

**KWAME NKRUMAH UNIVERSITY OF SCIENCE AND TECHNOLOGY,
KUMASI
COLLEGE OF ARTS AND SOCIAL SCIENCES
SCHOOL OF BUSINESS**

**SOCIAL CAPITAL, INNOVATIVENESS AND PERFORMANCE OF MICRO
AND SMALL FAMILY BUSINESSES IN GHANA**

BY

MACLEAN MARIAN

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DECLARATION

I, Maclean Marian hereby declare that this submission is my own work and that, to the best of my knowledge, it contains no material previously published or written by another person (except where explicitly defined in the acknowledgements), nor material which to a substantial extent has been submitted for the award of any other degree or diploma of a university or other institution of higher learning.

Maclean Marian (PG2129214)
(Student Name & ID No)	Signature	Date

Certified By:

Dr. Ahmed Agyapong
(Supervisor)	Signature	Date

Certified By:

Dr. Wilberforce Owusu-Ansah
(Head of Department)	Signature	Date

DEDICATION

I dedicate this work to my caring and loving husband Mr. Akwasi Agyekum whose support and prayers made this journey of higher studies possible.

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I am very grateful to God for all his protection and strength to go through this course. I am also indebted to all micro and small family businesses in Kumasi Metropolis who took time to respond to and answer my questionnaire without which this work could not have been successful. I would like to thank my supervisor, Dr. Ahmed Agyapong for his immense support in supervising this work. I am also grateful to a very good friend, Mr. Musa Labaran who offered constructive criticism to shape this work.

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ABSTRACT

Notwithstanding the significance of the role of micro and small family businesses (MSFBs) in several economies, they are fragile and highly unstable and could barely survive beyond three years. The failure of MSFBs is therefore very high. The current study therefore seeks to investigate the mediating effect of firm innovativeness in the relationship between the social capital of family businesses and performances of the firms. The quantitative research was therefore carried out through the administration of a structured questionnaire to 278 micro and small family businesses selected through multistage sampling procedure. Confirmatory and exploratory factor analyses were carried out to ensure higher validity and reliability of the study constructs using LISREL (8.5). The causal relationships between the constructs were also carried out through a hierarchical multiple regression method. The result of the study revealed that both the structural and relational social capital dimensions positively influence the performances of MSFBs. The innovativeness of the small family businesses was also found to positively influence the performances of the MSFBs. The relational and cognitive dimensions of social capital were found to positively influence the innovativeness of the MSFBs. Furthermore, firm innovativeness mediates the relationship between the relational social capital dimension of small family businesses and both their operational and financial performances. Innovativeness was also found to mediate the relationship between the cognitive dimension of social capital and both the operational and financial performances of the firms. Based on these findings, the study recommends the training of managers or CEOs of MSFBs on innovativeness and further creates awareness about social capital asset to MSFBs in Ghana.

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CHAPTER ONE

INTRODUCTION

1.1 Background of the study

Family businesses are the oldest form of business organisation (Bienaymé, 2009), and so hold crucial place in every economy (Combs et al., 2010; Nordqvist and Melin, 2010; Sharma and Sharma, 2011). In family businesses members greatly joined together to work, make decisions, accomplish certain tasks and distribute the benefits fairly (Burns & Whitehouse, 1996). The family remains united, as long as none of the members do not hamper work progress through incompetence in the execution of their roles in the company. Family firms have a greater chance of being successful and profitable than other forms of firms (Dawson & Hjorth, 2012). However, the potentials and success of family businesses cannot be achieved on the basis of luck and skills developed theoretically but require high level of innovative ideas. The interest in innovation stems from an increasingly turbulent environment, in which firms must seek and execute innovation to overcome inertial forces and remain competitive (Floyd & Lane, 2000). Organisations must adapt more quickly to more changes in more complex environments than ever before, and in this context, organisational innovation is critical for survival, a sustainable competitive advantage, and performance (Damanpour, 1991).

Although small businesses are considered to be significant as a source of innovation (OECD, 2002), their innovation performance has remained somewhat patchy at best, particularly in the context of developing countries. Much of the innovation deficiency in small businesses including family businesses is said to be due to the prevalence of social

capital deficit and the lack of appropriate policy provisions to remove the constraints on social capital formation (OECD, 2005). There is substantial evidence that give credence to the view that far from being sterile and retrograde, as it is often perceived to be, family knowledge and inter-relationship has in it the seeds, which, if properly nurtured, would be capable of generating innovation and growth (Mauro & Hardison, 1999; World Bank, 2004). This would be the result of effective acquisition, assimilation and exploitation of extra-traditional knowledge that circulates through the family inter-connectional relationships. The social capital theory argues that specific elements of external and internal social relationships provide valuable learning resources (Adler & Kwon, 2002) that could be crucial for developing innovations. Social capital encompasses norms and trust, social networks, both formal and informal (Nahapiet & Ghoshal, 1998), social relationships facilitate knowledge exchange by reducing uncertainty about organisational functions and enabling knowledge sharing (Subramaniam & Youndt, 2005) and intra-organisational knowledge sharing that influences firm's capacity to innovate as it supports creativity and inspires new ideas that enhance organisational competitiveness (Aragon-Correa, García-Morales, & Crodon-Pozo, 2007). Moreover, social capital facilitates innovation by motivating the cooperation, communication, and coordination among different members in a firm (Adler & Kwon, 2002; Nahapiet & Ghoshal, 1998). Since innovation is basically an effort of collaboration, social capital plays a key role in its development (Subramaniam & Youndt, 2005). Social capital promotes risk taking, inherent in the development of new things. Thus, through trust and stability, social capital makes employees feel safe to make suggestions and accept new challenges.

Family businesses vary in terms of goals (Lee & Rogoff, 1996), corporate governance (Randøy & Goel, 2003), size and financial structure (Romano et al., 2000), entrepreneurial behaviour (Naldi et al., 2007) and social capital and hence variations in their degrees of innovation. Social capital is an interesting area of research in essence that social systems, firms and families, coexist, overlap and interact with several intriguing outcomes. Family connections are typically characterized by strong, cohesive ties, obligations, norms, and laden with values (Hoffman et al., 2006; Pearson et al., 2008). In organisational settings, the situation is contrasted by professionalized and contract-based relationship defined in terms of position and hierarchy (Rousseau et al., 1998; Sundaramurthy, 2008). Trust is knowledge-based, however in the organisational setting; it rarely spreads to the personal levels of trust that members of family have developed (Rousseau, et al., 1998). These unique bundles of social resource possessed by family firms have the tendency to influence the performance family firms. However, the direction and the extent of the influence of social capital resources on family firm performance and the possible stimulating effect of innovativeness in the process is inconclusive. In an attempt to fill this gap, the study investigates the mediating role of innovativeness on the relationship between the social capital resources of family firms and performance.

1.2 Problem of the study

Notwithstanding the significance of the role of micro and small family businesses (MSFBs) in several economies, they are fragile and highly unstable and could barely survive beyond three years (Lieberman-Yaconi, Hooper, & Hutchings, 2010). It is

therefore not surprising that the failure rate of MSFBs is very high (Rooks, Szirmai&Sserwanga, 2009). Studies show that more than 30% of family businesses continue to exist to the second generation, and approximately 13% grows to the third generation (Aldrich & Cliff, 2003). Nonetheless, a numerous of dynamics have been acknowledged as limitations to the survival and performance of MSFBs, and those limitations are highly obvious in Africa. These include lack of resources, lack of access to market information, low levels of managerial skills and capabilities (Robson, Haugh&Obeng, 2009; Liberman-Yaconi et al., 2010).

Furthermore, the innovativeness of family businesses are constrain by some key internal features of family businesses such as sibling conflicts, risk aversion, inadequate human resource, and conservativeness as indicated in earlier studies that often leads to low capacity to innovative (Sirmon&Hitt, 2003). Therefore, there is higher propensity that the innovativeness of family businesses could relatively fall short of that of non-family businesses in many settings. Nonetheless, volume of researches have emphasized on the innovation oriented culture and the innovativeness of family businesses that offer them the greatest advantage to exploit new ideas and modify the existing ones to ensure competitive advantage (Kellermanns, Eddleston, Sarathy& Murphy, 2012). Some researchers have further explored the derivation and stimulation of performance of family businesses through innovativeness acquired from the relationship between the business and family that is characterized by long orientation culture and hence the availability of long term top management, persistent organisational knowledge and social capital acquired through the idea of familiness (Kellermanns et al., 2012).

The volume of literature available on social capital is centered in the countries in Asia, Europe and North America (e.g. Lima et al., 2005; Hoffman et al., 2006; Arrègle et al., 2007; Andrade et al., 2010), largely ignoring many of the developing countries including those in Africa. The current therefore seeks to provide studies on social capital from Ghanaian and African context.

Furthermore, the available literatures on social capital studies are largely focused on larger and non-family firms (e.g. Salavou&Avlonitis, 2008; Frank et al., 2010; Camps & Marques, 2014). However, in Ghana about 90% of the firms are micro and small in size (Benzing& Chu, 2009) and hence the necessity to concentrate on such firms. More so, nearly all Ghanaian firms are family in character and orientation (Acquaah, 2013) and the need to center on family businesses.

Finally, the available literature indicates that the larger volume of literature on social capital predominantly examines their influence on performances (Cho &Pucik, 2005; Kellermanns et al., 2012; Camps & Marques, 2014), largely ignoring the possibility of mediators like innovativeness. These academic gaps on the literatures on social therefore implies the need for a study investigating the mediating effect of firm innovativeness in the relationship between social capital and micro and small family firm performance.

1.3 Objectives of the study

The general objective of the study was to assess the extent of the influence of family firm social capital on performance stimulated by the innovativeness of family firms in the Kumasi metropolis. However, the study specifically seeks to:

1. Examine the effect of social capital on the performance of micro and small family businesses in Ghana;
2. Examine the effect of innovativeness on the performance of micro and small family businesses in Ghana;
3. Examine the effect of social capital on the innovativeness of micro and small family businesses in Ghana; and
4. Examine the mediating role of innovativeness in the relationship between social capital and performance of micro and small family businesses in Ghana.

1.4 Research Question

Based on the direction and emphasis of the study, numerous critical questions were required to be answered. These critical questions include:

1. What is the effect of social capital on the performance of micro and small family businesses in Ghana?
2. What is the effect of innovativeness on the performance of micro and small family businesses in Ghana?
3. What is the effect of social capital on the innovativeness of micro and small family businesses in Ghana?

4. What is the mediating role of innovativeness in the relationship between social capital and performance of micro and small family businesses in Ghana?

1.5 Justification or Significance for the study

Studying the innovative practices of family businesses through social capital utilisation and their influence on high performance in order to impact society has significant implications for family owners and managers, employees, and the general societies in which the family businesses operate. Higher level of social capital innovation achieved through better defined family culture could facilitate higher level of family businesses performance that could also enhance the equity level of members of the family and contribute immensely to the GDP and tax revenues of Ghana which would be to the benefit of the general society. That is, high levels of performance can facilitate firm growth and subsequent profit performance, which in turn can yield employment gains and contribute to the general economic health of a state, region, or nation. The current study would also be of immense significance to academicians especially in developing countries considering the setting of the study. Since there is limited literature in this area of study on developing countries, the findings of this study would bridge that gap by adding to the available knowledge and serve as a reference document for researchers.

Moreover, since 80% of businesses in the world are family businesses, investigating their innovativeness could be immensely critical for persons and families wishing to establish their own businesses. The study could provide a suitable platform for such people to identifying the various effective ways to make their family businesses innovative. Creativity is an aspect that is not innate: it can be worked and developed

from techniques. The innovation should be a priority for family firms and the way to start the new ideas at the organizational level (Gedajlovic & Carney, 2012).

1.6 Scope of the study

Conceptually, the current study was confined to the inter-connective relationship between social capital on family firm performance, the effect of innovativeness on the performance of small family businesses, the relationship between social capital and the innovativeness of small family businesses and the mediating role of innovativeness in the relationship between social capital and performance of small family businesses. Three dimensions of social capital including structural, cognitive and rational dimensions are also considered by the study. The three forms of innovative practices of businesses considered in the study are product, operational and market innovation performance. However, geographically, the study was confined to selected family businesses in the Kumasi metropolis. The study focused on micro and small family businesses in the Kumasi metropolis.

1.7 Limitations of the study

Limitations confronted in the course of the research were accessibility to information, difficulty in accessing the target sample during working hours due to the busy nature of their operations, inability to use a large sample size due to time and resource constraints, the probable unwillingness and dishonest of some of the workers due to the fear of victimization by managers or owners of the family firms. However, prior notice was given to the workers and arrangement with regards to convenient time made for the

survey, and few well-trained enumerators were also employed to assist in the administration of the questionnaire in an attempt to reduce the gravity of the probable limitation of the study.

1.8 Overview of the Methodology

The current study **employed** both the descriptive and explanatory methods. In an attempt to describe the social capital, internal characteristics, innovativeness and the performance of SFBs in the Kumasi metropolis, there was the need to employ the descriptive approach since this method seeks to provide an accurate description of observations of phenomena. However, to explain the causal relationship between social capital, internal characteristics, innovativeness and the performance of SFBs; there was the need to employ the explanatory approach. This is essential because explanatory studies look for explanations of the nature of certain relationships.

The target population of the study **constituted** all the family businesses in the Kumasi metropolis. The appropriate sample size for the current study was obtained using the Cochran sample size formula. With regard to the sampling technique, a multistage sampling procedure was employed. Based on the nature of the primary data for the study, structured questionnaire was employed as the predominant data collection instrument. The collated data was prepared, coded and fed into the statistical programme for social sciences (SPSS) for the appropriate descriptive and regression result.

1.9 Organisation of the study

The study was organized into five chapters. The Chapter One of the study introduced the study by looking at the background of the study, the problem of the study, the significance of the study, the scope and limitations of the study. The second chapter of the study reviewed imperative literatures related to social capital, internal characteristics, and the innovativeness of SFBs. The chapter three of the study described the various methods and methodologies employed for the study. This chapter described the study design, the population, the sample size and sampling techniques, the data collection instruments, the method of data analysis and the validity and reliability of the study. The chapter four of the study however presents and discusses the result of the study. The chapter five of the study summarizes the study findings, concludes and makes imperative recommendations.

1.10 Summary of the Chapter

Family businesses possess unique bundle of social characteristics that are perceived to influence their level of innovativeness and performances. To establish and discuss this concept, this chapter examines the background of the concept of social capital, family business innovativeness and performances. The chapter also examines the problem of family businesses failure to survive beyond the second generation of their operations. The chapter defines the scope of the study to include micro and small family businesses in the Kumasi Metropolis. The defined conceptual framework of the study included family business social capital, innovativeness and performances.

CHAPTER TWO

LITERATURE REVIEW

This chapter reviews empirical literatures related to the concept and definition of family businesses, their innovativeness and performance. The chapter touches on family businesses and their characteristics, social capital, social capital in the family business, social capital and innovativeness, social capital and performance, the innovativeness and family firm performance and the mediating role of innovativeness in the relationship between the social capital and performance. The last section of the chapter discusses the conceptual framework of the study and the numerous developed hypotheses.

2.1 Social Capital

Social capital idea pioneer, Pierre Bourdieu (1986) endeavored to demonstratively conceptualize social capital. He depicted 'social capital' as "the aggregate of the genuine or expected assets that are connected with the proprietorship of a hearty plan of practically directed relationship of shared associates or affirmation" (Bourdieu, 1986:248). His unique work focused on the central focuses and focal points of power limits getting from being consolidated into the framework, and the social duties coming to fruition as a result of social capital. Nevertheless, he did not unequivocally say the piece of trust with respect to social capital course of action and progression (Siisiäinen, 2000), while the far reaching significance of social capital in contemporary change focuses on considers trust to be one of the basic parts adding to the social capital complex (Arregle et al., 2007). Hirigoyen (2009) clears up social capital to the extent trust, standard and framework that is attributes that engage participation achieving

normal preferences. Despite the fact that the definitions change, they likewise do have something in like manner as far as setting up the requirement for holding and social relationship (Akcomak, 2006).

Social capital is generally considered as responsibility for that are basically associated with having an arrangement of associations. The advantages that could be organized at the scaled down scale degree, for instance, social sponsorship or speculation capacity, or on a bigger scale degree, for instance, trust and principles. Extra fundamental segment of the depiction is that the creation of social capital is not only the frameworks of social associations themselves, furthermore of the distinctive sorts of benefits that could be readied by means of the social associations. The general third part is that individuals are required to place assets into social income to make favorable circumstances later on. This segment of social capital is much of the time obvious at the littler scale degree under which is evident that one is required to invest imperativeness and energy into the improvement and help of social associations, even because of "procured" associations, for example, family associations. Finally, yet one may feel that more noteworthy level of capital is always prevalent; this requires not by and large the social capital circumstance. Social capital can successfully influence operational and financial performances; in any case it can in like manner go about as an impediment (negative social capital)

In organization terms, family social capital is the social capital that makes between the relatives, especially within family firms (Arregle et al., 2007). Subsequently, the

specificity of family firms relies on upon the unique simultaneousness of two sorts of social capital: that of the association, which has a spot altogether to the money related circle, and that of the family, which, notwithstanding what may be normal, has a spot with the private circle (Arregle et al., 2007). The estimation of an affiliation's social capital incorporates the business relations with the differing accomplices, the agents, suppliers, customers, advance managers, et cetera, while that of family social capital concerns all the learning, know-how and sharpens, and all the social qualities, feelings and practices got by the family group (Hirigoyen, 2009).

2.1.1 Dimension of Social Capital

From the perspective of the privately-owned company, social capital is about the relationship among and at each level of the association (Adler and Kwon, 2002). Villena et al. (2011) recommend a hypothetical structure for separating social capital estimations at the level of the business, in which they describe social capital as the aggregate of the genuine and potential resources embedded with, open through and got from the arrangement of associations controlled by an individual or social unit. They recognize three interconnected inward social capital estimations: social, psychological, and auxiliary; all of which are essential to get to and influence the assets intrinsic in social connections (Villena et al., 2011).

Pearson, Carr and Shaw (2008) in their study report that the auxiliary estimation is portrayed as the social collaborations, constituting bonds and the quality, existing between the individuals or groups within the family. It consolidates the number and

force of open associations, how individuals communicate with each other, and the degrees of slight, strong or associations of conflicting nature. The auxiliary part impacts correspondence and information stream within the relationship, by urging access to more broad wellsprings of information, improving information quality, significance and favorability. Zheng (2010) postulates that mastermind setup gives the channels to information transmission, since framework thickness or system affects the versatility or inconvenience of information stream. Close social interchanges permit individuals to know each other, offer basic information, make a common appreciation of undertaking issues and destinations, and get to each other's benefits, all of which empowers the time and utilization of new considerations that emphatically impacts family company's inventiveness.

The social part of social capital delineates the components within the structure that incite the game plan of social capital through essential goals, gauges, duties and unmistakable confirmation. This thought particularly suggests specific parts of associations, for instance, family relationship, trust, and obligation that effect conduct (Nahapiet and Ghoshal, 1998). Most scientists agree that trust (Inkpen and Tsang, 2005) and level of shared trait (Moran, 2005) have a positive association with data exchange and the joining of advantages, which in this manner decidedly influence firms inventiveness.

Nahapiet and Ghoshal (1998) reports that the psychological part of social capital is the pile of benefits considering comprehension, shared goals and structures of significance

among social occasions. Moreover, Pearson, Carr and Shaw (2008) also reveals that it incorporates the get-together's objectives, shared vision and what's more it is exceptional vernacular, and significantly embedded forms of social network. Inkpen and Tsang (2005) also indicates that the cognitive dimension of social capital works as a field segment that offers progressive associates some help with incorporating or seam resources; it can in this manner diminish battle and energize the game plan and establishment of customary targets. Commons objectives can in like manner be seen as common portrayals of circumstances planned to attain the upsides of data trade and exchange, or even of thing adequacy (Inkpen and Tsang, 2005). Having a common objective within a framework rouses group people with same views with regards to how they are required to behave. In such manner, the researcher agrees with the work of Martinez-Cañas et al. (2012) that prescribe that each of the three estimations are significant to perception the advancement of social capital in internal-company relationships (Nahapiet, 2008) and to elucidating inventive results (Zheng, 2010).

2.2 Family Business Social Capital

The social capital hypothesis is the premise for seeing the relationship between the relationship between the family and company social network. In the area of management studies, the social idea is connected to the associations' proficiency that creates it, with immaterial qualities currently in the inward connections of associations' individuals, since it is an impalpable social asset presented by the family connections (Arrègle et al., 2002). The social capital thought at one point is regarded as a aggregate social asset in the group and in the general public (Putnam, 2007) and, instead, it is recognized as the

dynamic personal idea (Bourdieu, 2009). The concept of social is utilized to recognize the existent assets in the connections among individuals (Hoffman et al., 2006). SC demonstrates diverse structures through solid bows (Granovetter, 1973), which are hard to enter; be that as it may, family, religion and group cases can be said. Disregarding advancing certain infiltration trouble, they expand the exchange effortlessness in the business sector by creating dependability.

Social capital likewise happens in business sectors where the level of trust existing among family members is a solid and there exist also on-screen characters that make a correlatively sensation, as in if some organization do not create or function well with defined item, it persist in the basket of different organizations that has the potency to strengthen its foundations (Arrègle et al., 2002). Social capital improvement is affected by four key components (Arrègle et al., 2002; Arrègle et al., 2007): (i) connection - they are the connections among individuals along the time; (ii) Stability –how is time utilized in creating the cooperative attitude aggregation, as Bourdieu (2009) notice, other than co-operation and trust standards; (iv) embededness or establishing - that are the solid contacts among a few on-screen characters, which should subsequently take after a behavioral standard., SC is not limited and neither disintegrates (Bourdieu, 2009) and (iii) association within the net individuals. It is a typical definition that could be utilized by the people when essential, to the degree that they likewise colleague workers.

Providing a better comprehension of FSC is reliant on SC that began from the ambit of the family, beginning from the built up connections among the originator, the group, the

family, the clients and the teammates, by formalizing the family network system as indicated (Arrègle et al., 2002, 2007; Hoffman et al., 2006; Lima et al., 2005; Soreson&Bierman, 2009). In that capacity, it is a supportable upper hand for the privately-run company. It is however contended that the distinction in the progression procedure happens because of the social networking system that exist among the relatives (Lima et al., 2005). This assertion is likewise agreed and certified by Borges et al. (2008) who indicated that the social capital of the family in the contemplated case created co-operation and strong trust and bonding amongst siblings amid the progression procedure. This vision is extended by Lima (2010) who indicated that social capital does support the progression procedure, as well as the authoritative execution in general, having the capacity to produce advancements and upper hands for the development of the family social network. Seven key variables identified with family social capital shaped by social capital and individuals (Andrade et al., 2010).

Family social capital comprises of the individual connections that the relatives create to one another and the group, the clients and the associates through a strong communication historical ties within the family (Hoffman et al., 2006). Family social capital makes esteem by creating associations amongst the people, through systems of relationship that are produced and sustained over the long haul. The moral structure, trust, family standards, data distribution, discourse and the perspective of the family are components that encourage or upset the improvement of the network system of the family to the degree of the happenings of the ambit of the family. The aggregate confidence among the family members is produced and saw by the connections amongst

the relatives, since they are delighted to do the job, under the consideration of both the family and the organisation (Hoffman et al., 2006). Co-operation and coordinated effort is developed through the trust system of the family social network (Sorenson et al., 2009), which is utilized to encourage issues determination. Trust is a quality equipped for upgrading the authoritative action. Soreson and Bierman (2009) attested that the positive relations among the individuals from a family produce solid trust bonds (Granovetter, 1973), that can advance collaboration, being a hotspot for the family social capital organization. Then again, negative sentiments and clashes can irritate the advancement of capital by focusing on the authoritative working.

The attitudinal base (Soreson&Bierman, 2009), the ethical framework (Hoffman et al., 2006) and sense of the family (Ensly& Pearson, 2005) speak to the bonding existing among group and the family members. Hoffman et al. (2006) indicated that the measures put in place to encourage the privately-owned company social control are defined by the family standards. It is established in the culture of family that the standards could be unequivocal or inferred, and display the commitments and desires of every individual from the family. Trevinyo-Rodrigues and Bontis, (2010) report that the gathering of individuals with a connection degree, which join themselves by recognizable proof with a typical past defines the family network. The solid ties existing among relatives system encourages trust and it turns into the conceivable information exchange inside the system of the family and its nonattendance confers it. The notoriety and decency available in the standards of the family speak to the individuals' comparative desire external to the net in connection to the behaviour of the organization

in the future. Both the notoriety and decency are components that make conceivable the exchange of expenses lessening, to the degree that the advantage amongst the connections inclines to diminish in capacity with regards to the degree of trust degree and decency created amongst a few nets performing artists. Hoffman et al. (2006) indicates that the data channel distributions happen from polarities of two dimensions that constitute the interior channels and the outside ones. The assistants join with the inside existent exchange in the family that could be distinguished by visits with the relatives and the family relationship system. The outer channels constitute the privately-run company with the outside climate relationship, which are proof of the relatives' cooperation in outer associations. The two instruments in connection create a relationship system which strengthens FCS.

The collective exchange is a system utilized as a part of the determination of issues through correspondence, since it searches for a typical comprehension on certain subject or protest (Sorenson et al., 2009). The discourse does not as a matter of course include a quick choice, but rather a reflection and/or clarification of a specific gathering own convictions, which can bring about another convictions shared through exchange. In the privately-owned company, the collective discourse expects to pick up the profoundly held convictions, comprehension and illumination, which impact every day choices (Sorenson et al., 2009).

Sorenson et al. (2009) indicates that the family's perspective is like the ethical perspective, and it is identified with standardizing morals. The perspective of the family

is produced by community oriented exchange by arousing and inciting the ethical observation. Sorenson and Bierman (2009) also indicates that to assemble or manage the FSC, the families make techniques, for example, standard gatherings, counsel arrangements, coordinated effort archives that ensures that the family convictions and qualities are formalized. Aggregate trust is supported by these components. The family social capital stock possessed by a family can be applied in organization, notwithstanding capacity as an activity for the introduction of fresh endeavors. This family social capital power confirmations set permits the recommendation of the item conceptualized in Figure 2.1. The family social capital improvement gave to the individuals that stimulates the organizations to an option manage learning and advancement hones that are affected by alterations that happened in the inner or outside connection of the association. The FSC solid bonds advance upper hand for FB, to the degree that it built up a troublesome skill of being replicated; in this manner, it happens in the trust and correspondence connections among individuals encouraging the progression procedure. Then again, the delicate FSC securities create trust and correspondence is missing among the relatives, conferring the FB manageability and in addition the enhancing, changing, and learning limit.

2.2.2 Social capital and performance

In this section, we argue that family SC positively affects family firm performance. Family wealth and value are created through the generation of competitive advantage through SC (Habbershon et al., 2006). Arregle et al. (2007) and Chirico and Salvato (2014) indicated that the family SC binds family members together and makes social

interaction easier. As argued by Bubolz (2001), the family is a builder, source, and user of social capital. Eddleston (2012) and Hall (2003) reports that the commitment level of the family members to the business is deep and, as such, their connections create a fundamental asset that could be employed to maximize returns or general performance of the family business. Consequently, researcher are of the view that the relationship existing between family members promotes a perfect atmosphere that fosters high levels of SC (Arregle et al., 2007) and thus firm performance (Sorenson et al., 2009).

For instance, Cross and Prusak (2002) note that the distinctive set of family resources created by family SC provides a competitive advantage for family businesses. First, the structural dimension of family SC (the pattern of connections among family members) is crucial and facilitated by the strong ties that exist among relatives. Second, the relational dimension of family SC provides the necessary elements to work towards superior firm performance. In this regard, family firms exhibit the characteristics and attitudes of trust, friendship, respect, and reciprocity, developed through a history of interactions; these are engendered in the family group and decrease opportunistic behaviour (Coleman, 1988; Salvato&Melin, 2008; Sorenson&Bierman, 2009). Third, with regards to the social capital that is cognitive in dimension, the presence of members of the family with common cultural and purposes provides the advantage of facilitating the exchange of resources, and therefore enhances performance, because all parties see the potential value of the integration and combination of their resources (Chirico &Salvato, 2008; 2014). Thus, the business works better through the family SC whereas permitting resources that are complementary in nature to be accessed and shared. Accordingly, the

currents study contends that the harmony and efficiency with which the members of the family work stimulates the attainment of better firm performance.

2.3 Innovativeness

In its unique sense, creativity was characterized as the extent to which an individual or other unit of selection is moderately prior in embracing new thoughts than alternate individuals from a framework (Rogers, 1962). Generally, Rogers (2003) indicated that creativity is depicted as a part of appropriation, whereas Gebert, Boerner and Lanwehr (2003) made mention of development or the two combined. By the end of the day, the limit of innovation of the individual tend to be a primary user of items that are new, innovations and thoughts; inclines to make fresh contemplations, feelings and things; or the two combined. Inventiveness is typical for people or associations, while a result is development, not a characteristic. In spite of the way that the disclosures beneath will exhibit that the terms are, once in a while, used then again, it is fundamental to observe the refinement. Development is a contemporary idea, which depicts present day and more successful methods for taking care of circumstances. Advancement includes certain particular finding out about how the things ought to be conceivable better than anything existing front line. Developing crisp items or existing items or business capacity to improve is vital for various components. Item inventiveness present open entryways for firms similarly as extension and development into new regions and furthermore allows firms to expand their piece of the overall industry, advancement without any other person's information is portrayed as the time, affirmation, and execution of new considerations, techniques, things or better organizations. The

progression procedure consolidates the procurement, distribution and usage of new learning (Calantone et al., 2002), hence viable use of imaginative contemplations within an affiliation (Amabile et al., 1996). There are a few types of development rehearsed by associations including item advancement, process development and promoting advancement (Sethi, 2000).

The estimations of social capital gives rise to some distinctive capacities rise up out of the general blend. For example, Chirico and Salvato (2008) and Salvato and Melin (2008) indicates that principles and responsibilities combined with anomalous measures of trust could transform to an option for authority assertions, helpers, and examining tools that are fundamental in structures with for all intents and purposes defined components of social capital. Thusly, it is further viewed that SC fills in as option for activity or association (Kerr&Jermier, 1978: Sirmon&Hitt, 2003). Salvato and Melin (2008) iterates that information can be combined and exchanged in a like manner, as a result of the aggregate of the impressive number of estimations interconnected to one another, offering an engaging a solid area that improve the likelihood of creative exercises.

Craig and Dibrell (2006) in an investigation the United States demonstrated that family organizations moderately have the ability to proficiently utilize the arrangements of their normal surroundings to reinforce their focused capacity that moves downwards into larger amount of relations to more noteworthy level of organization inventiveness and execution. In a similar study in Australia considering 268 Companies, it was revealed

that the constructive outcome of social capital on privately-run company creativity and further indicated that the association amongst the family set up and inventiveness appear to be impressively higher than in no time assumed by various specialists and specialists. Particularly, organizations that are possessed by families put premium on creative exercises and arrangements and man and control to techniques of inventiveness (Craig and Moores, 2006). Privately-run companies are for the most part and experimentally seen to have more extensive offer of capital dispersion that is a predecessor of more elevated amount of inventiveness (Czarnitzki and Kraft, 2009). Family organizations shift from non-privately-owned company in the field of imaginativeness of items and administration of the procedure of item inventiveness (De Massis et al., 2013). Little privately-run companies are in this way saw to be more imaginative than organisations that are non-family oriented (Gudmundson et al., 2003).

In most African gatherings exist an extreme and consistent form of Social capital. Meinen-Dick et al. (2004) indicates that social ties as basic assets is defined as a sort of capital on a standard with normal, budgetary, physical, political capital, human and a possible tool for establishing these capital assets of distinctive nature. Regardless, social capital inadequate and inventiveness in exclusive organizations defines the consideration on the world. It is further postulated that social capital is of great significance to the development and growth of all countries (Naudé 2007; Bruton, Ahstrom and Obloj, 2008). Several researchers have provided evidence of the the relationship between social capital and firm innovativeness. Perkins (2000) therefore argued that the various dimensions of social capital can be utilised stimulate higher level

of firm innovativeness (Perkins, 2000). Regardless, Khalaf and Shwayri (1966) indicates that the duties of redistribution within the framework of an association in African setting are recognized as a unique resource or asset of the organisations that stimulates higher level of firm innovativeness. The frameworks made by secretly run organizations in the various countries in Africa urge with regards to the availability of broad wellsprings of information and quality information upgrade, significance, and propitiousness (Adler and Kwon, 2002) that frequently comes full circle in creativity. The distant family is offered much accentuation in Africa and this offers greater resources in terms of social networking that provides a strong bond and unity for organisational performance. Rogers (2003) and Kesidou and Szirmai (2008) recommend that the solid system tie among African families is useful for picking up data about inventiveness. Moreover, the degree of the solid ties exuding from the broadened way of African families upgrades privately-run companies' availability of benefits that could be gained by means of solidarity instruments, asset sharing and correspondence that could improve the organizations imaginativeness. African social orders by and large have higher and solid consistence to social standards which is a precursor of more elevated amount of trust among relatives thus better scattering of data that could bring about more elevated amount of business inventiveness.

African societies are disposed to be joined together because of the unique culture that exist in such countries and hence produces a strong bond among family members (Ahuja, 2000). The African social family organizes give a road to forceful passionate and backing of social orientation acquired through the solidarity and correspondence

systems. A research into the family culture of Uganda showed that the extreme strong bond among family members, both extended and nuclear, provides a unique set of assets for small family businesses that stimulate higher level of innovativeness and ensure higher level of firm performances (van Uden, Knobens&Vermeulen, 2014). This unique cultural identity in Uganda is common to many African settings including Ghana.

2.3.1 Innovativeness and performance

The significance of firm inventiveness is portrayed by Roberts and Amit (2003) as a method prompting an upper hand and prevalent productivity. As uncovered in numerous studies, creativity and firm execution have a positive relationship (Capon et al., 1990; Zahra and Das, 1993; Calantone et al., 1995; Han et al., 1998; Jiménez-Jiménez and Sanz-Valle's, 2010). From an asset based perspective of the firm, imaginative capacity is basic to firms accomplishing vital intensity (Conner, 1991). Development empowers firms to accomplish higher money related execution by offering a more prominent assortment of significant, uncommon, incomparable and separated items (Zahra et al., 2000). Endogenous development models expect that organizations put resources into new innovation on the off chance that they see a chance to acquire a benefit. Firm inventiveness can prompt expanded piece of the overall industry, more noteworthy creation proficiency, higher profitability development, and expanded income (Shefer and Frenkel, 2005). Creativity empowers firms to offer more noteworthy assortment of separated items that can enhance money related execution (Zahra et al., 2000). Inventiveness would show up in item, handle, business sector, component and

association (Kao, 1989), yet the initial three measurements are more natural in the creative writing as indicated by Johnes and Davies (2000) and Otero-Neira et al. (2009).

Item advancement serves as a main impetus for performance showcasing. Item imaginativeness that characterizes the presentation of new items or administrations keeping in mind the end goal to make new clients and to retain current clients through customer satisfaction (Wang and Ahmed, 2004; Wan et al., 2005) is seen to have positive relationship on firm execution (Bayus et al., 2003; Espallardo and Ballester, 2009). Item inventiveness is delivered through the misuse of new thoughts (Myers and Marquis, 1969). Item development gives an assortment of decision to items (Craig and Hart, 1992). Item inventiveness improves item quality, which thus it adds to firm execution and at last to an association's upper hand (Camison and Lopez, 2010). Item inventiveness additionally provides a possible insurance to a firm from business sector dangers and contenders (Hult et al., 2004). In numerous studies, there is report of positive relationship between item imaginativeness and firm execution. Bayus et al. (2003) in their study built up positive relationship between item creativity and hierarchical execution. Espallardo and Ballester (2009) likewise in their investigation of 744 Spanish-firm settled a positive effect of advancement on firm execution. Additionally, both item development measurements (viability and effectiveness) were emphatically and decidedly identified with firm execution by Alegre et al. (2006). The presentation of novel item is decidedly connected with firm execution was likewise affirmed by Varis and Littunen (2010). The impact of item imaginativeness of firms on

execution is not selective. The procedure creativity of firms could assist goad the execution of firms.

The components of procedure creativity likewise impact the level of firm execution. Cumming (1998) stipulates that to enhance the procedure of reengineering and enhancing inward activities of businesses there is the need for process innovativeness. This procedure includes numerous parts of an association's capacities, including specialized configuration, R&D, assembling, administration and business exercises as indicated by Freeman (1982).

Process progression worries with the formation of or change in strategies and the improvement in procedure or framework (Oke et al., 2007). For example, Zhuang et al. (1999) reports that advancement in ability, strategies, innovation, framework and methodology, which is utilized as a part of the way toward changing contribution to yield. Langley et al. (2005), Wan et al. (2005) and Oke et al. (2007) report that in a generation action, process advancement can be alluded to as new or enhanced strategies, apparatuses, gadgets, and information in making an item. The various scrutinizes have built up positive relationship between procedure creativity and firm execution. Moore and Testa (2008) in their study reported positive relationship between procedure imaginativeness and firm execution. Reliable with this contention, Varis and Littunen's (2010) studying on small businesses revealed that procedure advancement is emphatically associated with the performance of small firms in Finland. Utilizing new innovation as an intermediary for procedure advancement, Anderson (2009) revealed that there is relationship between new innovation and firm execution. Late confirmation

by Ar and Baki (2011) reconfirmed the positive and noteworthy impact of item and procedure advancement on firm execution. the procedure imaginativeness of firms on execution is likewise empowered by the organizations ability to creative through its showcasing exercises.

The level of company's business sector inventiveness additionally has impact on the execution of the firm. Market creativity manages the business sector blend and market choice keeping in mind the end goal to meet a client's purchasing inclination (John, 1999). Ceaseless business sector advancement should be finished by a firm since best in class promoting devices, especially through the Internet, make it workable for different contenders to achieve potential clients over the globe at a light speed. Rodriguez-Cano et al. (2004) affirm that business sector development assumes a pivotal part in satisfying business sector needs and reacting to market open doors. In this regard, any business sector advancement must be coordinated at taking care of clients' demand and fulfillment (Appiah-Adu and Satyendra, 1998). Like the other two measurements of imaginativeness, business sector creativity of firms additionally impacts execution in assorted ways. Sandvik (2003) reported that business sector inventiveness positively affects deals development of a firm. Robinson (1990) found the positive relationship between inventive execution and showcasing execution by between relating the item advancement and piece of the overall industry. Also, Otero-Neira et al. (2009) discovered solid proof that business sector advancement decidedly impacted business execution. Adding to this discovering, Varis and Littunen (2010) utilizing an expected model affirmed a very huge relationship between a business sector related imaginative

movement and firm execution. This relationship is expounded by the way that business sector inventiveness of firms enlarges deals through the expanding interest for items, which thusly returns extra benefit to creative firms (Johnes and Davies, 2000).

Atalay, Anafarta and Sarvan (2013) in their investigation of 113 firms working in the car supplier industry in Turkey affirmed that both item and procedure creativity have critical and positive effect on firm execution, however no confirmation was found for a huge and positive relationship between showcasing imaginativeness and firm execution. Hassan et al. (2013) likewise in their investigation of 150 firms in the Pakistani assembling industry reported beneficial outcomes of the sorts of creativity on firm execution. Rosli and Sidek (2013) further affirmed this relationship in their investigation of 284 SMEs in the sustenance and refreshment, materials and attire and wood-based sub-enterprises all through Malaysia utilizing a various leveled relapse examination. The study reported positive relationship amongst item and procedure creativity on firm execution, with the effect of the previous been more grounded than the last mentioned. This outcome affirmed the investigation of Camisón and Villar-López (2012) that additionally reported direct relationship amongst item and procedure inventiveness and firm execution.

Cainelli et al. (2004) and Regev (1998) found that improving firms had higher work profitability and deals development than non-enhancing firms. A study on British SMEs by the Cambridge Small Business Research Center (1999) demonstrated that 80% of the organizations that created advancement exercises enhanced benefits, piece of the pie,

and new markets entrance. Hughes (2001) found that exceedingly creative British SMEs expanded their overall revenue. Hsueh and Tu (2004) demonstrated that development emphatically influenced profit among Taiwanese SMEs. Bhaskaran (2006) found that Australian SMEs that concentrated on deals and showcasing developments could effectively contend with substantial organizations. Geroski and Machin (1992) did not discover perpetual development contrasts amongst trailblazers and non-pioneers. Heunks (1998) observed that benefits got from advancement activities may not be obvious in the short term, but rather may require significant investment to be figured it out. Olav and Leppälähti (1997) observed that improving Norwegian firms with more than 50 representatives experienced higher benefits than non-trailblazers firms, however did not discover benefit contrasts for firms with under 50 workers. Yamin et al. (1999) inspected connections between hierarchical development and execution among Australian organizations and found that creative organizations are more productive, however exceptionally imaginative organizations may not beat normal pioneers. Kemp et al. (2003) found that advancement was connected with turnover and occupation development, yet not benefit and efficiency among Dutch firms. Albors-Garrigós (2002) found that lone 47% of Spanish firms trusted that creative exercises fundamentally enhanced deals. On the premise of these observational studies, firms worldwide are paying incredible significance to a wide range of imaginativeness.

2.3.2 Social capital and innovativeness

Arregle et al. (2007) and Salvato and Melin (2008) indicates that in recent couple of years, social capital as a noteworthy precursor of hierarchical creativity has been agreed

the fundamental consideration. Adler and Kwon (2002) and Yli-Renko, Autio, and Tontti (2002) report that social capital gives vital learning resources that energize the change of an unique data that may be essential to advancing the privately-run company imaginativeness. Past investigates highlighted the criticalness of social network and outside characters with these performing characters as the standard stimulator of the creativeness of organizations. Study show that the dedications of family bonding and trust bundle of assets to imaginativeness diminishes the expense of exchange between the performing artists and the organizations; especially choice and haggling cost, requirement and policing cost, data and exploration cost (Maskell, 2000). In addition, the social networking system as a unique asset provides avenue for a higher probability of the innovativeness of firms as indicated by Landry et al. (2002).

The amount of research and development is enhanced through social capital, signified by quick and circuitous ties (Ahuja, 2000). Ahuja (2000) suggest that the effect of circuitous ties on the innovativeness of associations is coordinated by the amount of direct ties, for instance, family culture. Considering this way, experts push the importance of social funding to imaginativeness. Social capital has been suggested to support the headway of a specific data base by Yli-Renko et al. (2002), and in this way offering a reason to innovativeness and along these lines the arrangement of legitimate purpose of attention. Hsieh and Tsai (2007) in the study indicated that social capital is seen to wrap belief and guidelines, and relational associations, both easygoing and endorsed, social association between agents of an affiliation are of hugeness in the imaginativeness of systems of items. Knack and Keefer (1997) reports that irregular

condition of faith will most likely invigorate the imaginativeness of family situated organizations. Subramaniam and Youndt (2005) reports that the exchange of contemplations and data between specialists empowers imaginativeness of items and techniques, since a wealthier firm-inside correspondence adds to a speedier create of automated learning that is new (Kogut& Zander, 1992). Concerning frameworks, SC ascend as characters on-screen characters make reliable and effective channel of correspondence transversely over various leveled boundaries (Le Bas et al., 1998). Nahapiet and Ghoshal (1998) reported that the extent to which people are connected as far as a run of the mill lingo urges their ability to contact people furthermore make utilization of their information. Wu et al. (2008) indicated that shared vision and common appreciation among staff energize modern learning and spur inventiveness.

2.4 Family business

In the certifiable sentiment the term family firm, it insinuates a business that is controlled by a person rather than the state, companies or associations. In the voting of top administrative staff, this recommends that the individual has around 20% forces. Expectedly, a firm that is family oriented is a company with one or more members of the family as part of the day to day running of the organisation or as part of the management board. This circumstance, regardless, is excessive for an organization to be known as a family arranged organization (Story, 2011). Arregle et al. (2007) indicates that dependent upon the significance of family arranged organization used, the degree of firms named privately-owned company contrasts. Along these lines, intellectuals must think about which circumstances to force on given portrayal with a particular final

objective to enlarge or diminish the characterized way of privately-owned company. For example, study suggests that businesses under the sole control and management of the nuclear family are also termed as family business (Chua et al., 1999). On the other hand, the definition is bounded by Litz (1995) to the administration, proprietorship and/or internal-definitive of the family-arranged organization. Consequently, the standards for the substantial bit of the researches are dependent on conditions of three dimensions including organization, organization and ownership. It is also suggested that it is absurd to use a description of family firm that excludes many owners of firms who regard their firms as family oriented firms. Subsequently, Arregle et al. (2007) indicated that a firm is deemed family oriented if the owners have acknowledged it so. Family firms are further portrayed as an organization directed or administered under the affection of supporting and guaranteeing that the objectives of the organization maintained by various families or a solitary nuclear oriented family in specific situations to guarantee the survival of the business more than a few eras of the family (Erden& Baser, 2010). This portrayal is convincing for the ebb and flow research as it respects 'privately-owned company's insinuates a relationship under which the behavior of the performing specialists and the method for their associations are affected by typical targets and dreams, with relatives trying to keep up intra-legitimate family-situated connections (Arregle et al., 2007).

2.4.1 Family Business Characteristics

The nature and structure of ownership and management in FBs distinguish them ominously from non-family businesses (NFBs). The characteristics of family businesses in differ from non-family businesses on the basis of their proportion of qualified personnel, and the educational background of CEOs. The proportion of firm's qualified personnel is a significant factor in the innovativeness and performance of firms (Hoffman, 1998; Romijn, 2002; Radas, 2009). The available literature shows that high incidence of qualified personnel, along with skills and knowledge embodied with them, positively affects firm's innovative capability (Radas, 2009; Marco, 1995). Small family businesses with limited capital resources and highly dependent on family labour often lack the requisite qualified personnel for effective management (Andre, 2011). However, this characteristic of small businesses is not in a vacuum as the educational background of the CEO of the family business is also supreme in the innovative activities of the firm.

The educational background of managing director is widely believed to be a key source of firm innovative efforts (Hoffman, 1998). Because attained education level is attributed to cognitive ability, capacity for information processing, tolerance for ambiguity and propensity or receptivity to innovation; CEOs with higher educational level is found to invest more in R&D and do it more (Datta, 1994; Yan Yong-hai, 2010). As part of the key innovative drivers of family SMEs is CEOs with higher education (Umidjon, Shuhua, Jayathilake & Renyan, 2014). Internally, innovative SMEs are being led by CEOs with higher education degree and who well fits the great importance of

innovations in their company strategy (ibid). CEOs education level positively is associated with firm's innovation efforts (Lin, 2011).

Moreover, unique pile of benefits is possessed by family-claimed organizations via the relationship between the family and the organization. Sirmon and Hitt (2003) reported that the means of resource management and passed on in privately-run companies is regularly directed or affected by the relationship that exist between the firm and the family. The benefits and limits not open to organizations that are non-family arranged are frequently accessible and obtainable to firms of family orientation. The joint effort of the organization and the family provides unique assets in terms of trust and bonding that stimulates firm innovativeness and hence performance (Pearson, Carr & Shaw, 2008).

People support family arranged organizations extraordinarily in light of the fact that the organization bunch involves relatives and this might be incredible to the extent there is more elevated amount of reliability among individuals from the family and along these lines, will most likely lock in to the best preferred standpoint of the association or business when appeared differently in relation to the enthusiasm of every part (Sirmon, and Hitt, 2003). As a rule, in any case it can be seen that the necessities of the business are not acclimated to the individual relative interests. This is the spot the issue happens. Moreover, in light of extended business segment competition, the reality must be viewed as that these associations require some sort of advancements to surge the business advantage (Rutherford, Kuratko and Holt, 2008).

Burkart, Panunzi, and Shleifer (2003) demonstrates that with the laudable definition contrasts in the midst of family and non-family firms, it can be seen that family firms have their own particular entrancing purposes and have such a structure, to the point that offers them some assistance with fulfilling these reasons. Associations that are family orchestrated satisfy this through their own particular novel brand of advantages and the limits. Research proposes that family firms are progressively moving towards the case where the proprietors are relatives. Generally, family firms keep up a careful position and practice conservatively, which as appeared by examination, has appeared to expand profit. Family firms are further orchestrated towards less risk taking which then thusly prompts some savvy reactions amidst emergencies (Aldrich & Cliff, 2003).

Four variables choose the vulnerability from the private circle to the master circle in organizations that family possessed as indicated by Arregle et al. (2007): 1) the quality of the framework after some time, which supports the ascent of a perfect social relationship; 2) the correspondences between relatives, which contributes towards the change and protection of regular duties between individuals; 3) Rutherford, Kuratko and Holt, (2008) reports that the relationship between members of the family that binds them and provides assets to an aggregate patrimony; and 4) Burkart, Panunzi, and Shleifer (2003) indicated that accessibility (or the "shut circle"), which is really controlled and described by the social standards of cooperation inside the gathering. As indicated by Rutherford, Kuratko and Holt (2008), these four segments connect with the firm to utilize the instrument of the arrangement of social capital recollecting the completed goal to modify, energize and secure trades and to apply sanctions when benchmarks are

hurt. The level of social capital of the family is reliant on two conditions including the state of force concerning the family's regularity to the degree proprietorship, and a state of duty connected with association control by relatives. From one point of view, the more critical the family's consolidation in the connection's possession and association, the more detectable its impact in the affiliation's essential basic leadership. Then again, the more key posts are held by relatives, the more gigantic the last's potential impact in the alliance's operational decisions. This twofold impact offers move to a particular kind of association; along these lines, pay hones, for event, and, more in light of current circumstances, work strategies might be picked and changed by the relatives, mirroring their qualities and rules (Arregle et al., 2007). In this manner, the level of family social capital can offer us to disconnect selective associations some assistance with according to the level of family impact. The level of family impact is besides subject to the qualities of the family culture and the family culture in like manner describes the level of social capital gift of the family firm.

2.5 Conceptual Framework and Hypothesis Development

This section of the study conceptualizes the relationship between the various dimensions of social capital of SFBs, their innovativeness and performance. The developed conceptual framework is reliant on certain assumptions of the study. The study employed the definition of the Ghana Statistical Service (GSS) and hence assumed that surveyed enterprises with less than 6 employees are micro-scale, enterprises with less than 10 employees are small-scale and their counterparts with more than 10 employees as medium- and large sized enterprises. Furthermore, the surveyed enterprises with

family membership control of the business or family members' involvement in the business as directors or family member's involvement as employees were termed as family businesses. The developed model also assumed the existence of three social capital assets of family businesses including structural, relational and cognitive social capital dimensions. All family businesses are assumed to have the capacity to increase their operational and financial performances through some level of innovation through research and development. On the basis of the concept developed appropriate hypotheses are developed for test. The concept of the research is shown in Figure 2.1.

The social capital is considered as a valuable asset for the firm (Adler & Kwon 2002; Maurer et al., 2011). It represents the resources integrated in relations (Granovetter, 1985; Hoffman et al., 2006; Nahapiet & Ghoshal 1998; Tsai & Ghoshal, 1998). Social capital comprises three dimensions-structural, cognitive and relational (Nahapiet & Ghoshal, 1998) proposed by Pearson et al. (2008) as the specific elements of familiness resources. The structural dimension of SC describes the social interactions that encompass the patterns and strength of ties among the members of a collective (Pearson, Carr, & Shaw, 2008). In the context of family business, the family members serve as a strong social tie that is enhanced through strong bonding, trust and communication that allows higher level of knowledge and idea sharing that is a vehicle for higher level of innovativeness.

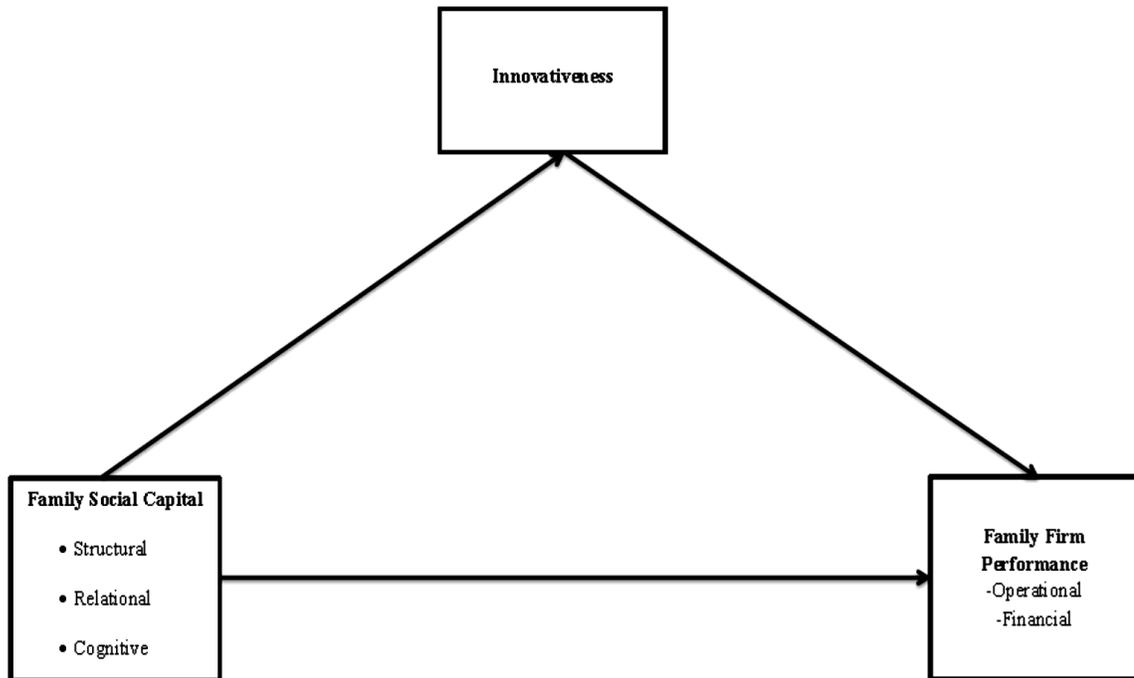


Figure 2.1: Conceptual framework

Source: Author's Own Construct, 2015

The cognitive component of SC is the heap of assets giving shared representations, translations, and frameworks of importance among gatherings (Nahapiet & Ghoshal, 1998), and involves the gathering's shared vision and reason, and in addition it's one of a kind dialect, and profoundly implanted accounts and culture (Pearson, Carr, and Shaw, 2008). Thus, through the cognitive dimension family members are relatively more willing to share their resources and hence the combination of the family resources provides some level of strength and competitive advantage. The strength in the combined resource power of the family members is a stimulus that spurs innovativeness in family firms. Finally, the relational dimension constitutes the assets developed via personal interactions, including norms, trust, identity and obligations (Nahapiet & Ghoshal, 1998).

In the family business context, the norms, trust and obligations defined in the family culture of the family enhances their ability to innovate in the phase of competition in their industry of business. Researchers concur that the structural dimension is a precursor to both relational and cognitive dimensions, as persons are required to initially have shared experiences and association in a period to cultivate a mutual purpose and vision, as well as norms, identity and trust as envisaged in many family businesses. As matter of fact, the structural dimension develops the relationship between characters that are significant to establishing closer ties.

Furthermore, the cognitive component is a precursor of the relational component of SC. The motive is that the objectives shared between families and business and descriptions could result to shared obligations and norms, further enhances identity and feelings of trust among members of the family (Arregle, et al., 2007; Pearson, et al., 2008) so spurs family business innovativeness in sense of, associability, information access, communication, concern of collective, feeling of membership, and control mechanism. Empirically, several studied have revealed positive relationship between social capital as an asset and the innovativeness of family businesses. De Massis et al. (2013) in their study suggested the social capital of family businesses positively influences the product innovativeness of the firms. The process and organisational innovativeness of family businesses are also reported to be positively influenced by the social capital of family businesses (Aschhoff et al., 2013; De Massis, Frattini & Lichtenthaler, 2013; Hiebl, 2013; Vecchiarini & Calabrò, 2014; Kotlar, De Massis, Fang, & Frattini, 2014). The studies of Adu-Febiri (1995) in Ghana also established positive relationship between

social capital and family firm innovativeness. Based on this analogy, the study therefore hypothesizes that:

H1: Cognitive SC dimension positively affects innovativeness.

H2: Relational SC dimension positively affects innovativeness.

H3: Structural SC dimension positively affects innovativeness.

These SC dimensions therefore stimulate innovativeness and hence family firm performance. Sound performance may occur with strong SC through valuable work environment (Duffy, Scott, Shaw, Tepper, & Aquino, 2012) and life satisfaction of stakeholders (Lim & Putnam, 2010). As a resource in a family business, family social capital is positively related to family firm performance (Sorenson et al., 2009). Kansikas and Murphy (2011) in their study of the effect of bonding family social capital on financial firm performance reported that bonding family social capital has both a direct and indirect positive influence on family firm financial performance. The organizational identity literature stipulates that strong family firm pride, community social ties, and long-term orientation are positively associated with the inclination of a firm to portray itself as a family business to consumers and stakeholders which in turn positively affects performance (Dyer & Whetten, 2006, Sundaramurthy & Kreiner, 2008; Zellweger et al., 2010). Family firm pride reflects family members' self-esteem and identification with the family firm. Long-term orientation reflects the stable nature of organizational identity and is a core value among family firms that strive to sustain the firm for future generations. Lastly, since feedback from external stakeholders is critical in forming and adjusting organizational identity and image (Bartel, 2001 and Gioia et al., 2000), and

family firms are believed to possess rich social capital in their communities (Pearson et al., 2008 and Sharma, 2008). Zellweger et al. (2012) study demonstrates that by building a family firm image, the unique family influences on the firm can be leveraged to create a competitive advantage for family firms. The more prevalent these features of organizational identity in a family firm, the stronger should be the development and deployment of a family firm image that in turn positively contribute to firm performance. Stama, Arzlanianb and Elfringb (2014) in their study revealed positive relationship between social capital of family businesses and performance and further indicated that such relationship was reliant on the age of the business and the industrial and institutional factors. The social capital of SFBs is critical to knowledge sharing in the Ghanaian organizational dynamics as it helps to get thing done and helps in the attainment of organizational objectives (Ofori & Sackey, 2010). Social capital elements such as reciprocity, institutional ties and trust of SFBs in Ghana have significant positive relationship with performance (Ofori & Sackey, 2010). Based on this trident analogy, the study proposes that:

H4: SC dimension positively affects operational and financial performance.

H5: Relational social capital dimension positively affects operational and financial performance

H6: Cognitive social capital dimension positively affects operational and financial performance

2.5.3 Innovativeness and Performance

The extent of the innovativeness of the family businesses as influenced by the social capital of the firm affects performance. Hassan et al. (2013) in their study of effects of innovation types on firm performance surveyed 150 manufacturing companies in Pakistan and reported positive effects of innovation types on firm performance. Other researchers have also found positive relationship between firm innovativeness and firm performance. Subramanian and Nikalanta (1996) in their study provided evidence of positive effect of firm innovativeness on performance. Cingoz & Akdogan (2011), Sok & O’Cass (2011) and Camisón & Villar-López (2012) have also revealed positive linkage between small family firm innovativeness and performance. In the Ghanaian context, Soniia and Asamoah (2011) in their study of farmer field schools (FFS) revealed positive relationship between innovativeness of the farmers achieved through higher level of social ties and farm performance. On the basis of these previous empirical studies, the current study proposes that:

H7: Innovativeness of SFBs positively affects operational and financial performance.

2.5.4 Social Capital, Innovativeness and Performance

Evidence from the discussed concepts and developed hypotheses, innovativeness seemingly is a key mediator in the relationship between SC and family firm performance. Saha and Banerjee (2015) in their recent study of 50 small firms in West Bengal India indicated that innovativeness plays a key role as a mediator between social capital and firm’s performance. Ali-Jafri, Ismail, Khurram and Soehod (2014) in their investigation of the impact of Social Capital and firms’ innovative capability on

sustainable growth of SMEs in Malaysia provided evidence of the positive relationship between social capital and firm performance that is strongly mediated by family firm innovativeness. This relationship is expatiated by the fact that family firm's social capital unique resources stimulate firm's innovativeness (Stam & Elfring, 2008). These tendencies of innovative capabilities of the family firms due to their unique resources related to 'familiness' directly affect firm's performance (Yokakul, Girma & Booth, 2011). In the Ghanaian context, Soniia and Asamoah (2011) in their study revealed positive relationship between social capital and innovativeness and performance. The case study confirmed that farmer field schools (FFS) strengthened social cohesion among cocoa farmers and enhanced individual social skills by creating new networks for knowledge exchange and support, promoting group formation and improving farmers' confidence and ability to work more effectively and innovatively and hence higher level of farm performance.

Based on this analogy, the study proposes that:

H8: Innovativeness directly mediates the relationship between structural social capital and operational and financial performance

H9: Innovativeness directly mediates the relationship between relational social capital and operational and financial performance

H10: Innovativeness directly mediates the relationship between cognitive social capital and operational and financial performance

2.6 Chapter Two Summary

This chapter of the study defines the various concepts of the study including family businesses, social capital, innovativeness and performances. The chapter also establishes the empirically established relationship between family business innovativeness and performance, social capital dimensions and innovativeness, and between social capital dimensions and performance. On the basis of the established concept guiding the study, several hypotheses were developed on the basis of the defined objectives of the study.

CHAPTER THREE

RESEARCH METHODOLOGY

This chapter of the study describes the various methods and methodologies employed for the study. The critical topical areas discussed included the research design, the target population, the sample size and sampling techniques, source of data, data collection instrument, method of data analysis, the validity and reliability of the study and the ethical considerations of the study.

3.1 Research Design

Quantitative research constitute an enquiry into social or human problem based on testing a hypothesis or a theory composed of variables, measured with numbers, and analysed with statistical procedures in order to determine whether the hypothesis or the theory holds true (Creswell, 1998). Quantitative data therefore involves measurements of tangible, countable, sensate features of the world (Punch, 2003). However, qualitative research is mainly exploratory research employed to gain a comprehension of fundamental opinions, reasons and inspirations (Hussey & Hussey, 1997). The current study employs quantitative design method. Quantitative research in social science is defined as the systematic empirical investigation of observable phenomena via computational, mathematical or statistical techniques (Lisa, 2008). This study is regarded as quantitative in that it employs numerical features such as statistics, frequencies, percentages and measures of central tendencies in addition to inferential analytical methods (Lisa, 2008). The study also employed unbiased techniques in the

sampling procedure and structured questionnaire that are all quantitative in character (Hunter & Leahey, 2008).

3.2 Research Approach

Moreover, the main purpose of the study is to investigate the causal relationship social capital of small family businesses and firm performance with the mediating role of innovativeness. On the basis of this purpose of the study, the explanatory approach was employed in addition to descriptive approach.

3.3 Research Strategy

It is imperative to define the purpose of the study and the type and availability of the information that is required (Naoum, 1998) in the selection of a research strategy. On the basis of the quantitative nature of the study, the survey research strategy is adopted. Surveys often gather quantitative data, but can also gather qualitative information through open-ended questions (Marsden & Wright, 2010). Surveys are carried out on a sample of respondents from a selected population through the administration of a questionnaire. The data collected in surveys needs to be analysed to produce useful results. Quantitative data (numbers) is typically analysed using statistical software like SPSS. Qualitative data can be analysed by a number of techniques including coding and thematic analysis.

3.4 Population of the study

A population is a group of persons, objects, individuals or items from which samples are taken for measurement (Saunders et al., 2009). Target population is the entire group of individuals about whom you want to gather information. For any empirical study it is imperative to define the target population. Therefore, the defined target population of the study constitutes all the small family businesses (SFBs) in the Kumasi metropolis. The Kumasi metropolis as at February 2016 had 1,432 registered SMEs with the National Board for Small Scale Business (NSSBI) branch of the Kumasi Metropolitan Assembly (KMA). From this total SMEs registered with the KMA 62% (892) are perceived SFBs belonging to varying forms of businesses including manufacturing, retailing/wholesaling, service sector and agro-businesses. The distribution of the SFBs under these categories is shown in Table 3.1.

Table 3.1: Population distribution by SME type

SMEs	SMEs	SFBs
Manufacturing	53	41
Retailing/wholesaling	1,013	624
Service sector	323	196
Agro-Business	43	31
Total	1,432	892

Source: Field Survey, 2016

3.5 Sample size determination

Based on the total SFBs of 892 registered with the National Board for Small Scale Business (NSSBI) branch of the Kumasi Metropolitan Assembly (KMA), the appropriate minimum sample size for the study was 278. For effective and appropriate sample size for quantitative study, an approximate population size of 1,000 and an error

margin of .05 (5%), a sample size of 278 is sufficient and adequate for the study (Saunders, Lewis & Thornhill, 2009). More so, a response rate of more than 50% is preferred (Denzin & Lincoln, 2006). Given the total respondents of 183, a response rate of 67% that is adequately representative of the study population was obtained. The distribution of the minimum sample size by SME type is shown in

Table 3.2.

Table 3.2: Sample Size distribution by SFBs type

SFBs	SFBs	% of SFBs	Sample Size (n)
Manufacturing	41	5	14
Retailing/wholesaling	624	70	195
Service sector	196	22	61
Agro-Business	31	3	8
Total	892	100	278

Source: Field Survey, 2016

3.6 Sampling Technique

The study employed a multistage sampling procedure. In the first stage of the multistage sampling procedure, the SFBs in the Kumasi metropolis were stratified on the basis of business type. Stratified sampling was used for several reasons including its ability to ensure that the sample is representative of the characteristic used to form the strata and yield a lower standard error or variability, and thus standard error or estimates may be reduced. It can also give higher precision with the same sample size, and thus simplifies data collection (Saunders et al., 2009). Each stratum is therefore sampled as an independent sub-population, out of which individual elements can be selected through convenient sampling procedure (Saunders et al., 2009). The number of SFBs within

each stratum was based on their proportion within the entire target population of SFBs in the Kumasi metropolis. In the second phase of the multistage sampling procedure, the researcher ensured even distribution and survey of the entire Kumasi metropolitan area through the division of the area into four quadrants namely Asokwa sub-metro, Bantama sub-metro, Suame sub-metro and Subin sub-metro. The key business communities within each quadrant were purposively selected to be surveyed. In the third phase of the multistage sampling procedure however the SFBs within the various communities were surveyed through snowballing methods. Information about the possible location of other SFBs was sought from surveyed SFBs. This process was followed till the required minimum sample size of the study was covered.

3.7 Source of data

The study principally relied on primary source of data collected on issues relating to the effect of social capital on family firm innovativeness, the effect of social capital on family firm performance, the mediating role of innovativeness on the relationship between social capital and family firm performance. The collated data were both quantitative and qualitative in nature and hence the adoption of the mixed approaches method.

3.8 Data collection instrument

The main instrument used in this mixed research approach study was a structured questionnaire. The structure, design and administration of the questionnaire are further described in subsequent sections. The structured questionnaire approach embraced

principally closed-ended questioning method to avoid any form of ambiguity and difficulty in providing the needed information.

3.8.1 Questionnaire

The structured questionnaire was relied on for collating information for partly providing answers for the research questions. The survey was established and constructed on closed-ended interrogations. The closed-ended interrogations were employed to examine the ranking of numerous constructs and this aided in reducing the quantity of related responses so as to acquire extra varying responses. The questionnaire was personally administered with the CEOs/Heads of the selected family businesses in Kumasi.

A single set of questionnaire was designed for the participating CEOs/Heads of the selected family businesses in Kumasi. The questionnaire was divided into six sub-categories, with each category containing set of questions aimed at achieving a set objective: (1) the first sub-section 'A' of the questionnaire had to do with the social capital practices of SFBs; (2) the second sub-section 'B' of the questionnaire provides statements to examine the innovative capabilities of the SFBs; (3) the third sub-section 'C' examined the firms innovativeness and internal characteristics; (4) the fourth sub-section 'D' employs queries to examine the performance of family businesses; and (5) the fifth sub-section 'E' employs set of statements to examine the firms background and respondents information. The Likert Scaling method was employed to aid the scaling of the responses of some of the queries provided in designed questionnaire.

3.8.2 Measurement of Variables

The study relied on three key broad constructs including performance, social capital and firm innovativeness. The items and the scaling method employed in the measurement of these constructs have been discussed in this section.

a) Performance (OP: $\alpha = 0.880$; FP: $\alpha = 0.870$).

Performance as a multi-dimensional construct was measured relying on the basis of two sub-dimensional constructs and items on the basis of the study of Ofori and Sackey (2010) and Tepper and Acquino (2012). The operational performance sub-dimensional construct was measured using 10 items: the extent of flexibility in production/service delivery processes, the time it takes to serve customers, the consistency in meeting the needs of customers, the extent of variety in products/services offered to customers, the nature of product/service support to customers, resource utilisation (e.g. human skills, time), cost of production/operation, the time it takes to introduce new products/service offerings, the extent of product returns/service failure and the ability to handle varied customer/market needs. The financial performance sub-dimension of performance was measured using 10 items including: Sales volume, Profit levels, Growth in sales, Growth in profitability, Return on investment (ROI), Return on sales (ROS), Market share, Growth in ROI, Growth in ROS and Growth in market share. Since the firms were predominantly micro and small, self-reported perceptual information on performance was employed. The respondents who were predominantly owners and managers were required to indicate the operational performance of their firms in relation to that of key

competitors for the past three years on the basis of a seven pointer Likert Scale ranging from (1) much worse to (7) much better.

b) Social Capital (SS: $\alpha = 0.806$; SR: $\alpha = 0.818$; SC: $\alpha = 0.814$)

The social capital as a broad or higher construct constituted three key sub-constructs (Structured, Relational and Cognitive dimensions). Fifteen items were employed to measure social capital. The items employed for measuring the constructs were based on the study of Adler and Kwon (2002) and Villena et al. (2011). The five items of the structural social capital dimension included: Staffs engage in open and honest communication with one another, Cross-departmental working is important in driving service improvement, Co-ordination and joint working with other departments is a major part of our approach to the organization of services, Staffs are willing to share information with one another, and the Staffs keep each other informed at all times. The relational social capital dimension was measured using five items including: there is a high level of trust between top management and staffs, workers in this company are trustworthy, the workforce of this company shows a great deal of integrity, there is a high level of trust between officers, and i can rely on my colleagues. The cognitive dimension of social capital was also measured using five items including: the staffs are committed to the goals of the company, workers share the same ambitions and vision for the company, the authority's mission, values and objectives are clearly and widely understood and owned by all staff in the service, the authority concentrates on achieving its mission, values and objectives and there is a commonality of purpose among the staff

of the company. These items of the social capital construct were measured using a seven pointer likert scaling method ranging from (1) much weaker to (7) much stronger.

c) Firm Innovativeness ($\alpha = 0.880$)

The innovativeness of the surveyed micro and small family businesses was measured using 25 items. The items were developed principally from the study of Chirico and Salvato (2008). Firm innovativeness as a broader or higher construct was sub-divided into six sub-constructs including process, behavioural, solution, product or service, capabilities and training for managers. The process innovativeness sub-construct was measured using four items including: improvising new methods when you cannot solve a problem using conventional methods, developing new processes to deliver products/services to customers, introducing new service delivery processes to add value and pursuing continuous improvement in operational processes. The behavioural sub-construct of firm innovativeness was measured using three items: welcoming new/unconventional ideas, seeking out novel ways to tackle problems/challenges and implementing new ideas within the firm. The solution sub construct of firm innovativeness was measured using six items: presenting clients with unique solutions they may not have considered, presenting innovative solutions to clients, solving clients' problems in very innovative ways, providing innovative ideas and solutions to clients, coming up with new ideas to provide innovative solutions to customers' problems and being industry leaders in providing innovative solutions. The product or service sub-construct of firm innovativeness was measured using four items including: developing new products that enhance service to customers, delivering cutting-edge

services/products that are not delivered by competitors, promoting new product offerings and constantly experimenting with new products/services. The IT capability sub-construct of the firm innovativeness was measured using four items: relying on information technology in pursuing innovation, adopting the latest technology in the industry, relying on new technology to stay ahead of competition, and bringing on board employees who have IT expertise while pursuing innovative activities. The training for manager's sub-construct of firm innovativeness was measured using four items or statements including: providing in-house training for managers while initiating and implementing new ideas, sponsoring managers to attend workshops that focus on process/product improvement, providing ad-hoc/standing assistance to managers while pursuing innovative activities and creating a platform for managers to enhance their initiative and innovative skills. The items of the firm innovativeness were measured on seven pointer likert scaling method ranging from (1) worse than competitors to (7) much better than competitors.

d) Control Variables

The study controlled for firm size, businesses type and firm age. The size of the firm was measured in terms of the number of employees of the firm has kept over the past three years. The question was in an open-ended format. The firm age was measured using an open-ended question that requested for the years the firm has been in existence in the industry. The industry of the firm however was measured using a closed-ended format questioning through a categorical measures as: 1 = Manufacturing Organisation; 2 = Service Organisation; and 3 = Otherwise.

3.8.3 Questionnaire Administration

The collection of the data began by sending a prior notice to the head of administration of all the selected family businesses in Kumasi and all sampled CEOs to notify them of the study. This was meant to seek their consent and approval and also inform them of the significance of the study to them, the general society and their respective businesses. The first batch of the questionnaire was administered to the selected SFBs in the first quadrant of the Kumasi metropolitan. It took a week to cover the entire selected SFBs of within the selected key business communities. In the ensuing two weeks, the CEOs of the sampled SFBs within the second quadrant of the Kumasi metropolis were surveyed. In the subsequent two weeks, the researcher further administered questionnaires to SFBs within the selected key business communities in the third quadrant of the study area. The last section of the questionnaire was also administered to the CEOs of the SFBs within the communities of the fourth quadrant of the study area. Therefore, the administration of the required questionnaires for the study was completed in six weeks. In all 95 questionnaires were either not responded to or discarded due to the inadequacy of the information given by those participants of the study. This therefore indicates that out of the total questionnaires of 278 sent out to be administered to CEOs of the selected SFBs in Kumasi, 183 were successfully completed and used for the study. This therefore gave a reasonable and acceptable response 67%.

3.9 Pre-Testing of Questionnaire

To optimize the validity and reliability of the survey, the constructs obtained for the study were pre-examined on 40 selected CEOs of a family business in the Mampong Municipality. The internal reliability of the key constructs of the study was checked through a reliability analysis employing the Cronbach Alpha as measuring coefficient. The Cronbach Alpha value of the overall pre-tested questionnaire was 0.895, greater than the reliability threshold of 0.66. The participants were asked to fill out the initial surveys based on their perception and knowledge on the issue pertaining to social capital, internal characteristics of SFBs, innovativeness and their performance. The initial survey took about 40 minutes with each individual CEO of the family business. By conducting the pre-test survey, the researcher made sure that the examined study constructs reflected actual interactions and expectations of the interrogated respondents. The outcome of the pre-test scrutiny indicated that the participants of the pilot study regarded some of the constructs as examining the similar concepts, and so the questionnaire was re-designed and re-structured.

3.10 Method of Data Analysis

The gathered data was prepared, coded and fed into the statistical programme for social sciences (SPSS) for the appropriate descriptive and hierarchical regression results. The descriptive results were presented with the aid of measures of central tendencies, frequencies and percentages. The relationship between social capital, the internal characteristics of FBs, innovativeness and performance were tested using multiple regression analytical methods. Confirmatory factor analysis (CFA) was also carried in

LISREL to ensure validity and reliability of the study constructs. Further model modification analysis was also carried out in the LISREL.

3.11 Validity and Reliability of the Study

The validity of information is its relevance and appropriateness to set research question and the directness and strength of its association with the concepts under scrutiny (Jary & Jary, 1995). To ensure validity of the study, a wide range of measures and constructs were employed to reduce dependence on any one. Often scientific methods allow several items to be employed to measure a construct to enhance the validity of the study. Some unreliable items measuring the constructs were dropped and decayed based on the pre-test. The opinion of lecturers and professionals or experts in the field of family businesses was sought on the appropriateness of the employed measuring items or statements in the appendix to ensure validity.

The study methods ensured reliable data in obtaining the required knowledge; that is data is dependable, trustworthy, unfailing, sure, authentic, genuine and reputable (Keith, Devika, & Torczon, 2001). To achieve this, the internal consistency of the constructs or items of the study were determined using scientific analytical means such the Cronbach Alpha. Indicators of reliability include proximity to events, (whether the writer was a participant or observer) likely impartiality, and whether, as the police say, the record was really contemporaneous or an eventide reflection on the day's events. The researcher tried to enhance the reliability of the data through active participation in the

administration of the questionnaires which enabled him to provide the needed clarification to the respondents.

The test of the validity and reliability of the measurable items and constructs were carried out with the LISTREL Software and the maximum likelihood estimation method was employed in the examination of all scales in confirmatory factor analysis (CFA). The scales were initially analyzed in subsets in order to avoid the risk of non-convergence of the model due to the violation of the minimum sample size to parameter ratio. Through the CFA analysis, all items that were disturbing and problematic in the definition of the constructs were all deleted. The measurable items that were maintained in the construct are presented in Table 3.3. From the five items measuring the structural social capital construct, one item (SS2) was deleted. One item (SR2) was also deleted from the five measuring the relational social capital construct. For the Cognitive social capital, an item (SC2) was also deleted from the five considered measurable items. Considering innovativeness, operational and financial performances, the items presented in the Table 3.3 were those maintained for the conceptual model of the study.

Considering remodeling, numerous factors or items of the considered constructs were deleted from the models. The final list of factors or items considered in the case of each construct is presented in Table 3.3. The Table 3.3 further displays the associated standardized loadings of the factors and their t-values and the results of validity and reliability tests. The convergent validity of the considered measures or items is confirmed through the positive and significant loadings of the factors. The result of the

table further provides evidence of the acceptability of discriminant validity, the alpha reliability and composite reliability as the indices meet the minimum rule of thumbs of .50, .70 and .60 respectively (Bagozzi & Yi, 2012). More so, there is evidence of satisfactory discriminant validity since the average variances extracted (AVE) were greater than the shared variances between constructs (Fornell & Larcker, 1981).

Table 3.3: Measurement items, Constructs and validity and reliability tests

Constructs/Measures	Loading(t-value)
Structured Social Capital (CA=.806; CR=.830; AVE=.554)	
Staff engage in open and honest communication with one another	.895 (Fixed)
Co-ordination and joint working with other department is a key approach	.679 (5.14)
Staff are willing to share information with one another	.739 (9.32)
Staff keep each other informed at all times	.640 (8.27)
Relational Social Capital (CA=.818; CR=.791; AVE=.500)	
There is a high level of trust between top management and staff	.602 (Fixed)
The workforce of this company shows a great deal of integrity	.682 (7.18)
There is a high level of trust between officers	.897 (7.59)
I can rely on my colleagues	.585 (6.41)
Cognitive Social Capital (CA=.814; CR=.823; AVE=.542)	
The staffs are committed to the goals of the company	.682 (Fixed)
The authority's mission, values & objectives are clearly & widely understood	.834 (7.83)
The authority concentrates on achieving its mission, values and objectives	.612 (6.24)
There is a commonality of purpose among the staff of the company	.795 (7.70)
Innovativeness (CA=.880; CR=.893; AVE=.585)	
Introducing new service delivery processes to add value	.644 (Fixed)
Solving clients' problems in very innovative ways	.773 (9.74)
Providing innovative ideas and solutions to clients	.791 (8.90)
new ideas to provide innovative solutions to customers' problems	.806 (9.03)
Being industry leaders in providing innovative solutions	.723 (8.30)
Delivering innovative products that are not delivered by competitors	.837 (9.27)
Operational Performance (CA=.880; CR=.849; AVE=.536)	
The time it takes to serve customers	.873 (Fixed)
The consistency in meeting the needs of customers	.758 (11.36)
The nature of product/service support to customers	.788 (11.92)
Cost of production/operation	.582 (8.13)
The time it takes to introduce new products/service offerings	.617 (8.73)

Financial Performance (CA=.870; CR=.873; AVE=.536)	
Growth in sales	.813 (Fixed)
Growth in profitability	.782 (11.29)
Return on investment (ROI)	.605 (8.29)
Return on sales (ROS)	.698 (9.83)
Market share	.681 (9.53)
Growth in ROS	.791 (11.43)

Notes: CA =Cronbach Alpha; CR =Composite Reliability; AVE = Average Variance Extracted
Source: Field study, 2016

The extracted chi-square (χ^2) test values were also employed in assessing the exact model fit. To provide additional information on the model fit, a number of approximate fit heuristics were also assessed on the basis of the studies of Bagozzi and Yi (2012) and Fan and Sivo (2005). The Table 3.4 presents the obtained result of the model fit indices. Evidence from the result indicates that the model fit is good. The Non-Normed Fit Indices (NNFI) were all greater than .90 and the root mean square error of approximation (RMSEA) of the all the constructs were also less than .07. The comparative fit indices (CFIs) of the constructs were also all greater than .90. Furthermore, χ^2/df values of all the constructs of the study were less than 2 and insignificant indicating a good model fit. The result of these indices indicates the absence of departure from unidimensionality and hence absence of errors due to collinearity.

Table 3.4: Fit indices for the measurement models

Constructs	χ^2	df	χ^2/df	p-Value	RMSEA	NNFI	CFI	SRMR
Structured Social Capital	0.02	2	0.01	0.99	0.00	1.027	1.00	0.002
Relational Social Capital	0.68	2	0.34	0.71	0.00	1.019	1.00	0.012
Cognitive Social Capital	1.01	2	0.51	0.52	0.00	1.011	1.00	0.016
Innovativeness	9.29	9	1.03	0.41	0.01	0.998	0.99	0.022
Operational Performance	3.37	5	0.67	0.64	0.00	1.009	1.00	0.016
Financial Performance	13.44	9	1.49	0.14	0.05	0.983	0.99	0.027

Note: χ^2 =Chi-square; DF= degree of freedom; RMSEA =root mean square error of approximation; NNFI=Bentler non-normed fit index; CFI =comparative fit index

Source: Field Survey, 2016

3.12 Ethical Consideration

Prior notice of the conduct of the research with the family businesses in Kumasi was sought from the CEOs. After the authorization, the selected CEOs of the selected family businesses were contacted individually to inform them of the study and its significance to them and the general society. The CEOs of the sampled family businesses were further informed of the anonymity that would be highly observed by the study as their names would not be included in the collated data. The researcher disclosed to the respondents that the study is purely meant to satisfy an academic requirement and not for any other reason. The scientific honesty of the study was also held supreme in essence that the researcher avoided the manipulation or falsification of data in order to maintain the quality of the research result.

3.14 Chapter Three Summary

This chapter of the study provides clarity on the adopted quantitative design. The adopted explanatory approach was further explained. The target population of micro and small family businesses in the Ashanti region studied are defined in this chapter. The

sample of the study was selected through a multistage sampling procedure including stratification in the first stage and snowballing at the latter stage. The structured questionnaire employed for the study was also examined in this chapter in terms of the section of the questionnaire and the administration of the questionnaire to the sampling units of the study. The key variables employed in the study including social capital, innovativeness and performance have been defined and tested to ensure higher level of validity and reliability using LISREL. The retained variables were further developed into composite variables analysed using hierarchical multiple regression method.

CHAPTER FOUR

PRESENTATION, ANALYSES AND DISCUSSIONS OF RESULTS

The chapter presents, analyzes and discusses the results of the study. The key areas examined by the section include the firm's background and respondent's information and key descriptive result on social capital, innovativeness and performances of small family businesses. The second section of the chapter presents the empirical results on thematic areas such as the effect of social capital on the performances of small and medium family businesses, effect of innovativeness on the performance of small and medium family businesses, effect of social capital on innovativeness and the mediating the effect of innovativeness on the relationship between social capital and performances.

4.1 Firm Background and Respondent's Information

The background of the firm and the respondent key background information are discussed in this section of the study. The key socio-demographic variables of the respondents discussed include gender, age, respondent current position and years of holding the current position. The crucial information of these firms discussed include the type of firm, presence of research and development unit, years of operation of the business and the average employees for the past three years. The Table 4.1 presents the socio demographic result.

Table 4.1 Firm and respondent profile

		<i>n</i>	%	
Firm have R & D Unit	Yes	82	44.8	
	No	101	55.2	
Firm industry	Manufacturing	49	26.8	
	Service	104	56.8	
	Others	30	16.4	
Respondent's gender	Male	124	67.8	
	Female	59	32.2	
Respondent's age (years)	Less than 20	7	3.6	
	20 to 29	68	37.4	
	30 to 39	58	31.6	
	40 to 49	27	15.0	
	50 or above	23	12.5	
Respondent's position	Owner-manager	46	24.9	
	Executive	36	19.6	
	Manager	65	35.8	
	Others	36	19.6	
	Min	Max	Mean	SD
Firm age	1	40	12.82	8.82
Firm size	1	31	15.62	12.07
Respondent's years of holding current position	1	25	7.08	5.73

Source: Field Survey, 2016

The result of the Table 4.1 showed that the majority (67.8%) of the surveyed respondents of the small and medium family businesses were males whereas 32.2% were females. Out of the total surveyed respondents, 24.9% were Owner-managers, 19.6% were executives, 35.8% were managers and 19.6% were also in other positions in the firm. The surveyed respondents have been holding their current position in the firms for mean years of 7.08 years with a standard deviation of 5.73 years. The high standard deviation therefore implies that there are high variations in the number of years the

respondents have been holding their current positions in the firms. The majority of the surveyed respondents have less than 39 years and hence putting them in the category of the economic active population of Ghana. The result of the Table 4.1 shows that 37.4% were between the age category of 20 and 29 years, 31.6% were within the category of 30 and 39 years and 3.6% were also less than 20 years. However, the respondents that were above 40 years were 27.5%.

The result of the Table 4.1 further showed that the majority (64.5%) of the surveyed small and medium firms were in the service industry whereas 22.7% were in the manufacturing sector. However, 12.8% of the surveyed small and medium firms also belong to other firm categories. The surveyed small-and micro-family-enterprises have been in operation for an average of 12.82 years. The average size of the employees of the surveyed businesses for the past three years was approximately 16 employees. The majority (55.2%) of the family businesses surveyed lack research and development units or departments, phenomena that hinders innovativeness and performance.

4.2 Descriptive Result

This section of the study descriptively examines the level of the social capital assets, and the innovativeness of the surveyed small family businesses. The section further examines the operational and financial performances of the firms in the past three years relative to their competitors. The descriptive result of the section is presented in Table 4.2.

The result of the Table 4.2 shows that the surveyed small family businesses exhibit strong level of social capital in terms of structural, relational and cognitive dimensions as indicated by the approximate mean response value of 5.0. The mean result of 5.11 indicates that the surveyed family businesses are good than their competitors (Table 4.3). The result of the Table 4.2 further shows that the family businesses were good than their competitors in terms of process innovation, behavioural innovation, solution and product or service innovation as indicated by the approximate mean response of 5.0. The surveyed small family businesses in relation to their competitors in the past three years have been performing good operationally and financially as indicated by the approximate mean response value of 5.0.

Table 4.2: The descriptive result of the study

	N	Min	Max	Mean	SD
Social Capital Dimensions					
Structured Social Capital (SS)	179	2.00	7.00	5.15	1.13
Relational Social Capital (SR)	174	2.00	7.00	5.06	1.10
Cognitive Social Capital (SC)	179	3.00	7.00	5.33	1.08
Innovativeness					
Process	181	3.00	7.00	5.16	.99
Behavioural	182	2.00	7.00	5.24	1.12
Solution	178	1.00	7.00	5.08	1.17
Product/Service	179	1.00	7.00	5.03	1.23
Performance					
Operational Performance (OP)	180	3.00	7.00	5.11	1.01
Financial Performance (FP)	178	1.00	7.00	5.01	1.05
Valid N (listwise)	159				

Source: Field Survey, 2016

The Table 4.3 of the study presents a correlational result of the control path variables and the key constructs of the study. The correlational result showed that there is positive correlation of .516, .604 and .539 between the structural social capital dimension of the

small family businesses and firm innovativeness, operational performance and financial performances respectively at a statistical significance level of 1%. The relational social capital of the small family firms was also found to be positively correlated to innovativeness, operational performances and financial performances at a statistical significance level of 1%.

Furthermore, the correlational result of the Table 4.3 provided evidence of positive relationship of .707 and .600 between the surveyed small family businesses innovativeness level and operational performance and financial performances respectively at a statistical significance level of 1%. The operational performances of the surveyed firms were also found to have positive correlation of .747 between operational performances and financial performances at a statistical significance level of 1%.

Table 4.3 Correlational analysis and descriptive statistics results

	1	2	3	4	5	6	7	8	9	Min	Max	Mean	SD
1 Firm industry (dummy)	1.000												
2 Firm age	.021	1.000								1	5	2.77	1.30
3 Firm size (dummy)	-.029	.296**	1.000							1	28	12.07	6.98
4 Structured Social Capital	.135**	.157**	-.192**	1.000						2	7	5.15	1.13
5 Relational Social Capital	.070	.061	-.124*	.704**	1.000					2	7	5.06	1.10
6 Cognitive Social Capital	.033	-.009	-.108*	.641**	.642**	1.000				3	7	5.33	1.08
7 Innovativeness	.156**	.071	.051	.516**	.606**	.555**	1.000			2	7	5.11	1.09
8 Operational Performance	.123*	.064	-.160**	.604**	.663**	.591**	.707**	1.000		3	7	5.11	1.01
9 Financial Performance	.133**	.195**	-.080	.539**	.510**	.427**	.600**	.747**	1.000	2	7	5.01	1.05

* p < .05 (2-tailed test); ** p < .01 (2-tailed test)

4.3 Model Estimation and Result

The proposed theoretical framework of the study was estimated through the Ordinary Least Square (OLS) Method. Considering that in the established conceptual framework of the study the three dependent or outcome variables (firm innovativeness, operational performance & financial performance) were established, three key separate regression models were estimated. Hierarchical modeling method was employed in each separate circumstance. However, three separate models (Model 1, Model 3 & Model 5) were also developed on the grounds of the four considered control variables of the study. The controlled variables considered in the estimation of the models include firm industry, firm age, firm size and operation performance (in the case of financial performance). The R-Square value of .088 indicates that the control variables accounted for 9% of the variations in the innovativeness of the firms in the case of the Model 1. In the estimated Model 3, the control variables accounted for 10% of the variations in the operational performance of the small family businesses. In the case of the Model 5, the R-Square value of .730 indicates that 73% of the variations in the financial performance of the small family businesses is accounted for by the control variables.

The diagnostic test of the regression model 2 indicates a good-fit of the model for the data. The R-Squared result of .558 implies that 55.8% of the variations or changes in the dependent variable (firm innovativeness) are accounted for by the predictors. The tolerance values of the individual predictors are all above .10 (O'Brien, 2007). Furthermore, the variance inflation factors (VIFs) of the predictors are also less than 10

(Maddala & Kajal, 2009). The tolerance and the VIF values of the predictors of the model indicate lower level of multicollinearity (O'Brien, 2007; Maddala & Kajal, 2009). The multiple regression Model 4 of Table 4.4 exhibits very good-fit. The R-Squared value of 0.660 indicates that 60% of the variations in the dependent variable (Operational Performance) is explained by the three dimensions of the social capital of family businesses, firm innovativeness and the control variables. The Durbin-Watson result of approximately 2 also indicates the absence of autocorrelation. The variance inflation factors (VIF) of the predictors also passes the rule of thumb of been less than 10. The lower VIFs and the tolerance levels of the predictors therefore indicate the absence of multicollinearity.

For the model 6 of the Table 4.4 exhibits very good-fit. The R-Squared value of 0.770 indicates that 77% of the variations in the dependent variable (Financial Performance) is explained by the predictors of the model 6. The Durbin-Watson result of approximately 2 also indicates the absence of autocorrelation. The variance inflation factors (VIF) of the predictors also passes the rule of thumb of been less than 10. The lower VIFs and the tolerance levels of the predictors therefore indicate the absence of multicollinearity.

Table 4.4: OLS Regression Analysis Results

Variables	Unstandardized Estimates							
	Firm innovativeness		Operational performance		VIF	Financial performance		VIF
	Model 1	Model 2	Model 3	Model 4		Model 5	Model 6	
Control paths								
-Firm industry	.167 (1.974)**	.149 (2.499)**	.005 (.057)	-.112 (-1.949)*	1.072	-.003 (-.074)	-.065 (-1.455)	1.083
-Firm age	.016 (2.941)***	.008 (1.874)*	.013 (2.213)**	-.003 (.836)	1.091	-.009 (-2.792)***	.004 (1.445)	1.094
-Firm size	.004 (.292)	.001(2.496)**	-.026 (- 2.244)***	-.027 (- 3.212)***	1.050	.021 (1.292)	-.014 (-1.763)*	1.050
-Operational performance						.805 (29.829)***	.610 (14.999)***	2.941
Hypothesised								
-Structured Social Capital (SS)		.003 (.060)		.164 (3.082)***	2.875		.211 (5.024)***	2.950
-Relational Social Capital (SR)		.334 (6.488)***		.259 (5.023)***	3.021		.117 (2.822)***	3.230
-Cognitive Social Capital (SC)		.373 (8.035)***		.030 (.637)	2.416		.040 (1.088)	2.419
-Firm innovativeness				.470 (9.450)***	2.262		.191 (4.437)***	2.817
R ²	.088	.558	.100	.660		.730	.770	
Δ R ²		.558		.660			.770	
Adjusted R ²	.073	.547	.086	.651		.724	.763	
F-statistics (DF)	5.915 (156)***	51.193 (152)***	6.834 (164)***	70.664 (151)***		141.418 (161)***	110.597 (150)***	
Δ F-statistics		51.193***		70.664***			110.597***	
Durbin-Watson	1.919	2.144	1.817	2.023		2.143	2.061	

Note: t-values are in the parenthesis; * p < .1, ** p < .05; *** p < .01

Table 4.5: Mediation analysis: (direct and indirect effects assessment)

Path	Unstandardized β s			Sobel test statistic	Form of mediation
	Direct effect (D)	Indirect effect (I)	Total effect (D+I)		
SS → FINV → OP	.164	.003*.470 = .001	.165	.060	No
SS → FINV → FP	.211	.003*.191 = .001	.212	.060	No
SR → FINV → OP	.259	.334*.470 = .064	.323	5.349 [†]	Partial
SR → FINV → FP	.117	.334*.191 = .052	.274	3.662 [†]	Partial
SC → FINV → OP	.030	.373*.470 = .175	.205	6.121 [†]	Full
SC → FINV → FP	.040	.373*.191 = .071	.111	3.884 [†]	Full

Note: [†] mediation significant at 1%; SR= Relational Social Capital; SS = Structured Social Capital; SC= Cognitive Social Capital, FINV = Firm innovativeness; OP= Operational performance; FP = Financial performance

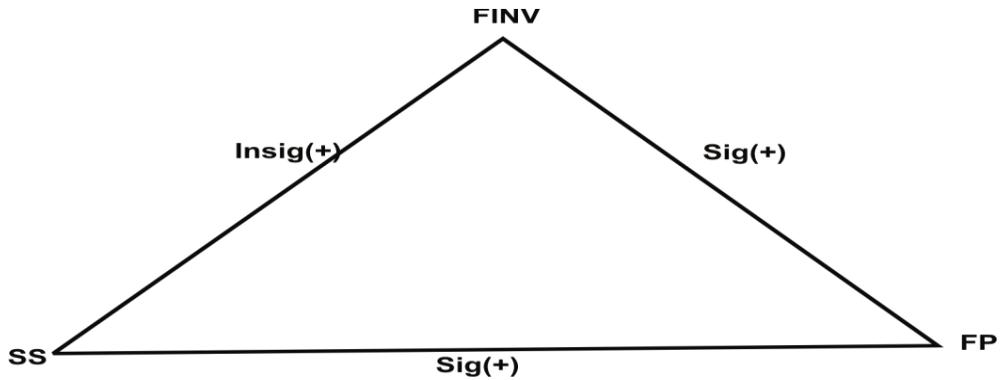


Figure 4.1: FINV mediating effect on the relationship between SS and FP
 Source: Field Survey, 2016

The Figure 4.1 provides diagrammatic evidence of the no mediating effect of firm innovativeness (FINV) in the relationship between structural social capital (SS) and financial performances of the micro and small family businesses. This conclusion is drawn from the fact that the coefficients of the indirect paths of the relationship (SS→FINV and FINV→FP) are all positive and the direct path (SS→FP) is also positive. However, the relationship is insignificant since the SS→FINV part of the indirect path is insignificant.

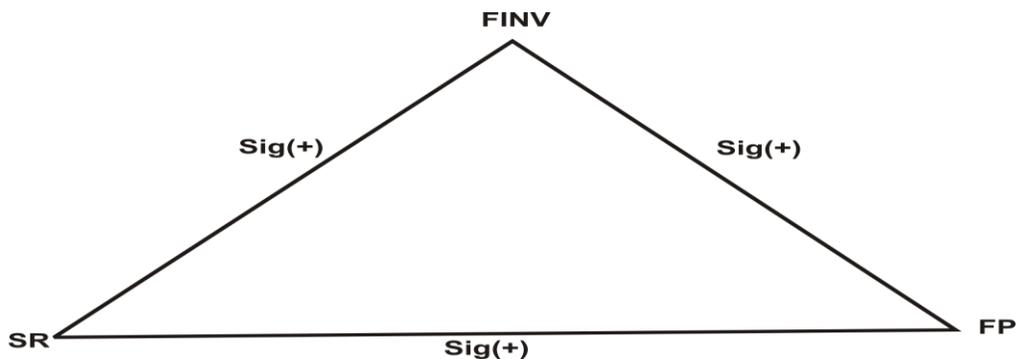


Figure 4.2: FINV mediating effect on the relationship between SR and FP
 Source: Field Survey, 2016

The Figure 4.2 provides diagrammatic evidence of the parital mediating effect of firm innovativeness (FINV) in the relationship between relational social capital (SR) and financial performances of the micro and small family businesses. This conclusion is drawn from the fact that the coefficients of the indirect paths of the relationship (SR→FINV and FINV→FP) are all positive and significant, and the direct path (SR→FP) is also positive and significant.

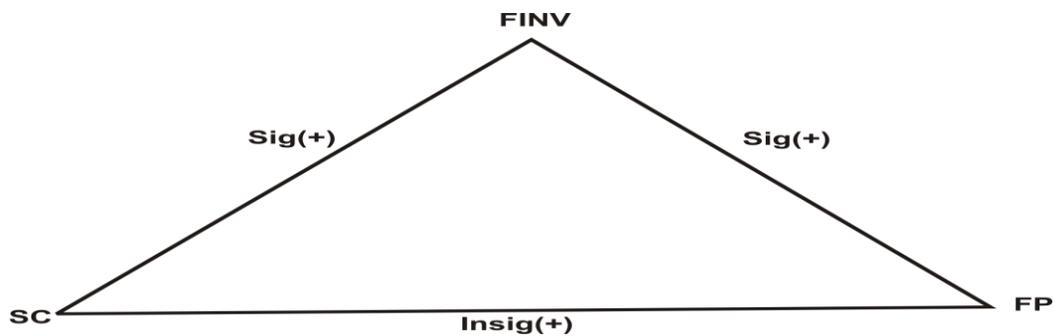


Figure 4.3: FINV mediating effect on the relationship between SC and FP
 Source: Field Survey, 2016

The Figure 4.3 provides diagrammatic evidence of the full mediating effect of firm innovativeness (FINV) in the relationship between cognitive social capital (SC) and financial performances of the micro and small family businesses. This conclusion is drawn from the fact that the coefficients of the indirect paths of the relationship (SC→FINV and FINV→FP) are all positive and significant and the direct path (SC→FP) is also positive but insignificant.

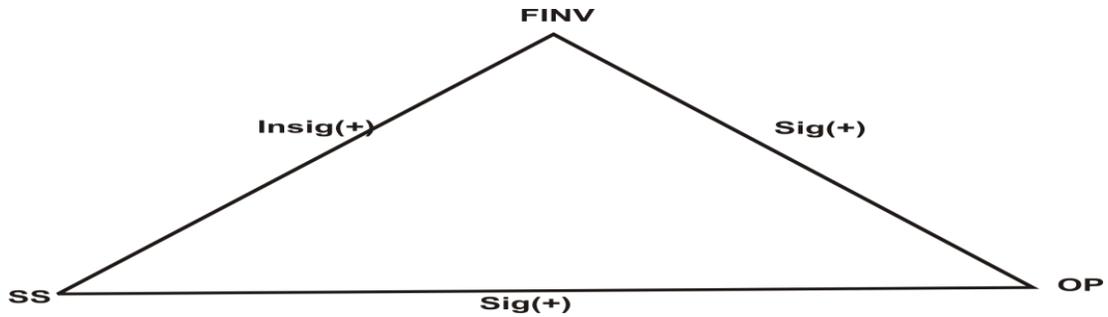


Figure 4.4: FINV mediating effect on the relationship between SS and OP

Source: Field Survey, 2016

The Figure 4.4 provides diagrammatic evidence of the no mediation of firm innovativeness (FINV) in the relationship between structural social capital (SS) and operational performances of the micro and small family businesses. This conclusion is drawn from the fact that the coefficients of the indirect paths of the relationship (SS→FINV and FINV→OP) are all positive and the direct path (SS→OP) is also positive. However, the partial mediating effect is insignificant since the SS→FINV part of the indirect path is insignificant.

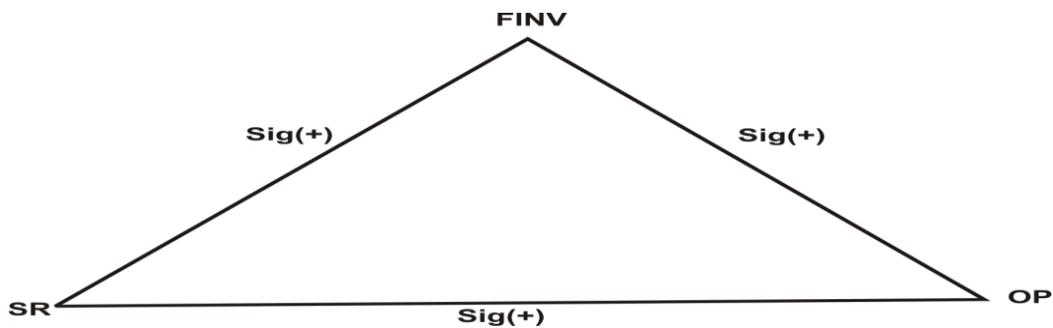


Figure 4.5: FINV mediating effect on the relationship between SR and OP

Source: Field Survey, 2016

The Figure 4.5 provides diagrammatic evidence of the partial mediating effect of firm innovativeness (FINV) in the relationship between relational social capital (SR) and operational performances of the micro and small family businesses. This conclusion is

drawn from the fact that the coefficients of the indirect paths of the relationship (SR→FINV and FINV→OP) are all positive and significant and the direct path (SR→FP) is also positive and significant.

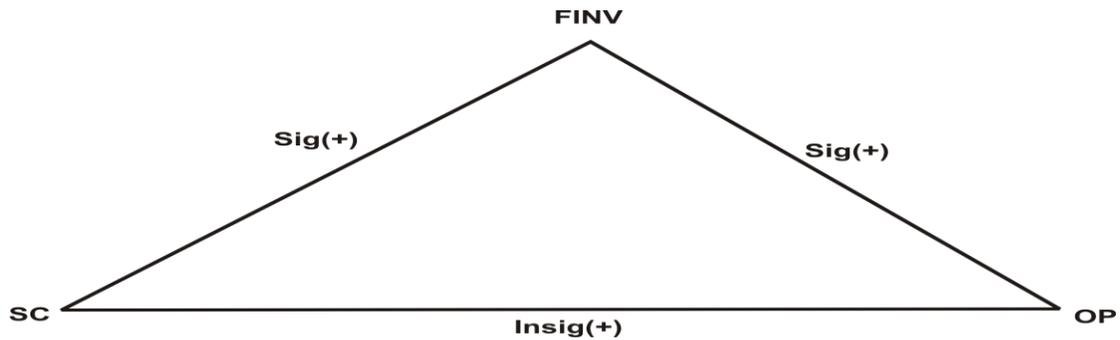


Figure 4.6: FINV mediating effect on the relationship between SC and OP

Source: Field Survey, 2016

The Figure 4.6 provides diagrammatic evidence of the full mediating effect of firm innovativeness (FINV) in the relationship between cognitive social capital (SC) and operational performances of the micro and small family businesses. This conclusion is drawn from the fact that the coefficients of the indirect paths of the relationship (SC→FINV and FINV→OP) are all positive and the direct path (SC→FP) is also positive but insignificant.

4.4 Analyses and Hypothesis Assessment

The results of the study on the basis of the defined objectives are presented in this section of the study. The section further assesses the developed hypothesis on the basis of the result. The hypothesis were either confirmed or found to be contrary to the analyzed result of the study.

4.4.1 Social Capital and Innovativeness

The result of the Model 2 of the Table 4.4 shows that there is positive relationship of .334 between the relational social capital dimension of the small family businesses and innovativeness of the firms at a statistical significance level of 1%. This therefore indicates that any significant unit improvement in the relational social capital asset of the small family businesses is associated with .334 unit improvement in the innovativeness of the firms. This result of the study supports the hypothesis (H₂) of the study that relational social capital dimension positively affects innovativeness.

The result of the Model 2 further shows that there is positive relationship of .373 between the cognitive social capital dimension of the small family businesses surveyed and innovativeness at a statistical significance level of 1%. This therefore indicates that any significant unit improvement in the cognitive social capital dimension of the small family businesses is associated with .373 unit increases or improvement in the innovativeness of the firms (see Figure 4.1 & 4.2). This result supports the hypothesis (H₁) of the study that the cognitive social capital dimension of the small family businesses positively affects innovativeness.

4.4.2 Social Capital and Performance

The result of the Model 4 of the Table 4.4 shows that there is positive relationship of .164 between the structured social capital asset of the small family businesses and operational performances at a statistical significance level of 1% (see Figure 4.2). This therefore indicates that any significant unit improvement in the structural social capital

dimension of the small family businesses is associated with .164 unit increases or improvement in operational performances. This result supports the hypothesis (H_{4a}) of the study that the structural social capital dimension of the small family businesses positively affects operational performance.

The Model 4 result also shows that there is positive relationship of .259 between the relational social capital dimension of small family businesses and operational performances at a statistical significance level of 1% (see Figure 4.2). This therefore indicates that any significant unit improvement in the relational social capital asset of the small family businesses is associated with .259 unit increases in the operational performances of the firms. This result of the study supports the hypothesis (H_{4b}) that relational social capital dimension positively affects operational performance.

The result of the Model 6 of the Table 4.4 shows that there is positive relationship of .211 between the structural social capital dimension of small family businesses and financial performances at a statistical significance level of 1%. This therefore indicates that any significant unit improvement in the structural social capital dimension of the small family businesses is associated with .211 unit increases in the financial performances of the firms. This result supports the hypothesis (H_{5a}) of the study that the structural social capital dimension positively affects financial performance.

The result of the Model 6 further showed that there is positive relationship of .117 between the relational social capital dimension of the small family businesses and

financial performances at a statistical significance level of 1%. This therefore indicates that any significant unit improvement in the relational social capital asset of the small family businesses is associated with .117 unit increases in the financial performances of the firms. This result supports the hypothesis (H_{5b}) of the study that the relational social capital dimension positively affects financial performance.

4.4.3 Firm Innovativeness and Performance

The Model 4 result also showed that there is positive relationship of .470 between the firm innovativeness and the operational performances at a statistical significance level of 1% (see Figure 4.2). This therefore indicates that any significant unit improvement in the innovativeness of the small family firms is associated with .470 unit increases in the operational performances of the firms. This result of the study supports the hypothesis (H_{6a}) of the study that the innovativeness of SFBs positively affects operational performance.

The Model 6 result of the study also shows that there is positive relationship of .191 between the innovativeness of the small family businesses and financial performances at a statistical significance level of 1%. This therefore indicates that any significant unit improvement in the innovativeness of the small family businesses is associated with .191 unit increases in the financial performances of the firms. This result supports the hypothesis (H_{6b}) that the innovativeness of SFBs positively affects financial performance.

4.4.4 Innovativeness as Mediator in the Relationship between SC and Performances

The result of the Table 4.5 shows that the direct effect of the assumed or hypothesized mediating role of firm innovativeness in the relationship between structured social capital dimension and operational performance is greater than the indirect effect of .001 and hence providing evidence of the no mediating role of firm innovativeness. However, the evidence provided by the estimated Sobel's test indicates the statistical insignificance of the mediation effect of the firm innovativeness. The study result therefore fails to provide support for the hypothesis (H_{7a}) that innovativeness directly mediates the relationship between structural social capital and operational performance.

The partial mediating effect of the firm innovativeness on the relationship between the structural social capital dimension and the financial performances of the small family businesses on the basis of the Sobel's test was found to be insignificant statistically. The study result therefore fails to provide support for the hypothesis (H_{7e}) that firm innovativeness directly mediates the relationship between structural social capital and firm performance.

From the Table 4.5 there is evidence of partial mediating effect of firm innovativeness on the relationship between the relational social capital dimension of the family businesses and operational performances. On the basis of the estimated or calculated Sobel's test, the relationship was found to be statistically significant at 1%. This result only provides evidence to partially support the hypothesis (H_{7b}) that firm innovativeness

directly mediates the relationship between relational social capital and operational performance.

However, the result of the Table 4.5 provides evidence of the partial mediating effect of firm innovativeness on the relationship between relational social capital dimension and financial performances. This partial mediating effect of firm innovativeness was found to be statistically significant at 1% on the basis of the estimated Sobel's test. The result of the study therefore provides partial evidence to support the hypothesis (H_{7f}) that there firm innovativeness directly mediates the relationship between relational social capital and financial performance.

The result of the Table 4.5 also provides evidence of full mediating effect of firm innovativeness on the relationship between cognitive social capital and operational performances of the small family businesses. The Sobel's test also provides evidence of the statistical significance of this mediating effect. There is therefore adequate evidence to support the hypothesis (H_{7c}) of the study that firm innovativeness directly mediates the relationship between cognitive social capital and operational performance. There is also evidence of full mediating role of the relationship the cognitive social capital dimension of the small family businesses and financial performances. This relationship was also found to be statistically significant at 1% as indicated by the result of the Sobel's test. This result therefore provides adequate evidence to support the hypothesis (H_{7g}) of the study that firm innovativeness directly mediates the relationship between cognitive social capital and financial performance.

4.5 Discussion of the Study Findings

Family businesses have peculiar assets that are inheritably perceived to inure to higher performance. Therefore, firms that are aware of this could tap in this peculiar asset termed ‘familiness’. It is therefore not surprising that the current study provide evidence of the positive effect of social capital on family businesses innovativeness and performances. The relational and cognitive dimension of the social capital of the family businesses positively influenced innovativeness and this is consistent with existing literatures. The relational component of social capital constitutes particular parts of connections like kinship, trust, and duty that impact conduct (Nahapiet & Ghoshal, 1998) and hence positively affects family firm innovativeness (Salvato & Melin, 2008; Sorenson & Bierman, 2009). More so, the cognitive dimension of social capital defines the presence of family members with similar cultural and goal-setting objectives provides the advantage of facilitating the exchange of resources, and therefore enhances firm innovativeness (van Uden, Knobem & Vermeulen, 2014). This result is therefore consistent with the finding of van Uden, Knobem and Vermeulen (2014) that revealed positive relationship between the cognitive dimension of social capital and firm innovativeness.

The social capital of the family businesses also was empirically found to influence positively performances. The structural social capital asset of the small family businesses has positive effect on operational performances. This result is consistent with the findings of Sundaramurthy and Kreiner (2008) and Zellweger et al. (2010) that indicated that there is positive relationship between the structural dimension of social

capital of family businesses and operational performances. Structural dimension of social capital provides avenue for individuals to know each other, offer critical data, make a typical comprehension of undertaking issues and objectives, and access each other's assets, all of which encourages the era and usage of new thoughts that positively influences family firm's innovativeness and hence performances (Zheng, 2010). The relational social capital asset of the family businesses also positively affects operational performances. This finding is consistent with the study result of Moran (2005) that revealed that there is positive relationship between relational social capital dimension and operational performances. Most researchers concur that trust (Inkpen & Tsang, 2005) and level of commonality (Moran, 2005) have a positive connection with information trade and the joining of assets, which thus positively affect firms innovativeness and hence operational performances. The result is also affirmed by Arregle, et al. (2007) that there is positive relationship between the relational social capital dimension and financial performances of small family businesses. The relational dimension of family SC provides the necessary elements to work towards superior firm performance. In this regard, family firms exhibit the characteristics and attitudes of trust, friendship, respect, and reciprocity, developed through a history of interactions; these are engendered in the family group and decrease opportunistic behaviour (Coleman, 1988; Salvato & Melin, 2008; Sorenson & Bierman, 2009).

Notwithstanding, the relational and structural social capital of the family businesses have positive effect on financial performances. Hence, any effort that enhances these two social capital dimensions has the potency to induce higher levels of financial

performances. This result is consistent with the findings of the study of Kansikas and Murphy (2011) that also revealed positive relationship between the structural social capital dimension and financial performances. The structural dimension of family social capital that constitutes the pattern of connections among family members that is crucial and facilitates stronger ties among relatives (Cross & Prusak 2002) enhances the financial performances of family businesses (Dyer & Whetten, 2006, Sundaramurthy & Kreiner, 2008; Zellweger et al., 2010).

There is also further evidence of higher level of positive effect of the innovativeness of family businesses on operational and financial performances. This therefore implies that any attempt or managerial policy that increases the level of innovativeness of family businesses has the potency to increase performance. This empirical finding is affirms the previous result of Jiménez-Jiménez and Sanz-Valle (2010) that there is positive relationship between the innovativeness of family firms and operational performances. The process innovative dimension in terms of the adoption of new, effective and efficient technologies enhances the service and production process that stimulates operational performances (Anderson, 2009; Varis & Littunen, 2010). . On the other hand, Bayus et al. (2003), Alegre et al. (2006), Espallardo and Ballester (2009) and Zahra et al. (2000) in their studies revealed positive relationship between innovativeness of family businesses and financial performances. Bayus et al. (2003) in their study established positive relationship between product innovativeness and organizational performance. Espallardo and Ballester (2009) also in their study of 744 Spanish-firm established a positive impact of innovation on firm performance. Similarly, Alegre et al.

(2006) found that both product innovation dimensions were strongly and positively related to firm performance. Firm innovativeness can lead to increased market share, greater production efficiency, higher productivity growth, and increased revenue (Shefer & Frenkel, 2005). Innovativeness enables firms to offer greater variety of differentiated products that can improve financial performance (Zahra et al., 2000).

The theoretical and conceptual theory of the study is supported by the empirical evidence of the mediating influence of firm innovativeness on the relationship between social capital and performances. Family firm innovativeness was empirically found to partially mediate the relationship between relational social capital and operational performance. There was also further empirical evidence of full mediation effect of firm innovativeness on the relationships between relational social capital and operational performance, between cognitive social capital and operational performance, and between cognitive social capital and financial performance. Saha and Banerjee (2015) in their recent study of 50 small firms in West Bengal India also affirmed the mediating role of innovativeness between relational social capital and financial performance. The result of Ali-Jafri, Ismail, Khurram and Soehod (2014) that revealed stronger mediating effect of firm innovativeness on the relationship between social capital and firm financial performances is also consistent with this study.

Furthermore, the revealed mediating role of firm innovativeness in the relationships between some key social capital dimensions of family businesses and performances is partially consistent with the findings of numerous researchers in Ghana and outside

Ghana. For instance, the studies of Khurram and Soehod (2014) and Soniia and Asamoah (2011) provide evidence of the mediating effect of the relationship between social capital of family businesses and performances. Khurram and Soehod (2014) in their investigation of the impact of Social Capital and firms' innovative capability on sustainable growth of SMEs in Malaysia provided evidence of the positive relationship between social capital and firm performance that is strongly mediated by family firm innovativeness. Soniia and Asamoah (2011) in their study in Ghana confirmed that farmer field schools (FFS) strengthened social cohesion among cocoa farmers and enhanced individual social skills by creating new networks for knowledge exchange and support, promoting group formation and improving farmers' confidence and ability to work more effectively and innovatively and hence higher level of farm performance.

4.6 Chapter Four Summary

The collected data was analysed in this chapter. The results of the chapter are principally in two sections including descriptive and inferential sections. Some key descriptive methods employed included frequencies, percentages, mean and standard deviations. The key inferential methods employed included correlation and hierarchical multiple regression. The result of the study revealed that both the structural and relational social capital dimensions positively influences the performances of MSFMs. The innovativeness of the small family businesses was also found to positively influence the performances of the MSFBs. The relational and cognitive dimensions of social capital were found to positively influence the innovativeness of the MSFBs. Furthermore, firm innovativeness mediates the relationship between the relational social capital dimension

of small family businesses and both their operational and financial performances. Innovativeness was also found to mediate the relationship between the cognitive dimension of social capital and both the operational and financial performances of the firms.

CHAPTER FIVE

SUMMARY OF FINDINGS, CONCLUSION AND RECOMENDATIONS

This chapter of the study summarizes the key findings of the study; make the necessary conclusions and the plausible policy and managerial recommendations.

5.1 Summary of Findings

This section of the chapter summarizes the key findings of the study in sub-sections on the basis of the defined objectives.

5.1.1 Effect of social capital on the performance of small family businesses

The small family businesses possess strong level of structured, relational and cognitive social capital assets. The result of the study showed that the social capital dimensions like structural and relational social capital assets of the small family businesses positively influenced operational performances. The structural and relational social capital dimensions also positively influenced the financial performances of the small family businesses.

5.1.2 Effect of innovativeness on the performance of small family businesses

The micro and small family businesses were found to be good than their competitors in the area of process, behavioural, solution and product or service innovation for the past three years. The innovativeness of the small family businesses was also found to positively influence the operational and financial performances of the firms.

5.1.3 Effect of social capital on the innovativeness of small family businesses

The relational and cognitive dimensions of social capital were found to positively influence the innovativeness of small family businesses. However, the extent of this relationship depends on the industry of the firm, age of the firm and size of the firm.

5.1.4 Mediating effect of innovativeness in the relationship between SC and performance

The result of the study showed that firm innovativeness mediates the relationship between the relational social capital dimension of small family businesses and both their operational and financial performances. Furthermore, the innovativeness of the small family businesses mediates the relationship between the cognitive dimension of social capital and both the operational and financial performances of the firms.

5.2 Contribution to Theory and Practice

The result of the study provides evidence in support of the mediating effect of firm innovativeness on the relationship between social capital and performance. This provided evidence confirms the existing theory and practices. Though the majority of the studies only examine performance as a composite variable in the relationship, the current study investigated the mediating effect of firm innovativeness on the relationship between social capital and operational and financial performances of micro and small family businesses in the Ghanaian context. More so, the findings of this study are applicable to many other countries that have similar economic characteristics like

Ghana. Evidently, the result of this study adds up to knowledge in terms of theory and practice.

5.3 Conclusion

The small family businesses in Ghana are widely taking advantage of the bundle of social capital assets available to the firms. The available evidence indicates that the family firms possess strong structural, relational and cognitive social capital assets. These bundles of social capital resources of the family businesses peg them at a position good than competitors to innovative in areas such as process, behavioural, solution and product or services. Considering the social capital assets and the innovative capacities of the family businesses in Ghana, their operational and financial performances have been good for the past three years as against their competitors.

The concept and theory that formed the basis for the study have been empirically proven. Some key social capital dimensions like relational and cognitive were identified to positively stimulate higher level of innovativeness of small family businesses. Furthermore, the social capital dimension like structural and relational also positively influenced both operational and financial performances of small family businesses. The small family businesses possess social capital assets that stimulates the process, solution, marketing, behavioural and product or service innovativeness of the firms (Adler & Kwon, 2002; Yli-Renko, Autio, & Tontti, 2002; Wu et al., 2008) and hence encourage higher level of operational performances that further stimulates higher level of financial performances (Capon et al., 1990; Zahra & Das, 1993; Calantone et al.,

1995; Han et al., 1998; Jiménez-Jiménez & Sanz-Valle, 2010). It is therefore not surprising that the result revealed a possible mediating effect of firm innovativeness in the relationship between social capital (relational & cognitive) and performances (Operational and financial) of small family businesses in Ghana. Small family businesses in Ghana therefore have the capacity to increase their operational and financial performances through effective strategies to stimulate higher levels of innovativeness.

5.4 Recommendations

On the basis of the summarized findings and the conclusions, managerial and policy recommendations have been suggested for possible higher operational and financial performances of small family businesses in Ghana.

5.4.1 Training of managers/CEOs of Small Family Businesses on Innovativeness

On the basis of the positive relationship between family businesses innovativeness and performance, there is the need for policy makers to put in place measures to periodically organize training programmes on firm innovativeness for the managers or CEOs of small family businesses. Such training programmes can be carried out through workshops and seminars. The small family businesses can also internally organize educational or training programmes for staff through the outsourcing of external expertise.

5.4.2 Awareness creation of family businesses about social capital asset

The study revealed positive relationship between the cognitive and structural social capital dimensions of small family businesses and performance. It further revealed positive relationship between the relational and cognitive dimensions of social capital on firm innovativeness. This therefore implies that family businesses can take advantage of their social capital assets to increase both financial and operational performances through stimulated innovativeness. Therefore policy-makers can periodically organize seminars and workshops for small family businesses and educate them on the possible to take utilize social capital assets to increase performance of their businesses.

5.5 Suggested Areas for Further Studies

To widen the scope of the applicability of the findings of this study, further studies are recommended to include smaller family businesses from other parts of the country in their study sample. This is imperative because a wider sample size than the current size would enhance the generalizability of the study findings. Furthermore, this study only investigated the mediating effect of innovativeness, and other studies could also look into the possible moderators in the relationship between social capital and performance. The result of such study could aid managers of small family businesses to reduce the impact of moderators on performances.

5.6 Chapter Five Summary

The key findings of the study are summarized in this section of the study. Some of the key findings were that both the structural and relational social capital dimensions positively influences the performances of MSFMs. The innovativeness of the small family businesses was also found to positively influence the performances of the MSFBs. The relational and cognitive dimensions of social capital were found to positively influence the innovativeness of the MSFBs. Innovativeness was also found to mediate the relationship between the cognitive dimension of social capital and both the operational and financial performances of the firms. Based on these results the chapter recommended the training of managers or CEOs of MSFBs on innovativeness and further creates awareness about social capital asset to MSFBs in Ghana

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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 micro and small family businesses ability to tap into social capital assets to create higher level of innovativeness to ensure higher level of performance in Ghana.

The goal of this study is to examine how the firm innovativeness affects the relationship between social capital of micro and small family businesses performance. 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: SOCIAL CAPITAL

Using a scale of 1 to 7; where 1=totally disagree; to 7= totally agree; to what extent do you agree or disagree with the statements.

	1	2	3	4	5	6	7
Structural Social Capital							
1. Staffs engage in open and honest communication with one another.	<input type="checkbox"/>						
2. Cross-departmental working is important in driving service improvement.	<input type="checkbox"/>						
3. Co-ordination and joint working with other departments is a major part of our approach to the organization of services.	<input type="checkbox"/>						
4. Staffs are willing to share information with one another.	<input type="checkbox"/>						
5. Staffs keep each other informed at all times	<input type="checkbox"/>						
Relational Social Capital							
6. There is a high level of trust between top management and staff.	<input type="checkbox"/>						
7. Workers in this company are trustworthy.	<input type="checkbox"/>						
8. The workforce of this company shows a great deal of integrity	<input type="checkbox"/>						
9. There is a high level of trust between officers	<input type="checkbox"/>						
10. I can rely on my colleagues.	<input type="checkbox"/>						
Cognitive Social Capital							
11. The staffs are committed to the goals of the company.	<input type="checkbox"/>						
12. Workers share the same ambitions and vision for the company.	<input type="checkbox"/>						
13. The authority's mission, values and objectives are clearly and widely understood and owned by all staff in the service.	<input type="checkbox"/>						
14. The authority concentrates on achieving its mission, values and objectives.	<input type="checkbox"/>						
15. There is a commonality of purpose among the staff of the company.	<input type="checkbox"/>						

SECTION B: FIRM INNOVATIVENESS

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:

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

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

SD2: FINANCIAL PERFORMANCE

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

SECTION D: 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,
 - o Do family members control the business ? Yes
 No
 - o Are family members involved in the business as directors? Yes
 No
 - o Are family members involved as employees? Yes
 No
 - o 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"/>						
2. You clearly understood all the items you provided responses on	<input type="checkbox"/>						
3. You are very confident in the responses that you provided	<input type="checkbox"/>						
4. You are sure that the responses you provided represent the realities in this firm	<input type="checkbox"/>						