneurship in particular, lots of empirical studies were conducted to scrutinise the relationship between innovation and firm performance (Rosli & Sidek, 2013; Auken et al., 2013; Gunday et al., 2011; Madrid-Garcia et al., 2008; Lin & Chen, 2007). The concept of innovation in economic development and entrepreneurship was developed by Joseph Schumpeter, a German economist. In his view, innovation comprises of the following elements: creativity, research and development (R&D), new processes, new products or services and advance in technologies (Rosli & Sidek, 2013). The previous studies on organisation innovation have shown positive relationship between innovation and firm performance (Ogkkaya & Ozbag, 2015; Karabulut, 2015, Tavassoli & Karsson, 2015). According to Tavassoli & Karsson (2015) the performance of the firms are heterogeneous even if they could be on same sector.

This article examines the relationship between core competences, networking, innovation and firm performance by reviewing selected books, chapters in book, papers presented at conferences and reviewing articles. It endeavours to link core competence, networking as well as innovation with firm performance. Most of the recent studies in the field of business management have focused more on the empirical research and less attention has been given to the systematic review of literature with respect to linking core competence, networking, innovation and firm performance. For a firm to be competitive and enhance its performance, it must be able to scrutinise the relationship amongst core competence, networking and innovation in order to enhance its performance (Gokkayaya & Ozbag, 2015).

LITERATURE REVIEW

Core Competence, Networking and Innovation

Literature provides a plethora of definitions of the concepts and also attributes different features to each.

Characteristics and determinants of core competence: According to Borch & Solevik (2015) the idea of core competence was theorized by Hamel & Heene (1994); Sanchez et al. (1996); Sanchez (2004); Freiling (2004) who jointly developed the competence based view into a new strategic management perspective. Kamp (2013) acknowledges that the current external environment of majority organisations is dominated by high competitiveness. In order for the SMEs to attain competitive advantage, they must respond speedily to ups and downs in the environment or a change in customer demand (Kamp, 2013; Agha et al., 2012; Gauber, 2011). Borch & Solevik, (2015) in their study found that the firm has to collect important core competence within their private organization and take along this into the process of enhancement when working together with cooperating institutions.

Cruz-Ros et al. (2010) reveal that the competence-based view is one vein of research explaining competitive advantage. This theory advocates that the source of sustainable competitive advantage depends in firm capabilities to develop and perform certain activities. According to Jardon (2011), an amalgamation of internal and external sources is termed core competence. Jardon (2011) in his study of deployment of core competencies to obtain success in SMEs uses the following: human and technological resources management, zone resources management, customer management, product marketing and innovativeness as a measure of core competencies. The researcher's findings reveal that only innovativeness has an impact on performance and he further states that for the organisation can obtain better innovativeness through the combination of human and technological resources. This theory links the innovation to firm performance because it helps SMEs owners or managers to innovate, gain competitive advantage and increase performance through the combination of various resources and knowledge acquired.

According to Mooney (2007) core competence is regarded as assets and skills that are knowledge based, unique, firm specific and problematic to reproduce and he added that they could be formulated by utilising both the tangible and intangible value making assets and resources. Ozbag (2013) points out that core competence is evolved from resource based view and several authors such as Barney, 1986; Dierick & Cool, 1989; Itami & Numagami, 1992) called it an organisational competencies, distinctive competencies or dynamic competencies.

Ozbag (2013) defines core competence in accordance with Hamel & Prahald (1994) wherein, it must contribute significantly to customer benefits from a product, again it should be unique and be difficult for the competitors to imitate. Lastly, is should provide potential access to a wide variety of market. Jardon (2011) reveals that only innovativeness has an impact on performance and he further states that for the organisation can obtain better innovativeness through the combination of human and technological resources. This theory links the networking and innovation to firm performance because it helps SMEs owners or managers to innovate, gain competitive advantage and increase performance through the combination of various resources and knowledge acquired.

Characteristics and determinants of networking: Turyakira & Mbidde (2015) define networking as "*The free association of the business with the aim of sharing information, resources and capabilities through cluster, strategic alliance or business collaboration*". The researchers further explained that the prosperity of networking is generated based on mutual trust, commitment, shared knowledge and valuable associations that empowers business to propagate and survive. Mitrega et al. (2011) confirm that networking comprises of the set of focal company actions through which it shapes its portfolio of business relationship. Rubera & Kirca (2012) define innovation as a firm receptiveness and propensity to implement new ideas that lead to advancement and introduction of new products. According to Therrien et al. (2011), innovation is related to changes in production functions and processes whereby firms strive to attain and build upon their unique technological competence, understood as the set of resources a firm owns and the means in which these are transformed by innovative capabilities. Furthermore, Stoneman (2010) points out that innovation is the prosperous exploitation of new ideas. Baregheh et al. (2009) regard innovation as the multistage process whereby organisation turns ideas into new or improved products, services or processes with the intension to improve, compete and distinguish themselves positively in their market place.

Ricciardi (2014); Kadushin (2012) mention two types of studies in relation to networking, namely: social network studies which concentrate on the socio-technical features of networking as well as e-participation studies, which concentrate on network based and participatory management of common and public resources that may be vital to business. Tendai (2013) finds the relationship between performance and entrepreneurial network in both the start-up stage and the growth stage. Based on the above discussion, networking is crucial to SMEs for information and opportunity seeking, access to resources as well as gaining legitimacy.

Characteristics and determinants of innovation: The early idea of innovation in economic development and entrepreneurship was propagated by Joseph Schumpeter, a German economist who defined it as "*The driving force of development*" (Rosli & Sidek, 2013; Atalay et al., 2013). Five indicators of innovation were suggested in his definition (Atalay et al., 2013): Establishment of new products or qualitative enhancements in prevailing product; utilisation of a new industrial process; new market preambles; development of new raw-material sources or other new inputs; and new forms of industrial organizations. Oslo Manual (OECD, 2005), defines an innovation as "*The implementation of a new or significantly improved product (good or service), or process, a new marketing method, or a new organizational method in business practices, workplace organization or external relations*". The Manual consequently recognises the existence of four categories of innovation: product (either good or service), process, marketing and organizational innovations. Telegeta (2014) indicates that the term innovation is derived from the Latin word "*Innovare*" which means "*To make something new*". According to Polder et al., (2010) innovation is considered to be a key driver of productivity growth. Despite the plurality of definitions for innovation in the literature, there is no global consensus on the exact definition of the term (Ataley et al., 2013); Mention (2012) indicates that innovation could be in the form of outcome where it focuses on types of innovation such as product, process, marketing and organisational and it can also focus on the degree of newness such as radical and incremental.

Definition of Small and Medium Enterprises (SMEs)

Despite the fact that SME is acknowledged internationally, defining small and medium enterprise is still a challenging work because every country has its own way of defining it (Abor & Quartey, 2010). There is no uniformly accepted definition of SME (Mahembe, 2011). The National Business Act of 1996 as modified in 2003, defines the SMEs as "*A separate and distinct entity including cooperative enterprises and non-governmental organisations managed by one owner or more, including its branches or subsidiaries if any is predominantly carried out in any sector or sub-sector of the economy mentioned in the schedule of size standards and can be classified as a SME by satisfying the criteria mentioned in the schedule of size standards*" Government Gazette of the Republic of South Africa, 2003). The definition uses the number of employees (the most common mode of definition) per enterprise size category combined with the annual turnover categories, the gross assets excluding fixed property (Mahembe, 2011; Abor & Quartey, 2010).

Linking the Concept of Core Competence, Networking and Innovation

Kalm (2012) points out that for a firm to be innovative, it need to combine the complex and radical innovative process, a various set of network relationship and partners could be fruitful because such firm could then incorporate different knowledge bases, behaviours together with habits of thought. The formal and informal information that flow amongst business partners can produce unexpected unique combinations of knowledge (Kalm, 2012). There are two clarifications for the establishment of business network, firstly, the clarification that focuses on a resource and for that reason, the firm could establish network associations with the intention to obtain access to technical or commercial resources. Finally, the clarification can also focus on a theory in which opportunities could be formulated and tend out to be the best relationship (Kalm, 2012; Mitrega et al., 2011).

Farinda et al. (2009) assert that business that rooted their resources in business networks expands its competitive advantages through the flow of information. The important information such as: market situations, strategic locations, social "*Ties*", competitive position could also be available due to usefulness information pertaining business opportunities and again firm could be vigilant about the vacant choices that could arise to embark and enable firm to produce better and quality product (Sirec & Bradac, 2009; Farinda et al., 2009). The networking also [lay a crucial role in business decision making concerning the capitals.

Ricciardi (2014) remarks that business networking encourages coherent division of labour, specialisation, risk sharing, cultural exchange and cross-fertilisation. All these elements are expected to positively stimulate the firm's innovation abilities. Business networking permits access to valuable resources such as information, competence, skills, patents and experiences that are outside the periphery of the single organisation boundaries and as a result, an innovation path could be taken, that might have been difficult to go through for an individual organisation alone (Ricciardi, 2014; Kalm, 2012; Mitrega et al., 2009).

According to Kamp (2013) core competence provides the firms with the ability to single out themselves from rivals and could be used to act in response of changes in the external environment of the firm. Gokkaya & Ozbag (2015) find that core competence have a positive and significant effect on innovation. Furthermore, there are three dimensions of core competence which are identified by Gokkaya & Ozbag (2015) which are uniqueness, extendibility and customer value. These three dimensions are significantly related to innovation.

In summury, the vast majority of the literature provides several explanations why networking could stimulate firm performance. Firstly, networking increases collaboration between SMEs with the intention that they could compete effectively in the global market. Secondly, it encourages SMEs to engage in mutual participation to solve business problems they are facing. Thirdly, networking helps the SMEs to build trust amongst each other and also encourages the trusted SMEs to network with other organisations outside their network. Trust lay out the foundation for common ground where SMEs could successfully attain their expectations. Finally, networking enables businesses to concentrate on core competence and achieve a competitive advantage and good performance.

Linking of Core Competence, Networking and Innovation with Firm Performance

Gerba & Viswanadham (2016) remark that there is no best measure that is suitable to measure performance of SMEs. Again, there is no empirical evidence that recommended that financial measure is favoured over non-financial measures or vice versa. The previous researches conducted by Jiménez-Jiménez & Sanz-Valle (2011) as well as Hashi & Stojcic (2013) studied the relationship between innovation and firm performance and they have come to a common understanding that innovation impacts performance positively. Gokkaya & Ozbag (2015) in their findings reveal that innovation has significant effects on firm performance. They went further to explain that the company's effort in developing new products and processes improve the performance of the organisation including qualitative and quantitative performance.

Karabulut (2015) in his or her study, "*The effects of innovation types on firm performance of manufacturing firms in Turkey*" reveals that the product, process and organisational innovations have positive impacts on financial performance, customer performance, internal business processes performance and learning and growth performance. On the other hand, Karabulut (2105) finds that marketing innovation has positive impacts on financial performance, customer performance and internal and growth performance only. Gunday et al. (2011) find that all individual innovation types (product, process, marketing and organisational innovation) are more or less positively and significantly associated with some facets of firm performance. Gunday et al. (2011) also perceived that organizational innovations play a major role for innovative abilities as it has the supreme regression coefficient with innovative performance. This finding is also well-matched with the findings by Lin & Chen (2007).

In conclusion, the literature provides several explanations why innovation could stimulate firm performance. Innovation leads to improved and quality products and services, it reduces the costs of inputs by establishing cheaper raw materials and processes, it allows product differentiation and it also gives the consumers an array products and services to choose from, innovation increases the flexibility in production and service delivery that is paramount to the long term survival of the business. Innovation created through the combination of various skills, expertise and resources are highly rare for the competitors to imitate (Gokkaya & Ozbag, 2015). The vast majority of previous researches concur that innovation is crucial for achieving competitive advantage as well as firm performance (Rosli & Sidek, 2013); Karabulut, 2015; Lin & Chen, 2007).

Barriers to SME Performance

The barriers are major concerns for firms, especially SMEs, because of the negative effect they have of the firm performance (Al-Hyari et al., 2012; Al-Hyari, 2013). There are numerous barriers that could prohibit SMEs to prosper such as inadequate marketing knowledge, poor product performance as well as inadequate awareness of competition pressure (Hyari, 2013). In this paper, the main focus on SMEs barriers are based on lack of required competencies to operate a business, lack of networking as well as shortage of innovation skills amongst SMEs. This will limit SMEs to achieve good performance. A proper training to SMEs owners to enhance the acquirement of required business skills is recommended and the encouragement of networking among business owners together with the enhancement of innovation activities could promote SMEs performance.

Core Competence Barriers

The United Nations Development Programme (UNDP), (2016) and OECD (2014) have suggested the following as core competence barriers:

Business expertise: Knowledge of your career is one thing, but knowledge on its own is not enough. Knowledge must be combined with the aptitude to make good verdict calls as well as instant decisions. Your judgement of a status quo necessitates you to take a bird's eye view to influence a choice that could end up laying a constructive result.

Continued advancement through professional development: You should also make specific changes in processes or work methods to improve performance and measure these improvements once implemented. Seek out forums and increase your knowledge through regular contributions to discussions. Learn how to share your views and opinions with other professionals through the practice of engagement. Subject to timing and budget, attend as many live conferences and events as possible. Live events enable you to learn face-to-face, and provide a platform to ask questions and express your own views and opinions.

Corporate citizenship: You should be aware of environmental and social impacts in terms of decision-making, which goes beyond normal compliance and understand how your company's operations impact the environment and community. By being part of your company's Corporate Social Responsibility efforts, you may see opportunities to enhance the standing of your company within the community while also encouraging participation from your team, making creative solutions a team effort. Creating value for society and the environment is an important asset in the role of good corporate citizenship and is, therefore, a core competency.

Drive performance at all levels: Apart from ensuring your professional development is kept up-to-date, you will need to drive the team performance and motivate them to deliver a first-class performance. You will, therefore, need to be the "driver" of the tasks you have set, which can be achieved by focusing on your own mechanism for drive at a fundamental level. If something is wrong with one team member it can impact the entire team's performance. Juggling staff demands is difficult, but having the "drive" to ensure performance is not compromised is a core competency.

Goal-oriented: Having goals is essential to deliver results in a business cycle. The ability to set your own goals and those of your team is important for continued positive change. The goal setting exercises undertaken by managers can sometimes be unrealistic, so the core competency of goal setting needs to be realistic and within the scope of you and your team. Set challenging goals that are difficult, but not unrealistic.

Integrity: Integrity is at the very core of all business dealings. Acting in a way that is consistent with what you say and believe is essential. Being honest and trustworthy in all your business dealings, whether internal or external, is vital. Your integrity among your team members matters and, therefore, clear directions should be issued to avoid confusion or miscommunication, which can lead to disruption within the team. Miscommunication can also cause a lack of trust and being seen as unreliable. You will need to examine conflicts of interest to mitigate any Compliance & Ethics issues. Speak up and ask questions of others even though it may strain a relationship.

Leadership skills: These can be summarized as the ability to create, motivate, inspire, manage and coach individuals to achieve successful shared-customer outcomes. You should act as an enthusiastic role model and inspire others to reach their goals, while demonstrating decisiveness in your day-to-day actions. A good leader confidently challenges the way things are done and offers constructive suggestions on how to achieve successful outcomes. It is important to be aware of how to adjust your own leadership style to suit different needs and circumstances, and to remain open, approachable and willing to provide support, advice and guidance to other.

People demonstrating this competency can focus, align and build effective groups. This competency includes leadership roles in cross-functional, cross-organizational or project terms as well as conventional line or staff management positions. Leadership is not limited to formal teams-any working group is an opportunity to exercise leadership.

Mentoring and training aptitude: The ability to "*Grow*" your team is important. The strengths and weaknesses of each team member will need to be assessed and addressed. You will need to mentor team members to help drive performance. Training is essential, and an aptitude for training and mentoring is, therefore, a core competency.

Plan and adapt: This core competency is essential in mapping your and your team's success. You should plan to deliver results on time and within budget avoiding over-promising or under-delivering. Plan specific activities and use available resources to ensure timely completion of tasks. You should look to prioritize tasks based on their importance and time requirements and monitor the progress of work activities. If necessary, you should modify plans to address changing priorities and needs. Making contingency plans and adapting when necessary is a core competency.

Problem-solving: The ability and desire to understand a situation in its entirety (i.e. the "*Bird's eye*" view) is required.

In some instances, the ability to react swiftly could save your company money, so problem solving capabilities are a necessity. Keeping a cool head and thinking through the problem is essential if you want to succeed.

Problem-solving includes the analysis of data and information to achieve a new way of looking at a situation, which may result in innovative thinking, solutions and plans for action.

Result-oriented: Keeping an eye on performance to enable positive results is critical in today's business environment. Benchmarking tools are available for key performance indicators (KPI's). These are measured outcomes by which you can judge your and your team's performance over time.

Innovation: Individuals displaying this skill envision, outside instantaneous obligations, to the upcoming situation. It needs logical and theoretical capabilities as well as talent to put into words a practical plan with optimistic effect. This skill is not only concentrated on having visionary philosophies or theoretical intelligence, however also implicates turning philosophies into action.

Communication: Individuals showing this skill are active in working with peers, associates, as well as others who are not in the line of command, to certainly influences business performance. They think about attending both internal and external clienteles, creating viable relationships. It is also about honestly having an eager to share or partner with others.

Working across borders (different continents/different cultures): Being culturally aware is a core competency for success in a global business environment, particularly when disputes arise. Make sure you have a good compliance policy in place and that your team is fully conversant with the document.

In conclusion, the lack of all these competencies mentioned above will make SMEs to fail or to have poor performance as compared to their counterparts who have those skills.

Networking Barriers

Turyakira & Mbidde (2015) indicated the following barrier to networking in their study of networking for SMEs in Uganda: Free riding, opportunism and uncertainty of outcomes. As business owner it is imperative to network, or cultivate interactions with other specialists that you can give-and-take info with. Networking can assistance you to acquire information in your diligence, meet credible employers, and build long-lasting trusts with other businesses.

Barricades to networking can avert you from forming an imperative business liaison. The following are considered to be barricades of networking, namely: nonexistence of self-assurance, obduracy, and panic of questioning, persistent nepotisms, and over-sharing (Tonge, 2008).

Nonexistence of self-assurance: Optimism, self-worth, and private skills are all actually imperative to networking. If you don't feel like you are able to connect or don't trust that you are knowledgeable enough to talk to other professionals, then you will struggle to network.

Panic of questioning: When you ask questions you learn more about the person you are engaging with and the questions can provide you with valuable information about your industry.

Returning favors: You may have straining networking due to the fact that you are anxious you cannot give back special treatment that you request the individuals in the organisation. 'You don't have to help them today. Someday, when you have more experience, you will be able to return the favor by doing the same for another young professional as these people are doing for you'.

I Can Do It Myself! Or selfishness: Desperate to be a skilled networker. After all, sometimes the best way to do something for you is to ask others for help.

Obstinacy: Some people never want anyone to help him

Innovation Barriers

According to Holzl & Janger (2011:3), innovation activities are an imperative component of SMEs strategies, its performance and its survival. Holzl & Janger (2013) point out that even in the most progressive countries, lots of SMEs are not engaged in innovation. The barriers to innovation could be classified as internal, external or environmental barriers (Nassar & Fayole, 2015). Furthermore, the researchers remark that barriers may become stimulus instead of being inhibitors. Necadova & Scholleova (2011) studied the following barriers to innovation in Czech Republican SMEs: the high cost, the lack of specialists, the payback period of investment extremely long, the equipment technology, standards and legislation, lack of capital, the lack of consumer response, resistance to change, the fear of risk, and ignorance of the market and the infrastructure of the business. According to Kamalian et al. (2011) in their study conducted in the Iranian SMEs observed the following barriers to innovation: the excessive economic risk, the insufficiency of economic resources, the unavailability of funds, the high cost associated with innovation; lack of response by customers, and lack of qualified personnel. Nassar & Fayole (2015) acknowledged the following as barriers to innovation: inadequate financial means and venture capital companies to sponsor new innovations, inadequate government assistance, poor infrastructural facilities, small size of company and market, lack of motivation for new innovation, inadequate research and development facilities within the firm, and lack of opportunities for cooperation with other firms and research institutions.

This attests that every firm has its own specific innovation challenges which they are facing in their business endeavour and some of them they might fail to deal with them and affect their business performance. Through building mutual relationship, networking together with sharing of knowledge could play a pivotal role in dealing with this challenges and it could also provide good opportunity for these businesses to grow and live longer in the market. As such, linking of Competence, networking and innovation could serve as key factors to enhance SMEs performance.

CONCLUSION

SMEs play a crucial role and are considered to be the principal driving forces in the socio-economic development of both developed and developing countries. Due to financial and managerial capabilities constraints, the majority of SMEs still encounter difficulties to prosper and survive. This article provided literature that discusses the nexus between core competence, networking, and innovation to enhance small and medium enterprises performance. The researcher considered core competence and networking to be important determinants of innovation and firm performance. The concept of core competence, networking, innovation and firm performance were intertwined, and to the best of researcher's knowledge, there is no research undertaken that link them. This study is conceptual in nature and the data was collected from books, peer reviewed articles, papers presented in conferences and chapters in book. The literature consulted provides a thorough basis for argumentation offered in this article. The linking of core competence, networking as well as innovation could be a good start to enhance SMEs performance, their survival rate and increase their level of competitiveness in the market, locally and internationally. This article is anticipated to aid the business owners or manager about how they can enhance the firm performance through the linking of core competence, networking and innovation.

RECOMMENDATION AND PROPOSED FUTURE RESEARCH

For the SMEs to remain competitive and live long in the business world, they need to create a sincere interest to their respective partners by encouraging the networking aspect as a vehicle to communicate business ideas with other people from one's area or worldwide in order for them to establishing long term mutual relationships and it will also serve as way to iron out grey areas they have encountered in order to boost their business performance.

Government must assist SMEs by providing an enabling environment and design policy and procedures that stimulate and accelerate inter-business collaboration among them. This collaboration encourages the trust-based relationships among different stakeholders of the firm such as SMEs themselves, government, customers as well as suppliers.

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