

**THE EFFECT OF ORGANISATIONAL CAPABILITY ON SME
PERFORMANCE IN GHANA: THE MODERATING ROLE OF
ENVIRONMENTAL CHARACTERISTICS**

KNUST

By

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DECLARATION

I hereby declare that this submission is my own work towards the award of Executive Masters of Business Administration in Strategic Management in Consultancy and that, to the best of my knowledge, I contains no materials previously published by another person nor material which has been accepted for the award of any other degree of the University, except where the acknowledgement has been made in the text.

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ABSTRACT

The study sought to find out the moderating effect of environmental characteristics and organizational capability on SMEs performance. The design of the study was a descriptive survey research design. The populations consisted of all SMEs in the Obuasi. Samples were drawn from SMEs in the Obuasi Municipality of the Ashanti Region. The respondents consisted of SME owners who have been in business for six (6) months and above. A purposive and convenient sampling procedure was used. A questionnaire measuring organizational capability, environmental characteristics and performance were administered to the respondents. Data was analyzed using Pearson Product-Moment correlation coefficient and hierarchical multiple regression analysis. It was observed after the study that there is a significant positive relationship between organizational capability dimensions and Performance dimensions. Similar results were observed for environmental characteristics dimensions and performance dimensions. Further the study found an interaction effect of managerial dimension of organizational capability and dynamism was not significant. The outcome of the study was discussed and recommendations made accordingly. Firstly, SMEs must be encouraged to employ organizational capability strategies such as innovation, marketing and managerial skills to enhance their performance. Secondly, SMEs must be empowered to keep up to date with competitive dynamism and intensity to enable them adopt appropriate strategies needed to survive competitions to boost their performance. Further, SMEs should be educated and made aware of these vital and critical strategies necessary for their performance increase. Finally, the government of the day should endeavor to create an enabling environment that would be truly conducive for business organizations to thrive without engaging in any act of fraudulent practices

DEDICATION

I dedicate this work to my mum for her immense support and guidance and also to my children.

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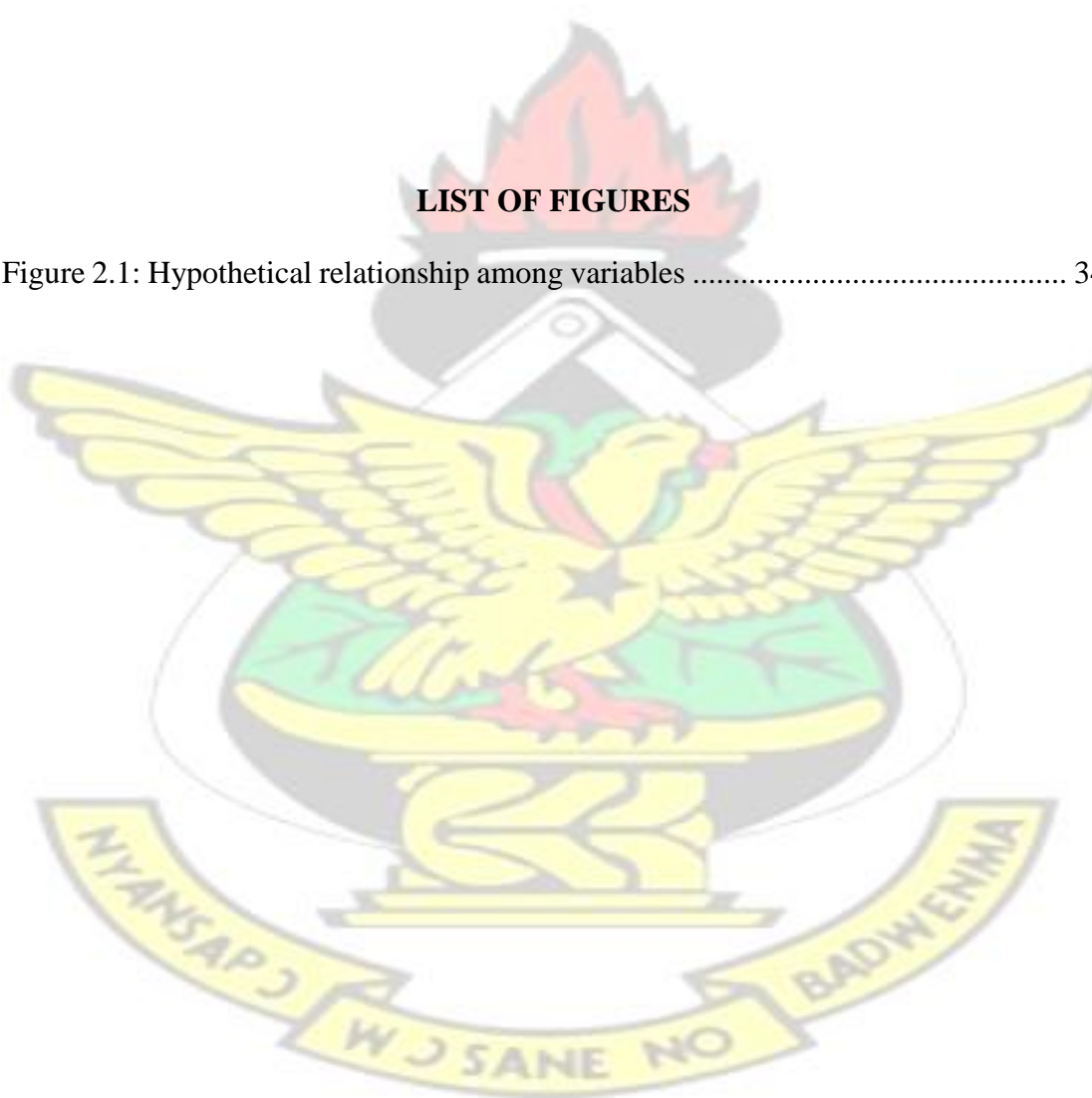
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CHAPTER ONE

GENERAL INTRODUCTION

1.0 Background of the study

Small and micro enterprises (SMEs) have become a major concern in both developed and developing Countries, most especially Ghana. It plays a principal role in the development of a countries' economic growth in areas like income distribution, job creation and dispensation of industries. Small and micro businesses have been variously defined by most economists, but the most commonly used is the number of employees, the stated economic capital and the assets of the enterprise. In applying this definition, confusion often arises in respect to the arbitrariness and cut off points used by the various official sources. As contained in its Industrial Statistics, The Ghana Statistical Service (GSS) considers firms with staff strength less than 10 employees as Small Scale Enterprises and the others with more than 10 employees as Medium and Large-Sized businesses. Ironically, The GSS in its national report considered companies with up to 9 employees as Small and Micro businesses, Also small and micro businesses are alternative defined using the value of fixed assets of the organization. The National Board of Small Scale Industries (NBSSI) in Ghana considers both fixed assets and the organization's staff strength. It defines a Small and Micro businesses as one which has workers not exceeding 9, a plant and industrial machineries (excluding land, buildings and vehicles) not exceeding 10 million Ghana Cedis (US\$ 9506, using 1994 exchange rate).

The Ghana Enterprise Development Commission (GEDC) on the other hand uses a 10 million Ghana cedis higher limit definition for plant and machineries of the organization. The process of valuing fixed assets has become a major challenge, hence

a caution to SME"s. Also, the continuous depreciation in the currency rate mostly makes such definitions obsolete for use. Steel and Webster (1990), and OseiBaah-Nuakoh, Tutu and Sowa (1993) in their definition for SME"s in Ghana used a staff strength of 30 to depict Small and micro businesses. The latter however sectioned small and micro businesses into 3 categories: micro -employing less than 6 people, very small, those employing 6-9 people and small –those employing between 10 and 29 employees.

Small and micro businesses contributes significantly to the economy by creating more employment opportunities, generating higher production volumes, increasing exports and introducing innovation and entrepreneurship skills. The vibrant role of SMEs in developing countries insures them as engines through which the growth objectives of developing countries can be achieved. It is estimated that SMEs employ 22% of the adult population in developing countries. United Nations Industrial Development Organization (UNIDO) estimates that SMEs represent over 90% of private business and contribute to more than 50% of employment and of gross domestic product (GDP) in most African countries (UNIDO, 1999).

Ghana"s economy is projected to increase by 8% in 2013 and 8.7% in 2014. One of the key indicators of a booming economy is a vibrant Small and micro businesses subeconomy and their contribution to GDP. In Ghana, most of the small and micro businesses are found within the Service sectors, specifically hotels and restaurants, transport, beauticians, money lenders and cooperative unions. Small scale miner and real estate developers, The Services sector contributed 49.3% to GDP in 2012, having

increased at an annual rate of 8.8% over its 2011's contribution (PricewaterhouseCoopers (PWC), 2013). Clearly the stated sector has the potential to contribute significantly to national prosperity and is one of the key employment generating sectors in Ghana. The available data from the Registrar General Department shows that 90% of companies registered are micro, small and medium enterprises (Mensah, 2004). This target group has been identified as the substance for economic growth of the country as they are a major source of income and employment to most Ghanaians. Reference to Mensah (2004) Small businesses employs between 6 and 29 employees with fixed assets of \$100,000.00 with medium enterprises employing between 30 and 99 employees with fixed assets of up to \$1 million. Hallberg (2001) put forward that small and micro businesses have a positive impact on majority of firms in an economy and a significant share of employment. Like other countries of the world, Small and micro businesses in Ghana have the tendency to serve as spearhead to most Ghanaians especially, to the poor, it helps in the creation of employment opportunities, the generation of income and also contributes immensely to economic growth.

According to Chelagat and Ruto, (2014). A survey of the literature suggests that the major determinants of the performance of SMEs may be decomposed into four broad groups: individual entrepreneur characteristics, characteristics of the business, business environment and the business customers (Brown et al., 2004; Nichter & Goldmark, 2009). Individual entrepreneur characteristics, which relate to capacities, that have been investigated include education (Burki & Terrell, 1998; Tan & Batra, 1995), gender (Downing & Daniels, 1992) and work experience (Parker,

1995). Certain firm characteristics, such as firm age, formality (or informality), access to finance, technology and location, have also been found to be associated with SME performance (Mead & Liedholm, 1998, Parker, 1995).

The business environment, which refers to opportunities and incentives/disincentives or obstacles to performance, have included factors such as red tape, contract enforcement, and property rights while business customer variables that might affect firm performance include lifestyle or consumption patterns, purchase behavior, and demographic characteristics (Liedholm, 2002; Pisani & Pagan, 2004 cited in Oginni & Adesanya (2013). Adi (2006) cited in Oginni and Adesanya (2013), stated that the most important single influence organizational policies and strategies in its development is the environment in which it operates, thus both internal and external operations of the firm. It is necessary for all organizations to direct their focus to the environment when formulating their strategic management policies in order to expedite their survival, growth and profit intentions. This is due to the claim that an environment becomes complex and dynamic and the effect on human attitude, business, organizational structure, market and even facilities is great.

According to Keelson, (2014), Organizational capabilities refer to a set of unique skills and knowledge that a firm possesses which is not easily imitated by competitors. Their unique skills empower these firms to synchronize activities and make wider utilization of their resources. Organizational capabilities enable firms to organize and use these capabilities, which are channeled towards the strategic purpose of the organization. An organization's ability to propose and apply unique business programs and practices that

give it competitive advantage in its market of operations is considered organizational competencies.

Resources as capital resources, human resources, monetary resources and raw materials of a firm only becomes productive when they are turned into capabilities through effective management and coordinated efforts. It is argued that organizational capabilities are resources which are usually unique to the firm, which is not easily imitated and non-substitutable (Song et al., 2007). Capabilities gives firms a competitive advantage in the market earning them a substantial market share, it fosters the improvement of the organization's success, both in the short and long (Newbert, 2008). Thus, Organization's resources and capabilities enhance firm's economic success (Keelson. 2014). Further, Keelson (2014) postulate stated further that, capabilities refers to the dynamic, non-finite, firm-specific and path dependent processes that are not obtainable in the market place. They are difficult to copy, and are accumulated through long-term, continuous learning (Spanos&Prastacos, 2004). Most organizational capabilities are seen as the ability to coordinate and deploy resources in order to achieve the firm's goals (McKelvie&Davidsson, 2009). This implies that while resources are necessary determinant of competitive advantage, combining resources to achieve capabilities is the sufficient condition for success. Every business develops its own type and level of capabilities that is rooted in the realities of its competitive market, past commitments and anticipated requirements (Song et al., 2007). Any firm that has resources and abilities to put its capabilities to best use, and that invests in capabilities usually gain competitive advantage in its market of operations, which translates to business success (Song et al., 2007).

According to Santos-Vijande, Sanzo-Pérez, Gutiérrez and Rodríguez (2012) Organizational capabilities represent a complex set of abilities to perform a firm's operations efficiently and systematically using a series of organizational resources coordinately. Developing and sharing information amongst human resources to make better use of available resources is the basis of a firm's capabilities. Thus, capabilities are deeply embedded in organizational processes, and they accumulate over time. In short, a capability relates to the knowledge, experience, and skills required performing a task and the complex patterns of coordination and cooperation between individuals and resources (Grant, 1996; Schulze, 1994) 1. Additionally, organizational capabilities must be valuable; that is, they must assist in providing superior value to customers (Barney, 1991). This consideration introduces an explicit reference to the external forces in the RBV; both resources and capabilities are more valuable to the extent to which they allow the provision of superior market value, so each market may modulate the usefulness of organizational capabilities to attain strong competitive advantage. Organizational capabilities are found to have a link with organizational performance. These capabilities are said to have effect on firm's competitive advantage, market share, profit, costs, sales revenue, and customer satisfaction. This study classifies these performance indicators into financial and nonfinancial performances (Montes et al., 2005). Organizational capabilities are known to improve the relationship between quality and firm performance (Cho & Pucik, 2005; Erdil et al., 2010), financial and non-financial performances (Montes et al., 2005), and the enhancement of core employee values and uniqueness, which has significant effect on the firm's performance (Lopez-Cabrales et al., 2006). Similarly, Choe et al. (2006) identified that employee skills, organizational structure, which define organizational capabilities is positively related to the firm's performance. Furthermore, Morgan et al. (2009) posits

that output-based capabilities with its three dimensions of customer loyalty, quality orientation, and product variety have a positive impact on firm performance.

1.1 Statement of the problem

SMEs are important vehicles in generating employment and alleviating poverty in the country. However, most of these SMEs which are established fail within some few months of operation while many of them remain small-sized affairs, failing to grow and leading to a „missing middle“ of indigenous middle scale enterprises (Chelagat1 &Ruto, 2014).

Even though the SMEs play very significant role in the country, they still jump important hurdles, with statistics indicating that three out of five businesses fail within the first few months of operation (Kenya National Bureau of Statistics, 2007). Further, Statistics from the National Credit Regulator (2011) indicate that about eight in every ten new businesses fail within their first five years of operation. In addition, many of the SMEs stagnate, failing to grow and graduate to medium – sized firms (Ferrand, 1999; GEMINI, 1991). Therefore, to promote the performance of the SMEs in the country (Chelagat1 &Ruto, 2014), it is imperative to understand the factors that influence the performance of Small and micro businesses.

1.2 General Objectives

The general objective of the research work is to know the moderating effects of organizational capabilities and environmental characteristics on performance of small and micro businesses in Ghana, specifically Obuasi.

1.2.1 Objectives of the research

The main objective of the research work is to examine the moderating effect of environmental characteristics and organizational capabilities on performance of micro and small business in Ghana. The study aims to:

1. To examine the relationship between organizational capabilities and performance of micro and small businesses in Ghana.
2. To establish a relationship between the environmental characteristics and performance of micro and small business in Ghana
3. To examine the moderating effect of environmental characteristics on the relationship between organizational capabilities and the performance of micro and small businesses in Ghana.

1.2.2 Research questions

1. What effect does organizational capability has on performance of small and micro businesses?
2. What effect does business environmental characteristics have on the performance of small and micro businesses
3. What moderating effects do environmental characteristics have on Organizational capabilities and the performance of small and micro businesses?

1.3 Significance of the study

The outcome of the study will enlighten SME owners to be abreast with the effect of organizational capabilities and environmental characteristics on the performance of their businesses thereby enlightening them on the need to put up measures in that relation in order to ensure increase performance.

This study further will add to the literature thereby broadening the knowledge scope. It will also serve as a source of foundation and information for students and researchers interested in this area.

1.4. Scope of the study

The scope of the study is limited to small and micro businesses in the Obuasi municipality; it is delimited to organizational capabilities, environmental characteristics and performance in Ghana.

1.5. Brief methodology

The study adopted the descriptive survey research design. A structured and standardized questionnaire was employed as the main research instrument for data collection.

The study involved only quantitative techniques (it focuses on statistics and quantifiable information) to achieve the objectives. The accessible population in this study is all small, micro and medium enterprises (SMEs) in the Obuasi Municipality of Ghana.

A purposive and a convenience sampling method was used, a sample size of 278 SMEs were obtained for the study. Data was collected mainly from primary source. The primary data collected was analyzed using both descriptive (frequencies, percentages, means and standard deviations) and inferential statistics (Pearson product moment correlation coefficient and hierarchical regression model).

1.6. Limitations of the study

Studies conducted in the form of a survey research in a natural setting are normally accompanied by multiple limitations.

First, a limitation of the study is based upon methodology. The limitation identified for this study is that the sample size and limited geographic location makes it impossible to accurately generalize the outcome of the study. That is, because data were collected from sampled SMEs in the Obuasi Municipality in the Ashanti Region of Ghana, this study may not be generalizable to other SMEs in Ghana. Also because of a very limited sample size as compared to SMEs in the Ashanti region, generalization will pose a problem.

Second, the use of a cross sectional survey will also affect the ability to validly generalize the finding across situation and other conditions. Due to limited time and resources, this limitation could not be averted.

Third, the study focused on the use of only quantitative research design, which does not probe much. The use of Closed ended questionnaires in collecting data limits the responses derived from respondents.

1.7. Organization of the study

The study consists of five chapters. Chapter one is the introductory aspect of the study which consists of the background, the statement of the problem, purpose, significance and organization of the study. Chapter two takes a critical look at the literature review which was made up of the definition, other sub topics, concept and theories underlining the study's variable, and the empirical frame work of the work. Chapter three

emphasizes the methodological part of the study consisting of the research design used, the targeted/accessible population, the sample and sampling techniques, instrument, data analysis and data collection procedure. The analysis of the data collected is presented in Chapter four. The chapter five handles the summary, findings, recommendations and conclusion and other areas for further research.



CHAPTER TWO

LITERATURE REVIEW

2.0 Introduction

This chapter reviews literature on organizational capabilities, environmental characteristics and performance of SMEs in Ghana. It is apportioned into three (3) main sections. The first section is on the theoretical basis for the study. The second section is on the review of related studies whereas the final section deals with the conceptual framework of the study.

2.1. Theoretical review

2.1.1. Resource Based View (RBV)

The resource base view as reviewed by Eikelenboom (2005) was adopted for the study. According to Eikelenboom (ibid) In the 1980s, a synthesis emerged in the *resource-based view of the firm* (Peteraf, 1993). Resource based strategies suggest that firms should discover those business activities for which they are uniquely well suited (Barney & Hesterly, 1999). Resource-based view suggests that firms should look inward, discover their own valuables, resources and capabilities and then ascertain markets where these resources can be utilized to the maximum. The resource based view (RBV) builds on work by Joseph Schumpeter (1934), Edith Penrose (1959) and Michael Ricardo (in: Scherer, 1980). It began with the publication of three articles by Rumelt (1984), Wernerfelt (1984) and Barney (1984) after the publications by Hamel and Prahalad on core competences and their studies on Japanese management (1990, 1995), the originally scientifically based paradigm became popular in wider management circles (Scarborough, 1998).

The RBV is labeled as an *inside-out* approach as contrasting to the positioning school that holds an *outside-in* view. This is due to the linkage of the internal capacities and the external environment, thus, the demand and the competition in the market. In this inside-out approach, competitiveness is viewed as a role of the exploitation and leveraging of internal resources. Internal capabilities enable a firm to exploit external opportunities. Therefore, the external position is a result of the unique capabilities (or competencies, or resources) of the firm.

The RBV is considered an influential theoretical view for understanding how competitive advantage is achieved and might be sustained over time (Peteraf, 1993; Eisenhardt & Martin, 2000). In a special issue of the Strategic Management Journal, the resource-based view was characterized as one of the standard theories in strategy, reemphasizing the importance of organizations in strategy, although some boundaries of the RBV were identified as well (Hoopes *et al.*, 2003). In the RBV, the firm is viewed as a blend of resources that enable certain capabilities, options and accomplishments (Wernerfelt, 1984). The resources form the basis of unique valuecreating strategies and related activity systems that address specific markets in distinctive ways, which lead to competitive advantage (Collis & Montgomery, 1995).

In the RBV, firms compete through regulating of resources. In this view, the companies' managements are at liberty to determine its own strategies, thereby reducing the impact of the competitive environment. Further reasoned, the environment is seen as much more as a result of the strategic choices companies make within an industry, based on resource heterogeneity (De Wit, 1994). The resourcebased view reframes strategic management's research questions of outperforming competition, as the

outcome of the underlying competencies and capabilities (Scarborough, 1998). In so doing, the resource-based view has radically shifted the terms of debate in the strategy field and has changed the pattern of dialogue within the broad domain of organization theory. The RBV moves away from an economic to a managerial theory of the firm (Bartlett & Ghoshal, 1993).

2.1.2. Theory of the Firm

Ronald Coase (1937) who pioneered in neoclassical theory of the firm set out the transaction cost theory of the firm to define the firm theoretically in relation to the market. It presents an explanation of the firm consistent with constant returns to scale, rather than increasing returns to scale. He also notes that firm's interactions with the market may not be under its control (example because of sales taxes), but their internal allocations of resources are: - market transactions are eliminated and in place of the complicated market structure is substituted the entrepreneur who directs production. Coase asserts that markets could in theory carry out all production and that what needs to be explained is the existence of the firm, with its supersession of the price mechanism. These include discovering relevant prices (which can be reduced but not eliminated by purchasing this information from specialists), as well as the cost of negotiating and writing enforceable contracts for each transaction (which can be large in case of uncertainty). However there is the element of incompleteness in contracts thus calling for renegotiation.

Ronald Coase (1937) identifies some reasons why firms arise and dismisses them at the same time, he says if some people prefer to work under direction and are prepared to pay for this (but this is unlikely). If some people prefer to pay for this (but people are

paid more to direct others). If purchasers prefer goods produced by firms. The neoclassical market is instantaneous, forbidding the development of extended agent-principal (employee manager) relationships, of planning and trust. Coase (1987) concludes that “a firm is likely therefore to emerge in cases, where a very short-term contract would be unsatisfactory” and that firms emerge where there is existence of uncertainty. He notes that government measures relating to the market like sales taxes, rationing, price controls tend to increase the size of firms, since firms are internally not subject to such transaction costs. Coase (2007) defines a firm as “the system of relationships which comes into existence when the direction of resources is dependent on the entrepreneur”. In conclusion the size of the firm is dependent on the costs of using the price mechanism, and cost of organization of other entrepreneurs. These determine amount of products produced.

However, Putterman (1996) says that most economists accept distinction between intra-firm and inter-firm transaction, also the two shades into each other. The extent of a firm is not simply defined by its capital stock. Alchian and Demsetz (1972) on team production avers that the firm emerges because extra output is provided by team production, but the success of this depends on being able to manage the team so that metering problems and attendant shirking (moral hazard) can be overcome by estimating marginal productivity by observing or specifying input behavior. Such monitoring can only be effective if the monitor is the recipient of the activity's residual income (otherwise he should be monitored also). Williamson (2002) differs with this in that he sees team production as a narrow range of application, as it overcomes outputs and cannot be related to individual inputs.

In Criticizing the theory of the firms Milgrom and Roberts (1988: 450) “said the incentive –based transaction costs theory has been made to carry too much of the weight of explanation in theory of organizations. Competing and complementary theories are expected to emerge-theories that are founded on economizing on bounded rationality and that pay more attention to changing technology and evolutionary considerations” (Chelagat&Ruto, 2014).

2.1.3 Organizational Capabilities

Organizational capabilities are defined as an organization’s capacity to deploy its assets, tangible or intangible, to perform a task or activity to improve the performance (Maritan 2001). Barney (2002) defines organizational capabilities as the firm attributes that enable organizations to coordinate and utilize their resources. The ability of the organization to assemble and sustain the progression of change required to execute its strategy is organizational capabilities.

In an organization’s quest to assembling and sustaining the progress of change in executing its strategy, there is the need for organizational relationship. According to (Argyris, 1960), organizational relationships are deemed to have much to do with shaping organization members’ behavior. These “organizational relationships” form the core of organizational capabilities as it has been the discerning element from *human capital* (Tomer, 1995). He goes on to described organizational capabilities as a form of human capital, only not vested in individuals, but in the intangible linkages *between* people. It can be further said that organization capabilities are the joint abilities of the organization as is unique from the individual abilities that make up human capital. In

this sense, organizational capabilities are considered a form of human capital because its productive capacity is embodied in humans (Tomer, 2003).

It has been reasoned that in the case of an investment in organizational capabilities - such as change in organizational structure or climate – organizational functioning and productivity will improve because „the changed organization evokes new and better worker behavior“ (Tomer, 1987). There is an expectation that there will be permanent progress in productivity as well as worker well-being, through changes in the functioning of the organization as investment in organizational capabilities are made.

2.1.4 Environmental Characteristics

Environment is expressed as the sum total of the external forces that influences individuals, businesses and communities (Oginni&Faseyiku, 2012). Also Adebayo et al (2005), environment is summarized as the surrounding of a phenomenon which from time dictate and shape the direction. Business organization does not function in emptiness; it functions within the environment where the production and distribution of goods and services take place. In other words, there is a linkage between the environment and the business or organization. Duncan (1972) opined that as any other activity of the individual is greatly affected and usually well-ordered by his total social environment so is the business activity in which individuals or groups of individuals participate. To Carrasco (2007) in Oginni(2012) environment has been seen as the totality of the factors that affect, influence, or determine the operations or presentation of a business and this was interpreted by Azhar (2008) that environment determines what is possible for the organization to achieve. It can there be concluded that, the environment is the amalgamation of many factors both palpable and

nonpalpable components that make available lifeblood sustenance for the organizational attainment through provision of market for its products and services and also by serving as a source of resources to others.

In Adebayo et al (2005), environment can be divided into two namely internal and external and can then be inferred that business environment can also be classified into two (internal business environment and external business environment). Internal business environment which is made up of variables or factors that an organization has control over and can easily manipulate to suit its purpose as may be dictated by the dominant circumstances such as capital, personnel, profit, procedure, policy, structure, objective etc. the latter is made up of extraneous variables or factors which are outside the control of the organizational management and cannot be manipulated such as technology, politics, and government legislation. Others are economic, physical and socio-cultural factors.

Oluremi and Gbenga (2011) proclaimed that business organization that wants to thrive well must develop a clear understanding of the trends of business environment and forces that shape competition. The understanding in question will enable the organization to choose the proper strategy or strategies that fit the trends in the business environment arrived at through environmental scanning analysis with focus on the variables such as strengths, weaknesses, opportunities and threat (SWOT). The views of Adeoye (2012) was in support as he opined that the vigorous and swiftly changing environment in which most business organizations compete is important that organizations maintain their performance measurement system through adoption of appropriate strategies that would provide information found to be relevant to the issues

that are of chief importance. However, Ibidun and Ogundele (2013) was of the opinion that understanding the nature of business environment which can be classified into three namely dynamic (continuous changes), stable (relative changes) and unstable (frequent changes) would further help in repositioning the organization through appropriate strategies while Ogundele (2005) added that the acuity of the organizations about the nature of the business environment to a large extent depends on their size and industry in which it operates. The inference of this is that what constitute dynamic, stable or unstable business environment is contingent upon size and industry and that all business organizations can never be faced with the same nature of business environment (dynamic, stable or unstable) as each would spring its own uniqueness on the basis of size and sector of the economy it belongs to (Oginni&Adesanya, 2013).

In the present study, environmental characteristics is conceptualized as the The Political, Economic, Social, Technological, Environment and legal (PESTEL) factors that affect SMEs performance (Gillepsie, 2007 in Chelagat&Ruto, 2014).

- a. **Political factors** are the governmental policies such as the degree of interference in the economy. They include goods and amenities the government intends to provide, aids to firms, priorities in business support, education of the workforce, health and quality of infrastructure like roads (Chelagat&Ruto, 2014).
- b. **Economic factors** include interest rates, tax changes, economic performance, etc. These can impact in that higher interest and inflation may trigger higher

wage demands from employees raising costs. Higher income performance may boost demand for products thus with people who have income business can sell more (Chelagat&Ruto, 2014).

c. Social factors influence demand for firm's products and the convenience and willingness of persons to work. In nations where the population is ageing, firms who deal in pension payments incur high costs. This population mandate higher costs for medicines and other related services for the aged. Thus where SMEs are found their services are supposed to take into consideration the target customers.

d. Technological factors mean new technologies create new products, services and new processes. Mp 3 players, computer games, online shopping, bar coding, computer aided design have come up as a result of better technology (Chelagat&Ruto, 2014).

Technology like mobile money transfer (M-pesa) can reduce costs, progress quality and lead to technology revolution. These can benefit both the customers and the service providers (the firm).

e. Environmental factors include weather and climate change. Changes in meteorological conditions can affect farming, tourism and insurance thus impacting on firm performance. The growing demand for shielding the environment and move towards more environmentally friendly products and processes is affecting demand patterns and making business opportunities (Chelagat&Ruto, 2014).

f. Legal factors are those that are related to the legal environment where firms operate. Introduction of age discrimination and disability discrimination legislation in the UK, an increase in minimum wage and necessities for firms to recycle are examples that affect a firm's actions. Legal changes can affect a firm's costs and demand, for example if the law affects likelihood of customers buying the item or using the service (Chelagat&Ruto, 2014).

The business environment, labeled appropriate factors, by others, act as a determinant of enterprise performance because it influences the opportunities available to SMEs (Nichter&Goldmark, 2009 in Chelagat&Ruto, 2014). Evidence suggests that SMEs tend to grow more quickly during periods of overall economic performance while they tend to do poorly during economic downturns (Liedholm, 2002 in Chelagat&Ruto, 2014).

2.2. Empirical review

The empirical review of the study is addressed based on the research objectives.

Related studies are reviewed based on each research objective.

2.2.1. Organizational capabilities and Performance

Tuan and Yoshi (2010) applied the resource-based view (RBV) of firms to explain performance in supporting industries in Vietnam. Specifically, we based our research on the comprehensive framework of RBV and reviewed previous empirical researches before deciding on adopting a dynamic capabilities approach to test relationships among organizational capabilities, competitive advantage and performance. A multivariate analysis of survey responses of 102 firms belonging to supporting industries in Vietnam

indicates that the organizational capabilities are related to the competitive advantage, that the competitive advantage is related to performance, and that the competitive advantage mediates the relationship between organizational capabilities and performance. These findings have considerable implications for academics as well as practitioners.

Santos-Vijande et al (2012) analyze the organizational antecedents of marketing capabilities and their impact on business performance using a sample of small and medium enterprises (SMEs). More specifically, the research analyzes the effect of the organizations' internal marketing (IM) practices on the employees' implementation of a coordinated set of commercial abilities crucial to firms' competitiveness. Results of the research indicate that IM, or the management of human resources as internal organizational clients, is a key determinant in motivating employees effectively to develop both strategic and operational marketing capabilities. Marketing capabilities exert a major and positive effect on clients' satisfaction and loyalty, which ultimately lead to better organizational performance in terms of sales, profit, and market share. The research also contributes to the scarce amount of empirical evidence on the positive and direct effect of strategies on business performance.

Keelsons (2014) conducted a study to measure and justify the contribution of Organizational Capabilities and Internal Marketing as moderating factors of market orientation and business success. They used twenty four listed companies out of a total of thirty seven from Ghana to conduct the study. Seventy two senior officials were surveyed from these companies using a five-Liker Scale questionnaire. Stepwise regression approach was used to investigate the level of contribution made by

organizational capabilities and internal marketing to market orientation and business success, in relations to other known existing scales. The findings revealed that, compared to existing scales, organizational capabilities contributed significantly to the components that determine the level of market orientation of listing companies. Similarly, not only did internal marketing related with ten of the eleven antecedents of market orientation; but internal marketing also contributed to all seven economic and non-economic factors determining business success. Thus, the significant contribution of the two new scales to market orientation and business performance justifies their consideration as moderating factors for the study of market orientation.

Bukhamsin (2015) investigate the relationship between innovation capability aspects proposed by the Innovation Value Institute (IVI) and firms' overall performance. IVI is specialized in developing organizational and innovation capability in order to improve firms' performance. In addition, this study presents the most important aspects of innovation capability that are directly and positively associated with firms' overall financial and operational performance. This empirical study was conducted on small- and medium-sized enterprises (SMEs) in Ireland; the data was collected from both managers and employees through a web-based questionnaire. The survey covered around 650 managers and employees in Irish SMEs that employ from 10 to 249 people and have revenue ranging from €2m to €50m; a total of 107 responses were used for this study. The approach of this study is quantitative; the data was analyzed by linear regression analysis using SPSS software. The findings show that two important aspects of innovation capability, innovation process and leadership management, are directly and positively associated with overall firm financial and operational performance. The practical inferences of this study involve enhancing firms' financial

and operational performance through developing innovation capability. Therefore, companies can benefit from the findings of this study by applying or taking better account of these aspects in their daily operations. According to Bukhamsin (2015), most previous studies focused either on studying innovation capability aspects as one group, without examining the relationship aspect by aspect, or just studying one aspect or factor of innovation capability and its relationship with performance, however, his study examines multiple aspects of innovation capability as well as investigating the relationship between each innovation capability aspect and the firm's overall performance.

Barbosa de Almeida, Lisboa, Augusto, and de Sousa Batista (2013) analyze how the interaction between strategy capabilities, strategy types, strategy formulation quality and strategy implementation capability affects organizational performance in the Brazilian textiles companies. A conceptual framework was proposed and tested, with data from 211 firms. It was found a support for links between organizational capabilities and strategies types. It was found an inter-relationship between generic strategies, revealing the use of combined strategies by Brazilian textiles companies. It was also found a relationship between strategy implementation capability and strategy formulation quality. It was identified that management capability and market performance have a statistically significant relationship with financial performance.

López-Cabarcos, Göttling-Oliveira-Monteiro and Vázquez-Rodríguez (2015) indicated that the resource-based view (RBV) posits that the sustainability of a firm's success depends upon the creation, development, and implementation of a given organization's unique resources and capabilities. Based on this theoretical framework,

they analyzed the relationship between organizational capabilities, business strategy, and profitability in the Portuguese textile industry. The strong association that exists between these variables suggests that the organizational capabilities and the choice of business strategy may be the key to increase the success in this study background. So, the ability of the Portuguese textile organizations to change their business plan built on their organizational capabilities affects profitability or success in a number of ways. Concretely, the results of this study highlight the importance of the choice of the business strategy as a partial mediator between the organizational capabilities and the profitability, a point that is critical to understanding the success of a given organization and how resources and capabilities contribute to the process. It was concluded that Portuguese textile managers who are able to develop strategies in line with these strong capabilities can achieve greater competitive advantages, and ultimately, improve their organization's performance.

Shaligram (2014) theoretically investigate about different organizational capabilities. Shaligram(ibid) posits that, understanding about the organizational capability can support organization to draft strategies and invest directly to the capabilities which has better outcome in terms of business performance. This study focuses on organizational capabilities such as innovation, supply chain management, manufacturing R&D and marketing and their effect on organizational performance with strategic implications. Organizational capabilities show their presence through organizational processes and are source of competitive advantage. The focus of research is to investigate about marketing capability and associate its relevance in B2B setup. The model of organizational capability and market share as business performance outcome proposed in the paper is one of the useful platform to understand dynamic capability

and implementation of capability to solve business bottlenecks. Paper focuses on theoretically conceptualizing and creating platform for research scholars for further extension of this research in the form of empirical study (Shaligram, 2014).

2.2.2. Environmental characteristics and performance

Lopez-Gamero, Molina-Zorn, and Claver-Cortes (2009) examine the possible direct link between environmental protection and firm performance and the literature has generally produced mixed results. Their paper contributes to the literature by using the resource-based view as a mediating process in this relationship. The study specifically tests whether or not the resource-based view of the firm mediates the positive relationships of proactive environmental management and improved environmental performance with competitive advantage, which also has consequences for financial performance. We also check the possible link between the adoption of a pioneering approach and good environmental management practices. Our findings support that early investment timing and intensity in environmental issues impact on the adoption of a proactive environmental management, which in turn helps to improve environmental performance. The findings also show that a firm's resources and competitive advantage act as mediator variables for a positive relationship between environmental protection and financial performance. This contribution is original because the present paper develops a comprehensive whole picture of this path process, which has previously only been partially discussed in the literature. In addition, their study clarifies a relevant point in the literature, namely that the effect of environmental protection on firm performance is not direct and can vary depending on the sector considered. Whereas competitive advantage in relation to costs influences financial

performance in the IPPC law sector, the relevant influence in the hotel sector comes from competitive advantage through differentiation.

According to Oginni and Adesanya (2013), no business organization can operate successfully in isolation without dependence on supportive institutions, variables and factors (Oginni, 2010) that is, business organization exists and operates within an environment where there is complex interplay in terms of activities as well as networks of relationship between and among human resources, material resources and other systems. In the views of Aborade (2005) all business decisions are found to be contingent upon a good analysis of the environment which is often the bane of all the constraints as this environment creates the opportunities, threats and problems for the business organization. Evolving from this is the belief that business organization is an integral part of its environment on the ground that they are mutually interdependent and exclusive where the environment plays the role of providing the resources and opportunities to organization for its existence, and the business organization in turn, offers its goods and services to the people living in the environment for survival and enlightenment (Ajala 2005 cited in Oginni&Adesanya, 2013).

Opine and Adesanya (2013) studied on the implication of the business environmental factors on the survival and growth of business organizations in the manufacturing sector with reference to Lagos metropolis of Nigeria. The study identified some environmental factors that were peculiar to the business organizations in the manufacturing sector vis-a-vis their significant impact through the administered questionnaires to employees of selected business organizations and inhabitants of three senatorial district that constitute Lagos metropolis. Electricity, government policies and fraudulent practices were found as factors critical with severe impact on the survival and growth of business

organizations in the manufacturing sector among other factors which was adduced as the underlying rationale behind exodus of manufacturing organizations to the neighboring countries. The use of Z value of 1.96 at 0.05 level of significance further confirmed the impact of each of the environmental factors on the survival and growth of business organizations and concluded that these factors signified impending danger that may impede the survival of these business organizations and make growth an impossible task if left on, thus recommended among others that the present arrangement (policy) of centralizing electricity which has made the federal government to enjoy monopoly should be jettisoned in order to make way for devolution and alternative to power generation aside the use of generator which has made operation cost to keep increasing.

Kayanula and Quartey (2000) explores the achievements of the Small and Medium Scale Enterprise (SME) sector in Ghana and Malawi and the role government, internal and external support institutions have played in promoting the sector. The findings will assist policy makers, development agencies and business organizations to ascertain the appropriate strategy to improve the SME sector. They analyze the small scale enterprise sector in Ghana and Malawi.

The analysis first reviewed the macroeconomic background of the two countries concerned. Both countries have common macroeconomic traits; in the late 1970s and early 1980s, these countries experienced severe economic crisis emanating from internal and external factors. Externally, the oil price hikes and decline in world prices of key exports were prominent factors. On the other hand, large inefficient public sectors, policy biases that favored industries over agriculture, overvalued exchange

rates and inflation were the major internal factors. In the early 1980s, the deteriorating economic conditions forced the countries to embark on economic reforms with the technical and financial support from the World Bank and IMF. Both countries implemented the Structural Adjustment Programmes with similar but distinct emphasis aimed at addressing specific economic issues. SMEs face a variety of constraints. Factor availability and cost are the most common constraints. The specific problems differ by country, but many are related. Access to finance remains a dominant constraint to small scale enterprises in Ghana and Malawi. Other constraints faced by the sector include: lack of access to appropriate technology; the existence of laws, regulations and rules that impede the development of the sector; weak institutional capacity and lack of management skills and training. One of the constraints cited that the sector faces is the existence of laws, regulations and rules that impede the development of the sector. Therefore, in order to address this problem, there is need to amend the laws and regulations and that governments should play the role of a facilitator rather than that of a regulator and provide a conducive framework within which the sector operates.

Nguimkeu (2013) examines the impact of business environment on the productivity of retail firms in Cameroon, which represent more than 50% of all firms. Using data from the 2009 Enterprise Surveys an overview of retail activities allows identifying the main factors characterizing the environment in which firms operate, that is, access to credit, regulatory burden, illicit trade, administrative delays, infrastructure and quality of labor. A Structural econometric analysis was used to quantify the impact of these factors over firm performance. A structural econometric analysis of the performance of retail firms using data from the 2009 Enterprise Surveys is also presented. The study reveals that several factors obstruct the well functioning of domestic trade in Cameroon. The major

barriers identified are illicit trade, lack of access to credit, infrastructure, regulatory burden, and lack of competence of the workforce. Their impact on trade activities has important consequences on firm performance in terms of gross margins shortfalls. In fact, apart from the political instability that has a rather negligible effect on the performance of the firms (since Cameroon is in fact a relatively politically stable country), all other identified factors related to business environment have important repercussions on the gross margins of firms. Their results show that retail companies are making significant monetary shortfalls due to poor business environment in Cameroon. Further, their results indicated that business orientation (wholesale or retail-only), group membership and use of information and communication technologies are important productivity drivers. Unionization of the workforce was found to be associated with higher levels of annual gross margin though the gains are quite limited, compared to other factors. Although it is usually argued that the informal sector takes its toll on government tax revenues, our results suggest that competition imposed by this sector to formal trade firms stimulates the efforts of the latter, thereby improving their performance.

Rosebush and Garland (n.d.) studied the impact of environmental characteristics on firm performance: a meta-analysis. Their final set of studies contains 62 independent samples that report 167 effect sizes and analyze 21,742 firms. It was observed that the hypothesis that performance is positively associated with the munificence of the environment ($r = .19$) was supported by the data. Looking at the overall relationships, munificence had the strongest influence on performance of all environmental characteristics examined. Compared to firm-specific effects studied in other

metaanalyses (cf. Bausch & Krist, 2007; Bausch & Rosebush, 2006; Dalton & Daily, 1998;

Daniel, Lohrke, Fornaciari, & Turner, 2004; Shea-van Fossen, Rothstein, & Korn, 2006 cited in Rosenbusch & Galander, n.d.), the effect of munificence was medium in magnitude, indicating that the munificence of the environment is relatively important for firm success. They also found evidence for the hypothesis that firm size moderates this effect. The correlation between munificence and performance is significantly higher in small firms ($r = .33$) compared with large corporations ($r = .07$).

The comparatively high correlation in the sub-sample of small firms indicates that their performance seems to be crucially dependent on growth opportunities and the availability of resources. Whereas munificence also increases the performance of large corporations, the relative importance was higher in small firms. This, according to them is a valuable finding with regard to research on small businesses and new ventures. Industry choice is one of the first and most influential strategic decisions of a firm. Rosenbusch and Galander (n.d.) further posited that researchers have argued that initial founding conditions are critical for firm success (Eisenhardt & Schoonhoven, 1990 cited in Rosenbusch & Galander, n.d.). New ventures usually start small; a munificent environment offers them opportunities to survive and grow. Hence, small firms should try to focus their operations on munificent industries. In contrast to munificence, which refers to the availability of resources and the existence of business opportunities, hostility assesses the degree of competition for resources and opportunities. Intense competition is an unfavorable condition for firms.

The negative effect on performance that was found was significant, but rather small ($r = -.04$). A moderator analysis of firm size did not reveal a significant difference between the two sub-samples, even though the portion of variance due to sampling error increases when we divide the sample into sub-samples of small and large firms. This means hostility does not have a high impact on performance, independent of firm size. According to the researchers, some firms can compete successfully even in hostile environments, while others cannot. Whether a firm will perform well under hostile conditions depends on various factors, such as the application of the right strategies. For example, Zahra and Bogner (2000) cited in Rosebush and Galander, (n.d.) demonstrate that in price-hostile environments product upgrades affect market share growth positively whereas radical innovations decrease this performance indicator. Rosebush and Galander (n.d.) further found that for the relationship of environmental dynamism and firm performance in primary research are highly contradictory, leading to an overall correlation of zero ($r = .00$). In addition, they proposed that dynamism has a negative effect on performance because of the difficulties associated with operating in unpredictable settings. These disadvantages are obviously at least partially offset by business opportunities that hold potentials for growth and profitability (Utter back, 1994 cited in Rosebush&Galander, n.d.).

The data suggest that the effect is moderated by other variables. While they found a significantly negative effect of dynamism on performance in the sub-sample of large firms ($r = -.11$), there is a small positive, however non-significant link between dynamism and performance in small firms ($r = .04$). On the one hand, large corporations have resource advantages that enable them to invest in innovation strategies and to absorb potential losses in unpredictable environments. At the same time, they are

usually highly specialized and less flexible due to a bureaucratic organization. Under dynamic conditions, the specialization can become core rigidity if the organization fails to adapt to a changing environment (Leonard- Barton, 1992 cited in (Rosenbusch&Galander, n.d.). It was also found that the complexity of a firm's environment has a small positive effect on firm performance ($r = .06$). More than 50 % of variance in effect sizes is due to sampling error. Furthermore, Rosenbusch and Galander (n.d.) proposed that effect sizes may depend on the way, researchers measure environmental conditions. This proposition was partially supported by the data. A significant moderator effects for environmental munificence and dynamism was found, but not for hostility. In the case of munificence the positive relationship is significantly stronger for perceptual than archival measures. For dynamism our analysis reveals a small negative effect of archival measures whereas the impact of managers' perceptions of dynamism has a small positive impact on performance. Both effects were, however, not significant.

H₁: there will be a direct effect on organizational capabilities and performance of micro and small business in Ghana.

H₂: there will be a direct effect on environmental characteristics and performance of micro and small business in Ghana

H₃: Environmental characteristics will moderate the relationship between organizational capabilities and performance of small and micro businesses

2.4. Conceptual Frame Work

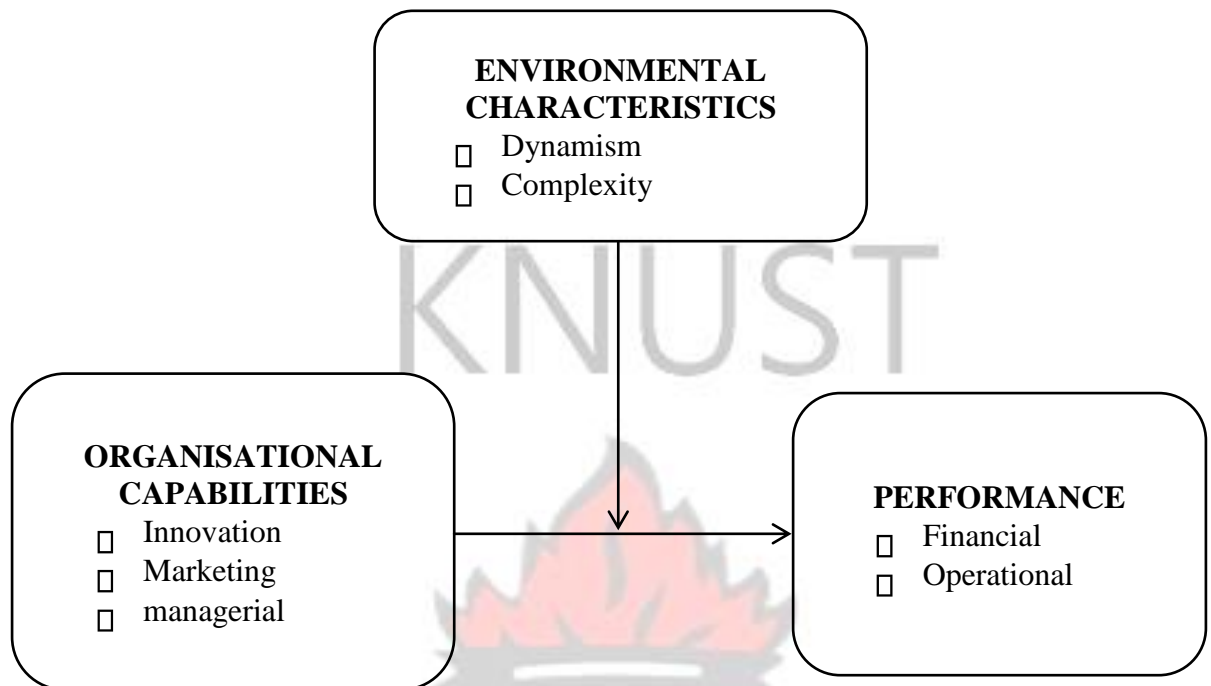


Figure 2.1: Hypothetical relationship among variables

Source: Researcher's own construct

CHAPTER THREE RESEARCH METHODOLOGY

3.0 Introduction

This chapter is focused on the description of procedures and techniques used in gathering the data for the study. It involves the research design used, the population, sample, sampling technique, data collection instruments and their administration and the mode of data analysis

3.1. Research design

The research design is a descriptive survey. A descriptive survey typically seeks to ascertain respondents' perspectives or experiences on a specified subject in a

predetermined structured manner. Descriptive survey involves the use of questionnaire and interview in gathering data about people and their thoughts and behaviors. Babbie (2004) suggested that surveys are appropriate for descriptive, explanatory and exploratory purposes. He comments that surveys are chiefly used in studies that have individual people as the unit of analysis and an excellent vehicle for measuring attitudes and orientations in a population.

3.2. Limitations

All social researches have limitations and surveys are no exception. This however does not make survey research invalid. Some problems likely to be encountered in using survey research design are mainly the quality of information that is gathered in a survey. This research study is no exception therefore special attention will be paid to the following questions during the design phase; did the sampling technique supply a group of respondents whose answers represent the whole population from whom it was drawn? Did the question evoke the kind of information wanted? And did the measuring instrument unwittingly introduce a bias into the information gathered? Following this procedure, the researcher hopes to overcome this problem thereby improving the chances of producing reasonably reliable, valid and useful data.

Another limitation is that the researcher will not develop sensitivity for the respondents' total life situations therefore researcher may not be aware of important new variables operating in the problem being studied. To overcome this, open-ended questions will be included in the pre-structured questionnaire to allow respondents to identify variables not foreseen by the researcher,

Although descriptive survey design has the above limitations survey designs have several other strengths such as, they are relatively inexpensive (especially selfadministered surveys), useful in describing the characteristics of a large population, (no other method of observation can provide this general capability), it makes results statistically significant even when analyzing multiple variables, also, many questions can be asked about a given topic giving considerable flexibility to the analysis and finally, high reliability is easy to obtain--by presenting all subjects with a standardized stimulus, observer subjectivity is greatly eliminated.

The rationale for choosing the survey is that; it is possible to discover facts about people's actions, attitudes and attributes, facts gathered can be used to test the stated theories, responses represents observations which can validly be measured and analyzed using statistical procedures, the standardized questionnaire will offer the possibility of making assertion about organizational capabilities and environmental characteristics in relation to SMEs performance and finally the standardized questionnaire will provide data in the same form for all respondents, making comparisons possible.

It is clear that survey research in the form of self-administration questionnaire was the obvious choice for the study and the best practical method to conduct the research.

3.3. Population

Population is the set of people who are the focus of the research and about whom the researcher wants to determine certain characteristics. This study seeks to examine the impact of organizational capabilities, environmental characteristics and performance of

small and micro business in Ghana. The target population of the study would include all small and micro businesses in Obuasi Municipality within the last two years. The exact population size is not defined since the study seeks to deal with all small and micro businesses in Obuasi and most of the businesses are not registered (Agyapong et al. (2016), hence no official statistics. The exact population include; Small Scale Miners, Excavator Dealers, Fashion designers, Restaurants, Hospitality and Service Providers, Supermarkets, Money Lenders & Cooperative Unions.

3.4. Sample and sampling procedure

The section looks at the sample size and the sample procedures used in the project report. A complete coverage of the population is not possible; a subset of the population was therefore studied in an effort to understand the population from which it was drawn. The sample size for the study was 300; however after the collection of data response rate of 278 SME's was randomly selected. This was because SMEs are homogeneous and having a sample size of 300 is representative enough for the study. A purposive and a convenient sampling technique were used in selecting the sample for the study. This was because the data needed for the study could be solicited from the owners of the SME's and their Managers, and not any other employees. In purposive sampling, researchers handpick the cases to be included in the sample on the basis of their judgment of a particular knowledge about an issue under study (Cohen, Manion, & Morrison, 2004).

3.5. Source of data

The study utilized primary sources of data in which well-designed questionnaires were extensively used. The primary data obtained comprised data on organizational capability, environmental characteristics and performance of SMEs in the Obuasi Municipality. Data on organizational capability focused mainly on information on innovation, marketing and managerial capability of SMEs in Obuasi Municipality. Information on environmental characteristics on the other hand was limited to the dynamism and complexity nature of the environment in which SMEs in the Obuasi Municipality operate. Finally, data on the performance of the SMEs in the Obuasi Municipality focused mainly on the operational and financial performance.

3.6. Research instrument

The study employed a structured questionnaire as the main tool for data collection. The individual scales of the questionnaire were adopted from an already validated source. However, the instrument was pre tested to ensure its reliability and validity and the extent to which it is suitable to elicit the required responses in the new context, in this case, Obuasi Municipality, in which it was applied.

The questionnaire consisted solely of closed ended questions. This was to allow respondents to choose among several given alternative in relation to each item in the questionnaire. The rationale is give room to respondents to tick response that they thought would be appropriate to answer a question. The questionnaire was structured into four (4) sections. The first section consisted of demographic data of respondents. The rationale is to solicit for data on the characteristics of the sample employed for the study. The second section solicited for responses concerning the organizational capability of

the SMEs in the Obuasi Municipality. The third section solicited responses on the environmental characteristics within which SMEs in the Obuasi Municipality operates whereas the final section focused on gathering data on the performance of SMEs in the Obuasi Municipality.

3.7. Measurement of variables

Organizational capability was measured on a likert scale ranging from much weaker to much stronger (with 1 been much weaker and 7 been much stronger). The organizational capability scale comprised three dimensions namely innovation, marketing and managerial. The innovation and marketing dimensions comprised 5 items each including “Skills in offering a service/product that offers new features”, “Ability to adapt product/service and process technologies to meet future needs”, “Developing marketing information about specific customer needs”, “Pricing the firm’s products/services and monitoring prices in the market”, “Providing better aftersales services” among others. The managerial dimension on the other hand comprised 7 items which includes “Ability to allocate resources (e.g. financial, employees) to achieve the firm’s goals”, “Ability to coordinate different areas of the business to achieve results”, “Ability and expertise to design jobs to suit staff capabilities and interest”, “Ability to attract and retain creative employees” among others.

Environmental characteristics scale was used to measure the dynamism and complexity nature of the environment within which SMEs in the Obuasi Municipality operate. A 9-item environmental characteristics scale was employed. The scale was measured on a 7 likert scale ranging from very low and very high with 1 been low and 7 been the highest. The scale consisted of three (3) dimensions; however the present study focused

on two (2) dimensions of the scale namely dynamism and complexity. The scale consist of items such as "Frequency of change in customer needs/market demand", "The degree of radical change in market structure", "Frequency of product/service innovation in the industry", "Customer pressure shown through radical changes in attitude", "Unpredictability of challenges presented by changes in the industry", "Number of competitors in the industry", "Range of customers/consumers in terms of their purchasing patterns/habits", "Range of suppliers", "Extent of the presence of differentiated products within the industry," among others.

Performance scale adopted was categorized into two, namely Operational and Financial performance. The scale was used to measure both the financial and operational performance of SMEs in the Obuasi Municipality. The scale was measured on a 7 likert scale ranging from much worse to much better. The financial performance scale is a 10-item scale adapted from Spanos and Lioukas (2001). The 10 items includes “return on investment (ROI)”, “sales volume”, “growth in ROI”, “profit levels”, “growth in sales”, “Market share”, “growth in profitability”, “return on sales (ROS)”, “growth in ROS and growth in market share”. The operational performance scale like the financial performance scale is a 10-item scale adapted from Spanos and Lioukas (2001). It includes items such as “cost of production/operation”, “the degree of variety in products and services given to customers”, “the extent of flexibility in production and service delivery processes”, “the caliber of product and service help to customers, utilization of resource (e.g. time, human skills)”, “the duration to bring forth fresh offerings of services and products”, “the time it takes to serve customers”, “meeting the needs of customers of customers

consistently”, “the degree of product returns and service failure” and “the capacity to control varied customer&market needs”.

3.8. Data collection procedure

The questionnaire was self- administered by the researcher to the respondents in their various work sectors. Permission was first sought from owners and this was authenticated by the letter of introduction obtained from the KNUST. The researcher then introduced herself, sought consent and explained the purpose of the study to the respondents. Though the introduction of questionnaire captured such areas as confidentiality and anonymity of the respondents and how the information would be used, the researcher still guaranteed the respondents that information they provide would be treated confidential and as anonymous as possible. The researchers further explained to the respondents how the results of the study would be published, reported or used. After the respondents had given their consent to participate in the study the researchers gave about 2 days to each of them to complete the items in the questionnaire. This duration was to give the respondents some comfort to respond accurately to the items in the questionnaire and also in order not to distract their work.

3.9. Data analysis

The data was analyzed quantitatively using descriptive and inferential statistics. Preliminary analysis was conducted before the hypothesis testing. Descriptive statistics such as mean, standard deviation, kurtosis and skewness of the variables of the study were computed for. Hypothesis 1 and 2 were tested using Pearson product moment correlation coefficient whereas hypothesis 3 was tested using hierarchical regression analysis.

3.10. Ethical consideration

The researcher ensured the following;

Voluntary Participation / Withdrawal: respondents were not under any coercion to take part in this study. They would not be under any pressure to take part in the study, to please the investigator or the research staff. They are free to participate in this research and withdraw at any time. They are not entitled to any penalty or loss of benefits when they stop taking part in this study. The decision to participate or not to participate had no effect on their job status.

3.11. Confidentiality: respondents' study records would be kept as confidential as possible. All information collected from the surveys would be kept as confidential as possible. There would be absolutely no names or signatures identifying the participants of the study. However, there will be the need for certain people to see the study records. By law, anyone who looks at these records must keep them completely confidential. The only people who would be allowed to see these records are:

- The research team, including the researcher and her supervisors.
- Certain government and university people who need to know more about the study. For example, individuals who provide oversight on this study may need to look at the records. This is done to make sure that the study is being done in the right way. They also need to make sure that respondents' rights and safety are protected in the course of the study.

CHAPTER FOUR

RESULTS AND DISCUSSION

4.0. Introduction

This chapter presents the result of the study. It consists of presentation and description of figures. The chapter is organized as follow. The first part presents demographic variables of the study; the second part presents preliminary analysis of data, whereas the third part present results for testing hypothesis. The second part in turn is organized under two (2) sections; section one (1) presents results from a Pearson product moment correlation coefficient (for testing hypothesis 1 and 2), whereas section two (2) on the other hand presents results from a hierarchical multiple regression analysis (for testing hypothesis 3). These different approaches were employed since they were appropriate in testing the stated hypotheses.

The study focused on 278 sample size selected from SMEs inObuasi Municipality of the Ashanti Region in Ghana, however after eliminating all questionnaires with missing data, a total of 256 responses which represent a total of 92.08% response rate. The analysis of the data was based on this response rate. The study's units consisted of entrepreneurs. Most of the participants from these sectors are males.

Using the raosoft sample sizecalculator for the sample size selection, the distribution was a representative for the whole individual work unit of each organization studied.

4.1. Reliability and validity of research instrument

4.1.2 Reliability of the instrument

The reliability of the research instrument was measured using the cronbach alpha. The scale recorded an alpha coefficient of 0.767. All items in the scale were observed to

have contributed much to the scale. The cronbach alpha (r) of the individual scales and the various dimensions are presented in the table below:

Table 4.1: Reliability coefficient of the instrument

SCALE	<i>r</i>
1. Capability	0.873
1.1. Innovation	0.877
1.2. Managerial	0.828
1.3. Marketing	0.890
2. Environmental characteristics	0.714
2.1. Dynamism	0.852
2.2. Complexity	0.741
3. Performance	0.714
3.1. Operation performance	0.914
3.2. Financial Performance	0.969

Source: Field Data, 2016

Table 4.2: KMO and Bartlett's Test on Scale

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.	0.765
Approx. Chi-Square	3047.126
Bartlett's Test of Sphericity	Df 190
	Sig. 0.000

Table 4.2 above shows the outcome of the KMO and Bartlett's test on dimensions of the scale. The Kaiser-Meyer Olkin test of sample size adequacy showed 0.765 which is more than the recommended level of 0.50 suggested by Kaiser (1974). Again the Bartlett's test of sphericity was significant at $\chi^2(371) = 10005.72, p < 0.05$ indicating the factorability of correlation matrix as well as the adequacy of the sampling and applicability of factor analysis (Hair, Anderson, Tatham & Black, 1998).

Table 4.3: Principal Component Analysis of study variables (N= 278)

Factor Extraction	Component			
	1	2	3	4
MC1	.783			
MC2	.764			
MC3	.726			
MC4	.661			
MC5	.583			
MC6	.582			
MC7	.577			
CM1		.781		
CM2		.643		
CM3		.606		
CM4		.529		
DC1			.738	
DC2			.716	
DC3			.646	
DC4			.526	
DC5			.615	
DC6			.712	
DC7			.160	
MK1				.414
MK2				.512
MK3				.555
MK4				.578
MK5				.712
Average % of variances explained	5.401	7.818	7.762	7.006
Factor Extraction	Component			
	1		1	
IC1	.519		IC1	.519
IC2	.836		IC2	.836
IC3	.712		IC3	.712
IC4	.455		IC4	.455
IC5	.648		IC5	.648
FP1		.798	FP1	
FP2		.772	FP2	
FP3		.745	FP3	
FP4		.925	FP4	
FP5		.712	FP5	
FP6		.731	FP6	
FP7		.617	FP7	
FP8		.632	FP8	

FP9		.741	FP9	
FP10		.643	FP10	
% of variances explained	53.401		10.818	
Extraction Method: Principal Component Analysis				

Table 4.3 above shows the factors extracted and their loadings based on communalities. The results of the factor analysis elicited four factors eligible for inclusion in the research instrument as dimensions of causes of the various constructs. They have been categorized as Factor 1-; Factor 2; Factor 3 and Factor 4 making the scale multidimensional. The total variance explained accounted for a cumulative variance of 5.40 (Factor 1), Factor 2 -7.81, Factor 3- 7.76 and Factor 4-7.006. A list of several items suggested by prior work of Harvey et al. (2010); Brotheridge (2013) and Padilla et al., (2007) were consequently extracted from the factors based on communalities indexes above the threshold of 0.4 and the latent root criterion of 1.0 used for factor extraction (Hair et al., 1998; Nunnally, 1978). This means these factors reflected the same theme and formed an organic whole. This was used to collect data after which the Kaiser-Meyer Olkin test of adequacy of sample size was conducted resulting in a sample size adequacy of 0.765 which is more than the recommended level of 0.50 suggested by Kaiser (1974). The data was examined to check its appropriateness for factor analysis and a factor analysis was done utilizing the direct Oblimin method through PCA with varimax u.

These were subjected to PCA with varimax. The PCA revealed that 20 items had Eigenvalues exceeding 1 and together they accounted for a cumulative variance of 79.188%. All the items on the instrument had factor loadings >0.30 on their primary factors (Hair et al., 1998; Nunnally, 1978).

Table 4.4: KMO and Bartlett's Test for Study Variables

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.868
	Approx. Chi-Square	4138.285
Bartlett's Test of Sphericity	Df	271
	Sig.	.000

Table 4.4 above shows the results of the KMO and Bartlett's test. The Kaiser-Meyer Olkin test of sample size adequacy was 0.868 which is more than the recommended level of 0.50 suggested by Kaiser (1974). Again the Bartlett's test of sphericity was significant at $\chi^2(371) = 10005.72, p < 0.05$ indicating the factorability of correlation matrix as well as the adequacy of the sampling and applicability of factor analysis (Hair, Anderson, Tatham &, 1998).

Table 4.4 above shows the factors extracted and their loadings based on communalities. The results of the factor analysis elicited outcomes of the scale as multi-dimensional with two factors eligible for inclusion in the research instrument namely: Factor 1 and Factor 2. This means these factors reflected the same theme and formed an organic whole. The total variance explained accounted for a cumulative variance of 79.18. The items under each dimension were selected based on communalities indexes above the threshold of 0.4 and the latent root criterion of 1.0 used for factor extraction (Hair et al., 1998; Nunnally, 1978).

4.3 Validity of Measures

Despite the fact that data was taken from different sources, it was however prudent that the validity of the variables be ascertained. Therefore, a series of CFA was conducted using the one factor solution to examine whether these variables captured distinct constructs. These tests were conducted at the individual level.

Table 4.5: Measurement models for three variables

Fit Measures	CFA-Innovation	CFA-Marketing	CFA-Managerial	CFA-Dynamism	CFA-Complexity	CFA-Operation Performance	CFA-Financial performance
N	278	278	278		278	278	278
	0.87				0.1	0.90	0.93
CFI		0.74	0.82	0.91			
	0.09				0.06	0.09	0.09
RMSEA		0.06	0.07	0.05			
	4.29				1.57	2.31	1.38
χ^2/df		1.51	3.12	1.32			

Source: Field Data, 2016

Results of the tests of competing CFA models are shown in the Table above indicating that CFA showed a good fit for the one factor-structure with the items loading on respective factors based on the recommendations of (cf. Hu & Bentler, 1999) who assessed model fitness by RMSEA of not more than 0.10. This shows that discriminant validity of respective items of variables has been achieved.

4.4. Data Analysis

Data was analyzed quantitatively using SPSS version 21. Pearson Product-Moment Correlation Coefficient was used to determine the relationship between the variables. The rationale was to determine the relationship between the predictor variables and the criterion variables, as well as the relationship between the moderator variable and the criterion variable.

Demographic variables were analyzed using descriptive statistics, specifically, frequencies and percentages. Hypothesis 1 and 2 were analyzed using Pearson product moment correlation coefficient, the rationale was to determine the relationship between

the independent variable and the dependent variable. Hypothesis 3 was analyzed using Hierarchical multiple regression analysis, the rationale was to determine the moderating effect of the moderator variable on the strength relationship between the predictor and criterion variables.

4.5. Presentation of results

4.5.1. Demographic characteristics

Table 4.6: Characteristics of Respondents

		<i>F</i>	%
Gender	Male	181	70.70
	Female	75	28.90
	Total	256	100.0
Age	Less than 20	3	1.17
	20 to 29	69	26.95
	30 to 39	101	39.45
	40 to 49	61	23.83
	50+	22	8.59
	Total	256	100.0

Source: Field Data

Table 4.6 shows the gender distribution of respondents. It could be observed that 181 (representing 70.70%) were male whereas the remaining 75 (representing 28.90%) were females. This implies that majority of the respondents who participated in the study were males.

Table 4.6 further reveals the age distribution of respondents. It could be observed that 3 (representing 1.17%) were less than 20 years, 69 (representing 26.95%) were between 20 to 29 years, 101 (representing 39.45%) were 30 to 39 years, 61 (representing 23.83%) were within the age range of 40 to 49 years whereas the remaining 22 (representing

8.59%) were 50years and above. This implies that majority of the respondents who participated in the study were in the adulthood stage.

Table 4.7: Firms' Characteristics

		<i>F</i>	%
Type of business	Manufacturing	39	15.23
	Service	155	60.55
	Others	62	24.23
	Total	256	100.0
Type of ownership	Family-owned	195	76.17
	Not a family-owned	61	23.83
	Total	256	100.0
Firm Age	0-1 year	46	17.97
	1-2year	85	33.20
	3years and above	125	48.83
	Total	256	100.0
Firm Size	1-5	66	25.78
	6-10	135	52.73
	16-20	34	13.28
	20 and above	21	8.20
	Total	256	100.0

Source: Field Data

Table 4.7 depicts the types of firms set up or owned by respondents. It could be observed that majority that is 155 respondents representing 60.55% of the total respondents, were offering services, 39 respondents (representing 15.23% of the respondents) are into manufacturing business whereas the remaining 62 respondents representing 24.23% of the respondents indicated that they are in other business aside services and manufacturing. This implies that majority of the respondents are in the service industry offering varied kinds of service business.

Table 4.7 further reveals the type of ownership of the firm's respondents is running. It could be observed from the table that 195 were family owned businesses whereas the remaining 61 are non-family owned business. This implies that majority of the firms in Obuasi Municipality are family owned businesses.

The Table 4.7 also shows the firm age, that is, length of time respondents have spent in their business. It could be observed that majority that is 46 out the 256 respondents (representing 17.97%) have been in the business for about 1 to 2 years. Eighty-five (85) respondents (representing 33.20%) have been in their business for about 3 years and above whereas the remaining 125 respondents (representing 48.783%) have been in their business for about 0 to 1 year. This implies that majority of the respondents has spent a more than a year in their business

The Table 4.7 reveals the firm size, that is, the number of people respondents have employed so far. The table shows that 66 respondents (representing 25.78%) have employed 1 to 5 employees, 135 respondents (representing 52.73%) have employed 6 to 10 employees, 34 respondents (representing 13.28%) have employed 16 to 20 employees whereas the remaining 21 respondents (representing 8.20%) of the entire respondents have employed 20 and above employees in their business.

4.6. Descriptive Statistics and Correlation Analysis

4.6.1 Descriptive Statistics

Table 4.8: Summary of Descriptive Statistics, Skewness and Kurtosis of the Variables in the study (N=256).

Variables	N	Mean	SD	Minimum	Maximum	Skewness	Kurtosis
1. Performance	256	1.02E2	19.00	37.00	140.00	-0.75	0.29
1.1 Operational	256	52.11	9.14	18	70.00	-1.02	1.85
1.2. Financial	256	50.04	11.95	10.00	70.00	-0.81	0.28
2. Organisational Capability	256	87.21	15.12	15.76	119.00	-0.64	0.77

2.1. Innovation	256	25.03	5.78	5.00	35.00	-0.63	0.34
2.2 Marketing	256	25.63	5.14	5.00	35.00	-0.84	1.13
2.3. Managerial	256	36.39	6.61	14.00	49.00	-0.72	
3.Environmental Characteristics	256	54.60	10.23	20.00	77.00	-0.60	0.41
3.1. Dynamism	256	34.40	34.40	12.00	49.00	-0.52	0.25
3.2. Complexity	256	20.17	20.17	8.00	28.00	-0.57	0.233

Source: Field Data

4.6.2. Hypothesis testing

Two (2) major statistical tests were used to analyze the hypothesis. The interrelationship between the independent variable, moderator and criterion variable (hypothesis 1 and 2) in the study were explored using Pearson Product-Moment correlation coefficient test. Hierarchical multiple regression, specifically, the procedure proposed by Baron and Kenny (1986) were used to test for the moderation effect (hypothesis 3).

The results are presented in the tables below:

Correlation Matrix of study Variables

In order to test for discriminant validity, the researcher conducted a correlation matrix of the study variables in order to ascertain whether there were issues of Multicollinearity which is a critical assumption for discriminant validity. Table 5 below shows that these were not the case as correlations were below 7.0 as recommended by Field (2005). Hence discriminant validity has been attained.

Table 4.9: Correlation Matrix of study Variables

	1	2	3	4	5	6	7
1. Innovation	1.00**						
2. Marketing	0.72**	1.00**					
3. Managerial	0.65**	0.76**	1.00**				
4. Dynamism	0.57**	0.55**	0.49**	1.00**			
5. Complexity	0.45**	0.45**	0.48**	0.63**	1.00**		

6. Operational

Performance	0.53**	0.61**	0.60**	0.50**	0.55**	1.00**	
7.Financial							
Performance	0.45**	0.37**	0.47**	0.33**	0.42**	0.64**	1.00**

Variables significant at $p < 0.05$

Source: Field Data

The results from table above indicated that all the variables (independent and moderators) significantly correlated with the criterion variable. The descriptors developed by Davis (1971) were used to interpret the magnitude of the relationship between the variables. The indicators are as follow:

- 0.70 or higher = very strong association
- 0.50 -0.69= substantial association
- 0.30 -0.49 = moderate association
- 0.10 – 0.29 = low association
- 0.01 -0.09 = negligible association.

According to Kenny (2009), for a moderation effect to occur, a significant relationship between the predictor variable and the criterion variable must be established.

Hypothesis 1

H₁: there will be a direct effect on organizational capabilities and performance of micro and small business in Ghana.

Hypothesis 1 examined the relationship between organizational capability and performance of SMEs. It was therefore stated that “there will be a direct effect on organizational capabilities and performance of micro and small business in Ghana”. A

Pearson Product-Moment correlation coefficient was used to test this hypothesis. The results are presented in the table 4.9 above. The result indicated that a positive substantial relationship ($r = 0.60$) exist between organizational capability and performance. The observed relationship was significant ($p = 0.00$) at a 0.01 significant level. This implies that when SMEs tend to have a strong organizational capability, and in this study, that implies having a credible innovation, marketing, managerial ability, technology, new product development and a strong customer service capability will help achieve superior performance.

Further the table 4.9 revealed the relationship between organizational capability dimensions (innovation, marketing, managerial) and performance dimension (operational and financial). A substantial positive and significant relationship was observed between organizational capability dimensions and operational performance (innovation, $r = 0.53$, $p = 0.00$; marketing $r = 0.61$, $p = 0.00$; managerial, $r = 0.60$, $p = 0.00$). This implies that innovation, marketing and managerial capability of entrepreneurs are associated with the operational performance of their businesses. It can therefore be argued that for SMEs in the Obuasi municipality to thrive and boost their operational performance, there is the need for them to be innovative, improve their marketing and managerial capability.

Furthermore, a moderate positive but significant relationship was observed between organizational capability dimensions and financial performance (innovation, $r = 0.45$, $p = 0.00$; marketing, $r = 0.37$, $p = 0.00$; and managerial, $r = 0.47$, $p = 0.00$). This implies that an association exist between SMEs innovative, marketing and managerial capability and their financial performance. Although the analysis reveals that the organizational capability dimensions correlate more with operational performance as compared to

financial performance, it still denote that a link does exist between these dimensions and financial performance of SMEs.

The hypothesis that “*there will be a significant relationship between organizational capabilities and performance of micro and small business in Ghana*” was supported.

Hypothesis 2

H₁: there will be a direct effect on environmental characteristics and performance of micro and small business in Ghana.

Hypothesis 2 examined the relationship between environmental characteristics and performance of SMEs. It was therefore stated that “there will be direct effect on environmental characteristics and performance of micro and small business in Ghana”. A Pearson Product-Moment correlation coefficient was used to test this hypothesis. The results are presented in the table 4.9 above. The result indicated that a positive substantial relationship ($r = 0.52$) exist between environmental characteristics and performance. The observed relationship was significant ($p = 0.00$) at a 0.01 significant level. This implies that a positive environmental characteristics, and in this study, competitive dynamism and intensity, has the potential to enhance SMEs performance.

Further the table 4.9 revealed the relationship between environmental characteristics dimensions (dynamism and complexity) and performance dimension (operational and financial). A substantial positive and significant relationship was observed between environmental characteristics dimensions and operational performance (dynamism, $r =$

0.50, $p=0.00$; complexity, $r = 0.55$, $p=0.00$). This implies that dynamism and complexity of the environment within which SMEs operate, are associated with the operational performance of their businesses. It can therefore be argued that for SMEs in the Obuasi metropolis to thrive and boost their operational performance, there is the need for them to attune and equip themselves to the dynamism and complexity of the environment in order to survive and remain in competition.

Furthermore, a moderate positive but significant relationship was observed between organizational capability dimensions and financial performance (dynamism, $r = 0.33$, $p = 0.00$; complexity, $r = 0.42$, $p = 0.00$). This implies that an association exists between the dynamism and complexity nature of the environment SMEs operate and their financial performance. The ability for entrepreneurs to be abreast with the nature of the business environment and empowering themselves to survive and remain in the market could boost their financial performance. Further, as observed in the hypothesis 1, the analysis reveals that the environmental characteristics dimensions correlate more with operational performance as compared to financial performance. Further research is recommended to investigate these outcomes.

The hypothesis that “there will be a direct effect on environmental characteristics and performance of micro and small business in Ghana” was supported.

Hypothesis 3

H₁: environmental characteristics will moderate the relationship between organizational capabilities and performance of micro and small business in Ghana

Hypothesis 3 predicted that the environmental characteristics will moderate the relationship between organizational capabilities and performance of micro and small

business in Ghana. This was tested using a hierarchical regression model. The results are presented in table 4.10 below:

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Table 4.10: Summary of hierarchical regression model for the Moderation Effect of Environmental characteristics dimensions and Organizational Capability dimension on Financial Performance

	B	SEB	Beta	t	P	F
STEP 1 Constant						
	18.58	3.92		4.74	0.00	26.33*
Innovation	0.62	0.17	0.29	3.53	0.00	
Marketing	-0.33	0.22	-0.14	-1.46	0.15	
Managerial	0.68	0.16	0.37	4.38	0.00	
STEP 2						
Constant	13.68	4.10		3.34	0.00	20.00*
Innovation	0.52	0.18	0.24	2.95	0.00	
Marketing	-0.38	0.22	-0.16	-1.70	0.09	
Managerial	0.55	0.15	0.29	3.53	0.00	
Dynamism	-0.06	0.13	-0.33	-0.45	0.65	
Complexity	0.76	0.20	0.27	3.36	0.00	
STEP 3						
Constant	28.85	14.71		1.96	0.51	11.97*
Innovation	-0.50	0.83	-0.23	0.60	0.55	
Marketing	-1.12	0.90	-0.47	-1.25	0.21	
Managerial	1.27	0.65	0.68	1.94	0.05	
Dynamism	-0.45	0.57	-0.27	-0.80	0.43	
Complexity	0.72	0.93	0.25	0.77	0.44	
Innovation*Dynamism	0.10	0.03	2.68	3.66	0.00	
Innovation*Complexity	-0.13	0.04	-1.99	-2.97	0.03	
Marketing*Dynamism	-0.12	0.04	-3.07	-3.26	0.01	
Marketing*Complexity	0.26	0.06	3.75	4.12	0.00	
Managerial*Dynamism	0.03	0.02	1.10	1.43	0.15	
Managerial*Complexity	-0.10	0.03	-1.91	-2.85	0.01	
Dynamism * Complexity	0.01	0.02	0.29	0.82	0.41	

Note: $p < 0.05$. DV=Financial Performance, Step1, Predictors: (Constant), marketing innovation, managerial. Step 2, Predictors (Constant), managerial, innovation, marketing, complexity, dynamism, Step 3: managerial, innovation, marketing, complexity, dynamism, innovation*dynamism, innovation*complexity, marketing*dynamism, marketing*complexity, managerial*dynamism, managerial*complexity. Model 1 $R=0.49$; $Rsquare = 0.24$; Adjusted $Rsquare = 0.23$; Model2 $R=0.53$; $R square=0.28$; Adjusted $Rsquare = 0.27$; $Rsquare change=0.05$; Model 3: $R=0.59$; $R square=0.35$; Adjusted $Rsquare = 0.32$; $Rsquare change=0.06$
Source: Field Data, 2016

Table 4.10 showed the coefficient and model summary output of the hierarchical regression model. The beta value and its associated standard error, t value and its

significance could be observed, as well as R^2 change and its associated significant value.

The significant beta value was recorded for each step of the model. The table

4.10 reveals that Model one (1) which included only organizational capability dimensions (innovation, marketing and managerial) accounted for 23% of the variance (Adjusted $R^2=0.23$) in performance. The inclusion of environmental characteristics dimensions (dynamism and complexity) into the variance (at step 2 of the model) resulted in an additional change of 5% variance (R^2 change=0.05).

The final model, that is model three (3) also included the interactions, and this accounted for an additional variance of 6%, thereby accounting for 32% of the variance (Adjusted $R^2=0.32$) in financial performance of SMEs in the Obuasi Municipality. It could also be observed that innovation capability significantly predicted financial performance ($\beta=0.29$, $p<0.05$). Managerial capability on the other hand also significantly predicted financial performance ($\beta=0.37$, $p<0.05$). With regards to the moderators, complexity significantly predicted financial performance ($\beta=0.27$, $p<0.05$), dynamism on the other hand did not significantly predict financial performance ($\beta=-0.03$, $p>0.05$).

The interactions significantly had effect on performance (innovation*dynamism: $\beta=2.68$, $p<0.05$; innovation and complexity: $\beta=-1.99$, $p<0.05$; marketing*dynamism: $\beta=-3.01$, $p<0.05$; marketing*complexity: $\beta=3.75$, $p<0.05$; managerial*complexity: $\beta=-1.92$, $p=0.05$). The interaction between managerial and complexity did not significantly predict performance ($\beta=0.10$, $p>0.05$). The ANOVA results of the model summary table showed an overall significance of the model at each step. Model one (1), without interaction was significant, ($F_{(3,255)}=26.33$,

$p < 0.05$). Model two (2) with the inclusion of environmental characteristics dimensions was significant ($F_{(5,255)} = 20.00$; $p < 0.005$). Model three (3), with the interaction, was also significant ($F_{(11,247)} = 11.97$; $p < 0.05$). The model was statistically significant. Hypothesis 3 was therefore partially supported.

4.3. Discussions

The present study examined the moderating effect of environmental characteristics and organizational capability on performance of small and micro business in Obuasi Municipality. The study conceptualizes organizational capability as SMEs ability to be innovative, have explicit managerial and marketing skills in their area of operations. Environmental characteristics were also narrowed to SMEs competitive dynamism and intensity whereas performance concentrated on financial and operational aspects of the business. The study specifically hypothesized that a significant relationship will exist between organizational capability and SMEs performance, and environmental characteristics and SMEs performance, and a moderating effect of environmental characteristics and organizational capability on performance. The outcome of the study supported the first two hypotheses indicating a positive relationship between organizational capability and performance and a significant positive relation between environmental characteristics and performance. The third hypothesis was partially supported. Moderation effect of environmental characteristics dimensions and organizational capability dimension on performance was observed. However, no significant moderating effect of managerial and dynamism on performance was observed.

A link was observed between organizational capability and performance. The observed positive relationship between the variables implies that where organizational capability is high, performance rises, and where organizational capability is low, performance on the other hand decreases. This reveals the vital roles Organizational capability plays in performance of SMEs. This is to say that entrepreneurs need to be innovative, improve their marketing and management abilities and or strategies in order to strive in the market. With the rapid advancement of technology deployment in the business and much emphasis on e-business for improved performance, entrepreneurs will require to enhance their abilities to think outside the box, be creative and employ novel ideas to their business by not just doing things better but differently. Further, the increased competition in the market places much task on entrepreneurs on the need to enhanced their marketing and management skills so as to survive and remain in the competition. With the present finding, it could be argue that SMEs that ignore these vital factors (innovation, managerial capabilities and marketing capabilities) of performance are more likely to experience low performance, both financial and operational, in their businesses.

The present findings are observed in the literature. For instance Tuan and Yoshi's (2010) study as reviewed in the study applied the resource-based view (RBV) of firms to explain performance in supporting industries in Vietnam. Specifically, their research was based on the comprehensive framework of RBV and reviewed previous empirical researches before deciding on adopting a dynamic capabilities approach to test relationships among organizational capabilities, competitive advantage and performance. A multivariate analysis of survey responses of 102 firms belonging to supporting industries in Vietnam indicates that the organizational capabilities are

related to the competitive advantage, that the competitive advantage is related to performance, and that the competitive advantage mediates the relationship between organizational capabilities and performance.

The findings were further supported by the study of Santos-Vijande et al (2012). The authors analyze the organizational antecedents of marketing capabilities and their impact on business performance using a sample of small and medium enterprises (SMEs). Results of the research indicate that Internal Marketing, or the management of human resources as internal organizational clients, is a key determinant in motivating employees effectively to develop both strategic and operational marketing capabilities. Marketing capabilities exert a significant and positive effect on clients' satisfaction and loyalty, which ultimately lead to better organizational performance in terms of sales, profit, and market share.

The research also contributes to the scarce amount of empirical evidence on the positive and direct effect of IM strategies on business performance. Keelson (2014) on the other hand conducted a study to measure and justifies the contribution of Organizational Capabilities and Internal Marketing as moderating factors of market orientation and business success. They used twenty four listed companies out of a total of thirty seven from Ghana to conduct the study. Seventy two senior officials were surveyed from these companies using a five-Likert Scale questionnaire. The findings revealed that, compared to existing scales, organizational capabilities contributed significantly to the components that determine the level of market orientation of listing companies. Similarly, not only did internal marketing related with ten of the eleven antecedents of market orientation; but internal marketing also contributed to all seven economic and non-economic factors determining business success. Thus, the significant

contribution of the two new scales to market orientation and business performance justifies their consideration as moderating factors for the study of market orientation. This finding of Keelson (2014) supports the present findings.

With regards to innovation as an organizational capability, the outcome of this study was confirmed by the study of Bukhamsin (2015) who investigated the relationship between innovation capability aspects proposed by the Innovation Value Institute (IVI) and firms' overall performance. This empirical study was conducted on small- and medium-sized enterprises (SMEs) in Ireland. The findings show that two important aspects of innovation capability, innovation process and leadership management, are directly and positively associated with overall firm financial and operational performance. According to the author, the practical implications of this finding involve enhancing firms' financial and operational performance through developing innovation capability. Therefore, companies can benefit from the findings of this study by applying or taking better account of these aspects in their daily operations.

Further, it was observed that environmental characteristics have a link with SMEs performance. In other word, it was observed from the findings that an increase in environmental characteristics, that is been up to date with the dynamism and intensity of the market, will lead to an increase in performance whereas a decrease in environmental characteristics will lead to a decrease in performance. This implies that for SMEs to succeed they need to be abreast with competitive dynamism and intensity in the market and design and implement their strategies to that effect. Disregarding these vital factors will be detrimental to the performance and hence success of SMEs in Ghana. This finding was supported by Lopez-Gamero, MolinaAzorin, and Claver-

Cortes (2009) study. The authors tested whether or not the resource-based view of the firm mediates the positive relationships of proactive environmental management and improved environmental performance with competitive advantage, which also has consequences for financial performance. They also considered the possible link between the adoption of a pioneering approach and good environmental management practices.

The findings support that early investment timing and intensity in environmental issues impact on the adoption of a proactive environmental management, which in turn helps to improve environmental performance. The findings also show that a firm's resources and competitive advantage act as mediator variables for a positive relationship between environmental protection and financial performance. In addition, their study clarifies a relevant point in the literature, namely that the effect of environmental protection on firm performance is not direct and can vary depending on the sector considered. In this regard, the present study argues that this might explain why environmental characteristics did not have a significant moderating effect on Organizational capability and performance.

In addition the present findings are in line with Nguimkeu (2013) study which examined the impact of business environment on the productivity of retail firms in Cameroon, which represent more than 50% of all firms. The study reveals that retail companies are making significant monetary shortfalls due to poor business environment in Cameroon. According to the author, although it is usually argued that the informal sector takes its toll on government tax revenues, the results suggest that competition imposed by this

sector to formal trade firms stimulates the efforts of the latter, thereby improving their performance.

In much the same way the study of Rosenbusch and Galander (n.d.) supported the findings of the present study they conducted a meta-analysis on the impact of environmental characteristics on firm performance. It was observed that the hypothesis that performance is positively associated with the munificence of the environment ($r = .19$) was supported by the data. Looking at the overall relationships, munificence had the strongest influence on performance of all environmental characteristics examined. Compared to firm-specific effects studied in other metaanalyses (cf. Bausch & Krist, 2007; Bausch & Rosenbusch, 2006; Dalton & Daily, 1998; Daniel, Lohrke, Fornaciari, & Turner, 2004; Shea-van Fossen, Rothstein, & Korn, 2006 cited in Rosenbusch & Galander, n.d.), the effect of munificence was medium in magnitude, indicating that the munificence of the environment is relatively important for firm success. They also found evidence for the hypothesis that firm size moderates this effect.

The correlation between munificence and performance is significantly higher in small firms ($r = .33$) compared with large corporations ($r = .07$). The comparatively high correlation in the sub-sample of small firms indicates that their performance seems to be crucially dependent on growth opportunities and the availability of resources. Whereas munificence also increases the performance of large corporations, the relative importance was higher in small firms. This, according to them is a valuable finding with regard to research on small businesses and new ventures. It was also observed that intense competition is an unfavorable condition for firms. The negative effect on

performance that was found was significant, but rather small ($r = -.04$). According to the researchers, some firms can compete successfully even in hostile environments, while others cannot. Whether a firm will perform well under hostile conditions depends on various factors, such as the application of the right strategies. For example, Zahra and Bogner (2000) cited in Rosenbusch and Galander, (n.d.) demonstrate that in price-hostile environments product upgrades affect market share growth positively whereas radical innovations decrease this performance indicator.

In contrast to the present findings, Rosenbusch and Galander (n.d.) further found that for the relationship of environmental dynamism and firm performance in primary research are highly contradictory, leading to an overall correlation of zero ($r = .00$). In addition, they proposed that dynamism has a negative effect on performance because of the difficulties associated with operating in unpredictable settings. These disadvantages are obviously at least partially offset by business opportunities that hold potentials for growth and profitability (Utterback, 1994 cited in Rosenbusch&Galander, n.d.).

The data suggest that the effect is moderated by other variables. While they found a significantly negative effect of dynamism on performance in the sub-sample of large firms ($r = -.11$), there is a small positive, however non-significant link between dynamism and performance in small firms ($r = .04$). The present study argue that this inconsistencies might have arisen because the present study did not treat dynamism as a sole variable but was looked at as a component of environmental characteristics.

Further studies could relook at this phenomenon to minimize these inconsistencies.

It was observed in the literature that studies relating to the moderating effect of environmental characteristics and organizational capability on performance is very scarce and non-existence in the Ghanaian literature. Although this study has tended to minimize this knowledge gap in the literature, it is recommended that more studies should be conducted in this area to lessen this observed knowledge gap.



CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.0. Introduction

This chapter presents the summary on the findings of the study and outlines conclusions derived from the analysis and also informed recommendations based on the findings of the study.

5.1. Summary of findings

The study examined the extent to which organizational capability and environmental characteristics affect SMEs performance. Using a descriptive survey design responses were collected through questionnaire and some findings were supported by empirical studies as reviewed in the literature. Using Pearson product moment correlation coefficient, the study found that organizational capability has a significant positive effect on SMEs performance, and in much the same way, environmental characteristics was also observed to have a positive link with SMEs performance. Further, the study quest to determine whether the two independent variables (organizational capability and environmental characteristics) interact to affect performance was partially supported. The two variables on their own (that is, without any interaction) significantly predicted performance. The findings of the present study in general supports the findings that organizational capability and environmental characteristics has a link with or an influence on SMEs performance.

Relationship between organizational capability and performance

Organizational capability positively and significantly correlated with performance.

The key dimensions of organizational capability employed for the study includes innovation, marketing and managerial capability of SMEs. Performance of SMEs in the present study focused on the operational and financial performance of SMEs. All the dimensions of organizational capability (innovation, marketing and managerial) positively and significantly correlated with the dimensions of performance (operational and financial). Higher level of organizational capability leads to a higher level of performance.

Relationship between environmental characteristics and performance

Environmental characteristics positively and significantly correlated with performance. The key dimensions of environmental characteristics as used in the present study are dynamism and complexity of the environment within which SMEs operate. With regards to performance, the study concentrated on operational and financial performance of SMEs in the Obuasi metropolis. All the dimensions of environmental characteristics (dynamism, and complexity) positively and significantly correlated with the dimension of performance (operational and financial). Higher level of environmental characteristics leads to a higher level of performance.

Moderation effect of Environmental characteristics and organizational capabilities on performance of micro and small business in Ghana

Environmental characteristics dimensions (dynamism and complexity) and organizational capability dimensions (innovation, marketing and managerial) had moderation effect on performance. However, dynamism and managerial capability did not have a significant moderation effect on performance. The two independent variables on their own (that is, without any interaction) significantly predicted performance.

5.2. Conclusions

In order for the Ghanaian SMEs to continue to grow and improve on their performance, they need to focus on improving their strategy capabilities in terms of developing new products and Service features that adds value to customer purchases, developing a direct and clear operating Process and Procedures, that is, explicit directions, maintaining creative and skilful employees and a profitable investment in technology and also factor environmental characteristics such as competition, legal controls, political situations, economic stability and instability in the creation and implementation their business strategies .In the resource-based view, it has been reasoned that organizational capabilities can be a source of competitive advantage and may influence strategic performance (Ray,Barney&Muhanna, 2004). This depicts the criticality of the role organizational capabilities plays in the performance of SMEs especially in Ghana.

Ghana"s economy is dominated by several start-up businesses in their early stages. The Global Entrepreneurship Monitor (GEM) reports that Ghana has the highest proportion of owner-managed established businesses compared to the other 76 participating countries from which data is collected. The report ranks Ghana as the second highest for new businesses running for more or less than 42 months (GEM Report, 2010) This makes the point that enterprises employing fewer than 20 individuals account for a majority of Ghana"s private sector GDP, and constitute around 92% of businesses in Ghana (Abor&Quartey, 2010). As a result, the importance of small and medium scale businesses cannot be under-stated and their effects on the growth or otherwise of the wider economy need to be taken seriously in any economic assessment. This depicts the critical nature of the need for SMEs to empower themselves and adopt strategies to

enhance their capability and meet environmental demands to boost their growth and hence the growth of the entire economy.

5.3. Recommendations

In view of the findings the following recommendations were made:

1. SMEs must be encouraged to employ organizational capability strategies such as innovation, marketing and managerial skills to enhance their performance
2. SMEs must be empowered keep up to date with competitive dynamism and intensity to enable them adopts appropriate strategies needed to survive competitions to boost their performance.
3. SMEs should be educated and made aware of these vital and critical strategies necessary for their performance increase
4. The government of the day should endeavor to create an enabling environment that would be truly conducive for business organizations to thrive without engaging in any act of fraudulent practices.

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APPENDIX

Kwame Nkrumah University of Science and Technology

School of Business

Department of Marketing and Corporate Strategy

Survey Instrument @2016

Brief background of the study

This study focuses on marketing and strategic management practices (as well as environmental and operational issues) among firms in Ghana.

The goal of this study is to examine how the performances of these firms are affected by the issues mentioned earlier. Not only is the study aimed at contributing to knowledge but also, it seeks to come out with strategies to help firms in these sectors to improve and sustain their performance.

The study is purely academic-oriented, as such we would like to assure you that your responses would not be used for any other purpose other than those stated before. For the purposes of improving the quality of the study, we humbly request you to take your time to read and understand the items on this instrument before you respond to them. Objective responses offered will be highly appreciated.

Please read the instruction(s) under each section of the instrument to assist you in your responses.

Thank you so much for your willingness to participate in this study.

Questionnaire ID:

SECTION A: STRATEGY AND RELATED ISSUES

Kindly use a 7-point scale measuring from “1=not accurate at all” to “7=very accurate” to provide responses to the items under SA1 and SA2:

SA1: STRATEGIC PLANNING

What is the extent of accuracy concerning your company's marketing activities?	1	2	3	4	5	6	7
--	---	---	---	---	---	---	---

G1. We have broad range goals known to all managers	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
G2. We have specific goals known to all managers	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
G3. We have long-term goals known to all managers	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
G4. We have short-term goals known to all managers	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
A1. Our firm's actions are based more on formal plans than on intuition	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
A2. We have a manager or department devoted exclusively to formal planning	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
A3. We hold regular managers' meetings to discuss overall strategy	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
A4. We use mathematical and computer models as planning aids	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
A5. We have a written plan for the next 12 months	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
A6. Our planning outlook is more long-term than short-term	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
S1. We search systematically for information about our competitors	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
S2. We use special market research studies	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
S3. We search systematically for new products, acquisitions, and investments	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

SA2: CEO/Head's LOCUS OF CONTROL

<i>What is the extent of accuracy concerning your own values and attitudes?</i>	1	2	3	4	5	6	7
L1. Becoming a success is a matter of hard work; luck has little or nothing to do with it	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
L2. Getting ahead largely means being at the right place at the right time	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
L3. I have found that I can control my firm's environment to a large extent	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
L4. Many times I feel I have little or no influence over what happens inside my firm	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
L5. For the most part, my firm's success is controlled by forces too complex to understand or control	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

SA3: DIFFERENTIATION (Ds) AND LOW COST (Ls) STRATEGY

Please use a 7-point scale measuring from "1=much less" to "7=much more" to provide responses to the ff. items:

<i>Assess the extent to which your company has placed emphasis on the various business practices for the past three years:</i>	1	2	3	4	5	6	7
Ds1. Developing new products or services	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Ds2. Upgrading or refining existing products	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Ds3. Emphasising products or services for high priced market segments	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Ds4. Improving existing customer service	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Ds5. Innovation in marketing products and services	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Ds6. Advertising and promotion of products and services	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Ds7. Building and improving brand or company identification	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Ds8. Offering specialty products	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Ds9. Effective control of distribution channels	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
C11. Offering a broad range of products or services	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
C12. Operating efficiency	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
C13. Offering competitive prices for products and services	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
C14. Forecasting market growth in sales	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
C15. Emphasizing control of operating and overhead costs	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
C16. Innovation in production process or service offerings	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
C17. Emphasizing high quality standards or high quality service	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

SECTION B: COMPETITION AND RELATIONSHIPS

Using a 7-point scale where “1=very little” and “7=very intensive” to provide responses to items in Tables SB1 and SB2:

SB1: COMPETITIVE INTENSITY

<i>Indicate the extent to which the following activities have taken place in your firm's industry for the past three years:</i>	1	2	3	4	5	6	7
Ci1. Increase in the number of major competitors	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Ci2. Use of package deals for customers	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Ci3. Frequency of new products/service introductions	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Ci4. The rate of change in price manipulations	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Ci5. Increase in the number of companies that have access to the same marketing channels	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Ci6. The frequency of changes in government regulations affecting the industry	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

SB2: SOCIAL NETWORKING RELATIONSHIPS

<i>Please indicate the extent to which top managers in this firm have developed and used personal and social networking relationships for the past three years with....</i>	1	2	3	4	5	6	7
SNc1. Local kings/chiefs (or at least their representatives)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
SNc2. Religious leaders (e.g. pastors, imams, priests)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
SNc3. Leaders of other social organisations such as fun clubs	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
SNp1. City councils politicians (mayor and council members)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
SNp2. District council politicians (the district chief executive and members of district council assembly)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
SNp3. Regional government politicians	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
SNp4. National government politicians (e.g. ministers and parliamentarians)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
SNb1. Civil/public service officials in regulatory and supporting institutions (e.g. IRS, the central bank, EPA, etc.)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

SNb2. Officials in investment and industrial institutions (e.g.
Investment Board, Export Promotion Council, the Stock
Exchange)

☐☐☐☐☐☐☐

KNUST



**SECTION C: CAPABILITY (INNOVATIVE, MARKETING, & MANAGERIAL) AND
INNOVATIVENESS**

Please use a 7-point scale which measures from “1=much weaker” to “7=much stronger” to indicate the strength of your firm in terms:

	1	2	3	4	5	6	7
Ic1. Ability to support and drive new ideas and their implementation	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Ic2. Skills in offering a service/product that offers new features	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Ic3. Capability to apply the appropriate processes to produce new products and services	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Ic4. Ability to adapt product/service and process technologies to meet future needs	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Ic5. Ability to respond to unexpected opportunities arising from change in competitor activities	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Mkc1. Developing marketing information about specific customer needs	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Mkc2. Pricing the firm's products/services and monitoring prices in the market	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Mkc3. Designing products/services that can meet customer needs	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Mkc4. Focusing on customer recruitment and retention	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Mkc5. Providing better after-sales services	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Mc1. Skills in developing a clear operating procedures to run the business successfully	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Mc2. Ability to allocate resources (e.g. financial, employees) to achieve the firm's goals	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Mc3. Ability to coordinate different areas of the business to achieve results	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Mc4. Ability and expertise to design jobs to suit staff capabilities and interest	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Mc5. Ability to attract and retain creative employees	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Mc6. Ability to forecast and plan for the success of the business	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Mc7. Ability to implement policies and strategies that achieve results	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

**SECTION D: OTHER EXTERNAL MARKET CHARACTERISTICS (DYNAMISM,
COMPLEXITY, & MUNIFICENCE)**

Please use a 7-point scale which measures from “1=very low” to “7=very high” to indicate the extent to which each of the following item characterises this firm’s operating environment for the past three years:

	1	2	3	4	5	6	7
Dc1. Frequency of change in customer needs/market demand	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Dc2. The degree of radical change in market structure	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Dc3. Frequency of product/service innovation in the industry	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Dc4. Customer pressure shown through radical changes in attitude	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Dc5. Unpredictability of challenges presented by changes in the industry	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Dc6. Degree of radical change in technology	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Dc7. Degree of social, political & cultural changes that influence the industry’s instability	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Cm1. Number of competitors in the industry	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Cm2. Range of customers/consumers in terms of their purchasing patterns/habits	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Cm3. Range of suppliers	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Cm4. Extent of the presence of differentiated products within the industry	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Me1. Abundance of resources (e.g. human skills & expertise, technology, funds)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Me2. Growth in the market size	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Me3. Degree of environment unfriendliness among industry players	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Me4. Risks characterising business operations	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

SECTION E: FIRM INNOVATIVENESS & INTERNAL CHARACTERISTICS

SE1: CEO’S/LEADER’S PERCEPTION ON INNOVATION

Using a scale of 1 to 7; where 1=totally disagree; to 7= totally agree; to what extent do you agree or disagree that innovation makes a firm.

	1	2	3	4	5	6	7
1. Have upper edge over competitors	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. Enhance its financial outcomes (e.g. sales, profit, return on investment)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. Be unique in the industry	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4. Deliver superior value to stakeholders (e.g. shareholders, customers)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5. Deploy its resources effectively	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6. Efficient in its processes	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7. Satisfy the needs of employees by valuing and tapping into their initiatives	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

8. Sustain its business performance	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
9. Grow in the industry	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

SE2: INNOVATIVENESS

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Please using a scale of **1=worse than competitors**; to **7=much better than competitors**, how would you rate this firm's innovativeness along the items shown in the table below:

	1	2	3	4	5	6	7
PROCESS							
1. Improvising new methods when you cannot solve a problem using conventional methods	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. Developing new processes to deliver products/services to customers	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. Introducing new service delivery processes to add value	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4. Pursuing continuous improvement in operational processes	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
BEHAVIOURAL							
1. Welcoming new/unconventional ideas	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. Seeking out novel ways to tackle problems/challenges	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. Implementing new ideas within the firm	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
SOLUTION							
1. Presenting clients with unique solutions they may not have considered	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. Presenting innovative solutions to clients	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. Solving clients' problems in very innovative ways	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4. Providing innovative ideas and solutions to clients	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5. Coming up with new ideas to provide innovative solutions to customers' problems	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6. Being industry leaders in providing innovative solutions	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
PRODUCT/SERVICE							
1. Developing new products that enhance service to customers	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. Delivering cutting-edge services/products that are not delivered by competitors	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. Promoting new product offerings	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4. Constantly experimenting with new products/services	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
IT CAPABILITIES							
1. Relying on information technology in pursuing innovation	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. Adopting the latest technology in the industry	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. Relying on new technology to stay ahead of competition	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4. Bringing on board employees who have IT expertise while pursuing innovative activities	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
TRAINING FOR MANAGERS							
1. Providing in-house training for managers while initiating and implementing new ideas	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. Sponsoring managers to attend workshops that focus on process/product improvement	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. Providing ad-hoc/standing assistance to managers while pursuing innovative activities	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4. Creating a platform for managers to enhance their initiative and innovative skills	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

SECTION F: BUSINESS PERFORMANCE

Using a scale of 1 – 7 [where 1=much worse; 7=much better], indicate this firm's performance in relation to that of key competitors for the past 3 years:

SD1: OPERATIONAL PERFORMANCE

	1	2	3	4	5	6	7
Op1. The extent of flexibility in production/service delivery processes	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Op2. The time it takes to serve customers	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Op3. The consistency in meeting the needs of customers	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Op4. The extent of variety in products/services offered to customers	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Op5. The nature of product/service support to customers	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Op6. Resource utilisation (e.g. human skills, time)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Op7. Cost of production/operation	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Op8. The time it takes to introduce new products/service offerings	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Op9. The extent of product returns/service failure	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Op10. The ability to handle varied customer/market needs	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

SD2: FINANCIAL PERFORMANCE

	1	2	3	4	5	6	7
Fp1. Sales volume	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Fp2. Profit levels	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Fp3. Growth in sales	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Fp4. Growth in profitability	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Fp5. Return on investment (ROI)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Fp6. Return on sales (ROS)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Fp7. Market share	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Fp8. Growth in ROI	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Fp9. Growth in ROS	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Fp10. Growth in market share	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

SECTION G: FIRM BACKGROUND & RESPONDENT'S INFORMATION

1. This firm is mainly a... ☐Manufacturing organisation ☐Service organisation ☐Otherwise

2. Is this firm a family-owned business? ☐Yes ☐No

3. If you answered “yes” to (2) above,

○ Do family members control the business ? ☐Yes

☐No

○ Are family members involved in the business as directors? ☐Yes

☐No ○ Are family members involved as employees?

☐Yes

☐No ○ Are you a family member?

☐Yes

☐No

4. If this firm is not a family owned-business, which of the following categories best describes it? ☐Joint-venture/partnership ☐Public limited liability company ☐

other.....

5. How long has this firm existed/operated in the industry?.....Years

6. On the average, how many employees has this firm kept over the past three years?.....Employees

7. Does this firm have a research and development unit? ☐Yes ☐No

8. Please indicate your **gender** ☐Male ☐Female

9. Please indicate your **age** (years) ☐Less than 20 ☐20 to 29 ☐30 to 39

☐40 to 49 ☐50+

10. Please indicate your **current position** in this firm ☐Owner-manager ☐Executive

☐Manager

11. Please indicate the **number of years that you have held your current position** in this firm.....

Using a scale of 1 – 7 [where 1=strongly disagree; 4=indifferent; 7=strongly agree], indicate the extent to which you agree or disagree to each of the following:

	1	2	3	4	5	6	7
1. You have adequate knowledge on the issues you provided responses on	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. You clearly understood all the items you provided responses on	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. You are very confident in the responses that you provided	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4. You are sure that the responses you provided represent the realities in this firm	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>