

**Social-Capital and The Performance of Small Businesses in Ubungo Municipality,  
Tanzania**

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**Abstract**

Small businesses are usually informal, so they are not adequately established as firms, making it difficult to acquire finance. This is a big issue since small companies are unable to develop and grow without adequate working capital. This study aimed to assess the impact of social capital on small business performance in Ubungo Municipality. The study investigated the effects of cognitive and social capital on small business performance, determined the impact of relational social-capital on the performance of small businesses and examined the influences of structural social-capital on the performance of small businesses. The study employed a cross-sectional research design. Purposive and simple random sampling were used to select 384 respondents. Primary and secondary data were collected by using structured interviews and a survey. The major findings were that cognitive, relational and structural social capital effectively explains the variation in small business performance, as indicated by a log-likelihood value of 171.247, 29.816 and 46.367, respectively. These demonstrate a strong fit, and a pseudo-R-squared of 0.812, 0.965 and 0.935 respectively, suggesting that a significant portion of the variation in small business performance is accounted for by the model. Moreover, the coefficients represent the estimated effects of the common vision, mutual relationship, common perception and business values have the coefficient of ( $p = [.000]$ ), ( $p = [.000]$ ), ( $p = [.000]$ ) and ( $p = [.001]$ ) respectively at  $p < 0.005$  significant level while social norms, moral principles, stakeholder attachments, and business connections are ( $p = [.000]$ ), ( $p = [.782]$ ), ( $p = [.001]$ ), and ( $p = [.053]$ ), respectively, at a significance level of  $p < 0.005$ . and at a significance threshold of  $p < 0.005$ , the coefficients for good information flow, sharing methods, and reliable partnerships are ( $p = [.000]$ ), ( $p = [.399]$ ), and ( $p = [.000]$ ), respectively. Therefore, the study recommends fostering cognitive socio-capital attributes, including shared vision, relationships, values, and ethical practices, and strengthening relational social capital to enhance small business performance.

**Key words:** Social-capital, Performance, Small businesses