

**THE IMPACT OF EXTERNAL BUSINESS ENVIRONMENT FACTORS ON
PERFORMANCE OF SMALL & MEDIUM SIZED ENTERPRISES IN THE
PHARMACEUTICAL INDUSTRY IN KUMASI METROPOLIS**

By

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DECLARATION

I hereby declare that this submission is my own work towards the Masters of Business Administration and that to the best of my knowledge, it contains no material previously published by another person or material which has been accepted for the award of any other degree of the University, except where due acknowledgement has been made in the text.

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DEDICATION

I dedicate this research study to God for His Grace, to my beloved wife, parents and siblings for their support throughout my academic life.

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LIST OF ABBREVIATIONS

ANOVA:	Analysis of Variance
CR:	Competitive Rivalry
EC:	European Commission
EF:	Economic Factor
GDP:	Gross Domestic Product
GEDC:	Ghana Enterprise Development Commission
GSS:	Ghana Statistical Service
ITTU:	Intermediate Technology Transfer Unit
LF:	Legal Factor
MoTI:	Ministry of Trade and Industry
MS:	Market Segments
NBSSI:	National Board for Small Scale Industries
PB:	Powers of Buyers
PERF:	Performance
PESTLE:	Political Economic Socio-Cultural Technology Legal Environment
PS:	Powers of Suppliers
SC:	Strategic Customers
SG:	Strategic Groups
SMEs:	Small and Medium Sized Enterprises
SPSS:	Statistical Package for Social Scientists
SSEs:	Small Scale Enterprises
SWOT:	Strength Weakness Opportunity & Threats
TF:	Technological Factor

TS: Threats of Substitutes

VIF: Variance Inflation Factor

ABSTRACT

The research study seeks to examine the impact of external business environment factors on performance of Small & Medium Sized Enterprises in pharmaceutical industry in Kumasi Metropolis. The aim of the research is to examine the impact of macro-environment factors, industry forces and competitors and market business environment forces on performance of SMEs in pharmaceutical industry in Kumasi Metropolis. Literatures were reviewed theoretically and empirically. Data collected were analyzed with the help of Statistical Package for Social Scientists (SPSS). The survey conducted on a total of 240 respondents out of which 220 responses were received representing 91.67% response rate. The Cronbach Alpha was adapted to measure reliability of data. The results have proved that there is a positive relationship between macro-environment factors (specifically political, economic, technological and legal factors). Also, the results showed a positive relationship between industry forces (threat of entry, power of buyers, power of suppliers, threat of substitutes and competitive rivalry) on performance. In addition, the research results show that there is a moderate relationship between competitive and market environment factors (strategic group, market segment & strategic customers) on dependent variable (performance). The study will serve as information cause that will promote and orient SMEs in wholesale, wholesale & retail and retail pharmaceutical industries towards a competitive advantage. I will also recommend to other researchers that a further study can be conducted on the internal business environment impact on performance of pharmaceutical industries. Also, a similar study can be conducted on the external business environment impact on performance of local manufacturers of pharmaceutical products in Ghana.

CHAPTER ONE

1.1 Introduction

This section deals with the background of the research study, the announcement of the problem, the exploration of objectives, the research questions, significance of the research study, the scope of the research study, overview of methodology, limitation of the research study and the organization of the research study.

1.2 Background of the Study

There are no distinct accepted meaning for Small and Medium Sized Enterprises. SMEs which stand for Small and Medium Sized Enterprises are owned, managed and established by entrepreneurs, according to Abor and Quartey (2010). Entrepreneur is a French word. In French language it means 'entreprendre', meaning 'to undertake'. Some duties of the entrepreneur are managing, directing, controlling, assuming risks of business and organizing (Kuratko & Hodgetts ,1995). The terms 'entrepreneurs' and 'entrepreneurship' are popular terms used in today's modern parlance. Entrepreneurship is the process the entrepreneur goes through to undertake all the business risks to come out with invention which is of value to the society and receiving rewards for his invention, (Hisrich and Peters, 2002 cited in Stokes and Wilson, 2010). The European Commission initiated definitions for SMEs. The definitions of SMEs by European Commission brought about a category of small businesses which was named 'Micro Enterprises'.

There are so many definitions for SMEs defined by government agencies in Ghana. Ghana Statistical Service described SMEs with more than 10 employees as Medium and Large Sized

Enterprise and SMEs with less than 10 employees as Small Scale Enterprises. Once more, NBSSI portrayed firms as Micro and Small Enterprises as ventures utilizing 29 individuals or few workers. As per NBSSI, (2016) a firm is a Micro Enterprise when that firm employs between 1-5 representatives and have a fixed asset not exceeding 10,000 USD excluding land and building. NBSSI further categories SMEs as enterprises employing between 6-29 people with a fixed asset not more than 100,000 USD, excluding land and capital.

Challenges such as government policies, economic factors, financing, social amenities and among other are challenges faced by SMEs in Ghana. Globally, challenges such as experience, the age of the entrepreneur, business environment forces and lack of adequate capital are challenges faced by SMEs, (Rose et al., 2006).

In spite of the above challenges faced by SMEs, governmental organizations, for example, National Board for Small Scale Industries (NBSSI), the Intermediate Technology Transfer Unit (ITTU), have interceded to discover answers for the issues confronting SMEs proprietors in Ghana and Kumasi Metropolis. Therefore, the research under investigation tries to find out the impact of external business environment forces or factors affecting the performance of Small Scale Pharmaceutical Industry in Kumasi Metropolis.

1.3 Problem Statement

From the statistics of Ministry of Trade and Industry (MoTI), (2016), SMEs in Ghana comprised of 160,000 enrolled risk organizations and more than 350,000 sole proprietorship. SMEs are major contributors to the economic growth, employment and taxes. This is on the grounds that SMEs contribute 40% to Ghana's Gross Domestic Product (GDP). Despite these enormous contributions of SMEs challenges such as low production capacity, unavailability of suitable

technology, unfavorable external business environment forces, inadequate capital, technical know-how and others are confronted by SMEs.

Environment can provide means of survival for organizations, the same environment can pose threats on organizations. Threats such as new regulatory requirements, hostile shifts in market demands, revolutionary technologies and competitors make the business environment very fatal, (Johnson, Scholes &Whittington, 2008). That is the reason this study is undertaking to find out the effect of external business environment on execution of SMEs in the pharmaceutical industry in Kumasi Metropolis.

There are real investment endeavors made by local pharmaceutical industry in Ghana and Kumasi Metropolis. In spite of these investments, local pharmaceutical industry cannot function in full capacity because of high cost of utilities, unfavorable in-licensing conditions, high direct and indirect taxes, high allowances paid to pharmacists and others.

In Ghana, research studies on SMEs exist in literature. Abor & Biekpe in their research in 2006, 2007 on SMEs finance and SMEs corporate governance did not look at the impact of external business environment factors on SMEs. In addition, Dizisi Smile, (2008) wrote article on ‘‘entrepreneurial activities on indigenous African Woman: a case of Ghana’’ and he did not look at external business environment factors on SMEs. Be that as it may, (Johnson et al., (2008) built up a conceptual framework given clarification on the connections between macro-business environment elements, industry strengths, contenders and business sector drives that influence the execution associations. This study adjusted the framework to research the effect of external business environment elements on execution of Small Scale pharmaceutical industry working inside Kumasi Metropolis.

1.4 Objectives of the Study

The main goal of this study is to assess the impact of external business environmental factors on Small and Medium Enterprises in pharmaceutical industries in Kumasi Metropolis. The specific objectives are as follows:

- To examine the impact of macro-external business environment factors on the performance of SMEs in the pharmaceutical industry in Kumasi Metropolis.
- To determine the impact of industry forces on performance of SMEs in the pharmaceutical industry in Kumasi Metropolis.
- To evaluate the impact of competitors and market business environment factors on the performance of SMEs in the pharmaceutical industry in Kumasi Metropolis.

1.5 Research Questions

To find out the effect of external business environment elements on the execution of SMEs in the pharmaceutical industries in Kumasi Metropolis, the following exploration inquiries will be investigated:

- What is the impact of macro-business environment factors on performance of SMEs in the pharmaceutical industry in Kumasi Metropolis?
- What is the impact of industry forces business environment on performance of SMEs in the pharmaceutical industry in Kumasi Metropolis?
- What is the impact of competitors and market business environment forces on the performance SMEs in the pharmaceutical industry in Kumasi Metropolis?

1.6 Significance of the Study

The study plainly analysis external business environment forces in which SMEs operates. Correct analysis of external business environment factors will help SMEs to identify key drivers in macro-business environment, industry forces, competitors and market forces and use them to have competitive advantage. This study will serve as great exploration reference material for researchers and understudies. This will contribute immensely to knowledge in society which will boost academic excellence.

Once more, the study will make feasible for business people in the pharmaceutical industry to distinguish external business environment variables which are liable to highly affect the execution of SMEs in the pharmaceutical industry.

In addition, study will likewise empower Pharmaceutical Council of Ghana to survey the effect of their controls cum the external business environment variables on the execution of SMEs in the pharmaceutical business.

1.7 Scope of the Study

The study deals with the effect of external business environment forces on the performance of SMEs in the pharmaceutical industry. The scope covers registered pharmaceutical firms which are into whole sale, whole sale & retail, retail pharmaceutical industry in the Kumasi Metropolis.

1.8 Overview of Methodology

Quantitative research methodology was used by the researcher for the study. Information were gathered from essential sources through administration of questionnaire to proprietors, official administrators, supervisors and workers of chosen pharmaceutical industries in the Kumasi

Metropolis. The information gathered were dissected with the utilization of Statistical Package for Social Sciences (SPSS). Reliability test was run with a Cronbach alpha above 0.7. Pearson's Correlation Matrix was used to check the strength and direction of associations between variables.

1.9 Limitation of the Study

The challenges and difficulties associated with this study include, limited financial resources, time constraints, risk of commuting from one pharmaceutical industry to another, challenge face by retrieving of questionnaires administered, difficulty encountered in terms of appropriate sample to use, data collection techniques challenges, unwillingness of prospective respondents to answer the questionnaires and unpreparedness of top-level business executives to be granted interviews.

1.10 Organization of the Study

This research study is comprised of five parts. The Chapter One takes a gander at the presentation, foundation to the study, issue articulation, research goals, research questions, significance of the study, extent of the study, overview of methodology, limitations of the study and organization of the study. Chapter Two reviewed theoretical and empirical literature on macro-business environment factors, industry forces and competitors and market business environment factors. Part Three clarifies the research methodology that was followed in gathering information for the study. Quantitative research methodology was utilized for this study. The Fourth Chapter presents the analysis of the data, presentation and discussion of data collected. Finally, Chapter Five exhibited rundown of findings, conclusions and proposals for analysts and further studies.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

Chapter Two reviewed literature on the topic under study: definitions of SMEs, roles performed by Small and Medium Sized Enterprises (SMEs), Challenges of SMEs in contributing to National Economies, theoretical framework, conceptual framework, business environment analyzing macro environmental factors, political forces, economic factors, technological factors legal factors, industrial forces such as Michael Porter's five forces, competitors and market forces, strategic group, market segment strategic customers, performance measurement of SMEs such as, increase in sales, profitability and innovativeness.

2.2 Definitions of SMEs

There are a range of definitions of small enterprises by different scholars (Storey, 1994). These definitions have created a lot of problems for entrepreneurs. The principal advisory group to overcome this definition issue postured on little scale endeavors was panel of request on SMEs which is known as Bolton Committee (1971). The Bolton Committee confirmed the statistical and economic definition on SMEs. Three main criteria is used to evaluate the economic definition. Firstly, it should have small market share, secondly, it should be managed by owners in a modified way and lastly it should be self-regulating. One of the disadvantages connected with the Bolton Committee economic and statistical definition is that the economic definition which expresses that a small business is overseen by its owners or part owners is a changed way and not through the medium of a formal administration structure. As firm builds, entrepreneurs

no more settle on vital choices, however, decline obligation toward a group of administrators. For example, it is impossible for a firm with one hundred workers to be overseen in a personalized way, proposing that the economic and numerical definitions of Bolton Committee are afar reconciliation, (Weston & Copeland, 1998; cited in Abor & Quartey, 2010). The Bolton Committee's definition was criticized by some scholars. Scholars said there was no single criteria definition for the words smallness, ownership, turnover, number of employees and assets. Second criticism was that the first three high limits of sales were grouped for dissimilar sectors and two dissimilar high limits of sales were grouped for number of employees. This situation makes the definition difficult to make cross country evaluation. The final criticism was that the definition considered the small scale firms industry to be homogeneous.

As a result of the above criticism for Bolton Committee statistical and economic definition for small scale enterprises, the European Commission (2004) proposed the term 'Small and Medium Enterprises' (SMEs). The European Commission divided the sector into three components: European Commission said enterprise with up to 9 employees is termed 'Micro enterprises', ten (10) to ninety nine (99) employees is referred to as Small Enterprises and firms with hundred (100) to four hundred and ninety nine (499) is termed 'Medium Enterprise'. In retrospect, European Commission definitions on SMEs are based on employment rather than diversity of criteria. Finally, EC's definition is not homogeneous because it does not make clear distinction between small and medium enterprises.

In Ghana, Small & Medium Sized Enterprises have been distinct in so many ways; mostly the criterion used to define SMEs is the number of employees which leads to a lot of confusion, Abor & Quartey, (2010). The Ghana Statistical Service (GSS) considers enterprise with less than 10 employees as Small Scale Enterprise and with more than 10 employees as Medium and Large

Scale Enterprise. The National Board of Small Scale Industries (NBSSI) in Ghana used fixed assets and number of employees in its definition criteria of Small Scale Enterprise. It defines SMEs as enterprise which has 9 workers with plant and machinery (excluding land, building and vehicles) not exceeding 10 million cedis (US\$ 9506, using 1994 exchange rate). On the other hand, the Ghana Enterprise Development Commission (GEDC) uses 10 million cedis upper limit definitions for plant and machines to define Small & Medium Sized Enterprises. However, these definitions received criticism. Firstly, valuation of fixed asset in Ghana is a big problem. Secondly, continuous depreciation of the cedis affect the exchange rate which make such definition out-moded (Kayanula & Quartey 2000).

From the above reviewed literature about the definition of SMEs, definition of SMEs does not relate to a single universally accepted definition, but it can be in the context of statistical, geographical and economic.

2.3 Roles Performed By Small and Medium Scale Enterprises (SMEs)

The dynamic role played by SMEs in low income countries have been recognized, (Paul, 2012). SMEs are significant wellspring of business and salary in developing nations. It is said that SMEs employ 22% of dynamic populace in developing nations (Daniel and Fisseha, 1992; Paul, 2012 cited in (Kayanula and Quartey, 2000). SMEs enterprises perform a useful role of ensuring economic growth, income stability and employment. Since SMEs is labor intensive it is more likely to succeed in urban areas and rural areas. Also, when SMEs are settled in rural and urban areas, they can add to even allocation of economic activities in rural areas which will slow down rural urban migration, (Abor & Beipke, 2005)

In any case, some authors argued that job created by SMEs is statistical flaw and increment in business through SMEs is not generally connected with profitability. Nevertheless, the important role played by these enterprises cannot be overlooked, (Kayanula & Quartey ,2000).

In Ghana the sector accounts for over 80% of businesses, employs 15.5 of labor forces and accounts for 6% of GDP in 2000. Activities engaged in SMEs such as farming, electricians, auto mechanics, over the counter, retail and whole sale pharmaceutical business provide sources of employment and income to entrepreneurs in SMEs, (Abor & Beipke, 2005).

2.4 Challenges of SMEs in Contributing to National Economies

Despite the contributions of SMEs to the national economy, they still battle with problems which affect economic growth and development. According to Schmitz 1982, Liedholm & Mend, 1987, Liedholm, 1990; Steel & Webseter, 1990 cited in (Kayanula & Quartey 2000). In Ghana SMEs face a lot of constraints, among those are; input, finance, political, legal, economical, competitive forces, managerial and others. In Ghana, Small Scale Entrepreneurs in whole sale and retail pharmaceutical industry face regulatory constraints. These regulatory constraints are in the form of regulatory sanctions Ghana Pharmaceutical Council imposed on industries which failed to renew pharmacy license, engaged in unprofessional practices, improper records keeping of procurement, continuous absence of pharmacists from business premises and others (Melorose et al. 2015). Other legal constraints like permitting and administrative prerequisites, high cost of settling legal cases and over the top deferrals in court continuing influence SMEs operation.

In general, external business environment is a major driver that impact on all business including SMEs. According to Ibrahim, 2008 cited in (Dzisi et al. 2013) said SMEs in developing countries are vulnerable to external business environment effects. He said, the challenges the SMEs face

can be attributed to macro environmental factors, competitive forces and strategic group competition.

2.5 Theoretical Framework

The theoretical framework adapted for this study is (Johnson et al., (2008) theory on strategic position whereby external business environment factors are considered as an aspect of organization's strategic position. (Johnson et al., (2008) identified key components of external business environment which is made up of macro external factors, industry factors and competitors and markets.

2.6 Conceptual Framework

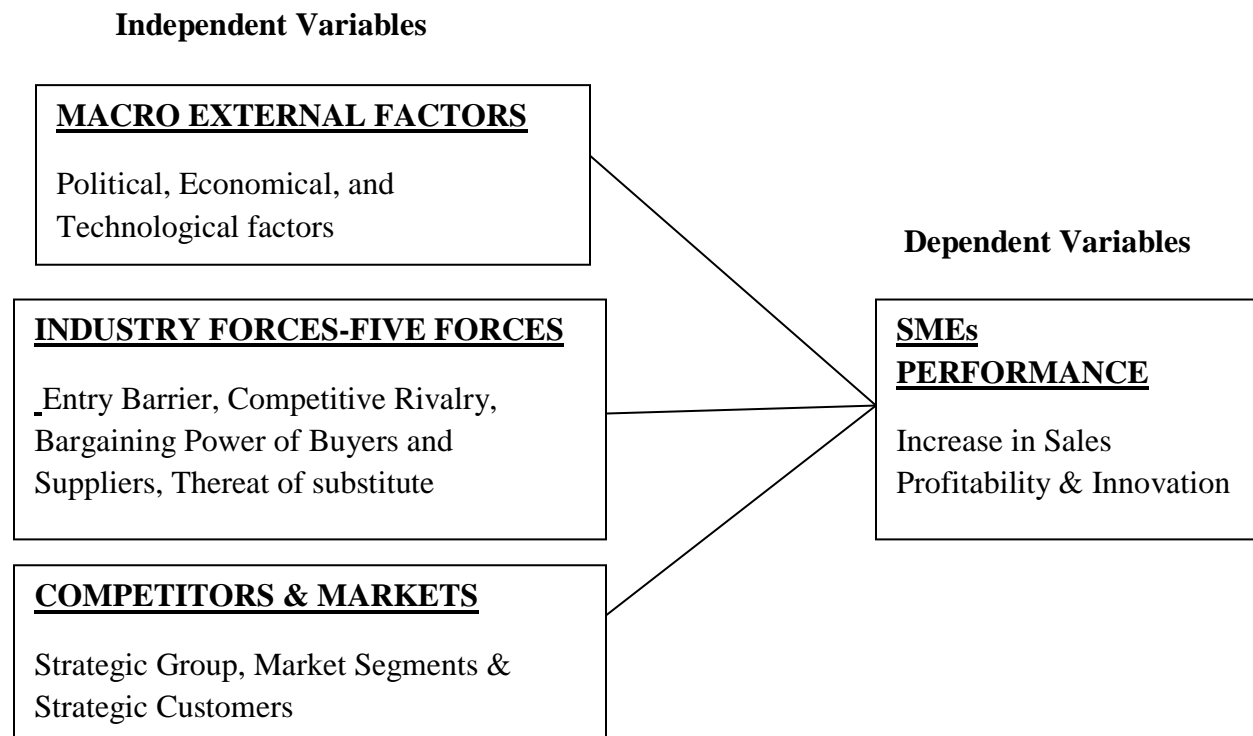


Figure 2. 1: Conceptual Framework of the Study

Source: Author's Construction, 2016

2.7 Business Environment

According to Kefalas, (1981) business environments of an enterprise are events which directly or indirectly affect the operations of enterprise and they are uncontrollable. He said the business environment can be grouped into task environment which is well defined and example is customers, suppliers, bankers etc and the general external business environment which is ill-defined and can be conceptualized as PESTEL.

Factors like socio-economic, geographical location, legal regulation, demographic conditions and other factors create business environment (Litavniece & Znotiņa 2015). Vedla A. (2000), cited

in (Litarniece and Zenotina, 2015) said business environment is objective and subjective. He argued that it is objective because the external business environment is claimed as a set of surrounding circumstances. It is subjective because external business environment forces are independent from the will of individuals. He therefore, defined the business environment as "" an arrangement of goal and subjective elements affecting the business circumstance within a predefined day and age, (Vedla, 2000 as cited in Litarniece and Zenotina, 2015)

According to Orginni & Adesanya, 2013, business organization does not operate in vacuum but it operates in business environment where there is production and distribution of goods and services. They argued that the business environment is the summation of all outside and interior conditions and influences that influence the presence, development and advancement of business. In Adebayo et al, 2005 as stated in (Orginni & Adesanya 2013) business environment can be divided into internal and external. He said internal business environment is the environment where organization has control over and can be dictated by circumstances such as policy, personnel, capital etc. They also, said external business consist of factors which are outside the control of organization such as technology, politics, government legislations etc.

From the above reviewed literature on the definition of business environment, it can be deduced that the definition of business environment does not lend itself to a single universal accepted definition but it could be in the context of task or general business environment, internal or external business environment. This study adopted classification of business environment by (Johnson et al., (2008) which classifies business environment into macro-business environment, industry business environment, competitors and market environment.

Figure 2.2: Layers of The Business Environment

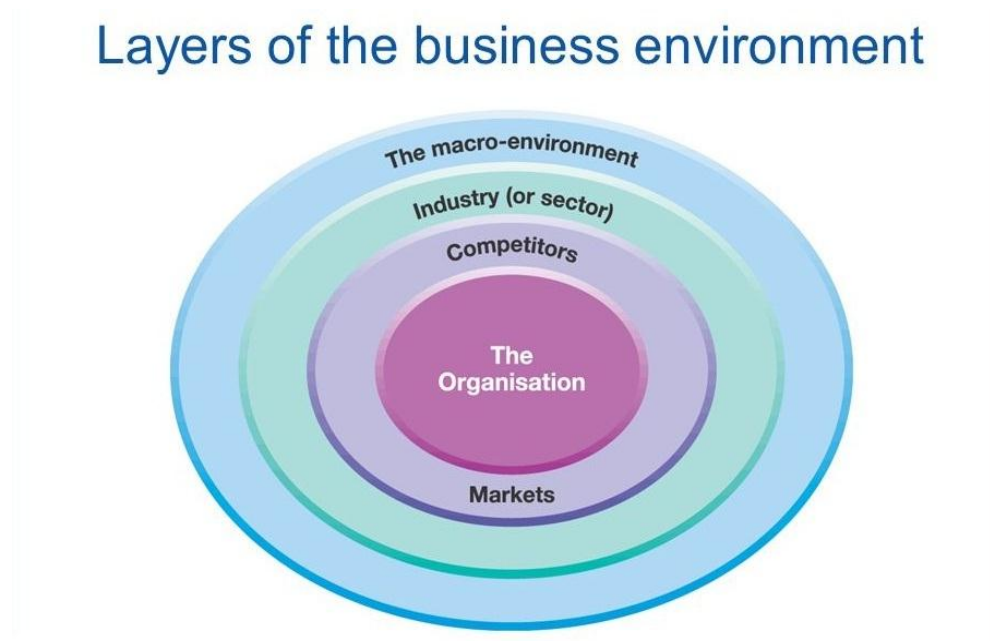


Figure 2. 2 Source: Johnson, Scholes and Whittington (2008)

2.8 Macro Business Environmental Factors

These are broad business environment factors that have bigger or less impact on almost all firms, (Johnson et al., (2008). According to Itani, O’Connel, Mason, 2014 cited in (Litavniece & Znotiņa 2015) macro business environment where a firm finds itself in can influence the performance of that firm and the rate of influence depends on what share of the firm’s depending on the overall economy. PESTEL framework which consists of political, economical, socio-cultural, technological, environmental and legal is used to analyse the macro environment. For the purpose of this study, because of time constraints on the side of the researcher, he selected political, economical, technological and legal factors to examine the effect of external business environment factors on the execution of Small & Medium Sized Enterprises in pharmaceutical industry in Kumasi Metropolis.

2.8.1 Political Environmental Factors

Political environment is any national or international political factors that can affect the performance of SMEs positively or negatively (Wanjiru et al. 2013). It includes government subventions for national carriers, security controls, boundaries on migration, etc, (Johnson et al., (2008). Political imperatives are spot on SMEs through duty modified, the lowest pay permitted by law enactment, contamination approaches and different activities went for securing workers, clients, the overall population and nature. Nevertheless, some political actions are planned to give benefits and protect SMEs. Such laws include patent laws, government subventions and product research incentives but in Ghana, political forces such as legislation, increase in taxation, environmental protection, foreign trade agreement, stability of political system and others affect small entrepreneurs.

2.8.2 Economic Environmental Factors

Economic factors include the general economic climate, trade rates, inflation rate, labour unemployment rate, interest rates, the rate of economic development, per capita domestic product and trade deficit or surplus, Gamble, 2014 cited in (Litavniece & Znotiņa, 2015). Economic factors help SMEs to make strategic decision. It is important for entrepreneurs of Small & Medium Sized Enterprises in pharmaceutical industry to comprehend monetary elements and indicators and to utilize the information to help marketing decision-making and planning process. For instance, if there is a variation in interest rates, then it is likely that SMEs may be involved in considering increases in cost. According to Related & Rights, 2007 stated

that high trade barriers in Ghana leads to high local production cost of pharmaceutical products which affect the local drugs not to be competitive with the imported drugs.

2.8.3 Technological Environmental Factors

Technological forces refer to the rate of scientific change and fastest growth of technology that have potential wide-ranging effects on society Gamble, (2014) cited in (Litavniece & Znotiņa 2015). In Ghana, Small Scale Entrepreneurs find it difficult to gaining access to new technologies which limits innovation and SMEs competitiveness, (Kayanula & Quartey 2000). Technological factors have rendered some SMEs not competitive and not able to meet the needs of customers. However, entrepreneurs in Small and Medium Scale pharmaceutical industry need to recognize the need for technological change, and the need to go with the flow, to have competitive advantage. Decisions to improve change or implement new technological processes must be made in order to meet customer wants and needs.

Information Technology has been identified as a major player in innovation and competitiveness of SMEs but according to European Union (EU), a full potential of IT will be harnessed if labour force is equipped with right skills and having access to high-tech infrastructure. However, in the case of Ghana, some SMEs lack physical telecommunication infrastructure and high speed internet to compete globally, (Dzisi et al. 2013).

2.8.4 Legal Environmental Factors

Legal environment forces include, labour law, antitrust laws, regulations, occupational health & safety policies and other laws of a country or pertaining to particular business environment that industry within the business environment must with those rules. In Ghana, the cumbersome

procedures and commencing businesses were issues affecting local entrepreneurs in pharmaceutical whole sale and retail industry. According to Aryeetey et al (1994) cited in (Kayanula & Quartey 2000), this legal constraint accounted for less than 1% of their sample. In Ghana, regulations adopted by the local government in controlling of pharmaceutical retail industry include, screening of premises, monitoring or registration of renewal applications, collating and managing inventories of all documents for registration and renewals etc.

2.9 Industrial Forces

Industrial factors are general factors which can be found in task environment which surround a business entity. Theory of economics characterizes an industry as a gathering of firms creating the same product or administrations. From strategic management point of view, managers of SMEs must appreciate the five forces in the industry since the five or competitive forces will have impact on profitability of SMEs, (Johnson et al., (2008).

2.9.1 Porter's Five Forces

The competitive forces framework was designed by Professor Micheal E. Porter of Harvard Business School in the late 1970s, (Dälken 2014). It was built on statement that external environment is the significant influence in strategic development, (Mathooko & Ogutu, 2015).

There are so many benefits of applying the five forces model, among them are; the five forces are able to recognize the attractiveness of the market and industry profitability. The competitive forces framework enable managers or supervisors to set a high focus on the external environment in contrast to the traditional ‘‘SWOT’’ analysis, (Grundy 2006). Another benefit of the Porter's

five forces model is to assess industry profitability and market attractiveness and understanding of competition and the root causes of productivity,(Porter, 2008, p.29) cited in (Dälken 2014).

Although Porter's five forces is most widely known management model, a lot of criticisms have been leveled against the model. Firstly, Information Technology is relevant to achieve competitive advantage of an organization. Through Information Technology, organization has access to reliable information about their competitors, suppliers and their customers but the model did not take into consideration of Information Technology Infrastructure as a separate competitive strength. A further criticism states that the model generates snap-shots, (Dälken 2014). According to Thyrlbry, (1998) cited in (Dälken 2014) the five forces framework is fixed and does not factor time which make it complicated for managers to decide market with high competition. Lastly, the five forces model does not guarantee a competitive edge. This is because the framework is still and does not consider constantly changes from the competitive environment. The five forces are; competitive rivalry, threats of substitutes product, threat of new entrant, negotiating power of buyers and negotiating power of suppliers.

Figure 2.3: Five Competitive Forces



Figure 2.3 Sources: Porters (2008), the Five Competitive Forces That Shape Strategy

2.9.2 Threat of Entry

Barriers to entry are components that should be overcome by new entrants in the event that they are to contend effectively, (Dzisi et al. 2013). High barriers to entry are good for existing firms. If barriers to entry are high then the sector is profitable. This is because competitors will find it difficult to enter into the industry. In Ghana, economies of scale, access to supply of distribution channels, specialized know-how, large capital requirement and government legislation make it

complicated for new entities to enter the pharmaceutical industries. For example, the government of Ghana under the Act of Parliament has established Ghana Pharmaceutical Council, a statutory regulatory body to regulate pharmaceutical businesses. This body has raised high barrier to entry into pharmaceutical businesses in Ghana. However, if there is low barrier to entry for new entrant then it can affect the profitability of a firm. In terms of numerous barriers to entry, new business entities sometimes enter industries with higher-quality products, lower prices and substantial marketing resources, (David, 2011)

2.9.3 Competitive Rivalry

Contention among contending firms is typically the most effective of the five competitive forces, (David, 2011). Competitive rivalry occurs when organizations with same products and services aim at the same customer target. According to Porter, rivalry arises when one or more business contenders are in a grasp or see an advantage to improve their position. The amount of competition can range from courteous to cruel. Low entry barriers to business environment leads to competitive rivalry. According to (Johnson et al., (2008) factors that leads to competitive rivalry include; competitor balance where competitors are equal size, high exist barrier, low differentiation and high fixed cost. SMEs that succeed in competition rivalry increase market share. On one hand SMEs that fail in competition rivalry cannot make enough profit. Competitive rivalry arises when one or more business contenders are in a grasp or see an opportunity to improve their business position.

2.9.4 Bargaining Power of Buyers

Buyers can compel down prices, request high quality or more service and influence competitors to fight against each other all at the expense of industry profit, (Pearce & Robinson, 2003).

Buyers are the organization's immediate customers not necessarily the ultimate consumer. If bargaining power of buyers is high, it can affect the profitability of a sector and vice versa. Buyer's powers can be high if they can reasonably switch to challenging brands or substitutes, if they are principally significant to the seller, if buyers are concentrated or if they purchase in large volume or poses threat of backward integration. When customers are many or buy in bulk, their negotiation power represents a major force affecting the power of competition in an industry, (David, 2011).

2.9.5 Bargaining Power of Suppliers

Powerful suppliers can crush gainfulness out of an industry, (Pearce & Robinson, 2003) Suppliers supply the association with what is essential to produce the product or service. The supply control is likely to be high when there are few suppliers, high exchanging cost, one of a kind item, supplier rivalry danger and others. High negotiating powers of suppliers affect profitability of industry. On the other hand, low negotiating powers of suppliers improve the profitability of industry. The negotiation powers of suppliers influence power of rivalry in an industry, especially when there are concentrated suppliers, when there are only a few good substitute raw materials, or when the cost of exchanging raw material is especially costly. Firms sometimes pursue a backward integration strategy to gain control or ownership of suppliers. However, in many industries it is more economical to use outside suppliers or component parts than to self-manufacture the items, (David, 2011).

2.9.6 Threats of Substitutes

Substitutes are product or services that offer similar benefits to an industry's product or services. Substitutes product or service can affect profitability of a firm. This is because, when customers are dissatisfied, they can switch to other substitutes products. On the other hand, if there are no substitutes, products or service customers will find it difficult to switch to other product and this will increase the profit of a firm (Johnson et al., (2008). Factors that can lead to threats of substitutes include a new product or service equivalent, a new product replacing and existing product, consumer substitution that is when consumer is willing to search for substitutes products and others. In pharmaceutical market in Ghana, there are a lot of substitute products which make the market competitive. Taking for example, there are various drugs such as Lonart, Coarten, Malafin, Artesunate Amodiaquine for treatment of malaria.

2.10 Competitors and Market Forces

The macro business environmental factors and industry environment factors may be too lofty to give a detailed understanding of effect of external business environment factors on business activities of SMEs in whole sale and retail pharmaceutical industry. It is often useful to disaggregate the layers of external business environment to know the impact of each layer on the profitability of SMEs. Competitors and market are the most direct layers surrounding organization, (Johnson et al., (2008). Pearce & Robinson, (2003) said, competitors and market environmental forces is referred to operating, competitive, immediate environment made up of factors in the competitive situation that affects a firm's performance in acquiring the requisite resources and or making profit. The immediate layers of organization can be called task or immediate business environment which is long-standing, has high controllability relationship

between the organization and other individuals, (Kefalas 1981). Example includes immediate competitors, customers, suppliers, consultants and others. Within a particular industry, there may be different sectors with different features competing on diverse bases. The idea of strategic group can help to recognize those remote competitors. Similarly, in the market place, the concept of market segments and strategic customers can help to identify the needs and expectation of customers, (Johnson et al., (2008). For the purpose of this study, the study will focus on the effects of strategic groups in the pharmaceutical industry and its impact on the profitability of SMEs.

2.10.1 Strategic Groups

Strategic group theory stems from Hunt (1972). Strategic group was used as analytical tool for examining the intra-sartorial structure, (Santos Álvarez ,2004). Hunt defined the concept strategic groups to mean a collection of firms within the industry which have two sides by means of respect to cost structure, the degree of vertical or horizontal integration and the product differentiation, formal business, control systems and management rewards/punishments, Hunt, 1972, p.8 cited in (Leask & Parker 2006). Porter, 1979:215 cited in (Santos Álvarez 2004) described strategic group as a cluster of firms within a particular industry who share a similar strategy. The purpose of strategic group is to identify group (or clusters) of companies in and industry that pursue similar competitive strategies, (Cool & Schendel, 1987). Analysis of strategic group in business environment provides a basis for research into areas such as; intergroup interaction, process of strategic change, strategic stability, the dynamic of organizational behavior etc. The study of strategic group gives more directions and scope for explaining organizational behavior and performance, (Santos Álvarez 2004). The strategic group concept is helpful in no less than three ways; understanding rivalry, examination of strategic

opportunities and investigation of versatility. Understanding competition is where managers focus on their direct competitors within their particular strategic group rather than the whole industry.

2.10.2 Market Segments

A market fragment is a gathering of clients who have relative needs that are not the same as customers needs in different parts of the market. The theory of market segment focuses attention on differences in customer needs, relative market share and how market can be recognized and serviced, (Johnson et al., (2008). There are processes of market segments. To begin with, the first way to segment market is to differentiate your customer on the basis of demographic variables (such as age, gender, evaluation and income), psychographic variables (such as opinions, interests, region and attitudes) and behaviours (such as media behavior purchase rate, brand loyalty and channel usage). For market segments to be functional, the segments groupings must include customers who are similar to one another and must be separated from customers in the other groups although the customers have reaction to your potential marketing offerings and approaches. Also, the market segments should be different in order to allow their sizes and accessibilities to be easily measured. Secondly, segments should be large enough to validate separate targeting efforts. Thirdly, the segments should be exclusively reachable through communication media and marketing strategies. Lastly, it should be fairly steady and not losing ground in size over time, (Lynn, 2011).

2.10.3 Strategic Customers

The strategic customer is the person(s) to whom the strategy is primarily addressed because they have the most influence over which goods or services are purchased. For instance, most clients

buy products through retail outlets, so the manufacturers must take care of two sorts of clients, the shop clients and the immediate clients. Although, both customers influence demand, one of the customers will be more influential than the others. These customers are called strategic customers, (Johnson et al., (2008).

2.11 Performance Measurement of SMEs

SMEs performance is a measure of SMEs success in achieving its goals. Performance of SMEs is defined as an association's capacity to make activity and worthy results, (Pfeffer and Salancik, 1978) as cited in (Anggadwita and Mustafid 2014). Different scholars have different view of performance measurement of SMEs. Henezel, (2002) cited in (Mian Awais Shahbaz, Asifah Javed, Amina Dar 2014) explained that to measure performance, SMEs must establish some standards and then they must gauge and evaluate their strategies, values, practices by benchmarking with high performance SMEs. Also, Kravchuk Schack, (1996) said that performance is measured for evaluating how well SMEs is performing, cited in (Mian Awais Shahbaz, Asifah Javed, Amina Dar 2014). For the purpose of this study, performance measurement indicators (dependent variables) of measuring SMEs performance in pharmaceutical organization are entrepreneurial characteristics, competence of Human Resource, Innovativeness and Profitability.

2.11.1 Increase in Sales

According to Brush (2006), increase in sales is used to measure performance of a business. He stated emphatically that annual increase in sales of a business can be used as a yardstick to measure the performance of a business.

2.11.2 Profitability

Profitability is a very significant indicator for measuring the performance of SMEs. It is an important factor for an enterprise to survive in competitive environment. Profitability is a definitive goal for any business association and is the ability to make-benefit. Revenue and costs are used to calculate profitability. Income increase capital is the gross profit generated during the accounting period, as a result of the normal activities carried out by the enterprise. Expenses are outflows incurred through the normal activities carried out in an organization, resulting in reducing both fixed and current assets or increase liabilities and reducing capital (Shosha 2014).

2.11.3 Innovativeness

Thompson (1965) defines innovation as ‘originator, receipt and implementation of new ideas, processes, products or services’. The practical evidence for a association between innovativeness and performance seems to be mixed. Some publications have argued about positive relationship between innovation and performance whiles other empirical studies have contradicted these conclusion, (Heimonen 2012). According to Ngugi (1983) entrepreneur with competitive innovation skills has a deep understanding of the SMEs which catapults their performance on the large extent. As indicated by (Dzisi et al., 2013) SMEs characteristics the root of their advancements level of innovative capacities to inside components, for example, self-inspiration, learning, knowledge, specialized capability and outer elements like client prerequisites and interest, data gave by suppliers of gear and materials, market open doors and rivalry.

2.12 Summary of the Chapter

This section reviewed literature on the definitions of SMEs, roles performed by SMEs, challenges of SMEs in contributing to national economies, and the theoretical and conceptual framework of the study. Again, this chapter reviewed literature on external business environment and layers of the external business environment factors.

In addition, the study reviewed literature on the industry forces. Industry forces are the five forces framework developed by Professor Michael E. Porter. The industry forces consist of competitive industry, threat of new entrants, the powers of suppliers, the powers of buyers and threats of substitutes products. Furthermore, the study reviewed works of literature on competitors and market forces. The competitors and market forces comprise of strategic groups, market segments and strategic customers. Lastly, the research study reviewed literature on the dependent variables which are performance measurement of SSEs in pharmaceutical industry in Kumasi Metropolis. They consist of increase in sales, profitability and innovation.

CHAPTER THREE

METHODOLOGY

3.1 Introduction

This section aimed at the mythological dimensions used for the study and these methodologies consist of research concept, purpose of the research study, data collection methods, sampling procedures, data analysis, quality of research study, ethical issues and limitations of the study.

3.2 Research Paradigm

Normally, when researchers talk methods or philosophies of research it is all about research paradigm. A paradigm is a set of beliefs about how things should work (Domholdt, 2005). Research paradigm is a way of examining social phenomena from which particular understanding of these phenomena can be gained and explanations attempted, (Saunders et al., 2012). There are quantitative, qualitative and mixed paradigms researches. Quantitative research places considerable trust in numbers that represent opinions or concepts. Qualitative research concentrates on words and observations to express reality and attempts to describe people in natural situations (Amaratunga et al. 2002). For the purpose of this research, the researcher used quantitative research paradigm because he wants to quantify data, measure feelings, think or act about respondents and apply some statistical analysis, (Tull & Hawkings, 1990) cited in (Sulemana, 2014). In addition, the researcher wants to seek new insight into the phenomenon under study. Therefore, the research paradigm I used for the study is quantitative research.

3.3 Purpose of the Study

The very objective for this research study is to examine the effect of external business environment factors on performance of SMEs in pharmaceutical industry in Kumasi Metropolis. The purpose of the study could be explanatory, descriptive or exploratory. Explanatory research is a type of research that establishes casual associations among variables. It is studying research problem in order to explain the associations among the variables, (Saunders et al. 2012). Elucidating research looks to accumulate data in order for depiction of what is happening in the research study, the objective of descriptive research is 'to portray an accurate profile of persons, events or situations', (Robeson 2002:59) cited in (Saunders et al. 2012). It is a forerunner to a piece of exploratory and explanatory research. Exploratory research is an important method for discovering 'what is occurring ; to look for new knowledge; to make inquiries and to survey wonders in another light' (Robeson, 2002:59) cited in (Saunders et al. 2012). It is useful when someone wants to clarify his/her understanding on a problem. Exploratory research's great benefit is that it is adaptable to change. One disadvantage of exploratory research is that it makes the investigator to make several guidelines as a result of new data and new development.

The study was descriptive because it described the entrepreneurs in SMEs in pharmaceutical industry feelings on the external business factors on their business. Lastly, the study was exploratory because it revealed deep findings on the effects of external business environment factors on performance of SMEs in the pharmaceutical industry in Kumasi Metropolis.

3.4 Population and Sample Size

In statistics, the word population has a broader meaning. It is used to mean the complete collection of entities under investigation. Population is the totality of all pertinent observations that could be made in a given decision problem. One importance of population is that it provides full information about the facts and phenomena under investigation. However, it is very expensive and overwhelming to deal with an entire population, (Nsowah-Nuamah, 2005). Sample can be defined as a subset of population. The number of elements in a sample is called the sample size. The population of this study consisted of whole sale, wholesale & retail and retail pharmaceutical industry in Kumasi Metropolis which exclude over the counter chemical shops. The population of registered pharmaceutical industries in Kumasi Metropolis was three hundred and eighty nine (389) out of which nineteen (19) pharmaceutical industries have been suspended as at 9th June, 2016 (Pharmacy Council, 2016). According to Onugu, (2005), a sample size of 20% of the population is considered as adequate and representative of the study. The last example size is quite often a matter of judgment and additionally of estimation (Saunders et al. 2012). The sample size used for this study is 220 selected pharmaceutical industries.

3.4.1 Sample Procedures

Sample procedures are procedures adopted by the researcher to ensure that the sample is representative of the population from which it was drawn and it is free from bias. Therefore, the procedure of selecting a sample is fundamentally important in the theory of sampling. The segment examines the sample size, populace of the study and testing method received in selecting the respondents for the study.

3.4.2 Sample Techniques

Sample methods provide a range of procedures that enable you to decrease the amount of data you need to gather by considering only data from a sub-cluster rather than all possible cases or elements, (Saunders et al. 2012). Some of the main sampling techniques are simple random, systematic, cluster, stratified, purposive etc. The researcher used purposive sampling. Purposive sampling refers to the sampling procedure where a meticulous sample or group is expressly selected with a specific purpose based on the evidence available, (Nsowah-Nuamah, 2005). Purposive sampling enabled the researcher to select a particular pharmaceutical industry in Kumasi Metropolis to enable him obtain appropriate result for further work.

3.5 Sources of Data

Data can be characterized as certainties, opinion, and insights that have been gathered together and recorded for reference or for analysis, (Saunders et al. 2012). Primary and secondary data are the sources of data for this research study.

3.5.1 Primary Data Collection

Primary data is a kind of information that has been watched, experienced or recorded near the occasion. The four basic types of primary data these include; measurement-is collection of numbers indicating amounts, voting polls, exams results etc, observation- is records gained from event, interrogation- is data gained from probing questions and participation-is data gained by experience. Primary sources of data are collected specifically for the research problem at hand (Hair et al., 2006). Primary data are above all else quick recording of a circumstance. However, primary data collection is time consuming and not always likely, (Walliman, 2011). The primary

records used for this study were responses generated from respondents through designing of questionnaires.

3.5.2 Secondary Data Collection

Secondary data are data that have been translated and recorded. Examples of secondary data include; news magazines, newspapers, bulletin, the internet, etc. For the purpose of this study, the researcher used secondary data from Ghana Pharmaceutical Council-Kumasi (2016), Ghana Statistical Service (2012) and other official documents such as journals, books, handouts and websites.

3.6 Data Collection Method

Data collection is one of the major phases of the research process. The method used in gaining data is questionnaire. The questionnaires were distributed to owners, executive managers, managers and employees of selected Small Scale Pharmaceutical Industry in Kumasi Metropolis.

3.6.1 Questionnaires

Questionnaire is a structure arranged and circulated to secure reactions to specific inquiries (Creswell, 2013). Questionnaire is the universal word used to mean all methods of data collection in which each person is asked to respond to the same set of questions in predetermined order (deVaus 2002) cited in (Saunders et al. 2012). Questionnaires were used as primary sources of data collection tools to require information from entrepreneurs in pharmaceutical industry in Kumasi Metropolis. The purpose behind utilizing questionnaire is that it is the most productive device for information gathering. Also, it is useful in order for the researcher to ascertain fitness and applicability of the questionnaire it was pretested.

According to Hair et al., (2006), the final report of the questionnaire is pretested to make sure that there are no problems regarding the questions set on the background information of respondents, independents and dependents variable questions. In all, 66 questions were set. The questions set consisted on questions on demographic features, questions on independents and dependents variables. The researcher did pilot-test on the questionnaire. He sought for expert advice and from the expert advice few corrections were made on the questionnaire. The corrected versions of the questionnaires were distributed to the field of the research.

The type of questionnaire used was self-completed questionnaire. The reasons for the researcher to use this type of questionnaire are to enable the respondents to answer questions on the questionnaire at their free time. These questionnaires were delivered by hand and collected later from respondents. Some respondents used few days to answer the questions. Others also used one to two weeks to fill the questionnaires.

3.7 Data Analysis

The data collected were analyzed with quantitative methods. The questionnaires were keyed into Statistical Package for Social Scientists (SPSS), version 16.0 for data analysis and interpretation. Descriptive figures such as percentages, frequency and cross tabulation were used and they were presented in the form of tables. Regression analysis was conducted to ascertain the contact of external business environment forces on performance of SMEs in pharmaceutical industry. The study utilized Likert Scale running from 1 (strongly disagree) to 5 (strongly agree). The study further used Likert Scale responses to compute weighted average responses for each statement and decision rule was given for respondents' agreement or disagreement as shown in Table 3.1.

Table 3:1 The Likert Scale

Responses	Scoring	Weighted Average Range	Implications
Strongly Disagree	1	1.0-1.49	Respondents' disagreement to a statement
Disagree	2	1.50-2.49	Respondents' disagreement to a statement
Indifferent	3	2.50-3.49	Respondents' disagreement to a statement
Agree	4	3.50-4.49	Respondents' agreement to a statement
Strongly Agree	5	4.50-5.50	Respondents' agreement to a statement

Table 3. 1 Source: Authors' own construction (2016)

3.8 Quality of the Research

In order to evaluate the quality of the research study, scientific canons of inquiry were used. The reliability and validity of the research facts collected and the response achieved depended, to a substantial degree on the configuration of questions as legitimate questions will empower exact data to be collected and one that is solid will mean these data are collected reliably (Saunders et al. 2012). Reliability refers to whether your research data collection methods and analytic steps would produce consistent results if they were repeated on another occasion or if they were replicated by a different researcher. Validity refers to the extent to which your research measures what you intend to assess.

The researcher used the Cronbach's alpha coefficient to test the legitimacy of the data gathered. The essence of the Cronbach's alpha is to test for the reliability of the scales used in the work

(Pallant 2011). The Cronbach alpha coefficient of a scale should be above 0.7 (DeVellis, 2003). Values above 0.7 are acceptable and values above 0.8 are preferable. In this research study, the entire reliability test run showed Cronbach alpha value above 0.7 with exception of one variable competitive rivalry which gave a Cronbach's alpha value of 0.28. The variables for measuring the macro-external business environmental factors on performance of SMEs in pharmaceutical industry gave Cronbach's alpha values of 0.7 and above. Again, industry forces variables which were used to for measuring the impact of industry forces on performance of SMEs gave Cronbach's alpha values of 0.7 and above with exception of competitive rivalry which gave a value of 0.28. In addition, the last independent variables measuring the effect of external business environment factors on performance of SMEs in pharmaceutical industry gave Cronbach's alpha values of 0.7 and above. With these positive outcomes of Cronbach's alpha reliability test in addition to method of analysis employed and census sample used contributed to the quality of research work.

3.9 Ethical Issues

In the context of research, morals allude to the guidelines or conduct that guide your behavior in connection to the privileges of the individuals who turn into the subject of your work, or are influenced by it. The philosophical establishments of exploration morals additionally represent that a scientist's behavior might be interested in contending and clashing moral positions (Berry 2004; Thomas) cited in (Saunders et al. 2012). The two contradictory rational ethical positions are deontological view and teleological view. Deontological view is based on following rulers to guide researcher's conduct whiles teleological view argues that researcher's conduct justified or not should be based on its consequences but not predetermined set of rules. Acting ethically means that thinking about each aspect and each stage of your research from an ethical

perspective. General categories of ethical issues are recognized in codes of ethics. Codes of ethics are intended to avoid poor practice, malpractice and harm as well as to promote ethical practice and private or public good. Ethical practices and codes the researcher will adhere to are:

For the study to pass through ethics test, the researchers did not cause any harm or intruded on respondents' privacy. Secondly, researcher used the ethical procedures to collect data from respondents that is to say the researcher asked permission from respondents through letter of introduction received from KNUST School of Business. Thirdly, the researcher maintained high objectivity. He collected data accurately to avoid subjective selectivity in what he recorded. Lastly, the researcher maintained high confidentiality. He did not give data to any third party. The researcher himself keyed all the data into the SPSS software analysis.

3.10 Limitations

The researcher faced a lot of challenges. Among those challenges include refusal of respondents to respond to the researcher. Again, respondents refused to answer questions because of security and personal reasons. In addition, time constrains, access to good data and financial constraints affected the researcher. The short deadline for the submission of the thesis limited the researcher's scope of gathering data and other literature review for his work.

More importantly, the researcher was limited in terms of scope of industry. That is to say, the study focused on external business factors affecting the performance of Small & Medium Scale Enterprises (SMEs) in pharmaceutical industry. The researcher did not include the manufactures in the pharmaceutical industry. Therefore, the findings of the research cannot be applied to the manufacturers in the pharmaceutical industry. Again, the study was conducted in one

geographical region that is Kumasi Metropolis and results cannot be transferred automatically to other geographical region because of cultural differences that exists in those regions.

CHAPTER FOUR

DATA ANALYSIS, PRESENTATION AND DISCUSSION OF FINDINGS

4.1 Introduction

This part exhibits the data on information gathered from the people who are answering questions on the impact of external business environment elements on business activities of SMEs in pharmaceutical industry in Kumasi Metropolis. The study discusses demography of respondents, inspect the full scale of macro-environmental factors on the performance, examine the effect of industry environment forces on the performance and evaluate the effect of competitors and market environment factors on the performance of SMEs in pharmaceutical industry in Kumasi Metropolis. The study was carried out on a total of 240 respondents out of which 220 responses were achieved representing 91.67% response rate.

4.1.1 Reliability of Variable Using Cronbach Alpha

To measure how reliable a data collected was and to what extent the variables in the scale are measuring what they are supposed to measure, the cronbach alpha was adapted in this measurement. Saunders et al (2012) believed that, the consistency of data gathered and the answers achieved to a large extent depends on the plan of the questions as a suitable question which facilitates correct data to be gathered in order to check for the validity of the scale used, the Cronbach's alpha coefficient was carried on the data gathered. This was to test for the legitimacy and consistency of the scales used in the questionnaire and it amounts to the quantity to which the items that build up the scale hang up together. That is to spot if they are measuring

the same essential construct. Preferably, the Cronbach alpha which measure a particular property should be above 0.7 (DeVellis 2003). Values above 0.7 are up to standard. Moreover, values above 0.8 are preferable. Reliability test run showed a Cronbach alpha above 0.7 implying reliability, preferable and accuracy of work. This is appeared in table 4.1 underneath:

Table 4.1 Reliability of the study (Cronbach Alpha)

Variables	Cronbach Alpha	Number of Items
Political Environment	.767	5
Economic Environment	.864	6
Technological Factors	.776	4
Legal Environment	.870	5
Threat of Entry	.777	6
Competitive Rivalry	.284	5
Powers of Buyers	.757	5
Powers of Suppliers	.870	4
Threat of substitute	.866	4
Strategic group	.778	4
Market Segment	.794	5
Strategic customers	.795	3
Performance	.865	9

Table 4. 1 Source, Field work, 2016

4.1.2 Pearson Correlation Matrix

The Pearson's product correlation seeks to check the strength and course of associations between the variables. From the table, it is observed that in the overall, there is a positive and significant relationship between all the variables. The correlation is also a snapshot that aims at checking if there is multicollinearity among the variables. To check whether the strength of the association between the variables will affect the further statistical analysis; a multicollinearity test was performed using the correlation statistics. For robustness of the model, it is recommended that the correlation statistics should not exceed 0.7. It can therefore be seen that, there is no multicollinearity among the variables used for the analysis since all the variables are less than 0.7

Table 4.2 Correlation Matrix

	PF	EF	TF	LF	TE	PB	PS	TS	SG	MS	SE	PERF
PF	1											
EF	.399**	1										
TF	.388**	.403**	1									
LF	.362**	.548**	.480**	1								
TE	.245**	.341**	.286**	.437**	1							
PB	.117	.327**	.248**	.382**	.339**	1						
PS	.271**	.416**	.363**	.468**	.471**	.618**	1					
TS	.258**	.436**	.255**	.412**	.485**	.582**	.757**	1				
SG	.343**	.460**	.261**	.518**	.525**	.506**	.638**	.674**	1			
MS	.420**	.226**	.256**	.319**	.420**	.295**	.442**	.512**	.447**	1		
SC	.193**	.267**	.307**	.432**	.481**	.473**	.536**	.528**	.576**	.540**	1	

PERF	.130	.089	.024	.179**	.194**	.296**	.241**	.309**	.388**	.234**	.293**	1
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** . Correlation is significant at the 0.01 level (2-tailed).

* . Correlation is significant at the 0.05 level (2-tailed).

Table 4. 2 Source: Field data, 2016

Key

- PF** Political Factors
- EF** Environmental Factors
- TF** Technological Factors
- LF** Legal Factors
- CR** Competitive Rivalry
- PB** Powers of Buyers
- PS** Powers of Suppliers
- TS** Threats of Substitutes
- SG** Strategic Groups
- MS** Market Segments
- SC** Strategic Customers
- PERF** Performance

4.2 Demography of Respondents

These are firm background and respondents' personal information captured in the questionnaire in an attempt to investigate the outside business environmental forces on execution of Small Scale Enterprises in the Pharmaceutical Industry in Kumasi Metropolis.

Table 4.3 Demographic information

VARIABLE	FREQUENCY	PERCENTAGE
Gender		
Male	147	66.8
Female	73	33.2
Educational Background		
PhD	15	6.8
Masters	34	15.5
Degree	123	56.3
Diploma	47	21.4
SHS	14	6.4
Age of respondents		
Under 30 years	93	42.3
30 years and above	127	57.7
Form of Business		
Sole proprietor	77	35.0
Private Limited Liability	114	51.8

Family Business	13	5.9
Public Limited Liability	6	2.7
Joint Venture	10	4.5
Years business in existence		
Under 5 years	33	15
5 to 10 years	76	34.6
11 years and above	111	50.4
Type of Pharmacy		
Wholesale and retail	84	38.2
Wholesale	26	11.8
Retail	220	50
Number of Employees		
Under 5	44	20
5 to 10	86	39.1
11 to 15	30	13.6
16 and above	60	27.3
Category of activity		
Services	215	97.3
Manufacturing	5	2.7

Table 4. 3 Source: Researchers Field work, 2016

Gender as part of the background information looked at how many of the entrepreneurs and employees of pharmaceutical industries in Kumasi Metropolis were male and female. From the table below, 147 of respondents were male representing 66.8% and 73 of respondents were

female representing 33.2%. This question sought to know the educational background of respondents. This will help to determine whether there is any relationship between educational level of respondents and performance. In the view of educational background, respondents who have PhD in pharmaceutical industry were 15, representing 6.8%, followed by Masters with 34, representing 15.5%, followed by 124 Degree Holders, representing 56.4%, 33 Diploma Holders, representing 21.4% and 14 SHS holders representing 6.4%. Data on age groups were captured to determine the respondents' age. This question is important because it will help to find out various age groups of entrepreneurs or managers in Small & Medium Sized Enterprises in pharmaceutical industry. From the table below, the age of respondents who fall within thirty years and above are 127 representing 57.7% which constitute the majority of respondents

There were also questions to determine the categories of firms in the pharmaceutical industry in Kumasi Metropolis and to find out the extent to which the external business environment factors can effects on the sales, profitability and innovativeness of these firms. In response to these questions, respondents who were in private liability were 114, representing 51.8 percent, constituting the majority. Those engaged in sole proprietorship were 77, representing 35.0 percent, those in family business were 13, representing 5.9 percent, those in public limited liability company were 6, representing 2.7 percent and those in joint-venture/partnership business were 10, representing 4.5 percent.

The whole sale and retail pharmaceutical firms operated under five years were 33 representing 15.0%, five to ten years were 76 representing 34.5%, 11 to 15 years were 30 representing 13.6% and sixteen years and above were 81 representing 36.8%. The survey identifies wholesale, wholesale and retail and retail pharmaceutical industries. Entrepreneurs who have engaged in

wholesale and retail pharmacy were 84, representing 38.2%, wholesale were 26, and representing 11.8% and retail were 110 representing 50.0% which constitute the majority.

The number of employees constitutes the size of the business. The vast majority of respondents who have been in the business from five to ten years were 86 representing 39.1%. Respondents who have worked for sixteen and above years were 60, representing 27.3%. Respondents who have worked under five years were 44, representing 20% and 30 of respondents said they have worked between eleven to fifteen years, representing 13.6%. The manufacturing organisations which have whole and retail outlets in pharmaceutical industry in Kumasi Metropolis are 5 representing 2.3% whereas the service organizations are 215 representing 97.3%.

4.3 Effects of Macro-External Environment Business Forces on the Performance of SMEs in the Pharmaceutical Industry

In assessing the effect of macro-environmental factors on performance, regression analysis was done. Political factors, economic factors, technological factors and legal factors were used as independent variables while performance was used as dependent variable. Table 4.4 shows the output from the regression analysis conducted.

Table 4.4 Regression results showing the effect of macro-environmental factors on the performance

Regression results showing the effect of macro-environmental factors on the performance							
	Unstandardized Coefficients		Standardized Coefficients	T	Sig.	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF
(Constant)	2.882	.295		9.779	.000		
Political Factors	.083	.060	.106	1.390	.166	.768	1.302
Economic Factors	-.021	.076	-.023	-.275	.784	.642	1.556
Technological Factors	-.081	.061	-.105	-1.326	.186	.705	1.419
Legal Factors	.168	.070	.204	2.388	.018	.614	1.630
R	.314						
R Square	0.46						
Adj. R. Sq	0.36						
F Statistic	4.561						
Dependent Variable	Performance						

Table 4. 4 Source: Researchers Field Work, 2016

From the regression output, the result shows that there is a modest correlation between macro environmental factors and performance with a value of .314. The R^2 rate indicates that 31.4% (.314) of performance could be explained by the use of macro-environment external business factors. ANOVA results shows that, the combined effect of the independent variables (Political factors, economic factors, technological factors and legal factors) on the dependent variable (performance) was statistically significant and the model is fit ($F=4.561$; $p=.00$). This confirmed to some extent the assertion made by Itani, O'Connel, Mason, 2014 cited in (Litavniece & Znotiņa 2015) that the macro external business environmental factors in which a firm operates influences its performance and the amounts of that influence depend on the type of organization's performance indicators depending on the macro external business factors. The tolerance level of all the independent variables were above 0.1 while the Variance Inflation Factor (VIF) scoring above 1 show that the model is free from multicollinearity.

The results show a positive relationship between political factors and performance with a coefficient value of 0.083. Intensity of political factors will result in increase performance, all things being equal if the other independent variables (economic factors, technological factors and legal factors) are held constant. Political factors are numerically not significant and the variable is not making any distinctive contribution to the prediction of performance because it records .186 as a significant value at 95% confidence level.

The regression output shows that, economic factors have an inverse relationship on performance with a coefficient value of -.021. An increase in economic factors will result in a fall in performance all things being equal if the other independent variables (political factors, technological factors and legal factors) are held constant. Economic factors is not statistically

significant and the variable is not making any exceptional input on prediction of performance recording a T statistics 0.275 with a significant value of .748

Technological factors also have an inverse relationship on performance recording a coefficient value of -.081. An increase in technological activities will result in a fall in performance all things being equal if the other independent variables (economic factors, political factors and legal factors) are held constant. Technological factors are not numerically significant and the variable is not making any impact on prediction of performance, which records a T statistics 1.326 and a significant value of .186.

Legal factors as far as macro environment external business factors are concerned have a positive effect on performance with a coefficient value of 0.168. Strict adherence to legal factors will result in increase performance all things being equal if the other independent variables (economic factors, technological factors and political factors) are held constant. Legal factors were not numerically significant and the variable is making an exceptional impact on the prediction of performance recording .018 as significant value at 95% confidence level with the statistics of 2.388.

In comparing the contribution of economic factors, technological factors, legal and political factors on performance, the beta values were used ignoring the negative sign. Economic factors, technological factors, legal and political factors have beta values of .023, .105, .204 and .106 respectively. In this sense, the largest beta value is .204, thus legal environment meaning that, this variable makes the strongest contribution to explaining performance of pharmaceutical business.

4.3.1 Effect of Industry Forces on the Execution of SMEs in the Pharmaceutical Industry

In evaluating the effect of industry environment forces on performance, regression analysis was done. Threats of entry, power of buyers, power of suppliers, threats of substitutes and competitive rivalry were used as independent variables while performance was used as dependent variable. Table 4.5 shows the output from the regression analysis conducted.

Table 4.5 Regression results showing the effect of industry environment forces on consumer choice

Regression results showing the effect of industry environment forces on consumer choice							
	Unstandardized Coefficients		Standardized Coefficients	T	Sig.	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF
(Constant)	2.057	.298		6.909	.000		
Threat Entry	.043	.072	.044	.592	.555	.734	1.363
Power Buyers	.151	.067	.188	2.246	.026	.588	1.699
Power Suppliers	-.069	.081	-.091	-.855	.393	.364	2.744
Threat Substitute	.158	.083	.201	1.910	.058	.373	2.679
Competitive Rivalry	.100	.063	.112	1.575	.117	.817	1.224

R	.360 ^a						
R Square	.109						
Adj. R. Sq	.109						
F Statistic	6.286***						
Dependent Variable	Performance						

Table 4. 5 Source, Field work, 2016

From the regression results, the result shows that there is a moderate relationship between industry environment forces and performance with a value of .360. The R^2 value indicates that 36% (.360) of performance could be explained using industry environment forces. ANOVA results show that the combined effect of the independent variables (Threat of entry, power of buyers, power of suppliers, threat of substitutes and competitive rivalry) on the dependent variable (performance) was statistically significant and the model is fit ($F=6.286$; $p=.000$). The tolerance level of all the independent variables is above 0.1 while the Variance Inflation Factor (VIF) scoring above 1 show that the model is free from multicollinearity.

The results show there is a positive relationship between threat of substitute and performance with a coefficient value of 0.043. An increase in threat of substitutes will result in increase performance all things being equal if the other independent variables (power of buyers, power of suppliers, threat of substitutes and competitive rivalry) are held constant. This confirmed to some extent the assertion that industry forces justify a firm performance variations,(Dälken 2014). However, Rivard, Raymond & Verreault, (2006) were of the view that industry forces do not assess the resources and capabilities of organization, which are also relevant for assessing the

performance of an organization. In addition, Aktouf, 2004 cited in (Dälken 2014) said the industry forces does not guarantee a competitive advantage that is inviolable and sustained. This is because the framework is a static model which does not include the consistently changes of the competitive environment.

Threat of substitutes is not numerically significant and the variable is not making any exceptional effect on prediction of performance recording a significant value of .555.

The regression output shows that, power of buyers has a positive impact on performance with a coefficient value of 0.151. An increase in power of buyers will result in increase performance all things being equal if the other independent variables (threat of entry, power of suppliers, threat of substitute and competitive rivalry) are held constant. Power of buyers is numerically significant and the variable is making an exceptional on the prediction of performance recording a T statistics 0.2.246 with a significant value of .026

Threat of substitutes and competitive rivalry among industry players have a positive impact on performance with coefficient values of .158 and .100 respectively. An increase in substitute and competitive rivalry activities will result in increase performance all things being equal. However, substitutes and competitive rivalry are not numerically significant and are not making any exceptional impact on prediction of performance with T values of 1.910 and 1.575 respectively.

Powers of suppliers have an inverse relationship on performance recording a coefficient value of -.069. An increase in activities of supplier's power will result in a fall in performance all things being equal if the other independent variables (threat of entry, power of buyer, threat of substitute and competitive rivalry) are held constant. Powers of suppliers are not numerically significant and the variables are not making any exceptional impact on prediction of performance recording a T statistics -.855 and a significant value of .393.

By comparing the input on threat of entry, power of buyers, power of suppliers, threat of substitute and competitive rivalry on performance, the beta values are used ignoring the negative sign. Threat of entry, power of buyers, power of suppliers, threat of substitute and competitive rivalry have beta values of .044, .118, .091, .201 and .084 respectively. In this case, the largest beta value is .201, thus threat of substitute meaning that, this variable makes the strongest contribution to explaining performance of pharmaceutical business.

4.4 Effect of Competitive Environment Factors on the Execution of SMEs in the Pharmaceutical Industry

In examining the effect of competitive environment factors on performance, regression analysis was done. Strategic group, market segment and strategic customers were used as independent variables while performance was used as dependent variable. Table 4.6 shows the output from the regression analysis conducted.

Table 4.6 Regression results showing the effect of competitive environment factors on the performance

Regression results showing the effect of competitive environment factors on the performance							
	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF
(Constant)	1.932	.251		7.704	.000		

Strategic Group	.306	.075	.320	4.096	.000	.642	1.557
Market Segment	.033	.057	.045	.590	.556	.677	1.477
Strategic Customers	.063	.062	.084	1.013	.312	.566	1.767
R	.399 ^a						
R Square	.159						
Adj. R. Sq	.147						
F Statistic	13.572						
Dependent Variable	Performance						

Table 4. 6 Source, Field work, 2016

From the regression output, the result shows that there is a modest correlation among competitive environment factors and performance with a value of .399. The R^2 value predicts that 39.9% (.399) of performance could be explained by using competitive environment factors. ANOVA results show that, the combined effect of the independent variables (Strategic group, market segment and strategic customers) on the dependent variable (performance) was statistically significant and the model is fit ($F=13.572$; $p=.00$). This confirmed to some extent the assertion made by Pearce & Robinson, (2003) that competitors and market business environment forces affect firm's performance in acquiring needed resources or marketing its goods and

services. The tolerance level of all the independent variables is above 0.1 while the Variance Inflation Factor (VIF) scoring above 1 shows that the model is free from multicollinearity.

The results show a positive relationship between strategic group and performance with a coefficient value of 0.306. An increase in strategic group will result in increased performance supposing all things are equal if the other independent variables (market segment and strategic customers) are held constant. Strategic group is numerically significant and the variable is making an exceptional impact on prediction of performance recording a T statistics 4.096 with a significant value of .000.

The regression output shows that, market segment has a positive impact on performance with a coefficient value of 0.033. An increase in market segment will result in increased performance all things being equal if the other independent variables (strategic group and strategic customers) are held constant. However, market segment is not numerically significant and the variable is not making any exclusive impact on prediction of performance recording a T statistics 0.598 with a significant value of .556.

Strategic customers also have a positive relationship on performance recording a coefficient value of .063. An increase in strategic customers will result in increased performance when all things are equal and other independent variables (market segment and market segment) are held constant.

Strategic customers are not numerically significant and the variables are not making any exclusive input to the prediction of performance recording a T statistics 1.013 and a significant value of .312.

By comparing the input of (Strategic group, market segment and strategic customers on performance, the beta values are used ignoring the negative sign. Strategic group, market

segment and strategic customers have beta values of .320, .045 and .084 respectively. In this sense, the highest beta value is .320, thus strategic group meaning that, this variable makes the highest impact on performance of pharmaceutical business.

CHAPTER FIVE

SUMMARY OF FINDINGS, CONCLUSION AND RECOMMENDATIONS

5.1 Summary of Findings

The summaries of findings are captured under the objectives in exhibit 5.1.1, 5.1.2 and 5.1.3.

Conclusion and then the recommendations followed:

5.1.1 Effect of Macro-Business External Environment Factors on the Execution of SMEs in the Pharmaceutical Industry

In assessing the effect of macro-business external environment factors on performance political factors, economic factors, technological factors and legal factors were used as independent variables while performance was used as dependent variable. 31.4% (.314) of performance could be explained using of macro-environmental factors. There is a positive relationship between political factors and performance with a coefficient value but not statistically significant. Technological factors also have an inverse relationship on performance and also not significant. Legal factors as far as macro environmental factors are concerned, have a positive effect on performance and statistically significant, thus legal environment makes the strongest contribution to explaining performance of pharmaceutical business.

5.1.2 Effect of Industry Environment Forces on the Execution of SMEs in the Pharmaceutical Industry

In evaluating the effect of industry environment forces on performance, threat of entry, power of buyers, power of suppliers, threat of substitutes and competitive rivalry were used as

independent variables while performance was used as dependent variable. The R^2 value indicates that 36% (.360) of performance could be explained using industry environment forces. Power of buyers has a positive impact on performance with a coefficient and is statistically significant making a unique contribution to the prediction of performance recording. There is a positive relationship between threat of substitute, threat of substitutes and competitive rivalry on performance but not significant. Power of suppliers have an inverse relationship on performance and not significant.

5.1.3 Effect of Competitive Environment Factors on the Execution of SMEs in the Pharmaceutical Industry

In examining the effect of competitive environment factors on performance, strategic group, market segment and strategic customers were used as independent variables while performance was used as dependent variable. The R^2 value indicates that 39.9% (.399) of performance could be explained using competitive environment factors. ANOVA results show that, the combined effect of strategic group, market segment and strategic customers on performance was statistically significant and the model is fit ($F=13.572$; $p=.00$). The results show a positive relationship between strategic group and performance and statistically significant making a unique contribution to the prediction of performance. Market segment has a positive impact on performance but not significant as well as strategic customers

5.2 Conclusion

The pharmaceutical industry has undergone rapid changes that are engineered by keen competition among player in the sector. Findings revealed that, competitive environment factors in a form of strategic group, market segment and strategic customers pose a challenge to players

as they have to adopt strategies so as to increase performance. Industry environment forces such as threat of entry, power of buyers, power of suppliers, threat of substitute and competitive rivalry are another critical factor that firms in the pharmaceutical businesses try very hard to fight so as to increase their market share and profitability. One vital uncontrollable factor that firms in the pharmaceutical industry has to adapt or lobby is the macro-business environmental factors which include political factors, economic factors, technological factors and legal factors so as to improve performance. There is therefore the need for pharmaceutical business to critically adopt efficient and resilient approach towards their line of operation as far as findings have revealed the impact these factors will have on their performance.

5.3 Recommendations

The following are therefore recommended based on the findings of the study:

- Pharmaceutical businesses should not seriously indulge in partisan politics as this hurt their businesses because of victimization.
- Investment in technology in the line of operations should be minimized as the study revealed and inversed relationship.
- Strict adherence to the legal factors should be taken seriously by owners, executive managers and managers of wholesale, retail, wholesale and retail pharmaceutical industry in Kumasi Metropolis. This is because legal factors have positive impact on performance and makes the strongest contributions to explaining the performance of pharmaceutical industry.

- Incentives in form loyalty bonuses should be given to strategic groups. Many investments should be done so that performance will be improved among pharmaceutical businesses.
- There should be minimal investment in market segment and strategic customers compared to strategic groups
- Entrepreneurs of SMEs in pharmaceutical industry should ensure that customers' relationship practices should be intensified. This is because they have superior power to dictate to the performance of pharmaceutical businesses.
- Entrepreneurs of pharmaceutical businesses should create value in the distinct mind of the customer so they can mitigate threat of substitute and competitive rivalry.
- Pharmaceutical Council of Ghana should ensure that suppliers of pharmaceutical products are located so that shortages can be mitigated as well as inferior products.
- Since the study was limited in scope, it was not able to take into consideration other research topics. Therefore, the researcher of this study will recommend to other researchers in academia to conduct similar research on the impact of external business environment factors on the performance of local manufacturers of pharmaceutical products in Ghana.
- Lastly, business environment factors consisted of external and internal business environment factors. Due to time and financial resource constraints, the researcher focused on only external business environment factors on performance of SMEs in pharmaceutical industry in Kumasi Metropolis. For that reason, the researcher of this study will recommend to other researchers and entrepreneurs in pharmaceutical

businesses to take a related research on the impact of internal business environment factors on the pharmaceutical industry in Kumasi Metropolis.

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APPENDIX: SURVEY QUESTIONNAIRE

Kwame Nkrumah University of Science and Technology

School of Business

Department of Marketing and Corporate Strategy-Postgraduate

Survey Instrument@2016

This questionnaire seeks to collect data on (The impact of external business environment factors on performance of Small & Medium Sized Enterprises in the pharmaceutical industries in Kumasi Metropolis). The data collected will be used for academic purpose only and the confidentiality of responded is guaranteed. Please answer the questions, ticking the appropriate boxes or providing your own answers where applicable.

Questionnaire ID:

Thank you.

FIRM BACKGROUND& RESPONDENT'S INFORMATION

1. This firm is mainly a... Manufacturing organisation Service organisation Otherwise
2. Which of the following categories best describes it?
 Sole Proprietorship Private liability company Family Business Public limited liability company
 Joint-venture/partnership other.....
3. How long has this firm existed/operated in the industry?.....Years
4. On the average, how many employees has this firm kept over the past three years?.....Employees
5. Educational Background.....
6. Please indicate your **gender** Male Female
7. Please indicate your **age** (years):.....

8. Please indicate your **current position** in this firm Owner-manager
 Executive Manager
 Other.....
Please indicate the **number of years that you have held your current position** in this firm.....
9. Please indicate type of pharmacy industry Wholesale & Retail
Wholesale Retail

SECTION A: MACRO ENVIRONMENT FORCES

Using a scale of 1 - 5 [where 1= Strongly Disagree; 2=Disagree; 3=Neutral; 4=Agree; 5=Strongly Agree], indicate the extent to which you agree or disagree to each of the following:

<i>Assess the impact of Macro Environmental Factors such as political, economic, technological and legal environmental factors on the performance of your business?</i>	1	2	3	4	5
POLITICAL ENVIRONMENT FACTORS	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
PE1. Stability of political systems have impact on this industry	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
PE2. Government legislations have impact on this industry	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
PE3. Government restrictions on migrations have impact on this industry	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
PE4. Government restrictions of security control have impact on this industry	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
PE5. Government support for local manufacturers of pharmaceutical products have impact on this industry	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
ECONOMIC ENVIRONMENT FACTORS					
EE1. The general economic climate have impact on this industry	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
EE2. Interest rates have impact on this industry	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
EE3. <i>Inflation rate</i> has impact on this industry	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
EE4. Exchange rates have impact on this industry	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
EE5. Unemployment rate has impact on this industry	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
EE6. The rate of the economic growth has impact on this industry	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

TECHNOLOGICAL ENVIRONMENT FACTORS	1	2	3	4	5
TE1. Technological change and development affect this industry	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
TE2. Lack of physical telecommunication infrastructure affect this industry	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
TE3. Lack of access to new technologies affect this industry	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
TE4. Cost of internet bundle affect this industry	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
LEGAL ENVIRONMENT FACTORS	1	2	3	4	5
LE1. Pharmaceutical council regulatory requirements have impact on this industry	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
LE2. Licences renewal have impact on this industry	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
LE3. Salaries to pharmacist have impact on this industry	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
LE4. Occupational health and safety have impact on this industry	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
LE5. Professional code of conduct have impact on this industry	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

SECTION B: INDUSTRY ENVIRONMENT FORCES

Using a scale of 1 - 5 [where 1= Strongly Disagree; 2=Disagree; 3=Neutral; 4=Agree; 5=Strongly Agree], indicate the extent to which you agree or disagree to each of the following:

<i>What is the extent of accuracy concerning the Five Forces analysis on pharmaceutical industry?</i>	1	2	3	4	5
THREATS OF ENTRY					
TE1. Economic of Scale have impact on new entrant in this industry	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
TE2. Access to distribution channels can affect new entrant in this industry	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
TE3. Specialized knowledge can affect new entrant in this industry	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
TE4. Large capital requirement affect new entrant in this industry	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
TE5. Government legislation make it difficult for new entrant to	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

enter this industry					
TE6. Brand loyalty make it difficult for new entrant to enter this industry	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
COMPETITIVE RIVALRY	1	2	3	4	5
	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
IE1. High exist barriers of pharmaceutical firms leads to competition in this industry					
IE2. Low exist barriers of pharmaceutical firms leads to competition in this industry	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
IE3. Low product differentiation among pharmaceutical product leads to competition in this industry	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
IE4. High product differentiation among pharmaceutical product leads to competition in this industry	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
IE5. High industry growth rate leads to competitive rivalry in the industry	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
POWERS OF BUYERS	1	2	3	4	5
	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
PB1. Buyers abilities to force down prices have impact on this industry					
PB2. Buyers demand for high quality product have impact on this industry	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
PB3. Buyers abilities to switch to competing brands have impact on this industry	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
PB4. Buyers buying products directly from suppliers have impact on this industry	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
PB5. Government legislations make it difficult for new entrant to enter this industry	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
POWERS OF SUPPLIERS	1	2	3	4	5
	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
PS1. Large number of suppliers have impact on this industry					

PS2. Threat of suppliers establishing retail outlets have impact on this business	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
PS3. Substitutes product of suppliers have impact on this industry	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
PS4. The strength of suppliers have impact on this	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
THREATS OF SUBSTITUTES	1	2	3	4	5
	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
TS1. New products or services equivalent from competitor have impact in this industry					
TS2. New product replacing existing product have impact in this industry	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
TS3. Consumers abilities to search for new product have impact on this industry	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
TS4. Availability of close substitutes have impact on this industry	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

SECTION C: COMPETITORS & MARKET FORCES

Using a scale of 1 - 5 [where 1= Strongly Disagree; 2=Disagree; 3=Neutral; 4=Agree; 5=Strongly Agree], indicate the extent to which you agree or disagree to each of the following:

Assess the impact of strategic group, market segment and strategic customers on the performance pharmaceutical industry?	1	2	3	4	5
STRATEGIC GROUP					
SG1. Competitors who shared the same strategies with you have impact on this industry	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
SG2. Inter business interactions have impact on this business	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
SG3. Strategic opportunities in pharmaceutical business have impact on this industry	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
SG4. The rate of competition among competitors have impact on this industry	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
MARKET SEGMENT	1	2	3	4	5
MS1. Age of customers have impact on this industry	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
MS2. Gender of customers have impact on this industry	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

MS3. Attitudes of customers have impact on this industry	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
MS4. Religion of customers have impact on this industry	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
MS5. Frequent purchase behaviour of customers have impact on this industry	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
MS6. Brand loyalty of customers have impact on this industry	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
STRATEGIC CUSTOMERS	1	2	3	4	5
SC1. Your ultimate customers have impact on this industry	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
SC2. Your ultimate customers who buy product from your retail outlets have impact on this industry	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
SC3. Your ultimate customers who are no longer customers have impact on this industry	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

SECTION D: PERFORMANCE MEASUREMENT OF PHARMACEUTICAL INDUSTRY

Using a scale of 1 - 5 [where 1= Strongly Disagree; 2=Disagree; 3=Neutral; 4=Agree; 5=Strongly Agree], indicate the extent to which you agree or disagree to each of the following:

<i>Assess the impact of Macro Environmental Factors such as political, economic, technological and legal environmental factors on the performance of your business?</i>	1	2	3	4	5
IINCREASE IN SALES	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
IS1. Despite the external business factors on your business your firm has been able to increased sales daily	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
IS2. Despite the external business factors on your business your firm has been able to increased sales monthly	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
IS3. Despite the external business factors on your business your firm has been able to increased sales over the past years	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
PROFITABILITY	1	2	3	4	5
EE1. IS1. Despite the external business factors on your business your	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

firm has been able to make profit daily					
	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
EE2. IS1. Despite the external business factors on your business your firm has been able to make profit monthly					
	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
EE3. IS1. Despite the external business environment factors on your business your firm has been able to make profit for the past years					
INNOVATIVENESS	1	2	3	4	5
I1. Despite the external business environment factors on your business your firm has been able provide innovative products or services to customers	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
I2. Despite the external business environment factors on your business your firm has been able come out with modern technology to improve productivity and efficiency					
	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
I3. Despite the external business environment factors on your business your firm has been able come out with innovative ideas to obtaining distinctive competencies than competitors	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>