



# Measurement model for social capital: extending social capital in internationalization of SMEs

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## Abstract

Social capital constituted of network relationships allows access to resources and opportunities outside the firm. This study aims to explore the relationship between social capital and the internationalization of SMEs along with developing a dimensional measurement model of social capital in this context. The investigation involved primary data collected from Indian SMEs and empirically tested by applying direct relationship test, exploratory factor analysis, and confirmatory factor analysis. Further, the measurement model has been tested for reliability and validity. Formal network relationships, informal network relationships, and intermediary network relationships are found valid and reliable dimensions of social capital in SMEs, establishing the claim for social capital as a multi-dimensional construct. The study further claimed the existence of a direct and significant relationship between social capital and internationalization of SMEs. The study provides implications for practitioners in setting objectives to take maximum leverage of social capital at both individual and firm levels. These firms can be assisted in devising strategies for growth and expansion by managing their social capital. The study clears ground for further studies to work on constituents of social capital in different contexts.

**Keywords** Social capital · Internationalization · Entrepreneurship · SMEs · Formal relationships · Informal relationships · Network relationships

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