THE INFLUENCE OF NETWORKING ON THE PROFITABILITY OF COMMUNICATION FIRMS

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Abstract

This study examined networking's impact on Nigerian communication enterprises, focusing on Globacom Nigeria Limited. Cross-border business has created challenges and opportunities for rising and emerging economies. Globacom Nigeria Limited has always looked beyond national borders for opportunities. Due to product demand, the company seeks new changes and faces overseas competition. In undeveloped countries, there are few quantitative studies on the relationship between networking and profitability. The study is survey-based. This training involved 24,400 employees (Globacom, 2017, as cited in Odiwo, 2018). Using Freund and Williams' (1977, as cited in Godden, 2004) sample size determination (Cochran's formula), 243 questionnaires and oral interviews were employed to collect data. A test-and-retest sampling strategy was employed to determine the association between variables. Networking increased the profitability of Nigerian communication enterprises ($R = 0.99$, $P = 0.000$). The learning proposes organizations employ networking to promote profitability and improve organizational effectiveness (Kapian & Nasayan, 2002; Etuk & Emenyi, 2022). Nigeria's government should give innovative methods of doing things to improve commercial opportunities.

Keywords: Exchange, Networking, Profitability, Internationalization, Organizational Performance, Globalcom Nigeria Limited

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1. INTRODUCTION

For businesses in emerging nations, the increasing activity in crossing international borders has created both opportunities and obstacles. Furthermore, the decision now broadens Globacom Nigeria Limited's (commonly known as Globacom Ltd or GLO), scope as a communication commercial organization to include nations throughout the world. On the other hand, due to innovation and external competition, the corporation is continuously looking for adjustments. Companies have sought to create competitive advantages by networking to enable them to compete in the global market. This is necessary due to the intense and fierce rivalry present. The impact of networking also takes into account the relationship between market access and development, providing financial support to enable international markets and enabling a link of network integration and network spread in untapped markets. The global strategic management theory implies that managers do not view the companies in isolation and that it is only through an understanding of the environmental process and the actual relationships between the enterprises under study that problems in the born global firm can be solved. On the global market, this will eventually rise. It dealt with the internationalization theory. Ideas were found to have a favourable impact on the growth performance of newly globalized enterprises. Also handled were empirical reviews that were connected to the goals.

The relationship between networking and profitability has been investigated using a variety of probing techniques; however, there are few empirical studies on this subject in developing nations (Odiwo, 2018). This discrepancy begs the question:

RQ: How does networking influence the financial success of communications companies in developing nations like Nigeria?

This investigation was necessary to plug this gap. The study was also aimed at filling the challenges of determining the impact of networking on the profitability of communication enterprises in Nigeria. Through network relationships for market entry and market expansion, outside financial backing has enabled businesses to function in foreign countries. Distribution channels, networks, and the Internet will aid the business environment in these markets (Nyaga & Aluoch, 2022).

The main objective of this research is to investigate how networking affects a Nigerian communications firm's profitability is the major goal of this study. The following null hypothesis and alternative hypothesis have been formulated:

$H1_0$: Networking does not have any significant positive effect on the profitability of the Nigerian communications company, Globacom Nigeria Limited.

H1: Networking significantly enhances the profitability of the Nigerian communications company, Globacom Nigeria Limited.

The structure of this paper is as follows. Section 2 reviews the relevant literature. Section 3 analyses the methodology that has been used to conduct empirical research on the influence of networking on the profitability of communication firms. Section 4 gives the analysis of the study while Section 5 discusses the finding of the work and concludes the research work with recommendations.

2. LITERATURE REVIEW

Voudouris et al. (2011) proposed networking and contend that a combination of internal and external factors should be taken into account to better understand the rate at which a company allocates resources to other businesses to achieve its goals and objectives. Despite their similarity in appearance, the terms *profit* and *profitability* are distinct. Profit is the difference between revenues earned from product sales and the costs associated with customer relationships during a specific period. According to Dauda et al. (2013), *profit* is the amount of revenue left over after all costs associated with operating a business has been covered. *Profitability* is further described as a measure for gauging efficiency that is related to either success or failure. The method through which a company generates a return on investment based on its resources in comparison to an alternative investment is sometimes referred to as *profitability* in light of the aforementioned definitions. Both serve as stand-ins for the measurement of a company's profit restriction relative to the size of the enterprise. Profit, on the other hand, serves as a gauge for assessing the degree of consumer and business relationships. Customers who would not be profitable or advantageous to the businesses are then severed to prevent losses. In determining the future value to be achieved by providing a customer, businesses frequently take a proactive approach (Kapian & Narayan, 2002; Etuk & Emenyi, 2022).

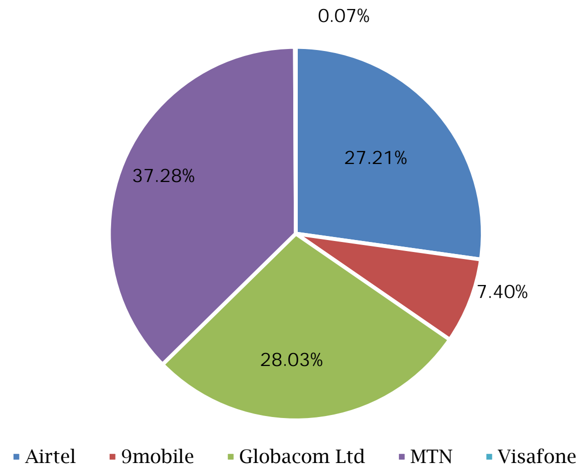
The first cellular network was created in 1947 and was initially designed to transmit communications to military personnel (Snyder & Gallagher, 2001; Bakare et al., 2017; Isolani et al., 2023). The United States and Europe made multiple attempts to establish mobile communication networks over the following thirty years. Europeans swiftly formed a study group named Group Special Mobile (GSM) after realizing that the distinctive development of each country was not going to be useful. The European Telecommunication Standards Institute (ETSI) received the findings from the GSM group in 1989. In the end, the term "GSM" was used to refer to the newly created service category. GSM, however, is now used to refer to the Global System for Mobile Communications rather than Group Special Mobile (Bakare et al., 2017; Snyder & Gallagher, 2001; Ekwonwune et al., 2022).

When military dictator General Ibrahim Babangida formed the Nigerian Communications Commission (NCC) in 1992 to oversee all communication procedures in Nigeria, the country's telecommunications industry officially got underway. Licenses were then granted to specific telephone and internet service companies. These had an impact on fixed telephone lines, resulting in around 90,000 consumers by 1999. However, after democracy was restored in 1999, the telecommunications industry was completely liberalized, allowing government-owned Nigerian Telecommunications Limited (NITEL) as well as the two GSM businesses MTN and Econet (now Airtel) to

start up shop. On August 6, 2001, Econet became the first to operate, and MTN followed on August 8. Both GSM could boast a customer base of one million users in just a year (Bakare et al., 2017; Snyder & Gallagher, 2001).

On August 12, 2002, Globacom Ltd was awarded a license; however, the company did not start up fully until August 29, 2003, when it introduced a revolutionary per-second billing system with a cost of 50 kobo per second for pay-as-you-go users. Over 184 million GSM users or subscribers were active in Nigeria as of December 2019, with Globacom Ltd having the second-highest subscriber base with 58 million users, or 28% of all GSM users in Nigeria (NCC, 2020; Globacom, 2017, as cited in Odiwo, 2018).

Figure 1. Market share of GSM subscribers in Nigeria as of December 2019



	Airtel	*9mobile*	*Globacom Ltd*	*MTN*	*Visafone*
No of subscribers	50186988.00	13641995.00	51700052.00	68762634.00	134518.00
Percentage (%)	27.21%	7.40%	28.03%	37.28%	0.07%

Source: Akinpelu (2020).

Table 1. Total number of GSM subscribers in Nigeria as of December 2019

Company name	*December 2019*	*November 2019*	*October 2019*	*September 2019*	*August 2019*	*July 2019*
Airtel	50,186,988.00	49,650,155.00	49,081,899.00	48,909,678.00	47,921,891.00	46,836,410.00
9mobile	13.641,995,00	14,164,411.00	14,792,206.00	15,334,096.00	15,602,255.00	15,739,960.00
Globacom Ltd	51,700,052.00	51,137,642.00	50,255,796.00	49,211,474.00	47,265,628.00	46,713,060.00
MTN	68,762,634.00	67,348,858.00	65,870,174.00	65,328,104.00	65,707,899.00	65,260,750.00
Visafone	134,518.00	134,274.00	118,270.00	118,842.00	119,386.00	118,440.00
Total	184,426,187.00	182,435,340.00	180,118,345.00	178,902,194.00	176,617,059.00	174,668,620.00

Source: Akinpelu (2020).

Globacom Ltd provides telecommunications services in Nigeria. Entrepreneur *Mike Adenuga Group*, along with *Equatorial Trust Bank* (ETB), now is *Sterling Bank*, and *Conoil PLC* (a petroleum marketing company; is an exploration and production firm for crude), are the sole owners of the business (Globacom, 2017, as cited in Odiwo, 2018). A global Nigerian telecommunications corporation with its headquarters in Lagos; it is not only a privately held individual telecoms firm in Nigeria. The GLO went into operation on August 29, 2003. It presently conducts business in Côte d'Ivoire, Ghana, Nigeria, and the Republic of Benin, all of which are in West Africa. More than 33,000 people have been employed by the business. In August 2003, GLO Communication Company was founded in Nigeria. It supported cheaper rates, accepted second-by-second billing, and included additional helpful features. The company's user base has grown to nearly 25 million in just seven years of existence. GLO already had one million members in more than 87 locations in Nigeria in just the first year of operation, and its earnings exceeded 120 billion Naira. In May 2008, GLO purchased an operating license through its GLO mobile subsidiary in Ghana, and on April 30, 2012, the company formally began operations in Ghana. In June 2008, GLO expanded to the Republic of Benin, where it experienced an unexpected increase with the sale of 600,000 SIM cards in the first ten days of operation (Globacom, 2017, as cited in Odiwo, 2018).

The paper is supported by the *network theory* and *transaction cost theory* (internationalization theory). Coase (1988) and Williamson (1979, 1981, 1985, 1996, 1998, 2002, 2009) are two eminent scholars who are linked to the *transactions cost theory*. This theory has been applied in a variety of management contexts and is particularly useful for describing organizational situations, making judgments about vertical integration, and, most crucially, anticipating the entry strategy for both manufacturing and service industries. Oliver Williamson won the 2009 Nobel Prize in Economics, which recognizes the value of *transaction costs economics theory*, which examines systems of procedure and is one of the more modern institutional economic paradigms that is particularly helpful in analyzing the separation of the business (Swejnar, 2002). To shed light on businesses and

internationalize the structure or arrangements required to boost the likelihood of success, organizations that outsource services have extended their use of the transactions cost theory to the point where it is now the ideal (Williamson, 1979; Ghoshal & Moran, 1996; Williamson, 1996; Jones, 1998, as cited in Martins et al., 2010; Madhok, 2002). The *transactions cost theory*, also known as *transactions cost economics*, is a branch of the new institutional economics research tradition and supports the factors that influence how transactions are coordinated through markets or steps (Joskow, 1988).

Since the governance structure would ensure the extent of the firm's ability to react to the supply and demand conditions, such separation of the enterprises should be a quality of the arrangement, which must be courteous and straightforward (Itaki, 1991; Williamson, 2002; 2009). The hierarchy and market on other hybrid forms and long-term contracts are the two extremes of transaction governance that are the focus of transaction cost economics. This expense represents the cost of managing the business, including contract monitoring and enforcement. It sheds information on the seller-buyer union's inter-organizational governance. It aims to address the justification for structuring economic transactions in contemporary society (Williamson, 1979).

Neoclassical theory, which served as an appropriate profane explanation and response to the economic affirmation, was the foundation of transaction cost theory, which was founded on the substantial losses of the old ways of doing things. The neoclassical, which describes the firm level of inputs and output needed, is sometimes criticized as being overly analytical, unsophisticated, and unrealistic; this was based on the ideal competition pattern. The organization also used the term 'firm' to refer to the 'black box', which includes both labour and capital, as well as the outcome products (Alchian & Woodward, 1988). The main component of the agreement, however, is the rate of economic conversion and the risk associated with converting resources between the buyer and the seller. To undertake the task of cost-effective governance modes, the extant composition is crucial (Williamson, 2002). The decision-maker was expected to be constrained by certain principles and occasionally demonstrate the benefits of a particular behaviour; therefore, its reasoning is based on human behaviour and natural characteristics (Williamson, 2009). These theories centre on the reasons why corporations might pay higher prices for market-based transactions and why they might be substantially more organized than markets at doing so. The company will select its organizational structure from the different organizational type possibilities that lower the expenses of agreement, communication, and production.

The neoclassical system of thought on human behaviour found that people are self-seeking; they work toward achieving their aims in their processes (simple self-interest). In the event of any gap, one may proceed a step further and presume that people may adopt a straightforward, challenging, and dishonest attitude about contracting in the present and the future. The costs of gathering information, creating and negotiating a contract, and safeguarding the contract are goods that cannot be reimbursed. Payment for commodities includes expenses for assessing input, quantifying output, and overseeing and enforcing such information (Williamson, 1985).

Williamson (1985) goes on to say that it was not exposure since anyone may rule or be subjected to rule because people's attitudes are geared toward opportunity rather than based on the costs of exchange (e.g., contracts that are verbal but can be enforced excellently or costless). This kind of thought was focused on drawing inspiration from people's lifestyles (Williamson, 1985). It is crucial to the notion of agreement costs because, in the absence of prospective expediency behaviours, contracts would be free and there would be no justification for continuing to utilize the same types of economic organization outside of the market.

Additionally, in definite morality, the neoclassical proposition suggests that people act as utilitarian extremists with computation rationality and have total information. Contrary to popular belief, the transaction cost theory sees people as restricted by their goals rather than as rational beings who are just deprived of the opportunity to do so (Simon, 1961, as cited in Williamson, 1985). Restricted morality is a reflection of people's limited capacity for information processing and their difficulties in putting mental values on the likelihood of future events. It is important to make sure that people who have ideals that are restricted do not imply that they are trying to be uncaring. Additionally, they attempt to carry out conscious decisions but only to the extent of the unsound feelings they have generated and under unfavourable informational circumstances. According to Williamson (1985), asset explicitness relates to capital expenditures made to support extraordinary transactions. The above investment has a considerably lower cost and offers users the best choice; alternatively, users should be included in the original transaction and not removed too soon. Contrary to the neoclassical system, which described exchanges as sophisticated environments, the transaction cost theory requires unique characteristics, which prevent contracts from being drafted at a lower cost due to unforeseen peculiarities. According to Williamson (1985), transactions based on long-lasting investments in transaction-specific assets are those in which the same trading will frequently be replaced by combined ownership. Therefore, for transactions involving these nonstandard assets, contractual and organizational safeguards become important. The theory supports asset condition and the role it plays in determining how to better organize exchanges. The major piece of advice is that the market may be the best approach (or the greatest choice for reducing expenses) to organize an exchange of assets when they are not clearly defined. This asset's unique characteristics shed insight into the extent to which it is possible to redeploy it to alternative uses without first developing a targetable model of its productive value. The various categories of physical asset specificity, according to Williamson (1979), include site-specificity, human asset specificity, devoted

assets, brand name capital, and temporal specificity (Williamson, 1979). This is frequently referred to as a locomotive or a thought stimulator for transaction cost theory. Williamson (1985) asserts that it is difficult to overstate the relevance of being peculiar to certain individual or group to transaction cost economics.

The belief regarding indecision is simple, and it differs from the perfect market, which has a close ideal regarding the perspective of the preceding view. Williamson (1985) contends that if there were no good decisions and taking advantage of hesitation, there would be much less of a problem since general norms would dominate. The opinion concerning past, present, and future is unknown for some obvious reasons. Unreliability results from, for instance, not knowing about future states or/and the difficulty in rapidly assessing who is more likely to take advantage of a scenario, given the belief that riskiness is particularly artificial (Williamson, 1979). Because it is difficult to predict who will take advantage of the current lifestyle, which contrasts with the free written and enforced laws (Williamson, 1979). A greater extent or amount of transactions, however, leads to the necessity for alternative arrangements such as the business. If the transactions were regular, the money needed with non-compulsory arrangements would not be encouraged. In light of the foregoing, it is crucial to take into account the volume, frequency, and increase in carnal transactions if they are not regular arrangements and will not be essential or practical. This shift in frequency ranges from infrequent to frequent (Williamson, 2009).

The peculiarity of the assets makes it clear that the owners of production inputs would pay costs if they use the assets for a different purpose, which leads to the conclusion that improving cross-border countries is the best usage. Crossing borders, a nation will be compared to the rest of the globe if the right conditions are in place. The level of transaction unreliability is high when it is difficult to guarantee the contract will be carried out, at which point the provider may benefit at the expense of the clients. The price of the arrangement will be negatively impacted if the assets involved in the deal are regular and if the number of suppliers has decreased. If the deal is of the recurring variety, meaning that the company regularly purchases large quantities of the product from the suppliers, these will be in a position to demand better terms. The main flaw in the transaction cost theory is that the best configuration for managing economic transactions depends on some characteristics of the enterprise itself. For instance, the market largely controls non-specific settlement of infrequent and recurring contracting. Some types of governance will be necessary from the group of nations to the unified governance structure of a corporation when assets become single (Williamson, 2002, 2009).

Williamson (2002, 2009) makes the distinction between the classic justifications of markets competing with one another for the same group of customers such that the products of each firm differ from one another. He contends that asset investment supports vertical integration. Because vertical integration is frequently considered anti-competitive and is the subject of antitrust action, this has significant policy implications. When reasonable reasoning about transaction costs and relative efficiency is included, the significance of vertical alignment becomes clear (Williamson, 1979, 1985; Shelanski & Klein, 1995). It is important to note that the benefit of travelling across the country is effective (Jones, 1998, as cited in Martins et al., 2010). Therefore, it should be stated that there are no transaction costs associated with cross-border movement, while they are still far lower than those associated with carrying out market transactions. Additionally, the idea only claims that they are those that are not effectively carried out in a decentralized fashion, not that they are part of one's essence (that is to say, where equilibrating is inefficient).

The transaction cost proposition can be used to explain organizational performance and hold up, but it is not the only method that can be used to do so. This method helps the theory explain organizational situations more effectively. According to Ghoshal and Moran (1996), the advantage of cunning is terrible for practice, which is why the gravity of transaction cost theory was founded. Transaction cost inquiry is a normative or prescriptive theory, and if managers give openings that are misleading thinking their full trust, the results for organizations will be abnormal. Application of the transaction cost hypothesis will increase rather than decrease the occurrence of benefits. As was previously mentioned, this theory appears to have more backing that is theoretical and appeals to the academic community and practitioners because firms' processes of innovativeness-involved costs, even though not all costs may be relevant, have grown in popularity in comparison to other theories of innovation. On this tack, this idea is chosen as the foundation for the investigation.

The first stage of internationalization is based on the sequential model, but according to Yin (2003), research on fresh internalization strategies was necessary to support it. A firm's level of resource commitment to international markets can be explained in detail by internal and external factors (Voudouris et al., 2011). The theory of networking has some explanatory value when it comes to new businesses transcending international borders. Johanson and Vahine (2009) noted that even a fully domestic organization has several indirect connections to global networks, meaning that the internationalization processes of firms will be considerably quicker in internationalized conditions. Investments made in the domestic market can therefore be used as assets when travelling overseas. The majority of the time, this is more significant than in far-off markets, and initially, moving abroad might be quite a big move. According to Miles (1980), the environment is anything that is not a part of an organization yet is crucial to its development. But Afuah et al. (2003) perceived businesses as isolated entities that faced challenges from impersonal contexts (Anderson et al., 1994; Moraes et al., 2021). Speaking further, they saw a shift in the motion toward a firmer interaction with the environment as it was perceived. On this note, network theory observed a considerably more diffuse barrier between the firm and its surroundings (Anderson et al., 1994).

According to Ellis (2000), there are known external variables that are influencing the majority of the firm's internal functions, and the business

sector is not entirely dominated by external forces. According to Anderson et al. (1994), businesses do not treat the environment like a more defined environment made up of distinct equivalents. Thus, this theory supports the idea that internationalization happens as a result of multilateral externalization through commercial and social networks rather than internalization, which is represented by foreign direct investment. According to Coviello and Martin (1999), the relationship between network theory and first request entry and mode of entry affects these factors, suggesting that small software enterprises depend on network relationships for quick growth during the internationalization process. Instead of using a mix of technical, human, financial, and other resources that can be offered internally, businesses need to source or obtain the majority of the needed resources. An external organization can achieve this by entering into a cooperative agreement and pooling resources with an internal organization (Håkansson & Snehota, 1995).

According to Jones (2000), the rise in alliances is a result of globalization. The assumption underlying the global logic of strategic reliance is that most businesses cannot sustain the fixed expenses of creating a brand and running a worldwide sales and distribution network on their own. The main benefit of this method is that markets can launch as rapidly as if complete ownership is adopted, enabling the enterprises to have appropriate resources. The internal and external resources of the two organizations are impacted as resource links between them grow. Thus, the strength of a company's resource collection depends on how it is connected to that of others. When examining born global's linked resources, it is important to keep in mind that the implementation of their globalization initiatives will benefit from a variety of cooperative modalities, from partnership agreements to strategic alliances to networks.

Inter-organizational learning, according to Boerner (2020), is important for competitive performance. His research revealed that more than two-thirds of the innovations he looked at were inspired by early proposals or ideas from customers. According to other studies, an organization's alliance partners are frequently the most important source of current knowledge and information that leads to advances in technology and practices that improve performance.

Håkansson and Snehota (1995) opine that the most important resources allow a business to execute consistently. The party who co-invested in the company establishes connections with other businesses, but their extensive use raises the value of such connections. Thus, the firm's overall competencies aid in energizing its relationship and fostering goodwill. Ellis (2000) discovered that decision-makers respond to the inherent risks connected with entering a foreign market by relying more — not less — on their social connections as a way to reduce these greater search costs. International marketplaces are not the same, according to Johanson and Vahine's (2000) assertion, one aspect of internationalization is the development of relationships in other markets. According to this theory, a corporation's ability to adapt and grow depends on the consideration of both internal and external elements, which offer a detailed justification for how quickly a firm commits resources to international markets.

Cannone et al. (2012) conducted a study on the influences of networking on worldwide development for communication enterprises in Insubria, Italy as a function of the profitability of communication firms by Italian entrepreneurs in 2012. According to the study, there is a significant correlation between the majority of the drivers and qualitative multi-case analysis, which shows that the firm's ability to create products and services as well as the characteristics of its industry are confirmed to be necessary prerequisites for success in any international market. None of these empirical studies measured as above has addressed the influence of networking and profitability on the expansion rates of communication enterprises in South Western Nigeria; this reveals a gap that needs to be filled. The *transaction cost* and *internationalization cost* theories were applied in this in-depth study on this note.

3. RESEARCH METHODOLOGY

The inquiry design used for the learning was a survey. The survey has been applied in consideration of Udo and Joseph's (1999, as cited in Odiwo in 2018) assertion that where all members of a targeted population cannot be reached, a survey design makes it possible for inference on the population to be drawn using the sample. The population of the learning is 24000 while the sample size of 243 was derived using the Freund and Williams's (1977, as cited in Godden, 2004) formula (Cochran's formula), given as:

$$n = \frac{Z^2 * N * P * Q}{N * e^2 + Z^2 * P * Q} \quad (1)$$

where, n = sample size; N = population; P = probability of success (80%); Q = probability of failure (20%); Z = standard error of the mean (95% at 1.96); e = level of significance (5% or 0.05).

In calculating P and Q, a pilot survey was carried out with 200 respondents at the two-point interval. The test and re-test method was used, and 160 copies of the questionnaire were returned as against 40 copies of the questionnaire unreturned. Therefore, P = 0.8, Q = 0.2.

The sample size for Globacom Ltd:

$$n = \frac{(1.96)^2 * (24.400) * (0.8) * (0.2)}{24.400 * (0.05)^2 + (1.96)^2 * (0.8) * (0.2)} = 243$$

As can be seen in the Table 2, research and development for networks are vehemently adored in the firms with a mean score of 4.25. After that, the use of channels as system integrators distributor's networks and the internet helped to reach new business space in international markets follows with a mean score of 3.70. Companies that use networks relationship for market entry, and market developments have a mean score (3.70). The reality of growth through partnership and alliances of the firms was placed fourth priority as external financial support allowing the companies to operate in foreign markets was least in the arrangement of preference with a mean score of 3.60.

Table 2. Responses on networking

Networking items	*SA*	*A*	*UD*	*DA*	*SD*	*TS*	*STD*	*M*	*R*
Companies use networks relationship for market entry and market developments	40	20	20	10	10	370	12.28	3.70	3
External financial support allows the companies to operate in foreign markets	25	35	20	15	5	360	11.18	3.60	5
The use of channels such as system integrators distributors networks and the internet help to reach new business space in international markets	40	25	10	15	10	370	12.75	3.70	2
Research and development for networks	40	55	0	0	5	425	25.74	4.25	1
There is always growth through partnerships and alliances between the firms	35	25	20	10	10	365	10.61	3.65	4

Note: SA = Strongly agreed; A = Agreed; UD = Undecided; DA = Disagreed; SD = Strongly disagreed; TS = Total score; STD = Standard deviation; M = Mean, and R = Rank.
Source: Authors elaboration.

4. RESULTS

As shown in Table 3 the value of adjusted R-squared is 0.992. Thus there was a variation of 99.2% in the profitability of selected communication firms in Nigeria. This shows that 99.2% profitability of Globacom communication firm was accounted for by networking. From the R-squared, the correlation coefficient that there is a strong positive relationship between the profitability of Globacom communication firms in South West, Nigeria and networking (0.997).

Table 3. Model summary

Model	*R*	*R-squared*	*Adjusted R- squared*	*Std. error of the estimate*
1	0.997	0.994	0.992	1.36729

Source: SPSS 22.0 data output.

Table 4 shows that if networking is held constant, the profitability of selected communication firms would be -3.082. In other words, there is a positive and significant relationship between the profitability of Globacom communication firms and networking. A networking coefficient of 0.997 means that a unit increase in networking would swell the profitability of Globacom communication firms with a unit of 0.997.

Table 4. Dependent variable: Profitability

Model	*Unstandardized coefficients*		*Standardized coefficients*	*T*	*Sig.*
	B	*Beta*	*Beta*		
(Constant)	-3.082	1.214		-2.539	0.085
Networking	1.154	0.052	0.997	22.011	0.000

Source: SPSS 22.0 data output.

If the p-value of the standardised Beta coefficient is less than 0.05 (5% level of significance), the null hypothesis is rejected, and the alternative hypothesis is accepted. On the other hand, if the p-value is greater than 0.05 (5% level of significance), the null hypothesis ($H1_0$) is rejected, and the alternative hypothesis ($H1$) is accepted (Agbadudu, 2004).

As can be seen, networking has a significant positive effect on the profitability of Globacom communication firms in Nigeria. Hence, the null hypothesis that networking has no significant positive effect on the profitability of Globacom Ltd communication firm in Nigeria is rejected on the ground that the p-value of the standardized beta coefficient for networking in the sig. The column is significant (less than 0.05), and the alternate hypothesis is accepted. In other words, networking has a significant positive effect on the profitability of communications firms in Nigeria in general, and on the profitability of Globacom in particular.

In providing a statistically verifiable answer to the research question on the effect of networking on profitability firms in Nigeria, the 0.00, which is the p-value of networking, significance column illustrates that networking has largely affected the profitability of selected communication firms in Nigeria.

5. CONCLUSION

This study aimed to look at the effect of networking on the profitability of communication firms in Nigeria because profitability is an accolade to benefit of networking in a firm's achievement of its goal. This confirms the result of Cannone et al. (2012) that networking in any firm has the capacity to greatly enhance the profitability of born global firms in Nigeria. It agreed with the work of Von Hippel (2005) who argues that inter-organisational learning is relevant to competitive success. It revealed that above two–thirds of the innovations he studied would be viewed back to customers' initial suggestions or ideas. Finally, it is consistent with the findings of Johanson and Vahine (2009) that networking has much on film's profitability. Hence, market investments in the home market are assets that can be utilised abroad.

That networking had a significant positive effect on the profitability of the communication firms, which Globacom was taken as a perspective in Nigeria had some implications. It implied that the provision of external financial support uses of the channel, internet helps in reaching new business space, entering mode and market development should be properly strengthened; also improvement of research development and partnership and alliances with other firms improve the profitability of Globacom telecommunication firm in Nigeria.

Based on the findings of the study, we recommend the following:

1. Government and business stakeholders should continue to use networking to increase profitability which would determine its direction to improve organizational performance.
2. The government should provide adequate technology as it will increase the inflow of business opportunities in Nigeria.

Further research should attempt to examine the effect of networking on profitability in other communication areas for wider generalization. The same research should be carried out using other

sectors in Nigeria for experimentation. Future research should use qualitative methods to evaluate the extent of the relationship between networking and profitability in developing nations.

For this research, both independent and dependent variables were presented in a questionnaire, this could create a problem of the method variance, therefore, future studies should present independent and dependent in different questions.

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