

**STRATEGIC PLANNING, SOCIAL NETWORK RELATIONSHIP, AND  
PERFORMANCE OF SMALL AND LARGE FIRMS IN GHANA.**

**BY**

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## **DEDICATION**

I dedicate this project work to the Almighty God the father, son and Holy Spirit for everything throughout my EMBA studies, my parents, wife, siblings and my comrades at work.

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God Bless us all.

## **ABSTRACT**

The objective of the study was to evaluate the strategic planning, social network relationship, and performance of small and large firms in Ghana. In an emerging economy it has been identified that performance of firms lies also on the social Networking Relationship, (Acquaah, 2007; Li et al., 2008; Li and Zhang, 2007; Peng and Luo, 2000). Semi-structured questionnaire as a tool was used in the collection of data from Small and Large firms answered by their managers/owners/ administrators yielding to a total of 300 questionnaire. In the measure and analyzing of the variables the measure through Confirmatory Factor Analysis was used in measuring the effect of the variables of strategic planning, Social Network Relationship to the performance of Small and Large firms, and to determine the level of moderation. The strategic planning in the area of goal setting, analysis and scanning was identified as moderately accurate in the small and large firms in Ghana. The extent to which top managers of small and large firms in Ghana develop and use personal and social networking relationships for the past three years was observed to be frequently used. Social networking relationship also has significant effect on firm performance of small and large firms in Ghana. The effect of the small and large firm strategic planning on firm performance was moderated by social networking relationship but statistically insignificant. In conclusion, higher level of strategic planning and social networking relationship conditionally stimulated operational and financial performance of small and large firms in Ghana. The managers of small and large firms should develop strategic plans for their business activities. This can be achieved through formulation of a mission statement of the firm, establishing objectives, crafting and implementing the strategies, and monitoring and controlling the progress in strategy implementation. Personal and social networking relations with communities' stakeholders, government and business should be enhanced by managers of small and large firms in Ghana.

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## **CHAPTER ONE**

### **1.1 Introduction**

This section of the chapter introduces the topic at stake, which involves evaluating the strategic planning, social network relationship, and performance of small and large firms in Ghana, areas captured involves background, problem statements, objectives, research questions, research hypothesis, significant of the study, method applied in carrying out the study, scope of study, limitations of the study and organization of the study.

### **1.2 Background**

Across countries and regions the definition of SMEs varies under different economic concept. From the perspective of the World Bank SMEs was define as a firm with a number of employees with a scale number of 300 and total annual sales of US\$ 15 million (Pearce and Robinson, 2009). Other scholars evaluate SMEs as firms which engage the services of employees less than 250 person with an annual turn-over exceeding 50million Euro and the total of their annual balance sheet not exceeding 43million Euro to the European union.

Moreover the definition on firm's size varies with regards to academic sources (Halland Cook, 2009) on of official sources (e.g. the USA – Hatten, 1997; 1971; Storey, the UK – Bolton, 1994; European Commission – European Commission, 1996). In context of that the main groupings adopted was in regards to the volumes of sales in monetary value, the number of full-time employees and the money value of total asset. On the concept of strategic factors, Pearce and Robinson (2009) outline such factors as the practice of gaining competitive edge in the market places. This was

further elaborated as being determine or identify by top management, and as such differs from operational issues being govern by first line managers and middle level managers which involves day-to-day function of business. According to *Halland Cook, (2009)* achieving a comparative edge, firm needs to combine different resources within every field of operation. Moreover Such capabilities of strategic approach where a firm acquire and applies these resources ensure superior performance overtime (Acquaah, 2012).

On the perspective of social Network relationship religious, social and family functions such as (especially kings of ethnic groups, chiefs of towns and cities and village heads) are seen as the standard bearers within the societal context and their role are very critical in the lives and activities of organizations and individuals (Acquaah, 2012). Leaders within the religious fraternity such as traditional and modern, (e.g. Islam, Christianity etc.), have a very strong impact in the level of influence on individuals and business leaders in Ghana.

This is as a result of the high level of trust, in norms and shared values between traditionalist, religious leaders and the community. Currently Essentially community leaders in Ghana are cornerstone of societal norms, with a shared understanding and expectations, that serves as acceptable practices and behavior of the business environment with most communities (Salm and Falola,2002).

In an emerging economy, it has been identified that performance of firms lies also on the social Networking Relationship, (Acquaah, 2007; Li et al., 2008; Li and Zhang, 2007; Peng and Luo, 2000). Based on that in achieving business success among small

and large firms the ability to ensure a strong Social Networking relationship with other stake holder such as community leaders, political leaders, bureaucratic government official should be of key concern to management of Small and large firms, this is in a bid to achieving success (Li et al., 2008).

The value gain through the engagements of social networking relationship by firms involves gaining of critical resources in the form of knowledge acquisition and exploitation, human capital, financial capital and technological opportunities, these in the long run enhance firm's level of performance and success (Li et al., 2008). On the measure of performance Return on Asset (ROA) and Return On sales (ROS) are mostly the line of focus through which firms performance are could be measured. Such level of measure in performance has been established in many field of operations studies (Lerner & Almor, 2002; Yusuf & Saffu, 2005; Saffu & Manu, 2004). According to Neely et al (2002), these approaches in the measure of performances are of much important as it serves as a guide to management in the analyzing and collections of information. Base on the above evaluations it is essential to investigate the effects of "strategic planning, social networking relationship, and performance of small and Large scale firms within Ghana

### **1.3 Problem statement**

According to Harrison and Gibson, (2006) small and larger firms in Ghana are faced with challenges which constraints them in thier strategic growth and development. Among such limitation includes the inability for small and larger firms to match their product and service per the demand of the external environment, the limited level of

informal education of owners and managers; the access to social resources, new technology and week managerial skills (Mensah, 2004).

In other arena of studies under the VRIO (value, rarity, inimitability and organization of resources) framework (Barney, 2001a), explores the benefits of social Networking relationship to firms, among such benefits includes stock of resources, dynamic capabilities to enhance the performance of small and larger firms (Armstrong & Shimizu, 2007; 2009; Manolova et al., 2009; Ma, Yao, & Xi.). The above scenario signals a gap which requires the need in evaluating the level of strategic marketing, Social Networking Relationship and performance of small and larger firms (Anderson, Dood, & Jack, in press; Ellis, 2010).

In resent emerging years the manufacturing industry has been severely affected by economic upheld which has been contributing to a decrease in the country's GDP, such decrease was as a result of a drop in the sector contribution to the economy (NSO, 2008). According to Manolova et al., (2009), in a decreasing order top ten challenge of small and large firms included level of management, access to finance, infrastructure, bureaucratic government and political inconsistencies, environmental factors, levies and multiple taxes, access to modern technology, unfair competition, marketing problems and non-availability of raw materials locally. The pivotal solutions in addressing such challenge boils down to the application of effective strategic planning, Social Networking relationships and firms performance (Luo, 2003). In achieving that, the following objectives were set.

#### **1.4 Objectives**

1. To assess the impact of strategic planning practices on the performance of small and large firms in Ghana.
2. To assess the impact of social networking relationships on the performance of small and large firms in Ghana
3. To assess the impact of moderation effect of strategic planning and social networking relationships on the performance of small and large firms in Ghana

#### **1.5 Research Questions**

1. Does strategic planning practices improve the performance of small and large firms in Ghana?
2. Does social network relationship improve the performance of Small and Large firms in Ghana?
3. Does interaction effects of strategic planning and social network relationship affect the performance of small and Large firms in Ghana?

#### **1.7 Significant of the study**

In achieving economic growth and development small and larger firm's level of contribution to the economy is very significant as high income countries are mostly built on well vibrant instituted and functioning (Small and larger Firms) SLF. One of the key attention gains by literature is the avenue by which low and medium companies can move to a higher income status through the strategic development of small and larger firms. Sadly little attention has apportion to the role of Small and

large enterprise, to the better the lives of people in Ghana as well as the economy as a whole.

The fraternity of family own business in Africa, particularly Ghana is entangles with a system of social context which affect the status of corporate and social organization. Thus, with such instances the level of personal and social relationship that forms part of the social system has an effective role on the implementation of strategies for family own business (Granovetter, 1985).

With reference to this study an investigation to the effects of evaluating the strategic planning, social Networking Relationship and the performance of Small and Large Business. One of the few to be examined is the social network-based activities and its competitive strategic initiatives. Because such phenomena of evaluating firms strategy and social networking relationship as it has triple effect on firm's performance. Acquaaah et al. (2008) outline to the fact that, both strategic planning and Social Networking relationship of manufacturing and service firms in Ghana, has positive link to performance. Therefore an evaluation on that will be of a great benefit to mangers and stoke holders of Small and Large firms.

## **1.8 Methodology**

In examining the effect of strategic planning, level of social Networking Relationship on performance of Small and Larger Firms, the study adopted explanatory and descriptive design. The relationship that exist between the said variables help in the best explanations of the descriptive approach (Limpanitgul, 2009; Nachimias & Nachimias, 2008; Bryan & Bell, 2003).

On the other hand, the explanatory approach best explains the relationship that exist between such variables and why these relationship are derived. The semi-structured questionnaire as a tool was used In the collection of data from Small and Large firms yielding a total of 300 questioners, from managers/owners/ administrators. The said sample size of 300 respondents was set based on a measure of accuracy and criteria adopted by the Regional Project on Enterprise Development (RPED) Teal, F. (2002) in the evaluating of performance of small and Larger Firms in Kumasi.

On an item scale 7 likert Scale developed by Morgan et al., (2009), strategic planning were measured, these factored into consideration management/leadership / product capabilities/ innovation/ dimensions for measuring social networking relationship and capabilities against their performance also measured on these 7likert item scale dimensions. Through the use of market and Financial values performance was measured. In the measure and analyzing of the variables the measure through Confirmatory Factor Analysis was used in measuring the effect of the variables to firm's performance and to determine the level of moderation. Correlational Analysis and Descriptive Statistics Results where tools which aided the process of analysis. Due to unavailability of publically available data on the performance of Small and large firms a point of reference in the evaluation of such variables of financial performance was difficult to evaluate.

### **1.9 The scope of the study**

Most small and larger firms operating in Ghana constituted the population of the study. In evaluating Strategic Planning, social Networking Relationship and performance of small and larger firms in Ghana the study adopted a survey approach.

This approach was adopted because of the best phenomenon which best explains the current situations of the study (Kothari, 1990).

The sample size of 300 respondent from small and larger Firms operating within Ghana, were obtained through the approach of a probability sampling from the Upper West, Upper East, Northern and Ashanti Regions.

The category of Small and larger firms factored in this study was with reference to Both manufacturing and service companies, and the firm types included family owned and non-family owned business.

#### **1.10 Limitation of the study**

Couple of challenges was encountered in the study, among such included the access to primary data. This was as a result of the tight working schedule of the target respondent, the coordination of research was quite difficult due to the geographical disparity of respondent and such compared the research to be limited to Small and Larger firms. In addition to that, the resources available were not adequate enough.

#### **1.11 Organization of the study**

The chapters stipulated within the study were grouped into five chapters. The first chapter introduces the background, problem statement, objective, research questions, scope, limitations and the organization of the study. The following chapter dealt with the review of literature base on the topic at stake. The third chapter boiled on the methodology of the study with the fourth chapter on data Analyzing and

representation. This was conclude with the fifth chapter which captures the summery, conclusion and recommendation of the study.

## **CHAPTER TWO**

### **LITERATURE REVIEW**

#### **2.1 Introduction**

This chapter evaluates the literature perspective of the topic under study, which involves evaluating the strategic planning, social network relationship, and performance of small and large firms in Ghana. Areas which literatures were reviewed looked at Strategic planning, How Strategic planning Relate to firms performance, Social Networking Relationship, How Social networking relationship Relate to firm performance, Overview of small and large firms in Ghana, Strategic planning and performance for small Firms and large firms etc.

#### **2.2 Strategic planning**

Strategic planning is labeled as the best tool and measure of determinant in the future of an organization's and the best path to be reached (Berry, 1997). According to Wendy (1997) strategic planning involves developing and maintenance of consistency between the organization's resources and objective within its changing opportunities. Odame (2007, p. 10) also outline strategic planning as an approach in implementing and formulating long-term plans within a broad flexible manner this in a bid to achieve to achieve the organizations aspiration.

In a deeper context the main component of strategic planning involves evaluating factors such as where the business want to get, the current position of the business, the approach and method in attaining the desired goal of the organization and not forgetting the environmental influences (Huang, 2006).

A deeper insight of strategic planning also involves the formulating of mission statement, establishment of firms objective, implementing and crafting of strategies through effective monitoring and control (Dincer, Tatoglu, and Glaister , 2006).

According to Ghobadian and O'Regan (2004) in observing key aspect of strategic planning, involves the long term view of the organization, base on the definition of the business and ensuring a strategic fit between the business and the environment. This point of notice suggest that a strategic fit help organization's to take advantage of the changing environments that arise and thereby identifying and minimizing the various threats.

According to Bryson (2004), alert organization of cautions against the risk faced by adopting a weak strategic approach within their planning process that couldn't best fit the desired objective of the organization. Therefore Suggest to mangers of Small and larger firms to be more proactive and strategic in the development of an effective strategic planning. In planning Lonrage and Vancil (200) supported the notion that, there is a best approach system in Small and large firms approaches in strategic planning and advised that in developing such an approach, the best fit practice base on the goals, objectives and key characteristics of the organization should be of a key policy guide in order to achieve success (Aremu, 2010 ; Kazmi, 2008). According to Uvah (2005), the process involve in strategic planning is of significant important as well as the actual plan and its implementation. Moreover he was on the view this process of strategic planning takes into account the following:

- a) Environmental Analysis:
- b) Resource Analysis:

- c) Determination of the Extent to which Strategy Change is required:
- d) Decision-Making:
- e) Implementation:
- f) Control:

Strategic planning is more diversified than strategy. This study agrees with Mathew and Michael (2009), who stated that the broad explanation of “strategic planning” as an umbrella term including activities such as planning, performance measurement, program budgeting, etc. This notion is very useful but limited. This is because strategic planning also covers other factors such as the business environment and level of competition. The relationship between strategic planning and performance in general and financial performance in particular has been inconclusive. Powell (1992) indicates, for example, that the extensive planning-performance studies were confusing, contradictory, and impossible to reconcile. He further indicates that positive planning-performance relationships outnumbered negative ones” and that “out of fifteen studies reviewed, Armstrong (1986) counted ten positive planning-performance relationships, two negative relationships, and three non-significant relationships. Meanwhile Shrader et al. (1984) counted 20 positive relationships, 11 non-significant relationships and no negative relationship.” The desire to arrive at a definitive conclusion led to further reviews with claims and counter claims. It must be noted however, that performance measures are essential for managing and navigating organizations through turbulent and competitive global markets. They enable organizations to track the progress of their strategy, identify areas requiring improvement, and use them as benchmarks against competitors or industry leaders. The information provided by performance measures enables managers to make the right decisions at the right time (Gunasekaran et al., 2004).

### **2.3 How Strategic planning Relate to firms performance**

The best approach in defining strategic planning is considering it as an umbrella which involves the measurement, planning performance, program budgeting etc. but such notion was very useful but limited, this was to fact that strategic planning covers other areas such as the business environment and the level of competition (Gibbons & O'Connor, 2005).

The term strategy is more factored and of very difficult stage in defining from a single perspective. Because it involve many definitions and models of studies which is Devoted to it.

Strategy is multifaceted and very difficult to define from a single perspective. It has as many definitions and models as studies devoted to it. In these studies, researchers have identified the factors that influence strategy. Channon (1973) examined the influence of organizational structure. Porter (1980) argued that industrial analyses bring out the true extent of the meaning and scope of strategy. Mintzberg (1987) indicated that strategy is not a predetermined phenomenon but one that has to emerge. Stacey (1993) considered strategy from the cultural perspective, and Leavy and Wilson (1994) focused on leadership.

These studies enlarged the scope of strategy research but have not provided a conclusive definition of strategy. It is generally agreed, however, that strategy is related to configuring the resources available within or to an organization in order to achieve its goals. This study defines strategy as the systematic and continuous approach to aligning organizational capacity with the organization's mission and vision for maximizing the use of the organization's resources and achieving

competitive advantage. Planning plays a vital role in business. Numerous studies have confirmed this (e.g. Fening, Pesakovic, & Amaria, 2008; Gibbons & O'Connor, 2005; Rue & Ibrahim, 1998; Wiesner & Millet, 2012). For instance, Fening et al. (2008) confirmed this in their study of 200 SMEs in Ghana by finding a positive relationship between strategic planning and firm performance. Moreover, Rue and Ibrahim (1998) examined the planning practices of small firms in the US and found positive relationship between planning sophistication and growth in sales.

The link between strategic planning and business performance has posed a profound dilemma for strategic management researchers. Empirical studies have produced many contradictory findings and have been criticized for their weak theoretical underpinning and negligible practical importance (Pearce, 1987; Powell, 1992). Although many studies have attempted to resolve this impasse (Pearce, 1987; Armstrong, 1991; Rue and Ibrahim, 1998; Perry, 2001; Yusuf and Saffu, 2005), no consensus concerning methodological approaches or findings has been reached.

***Hypothesis 1:** A strategic planning of (a) Goal, (b) Analysis, (c) Scanning, has an effect on the performance for Small And Large Firms in Ghana.*

#### **2.4 Social Networking Relationship**

There is no longer doubt that small and medium- sized enterprises (SME-s) contribute to economic growth, job creation, innovation, etc. In the business practice, Social Networks may have dif-ferent forms, including strategic alliances, joint ventures, licensing arrangements, subcontracting, joint R& D, and joint marketing activities

(Groen, 2005). Perhaps the largest Obstacle to creating a conceptual framework for Business ownership as a discipline has been its definition of Social Networking.

To date, most researchers have defined the field *so-ley* in terms of who the entrepreneur is and what he or she does (Venkataraman, 1997). The problem with this approach is that Business ownership involves the nexus of two phenomena: the presence of lucrative opportunities and the presence of enterprising individuals (Venkataraman, 1997).

Social Networking and the concept of a network have various definitions in the literature reviewed. Social Network could be stated as a specific set of linkages among a defined set of actors. The entrepreneur plays a crucial role in building both formal and informal relationships with people within their society who are, or may become, material in assisting them to progress the growth ambitions of their enterprise (Hill et al., 1999). Such Social networks are an intangible asset. Another specific characteristic of entrepreneurial networking is that Business owners will, themselves, operate as actors in the network and will often be involved in the execution of project activities (During & Oakey, 1998). The more networking activities an entrepreneur engages in, the larger his personal network and the more central his position in it should be (Witt, 2004). However, networks are also often defined as relationships between different actors (Aldrich & Zimmer, 1986; Gulati, 1998; Ireland et al., 2001).

Others define networks as a set of interdependent actors, Networking in a small firm context could be defined as activities in which the entrepreneurially oriented SME

owners build and manage personal relationships with particular individuals in their environment (Carson et al., 1995).

## **2.5 Social networking relationship and firm performance**

Researchers increasingly acknowledge that entrepreneurial activity is embedded in network relationships that direct resource flows to Business owners who are somehow better connected (Aldrich and Zimmer, 1986; Hoang and Antoncic, 2003). The literature clearly indicates that social influence, or the resources that Business owners may access through their personal networks (Adler and Kwon, 2002), allows Business owners to identify opportunities (Bhagavatula et al., 2010), mobilize resources (Batjargal, 2003), and build legitimacy for their firms (Elfring and Hulsink, 2003). Yet despite this surge of interest, little consensus exists concerning what exactly is known about the social influence–performance link in the small firm context (Maurer and Ebers, 2006; Stuart and Sorensen, 2007).

Despite the recognition that Business owners might need to adapt their personal networks to accommodate firms' evolving resource needs (Martinez and Aldrich, 2011), researchers disagree about the precise way in which firm age alters the value of different networking strategies. While some have argued that cohesive, strong-tie networks are conducive for newfirms (Hite and Hesterly, 2001), others have contended that diverse, weak-tie networks are favorable at the early stages of firm development (Elfring and Hulsink, 2007). A systematic analysis of how the optimal configuration of Business owners' social influence changes as small firms mature thus seems warranted. Social influence entails the actual and potential resources accessible through an actor's network of relationships (Nahapiet and Ghoshal, 1998).

## **2.6 Overview of small and large firms in Ghana**

This target group has been identified as the catalyst for the economic growth of the country as they are a major source of employment and income. Analogous to the situation in other countries though, Kayanula and Quartey (2000) state that there is no uniformly acceptable, single, definition of a small firm in Ghana as these firms differ in their levels of capitalization, employment and sales.

Available data from the Registrar General in Ghana indicates that 90% of companies registered are micro, medium enterprises and small (Mensah 2004).. Kayanula and Quartey in their research however, identified a number of common definitions used when referring to SMEs in Ghana that could be used for purposes of this essay. Hence, definitions which employ measures of size (number of employees, turnover, profitability, net worth, etc.) when applied to one sector could lead to all firms being classified as small, while the same size definition when applied to a different sector could lead to a different result.

These definitions are summarized below: The National Board of Small Scale Industries (NBSSI) in Ghana applies both the fixed asset and number of employee's criteria. It is further noted that SMEs in Ghana can be categorized into urban and rural enterprises. The former can be subdivided into 'unorganized' and 'organized' enterprises. The organized ones tend to have paid employees with a registered office whereas the unorganized category is mainly made up of artisans who work in open wooden structures, spaces, temporary or at home and employ little or in some cases no salaried workers. It defines a Small Scale Enterprise as one with not more than 9 workers, has machinery and plant (excluding land, buildings and

vehicles) not exceeding 1000 Ghana Cedis. From these definitions however, it would be prudent for purposes of this study to note that the process of valuing fixed assets in itself poses a problem as continuous depreciation in the exchange rate often makes such definitions out-dated. The major activities within this sector include:- soap and detergents, fabrics, clothing and tailoring, textile and leather, village blacksmiths, tin-smithing, ceramics, timber and mining, bricks and cement, beverages, food processing, bakeries, wood furniture, electronic assembly, agro processing, chemical based products and mechanics (UNECA 2010, Kayanula and Quartey 2000), which they rely mostly on family members or apprentices.

The role of micro, small and medium and large enterprises (MSMEs) has been identified in both developed and developing economies. Small and large Firms (SLF) have been found to contribute to employment generation, gross domestic product, entrepreneurial skill development and innovation to many developing countries (Cook & Nixson, 2000; Agyapong, 2011). Prior research has also acknowledged the positive relationship between formal strategic planning and firm performance (Fening et al., 2008; Gibbons & O'Connor, 2005; Rue & Ibrahim, 1998). Gibbons and O'Connor (2005) argue that formal strategic planning facilitates the firm to know about its environment and capabilities. They further suggest that such formalized planning can help SLFs to gain a competitive advantage over their competitors. Strategic planning can be defined as the process of using systematic criteria and rigorous investigation to formulate, implement and control strategy and formally document organizational expectations (Higgins and Vincze, 1993; Mintzberg, 1994; Pearce and Robinson, 1994).

The strategic planning process begins with an assessment of the current economic situation first; examining factors outside of the company that can affect the company's

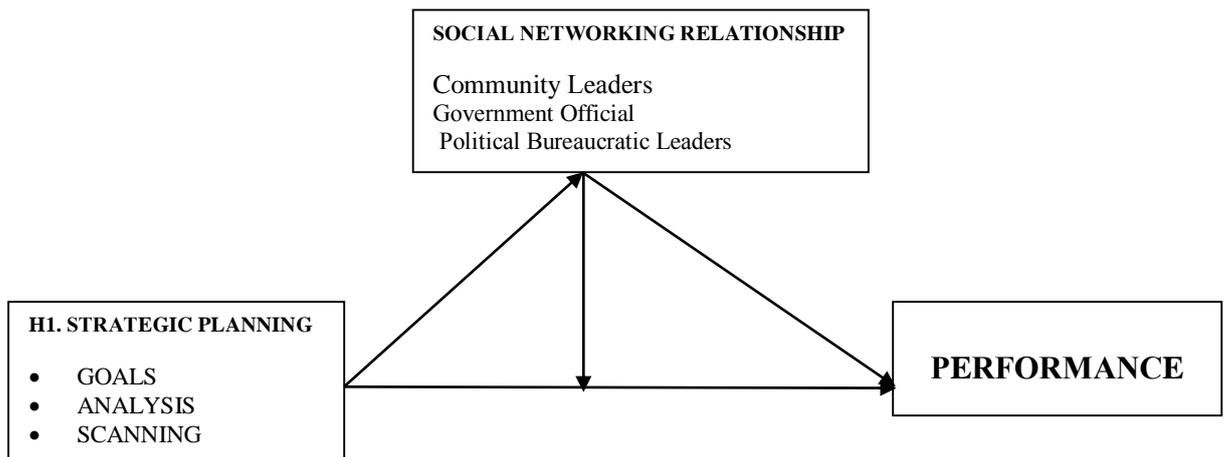
performance. The ability of firms to survive and grow in today's turbulent markets depends to a large extent on their managerial capabilities and strategic awareness. Regardless of nations, SMEs And Large Firms confronts familiar challenges within the reality of performance and to acquire competitive advantage. Acquaaah et al. (2008) showed that both cost leadership and differentiation strategies of manufacturing and service firms in Ghana were positively related to performance (return on assets and return on sales). Aulakh et al. (2000) found that both cost leadership and differentiation strategies were positively related to export performance among firms from Brazil, Chile and Mexico.. According to Anderse'n (2010) no particular meaning for performance exists. Generally, performance is defined as a measure of how good a mechanism or method accomplishes its goal (Wu, 2009). In business management, Armstrong (2006) defines performance management as the fit between individual and organizational objectives and making sure that people maintain corporate core values.

Because social networking relationships fill the "institutional voids" — the absence of market-supporting institutions, contract-enforcing mechanisms, specialized intermediaries, and communication networks and efficient Transportation (Khanna and Palepu, 1997) — by garnering the resources and capabilities, serve to facilitate business activities in developing and emerging economies such as those in Africa. This paper argues that the effects of family businesses' business or competitive strategic activities on performance in developing or emerging economies would be moderated by managerial social networking relationships with external entities. It has also been shown that social networking relationships with external entities in emerging economies enhance firm performance (Acquaah, 2007; Li et al., 2008; Li and Zhang, 2007; Peng and Luo, 2000). Even less is known about how family

businesses use social networking relationships developed with external entities to obtain resources and capabilities to bolster their build competitive advantage and business strategy. Nevertheless, there has been relatively little attention devoted to the business strategic activities of family businesses despite the importance of business strategy in creating competitive advantage. To investigate whether the effectiveness of the business strategic activities of family businesses is facilitated or hampered by the social networking relationships they develop with external entities, addressing this research gap, this study using data from a developing economy in sub-Saharan Africa — Ghana.

Furthermore, due to their regional dispersion and their labor intensity, argument goes that small scale production units can promote a more equitable distribution of income than large firms in Ghana. They also improve the efficiency of domestic markets and make productive use of scarce resources and thus facilitating long term economic growth. This definition covers a range of establishments.

**Figure 2.1 Conceptual framework**



The study seeks to test these hypotheses: There is a positive relationship between *A strategic planning, the level of Social networking relationships* and performance of Small and alrge firms .

**Hypothesis 1:** *the level of firms Social networking relationships with community and traditional leaders, government officials, bureaucratic political officials will positively affect and influence the strategic planning of firms on their performance of Small And Large Firms in Ghana.*

**Hypothesis 2:** *Firms strategic planning of (a) goal setting (b) analysis and (c) scanning has an influence on the performance for Small And Large Firms in Ghana.*

### **2.7 Strategic planning and performance for small Firms and large firms.**

The effective role of strategic planning in order to improve organizational performance is well documented in the strategic management literature (McIlquham-Schmid, 2010). It is believed that, through proper strategic planning, organizations will achieve better performance (Signhvi, 2000; Miller & Cardinal, 1994; Wang, Walker & Redmond, 2007). The relationship between strategic planning and firms'

performance has been broadly studied in the previous researches (Suklev & Debarliev, 2012; Aldehayyat & Twaissi, 2011; Gică & Negrușă, 2011; O'Regan, Sims & Gallear, 2008; Efendioglu & Karabulut, 2010; Glaister, Dincer, Tatoglu, Demirbag & Zaim, 2008; Boyd, 1991).

The benefits of strategic planning, as suggested in the literature (e.g. Greenley, 1986; Johnson and Scholes, 2002; Koufopolous and Morgan, 1994), can be summarised as: for enhancing co-ordination, (e.g. bringing together all business unit strategies within an overall corporate strategy); for controlling by reviewing performance and progress toward objectives; for identifying and exploiting future marketing opportunities; for enhancing internal communication between personnel; for encouraging personnel in a favourable attitude to change; for improving the corporate performance of companies. Some strategy scholars have claimed that formal strategic management procedures are particularly inappropriate for small firms because of their lack of management and financial resources (Govin and Slevin, 1989; Shrader et al., 1989). However, the results of empirical research (e.g. Baker et al., 1993; Berry, 1998; Peel and Pridge, 1998) have provided strong evidence that the number of small businesses which have adopted strategic planning is increasing over time because of their belief in its benefits especially in relation to the enhancement of corporate performance. Welsh and White (1981) argued that small businesses should use the same management techniques as their larger counterparts. Indeed, studies indicate that increasing numbers of small businesses are adopting strategic planning because of its benefits (e.g. Baker et al., 1993; Berry, 1998). For instance, Peel and Pridge (1998) found that strategic planning is crucially important for performance enhancement in small and medium sized British manufacturing companies. In their meta-analysis

Schwenk and Shrader (1993) reviewed twenty-six researches of small businesses. The study found a positive relationship between strategic planning and performance.

## **2.8 Small and large firms strategic planning and business performance.**

An organizational goal is generally defined as an aspiration level on a measurable organizational outcome. Among the different variables representing the goals that a Smaller Firms may pursue, researchers have mostly focused on profitability (Greve 2003). A Smaller organization as part of it Goals could strategically measure its performance using the financial and non-financial measures. The financial measures include profit before tax and turnover while the non-financial measures focus on issues pertaining to customers' satisfaction and customers' referral rates, delivery time, waiting time and employees' turnover (Chong, 2008).

The goal approach measures the extent an organization attains its goals while the system resource approach assesses the ability of an organization obtaining its resources (Yuchtman and Seashore,1967). Recent research has shown that organizations that differ in terms of industrial sector, size, ownership type, governance, or market position, among other characteristics, pursue diverse organizational goals Acquaah, M. (2007). For example, firms operating in service industries are likely to place profitability before size goals, whereas manufacturing firms may follow the opposite approach (Greve 2008). Similarly, publicly traded companies are naturally prone to grow and increase corporate value. The Importance-Performance (IPA) has been used in hospitality and tourism research for years. Ease of application and the appealing methods of presenting both data and strategic

suggestions seem to be among the many factors that contribute to wide acceptance of the technique (Oh, 2001).

Importance–performance analysis (IPA), first introduced by Martilla and James (1977), identifies which product or service attributes a firm should focus on to enhance customer satisfaction (Matzler, Bailom, Hinterhuber, Renzl, & Pichler, 2004).

Effective scanning of the environment has been necessary for the competitive success of Smaller Business than large due to the vase category of Smaller Business Group Acquaaah, M. (2007). Strategies - environmental scanning being the first stage of the process, associating strategy with the environment (Beal, 2000). May, Stewart and Sweo (2000) and Yunggar (2005) also make it clear that environmental scanning provides the organization with important information, thus, keeping it from becoming stagnant due to the lack of information given to their executives about environmental changes which is most found in Smaller Business. Environmental analysis of Smaller Business also reveals the market dynamics, business opportunities and challenges, customer expectations, technological advancements and the firm's internal capacities and this provides the basis for strategy selection.

## **2.9 Social Networking Relationship with Government Officials, *Bureaucratic Political, Traditional Leaders* and performance of small and larger firms**

- **Social Networking Relationship with Government Officials,**

Government officials are made up of political leaders and bureaucratic officials. In Ghana, there is a distinction between the role of political leaders and bureaucratic officials. The government also plays an important role in regulating business activities and providing resources and opportunities to businesses in Ghana because of the relative lack of intermediary firms, weak regulatory systems and legal institutions, and underdeveloped contract-enforcing agencies and mechanisms.. While political leaders are elected into office for a specified period of time, bureaucratic officials are supposed to be politically neutral in the performance of their duty and therefore hold their position irrespective of the political regime in power, (Acquaah, 2012).

It has been suggested that developing and utilizing managerial networking relationships with external entities such as political leaders, government bureaucratic officials and community leaders in developing and emerging economies would provide firms with the opportunity to acquire the necessary resources for their business activities (Acquaah, 2007; Peng and Luo, 2000; Li and Zhang, 2007; Li, Poppo, and Zhou, 2008).

- ***Social Networking Relationship With Traditional Leaders***

Traditional and Community leaders are very influential in garnering resources and providing access to valuable information and knowledge to family businesses. Managerial connections with community leaders will provide a family business with the resources for the successful implementation of both differentiation and cost leadership strategies (Acquaah, 2012). Ghana cultivate personal and social

networking relationships with community leaders (kings, chiefs and religious) to avail themselves to information about business opportunities, and establish links to sources of financial resources and markets for their products (Kuada & Buame, 2000).

Community leaders in Ghana are the guardians of societal norms, shared understandings, and expectations, which define socially acceptable practices and behavior in a community's business environment (Salm & Falola, 2002). Moreover, The social system of Ghana is highly collectivistic and embedded in cultures and traditions that thrive on communal bonds, interpersonal relationships, and strong allegiance to community and family leadership (Adu-Febiri, 1995).

- ***Social Networking Relationship with Bureaucratic Political Officials.***

Government official's are made up of political leaders and bureaucratic officials. In Ghana, there is a distinction between the role of political leaders and bureaucratic officials. While political leaders are elected into office for a specified period of time, bureaucratic officials are supposed to be politically neutral in the performance of their duty and therefore hold their position irrespective of the political regime in power (Acquaah, 2012).

The social networking relationships family businesses in Ghana develop with political leaders at different levels of government, and officials in government bureaucratic institutions provide them with the opportunities to obtain access to resources and opportunities which may help them implement the business strategies of differentiation and cost leadership access to financial resources for business activities, bureaucratic officials control the regulatory and licensing procedures such as

providing certification and approval to newly manufactured products as meeting government standards (Acquaah, 2012). Moreover, while political leaders have significant influence and control over the award of major projects and contracts, and Therefore, family businesses that develop extensive personal and social networking relationships with bureaucratic officials will more easily be able to secure the resources necessary for the strategic organization of their activities and be successful in guiding, their firms to higher performance through the implementation of the differentiation and cost leadership strategic (Acquaah, 2012).

***Hypothesis 1:** The level of firms Social networking relationships with community and traditional leaders, government officials, bureaucratic political officials will positively affect the strategic planning on Small And Large Firms performance in Ghana.*

## **2.10 Small firms strategic planning and social Network Relationship on business performance**

- **Strategic Goal setting on business performance**

Lim and Seers (lim and Seers, 1993) studied perceived organizational performance owing to the work relationships between people. Under the umbrella of social responsibility activities with internal and external stakeholders, different activities help an organization build certain intangible resources to the organization, such as social support.

The accepted influence of Strategic Goals Of Smaller Firms with CSR, involves its impact on organizational Finance and social performance. In the case of CSR, the

literature indicates two schools of thought that predominantly debate and describe business primary activity as profit maximization or business society interaction for the welfare of society (Griffin and Mahon, 1997). According to Jamali and Mirshak, (2007) many Smaller businesses in developing countries are taking into account voluntary CSR practices as philanthropy, whereas on the management front the benefits of CSR in human capital issues management and workers' safety and satisfaction are increasing.

- **Strategic scanning on firms performance**

We also acknowledge that networking effectiveness may depend on the environmental context of small firms (Witt, 2004) by contrasting the forms of social influence most valuable for firms in low and high-technology industries, and those in emerging and established economies. This therefore suggests, as noted by Ottih (2008) that environmental factors play a decisive role in determining the success, failure and even, the continued existence of business organizations.

However, since organizational size is not a determinant of scanning systems effectiveness (Beal, 2000; Yassai-Aredekani & Nystrom, 1993), small enterprises owners/ managers still scan their business environment to enhance their performance (Venkataraman & Prescott, 1990; Zhang et al., 2011). This is owing to the fact that since 2008, the trade sector in the Benue State business environment has witnessed increases and expansions in spite of the environmental perturbations which has maintained an upward trend. This unprecedented increase in the environmental turbulence in the State has been occasioned by acts of corruption,

the global financial crisis, communal/ religious crisis, competition, and the expectations of customers and the workforce.

- **firm's strategic analysis, on firms business performance.**

The Macro environment consists of forces such as social, cultural, legal, economic, political and technological. Within this factors such as demographics, green issues and larger societal and environmental forces are included (Vrontis, 2003). An analysis of the internal environment also covers other factors such as sales, profitability, market share and customer loyalty (Vrontis, 2003).

Strategic marketing planning is essential in order to devise the most relevant marketing strategy to build and sustain Shloer in a rapidly changing marketplace. As depicted, both the internal environment of the company (the controllable variables influenced by management) and the external environment in which the company operates (the uncontrollable variables management cannot influence) have to be examined. The information obtained is then structured and analyzed via the SWOT analysis, which allows the environmental threats and opportunities facing the

***Hypothesis 2:** Firms strategic planning of (a) goal setting (b) analysis and (c) scanning has an influence on the performance for Small And Large Firms in Ghana.*

### **The Measure for Firm Performance**

Effectiveness measures reflect the success of a firm's products and programs in relation to those of competitors in the market. It includes sales growth in relation to a competitor and growth in market share *Measuring performance.* Walker & Reukert

(1987) state that the important performance indicators can be classified into three groups: effectiveness, efficiency, and adaptability. Empirically, Kumar & Subramanian (1998) used several different performance indicators when examining the strategy–performance link.

Higher profitability usually provides more internal financing and hence a lower level of debt by the firm (Abor, 2005). Less debt is then needed to finance already planned investments. Debt introduces an agency cost argument Firm performance is identified as one of the most important indicators of effect of capital structure in the review of literature. Performance is reflected by firm profitability that is affected by leverage.

High profitability results in higher leverage according to the free cash flow hypothesis, but a high leverage would result in high profitability on the basis of the pecking order hypothesis. Management will refrain from the building of empires and excessive consumption of perquisites, when large sums of money must be paid to creditors each year. The countless number of ways has been brought forward to measure financial performance and among them are: measurement of performance as the level of Return on Assets (ROA), Return on Equity (ROE), Tobin-Q, Profit Margin (PM), Earnings Per Share (EPS), Divided Yield (DY). This was Based on our reading of much article that interconnection to corporate governance that we will provide almost of measurements of firm performance form different perspective.

Although there are widely measurements of performance with many which it related to much fields but we tried to execute this measurement regarding to corporate governance. Among others include: annual stock return, (RET), Operating Cash Flow (OCF), Return on Capital Employed (ROCE), Labor productivity (LP), Critical business Return on Asset (CROA), Cost of Capital (COC), Yield (DY), Price-Earnings Ratio (PE), Return on Sales (ROS), Expense to Assets (ETA), Cash to

Assets (CTA), Sales to Assets (STS), Expenses to Sale (ETS), Abnormal returns; Market Value Added (MVA), Operation Profit (OP), Return on Investment (ROI), Cost Per Service Provided (CPSP) and Cost per Client Served (CCS), Superior to cumulative abnormal returns (CARs), Profit Per Employee (PPE) and Return on Fixed Assets (ROFA) etc. Most of these proposed measures have been utilized by studies regarding governance. Market-to-book value (MTBV), Log of market capitalization, LOSS, Growth in Sales (GRO), Stock Repurchases, Sales Per Employee (SPE), Return on revenue (ROR), Output per staff (OPS),

Recently, special attention has been dedicated to determining the corporate governance effectiveness through different measurement of firm performance, (e.g. Sheu & Yang, 2005; Bozec & Dia, 2007; Destefanis & Sena, 2007; Lin et al., 2009; & Garcia-Sanchez, 2010)). **Per** the above elastration performance measurement can be group into two

- Accounting based measurement
- marketing based measurement

## **2.16 Conclusion**

Base on the few empirical studies that has examined the direct and interactive effects of strategy business planning and social networking relationships on the performance of businesses particularly Small And Large Fims. The study demonstrates that Small And Large Fims businesses rely on their unique characteristics to benefit of strategic planning and social Network Relationship and business performance.

Moreover, the unique characteristics of Small And Large Fims businesses predispose them to the development of enduring and committed social connections with external

stakeholders. The social networking relationships family businesses in Ghana create with different external stakeholders interact with business strategy to influence their performance differently. Future research should examine these relationships in other emerging or 26 developing economies so as to deepen our understanding of the interactive effects of business strategy and social networking on performance for Small And Large Fims businesses and help in providing its rich insights into their interplay in family business research.

## **CHAPTER THREE**

### **RESEARCH METHODOLOGY**

#### **3.1 Introduction**

This chapter encompasses a description of the design of the study, which gives account of the population of the study, sampling and sampling technique, Data collection technique, research procedures, analysis of data and presentation of results. As the methodology part of any research this section illustrates the steps that have been followed in conducting the study and described in detail.

#### **3.2 Research Design**

In evaluating the Strategic Planning, Social networking Relationship and performance of small and larger firms the study adopted the survey approach. This was appropriateness in describing the current situation of the phenomenon of the study being undertaken (Kothari, 1990). moreover to examine the effect of strategic planning social Networking relationship on the performance of Smaller and larger Firms the survey also adopted descriptive and explanatory design approach.

These methods where applicable to best explain why the relationship existed between such variables, but to the extent of why those relationships were obtained the explanatory research was appropriate in determining that. In the collecting data, out of the total target population of 300 respondent, from firms, a well-structured questionnaires was used. The structured questionnaires were drafted on a seven (7) liker scale. Through the means of quantitative and qualitative content analysis approach data coded and was analysis through the means of a statistical package for social science (SPSS) and lisrel for effective analysis of data.

### **3.3 Area of Study**

The focus of the study boiled on evaluating the strategic planning, social Networking Relationship and performance Small and larger Firms in Ghana. With a structured questionnaire data was collected, which seek to evaluate the effect of strategic planning, Social Networking Relationship and firm performance. Moreover the aime of the research was provide within the content of the study which best suited the approach in evaluating the power of strategic planning social networking relationship on the performance of Small and Large firms. These structured questionnaire were also used to elicit the response of a sampled 300 respondent, representing managers/administrators/owners from Small and Larger firms.

With an item scale developed by Morgan et al., (2009), strategic planning was measured. These scale of item consisted of dimension for measuring management/ leadership / innovation/ product and approaches of dimension in measuring social networking relationship and firm performance.

### **3.5 Population of the Study**

Polit & Hungler (1999) refers to the population as an aggregate or totality of all the objects, subjects or members that conforms to a set of specifications. The population is set of all units that the research covers, or to which it can be generalized (Neuman, 2006). The population of study includes most small and large scale business operating in Ghana.

A sample size of 300 respondent was targeted for the said population representing three(3) responses from 100 sampled Small and Larger firms within Ghana . the

sample size was based on a criteria set by the Regional Project on Enterprise Development (RPED), in line with evaluating a comparative study on the performance measure of Small and larger firms in Ghana

### **3.6 Sample Size and Sampling Techniques**

A Sample size or techniques is a process of selecting a portion of a population in representing the entire population (Polit & Hungler, 1999). In line with this study two approaches of sampling was adopted which comprises of stratified and convenience sampling. According to Zikmund, (1997) convenience sampling is a sampling technique that obtained and collects information that is relevant within the sample of units available. In other to select among the key relationship that existed within the variables convenience sampling techniques was relevant. Moreover the sample for this study consisted of 300 questionnaires from firms which was stratified sampled for this study. The views of the respondent consisting of mangers/ administrators/ Business owners were solicited using an item dimension measure (Frazier, 200). This was scaled on 7-piont likert scale.

### **3.7 Data Collection Source**

Through relevant sources such as (Articles, Journal, periodicals, textbooks, websites, etc) secondary data was obtained. Primary data were source through a well-structured questionnaires solicited from the targeted respondents. As such the research relied on this two main source of data collection. Notwithstanding that the survey approach was used in this study. The basis of such approach was to make sure the finding and result would be generalized.

### **3.7.1 Primary Research Data**

In the collection of primary data a well-structured questionnaires was formulated. Also In line with this study questionnaires were closed-ended and open-ended. This was in other to allow answers within a limited set of response which help in gathering factual data such as gender and age. But in the same vein for flexibility on the part of respondent's closed-ended questionnaires was adopted.

### **3.7.2 Secondary Research Data**

Such data were collected from academic materials of similar study, mainly derived from journals, articles, publications, books etc. mostly gathered and used within the literature aspect of study which also forms a basis for empirical evaluations.

## **3.8 Data Collection Method**

The research adopted both qualitative and quantitative approach of measure. The aspect of Qualitative focused on respondent words, dictions, which observed the subject of study in order to describe reality. The qualitative were based on figure of trust and beliefs on opinions which set as a measure of response (Amaratunga et al, 2002).

Both methods of qualitative and quantitative means of collecting data were necessary in a bid of achieving the objective of the study. Even though certain rumination's exist between both approaches base on the researches concepts, there exist a basic concept underlying such approach of measure (Amaratunga et al, (2002). Data were collected through well-structured questionnaires with a target response from top manager/ Business owners/ administrators and analyzed using both

statistical packages for social science employing descriptive statistical analysis and lisrel for windows (Joreskog & Sorbom 2006). Lisrel for windows externally import data format such as SPSS, SAS, STATA, STATISTICA, Microsoft excel etc.

### **3.9 Research Instrument (Questionnaire)**

In order to determine the variables among the target group of respondent such as Business owners/ administrators/ managers the main tool for collecting information's was through the use of questionnaires, and respondent were asked questions which was rated on a 7-point likert-type scale such approach was borrowed from Frazier (2000). The term of variables which defines firm's performance were derived from Chandler and Hanks (1993) and Dess and Robinson (1984) through the use of the subject (self-reported) financial measure: net profit growth, sales growth, cash flow growth and market share growth. As managers were asked to evaluate their firm's performance based on the past three years. The firm's size, parental business and firm's age were other variables solicited through the personal profiles of respondent. The main goal of the questionnaires was to acquire data with the maximum quality of reliability and validity, and to acquire information very relevant to the study. Moreover in the questionnaires respondents were asked to accurately read and understand the questionnaires before making their views known.

#### **3.9.1 Administration of the Research Instrument**

The main instrument used for acquiring data from the target respondent, was a well-structured questionnaires and unstructured interviews. The most strategic ways through which data are mostly collected was through direct communication (questionnaires, interviews), observation and lastly secondary data. In regards to this

study both approaches was used in the administration of semi-structured questionnaires. Responses were accepted when the respondents view did not differ from the format in answering the questions. Where respondent responses were less than 10% in total such responses was rejected and not factored in the analysis. In all respondent were offered with categories of variables which seek to elicit their views in evaluating the strategic planning, Social Networking Relationship and the performance of Small and larger firms within Ghana.

### **3.10 Data Analysis**

The only approach in reducing data into meaning format for interpretation and making meaning was through the process of Data Analysis. This helps to develop summaries and analyze statistical inference. The data analysis for this data was coded and made possible through the user of statistical packages for social science (SPSS) and lisrel package for windows, which analyzing the variables into descriptive statistics for analyzing sample compositions. Tools such as confirmatory factor analysis were applied in other to establish the key factors that contribute to firm's performance and ascertain the moderation effect of strategic planning and social networking relationships on the performance of small and large firms in Ghana .Out-put dates were critically evaluated and edited to detect and correct, omissions and errors possible of occur to get a required consistency across respondent in making a meaning outcome. Also out-put data's were represented in tabular and narrative forms which are complimented with median, mean and standard deviation (Emery and Couper, 2003).

### **3.11 Ethical Issues**

In complying with ethics and ensuring positive feedback from respondents, before administration of questionnaires and interviews being carried-out to company officials. Letters were sent to the appropriate bodies for permission to be granted before questionnaires were administered. In additions to ensuring a positive response from the target respondent the privacy and sanctity of the respondents was considered. As respondents were asked of the best and convenience time that will be appropriate in soliciting their views. The purpose of the study was also explained to them before soliciting for their views. A lot of ethical issues will be taken into consideration before, during and after the study. All articles, journals, books among others that will be used in this study will be properly referenced.

## **CHAPTER FOUR**

### **RESULTS AND DISCUSSIONS**

#### **4.0 Introduction**

Chapter four of the study presented the analyses and discusses the result of the study. The section tinted on both descriptive and inferential analysis. The descriptive segment of the analysis emphasizes on the characteristics of the firms in the study; the type of industry, the age of firms and the size as well as the various constructs. The inferential analyses include the correlation analysis, model estimation, and evaluation of the hypothesis and the discussion of the results.

#### **4.1 Validity and Reliability**

The study adopted various statistical procedures to validate the indicators used to measure the constructs; strategic planning, social networking relationships, operational and financial performance. The following tools were used to examined the reliability and validity of the scales used through confirmatory factor analysis; composite reliability, discriminant validity and convergent validity. Cronbach alpha ( $\alpha$ ) was used to measure the internal consistency of the measurement items used to measure the constructs. Table 3.1 presented the results of the factor loadings of the CFA, validity and reliability results of the constructs.

**Table 3.1: Validity and Reliability Test Results (Full Measurement Results)**

Construct/Measures	Standardized Loading	(t-value)
<b>Strategic Planning (CA=0.816; CR=.811; AVE=.388)</b>		
We have broad range goals known to all managers	0.390	Fixed
We have short-term goals known to all managers	0.690	(5.50)
We hold regular managers' meetings to discuss overall strategy	0.700	(5.57)
We use mathematical and computer models as planning aids	0.590	(5.64)
Our planning outlook is more long-term than short-term	0.590	(5.65)
We search systematically for information about our competitors	0.640	(5.80)
We search systematically for new products, acquisitions, and investments	0.790	(6.16)
<b>Social Networking Relationships (CA=0.865; CR=.847; AVE=.598)</b>		
Leaders of other social organisations such as fun clubs	0.60	Fixed
Regional government politicians	0.98	(11.71)
National government politicians (e.g. ministers and parliamentarians)	0.90	(11.73)
Civil/public service officials in regulatory and supporting institutions (e.g. IRS, the central bank, EPA, etc.)	0.51	(7.83)
<b>Operational Performance (CA=0.831; CR=.898; AVE=.461)</b>		
The extent of flexibility in production/service delivery processes	0.60	Fixed
The time it takes to serve customers	0.79	(9.98)
The consistency in meeting the needs of customers	0.82	(10.14)
The extent of variety in products/services offered to customers	0.77	(9.78)
Resource utilisation (e.g. human skills, time)	0.66	(8.86)
The extent of product returns/service failure	0.30	(4.54)
<b>Financial Performance (CA=0.934; CR=.912; AVE=.603)</b>		
Sales volume	0.55	Fixed
Growth in profitability	0.79	(9.64)
Return on investment (ROI)	0.83	(9.90)
Return on sales (ROS)	0.87	(10.15)
Market share	0.68	(8.84)
Growth in ROI	0.84	(10.00)
Growth in ROS	0.83	(9.90)

**Source: Field Study, 2016**

The method of estimation use was maximum likelihood and was developed through covariance matrices with procedures in LISREL.

The loadings of the constructs; social networking relationships, operational performance and financial performance were high. One item from strategic planning “small and large firms have broad range goals known to all managers” and “the extent

of product return/service failure” in operational performance were taking out to produce higher level of convergent validity. The retaining loadings were approximately 0.6 and above. The construct exhibited higher level of internal consistency as Cronbach alpha of all the constructs were above 0.70 (Hair et al., 2014). The computed composite reliability (CR) values of all the constructs were above 0.60 and the average variance extracted (AVE) were above 0.50 indicating acceptable level given by Hair et al. (2012).

**Table 3.2: Model Fit Indices**

<b>CONSTRUCT</b>	$\chi^2$	<b>DF</b>	<b>NNFI</b>	<b>CFI</b>	<b>SRMR</b>	<b>RMSR</b>
Strategic Planning	30.14	14	0.945	0.963	0.041	0.04
Social Networking Relationships	3.88	2	0.991	0.997	0.024	0.067
Operational Performance	16.33	9	0.978	0.987	0.028	0.045
Financial Performance	24.96	14	0.986	0.990	0.029	0.023

**Source: Field Study, 2016**

Table 3.2 showed the model fitness presenting the various indices of goodness of fit; chi-square ( $\chi^2$ ), absolute fit and incremental fit. The indices recorded were greater than 0.90 showing that the model for each construct fit well. Scholars such as (Benlter, 2005) recommended an acceptable level of fit to be  $CFI > 0.90$  and a good fit of  $CFI > 0.95$ . The study recorded fit values from 0.95 to 0.997 which showed the model was very good in terms of fitness.

The value of RMSEA was 0.079 which was within the good and acceptable level of fitness. Lei and Wu (2008) recommended RMSEA value less than 0.05 to be considered good fit and value less than 0.08 as acceptable fit. This showed that the RMSEA recorded in the study were good fit. The model fitness was statistically good conforming to the conventional cut-off points.

**Table 3.3: Inter construct Correlations**

	Sp	Snr	Oper	Fper
Strategic Planning (Sp)	1	.159	.264	.224
Social Networking Relationships (Snr)	.399**	1	.070	.133
Operational Performance (Oper)	.514**	.265**	1	.416
Financial Performance (Fper)	.473**	.365**	.645**	1

\*\* . Correlation is significant at the 0.01 level (2-tailed).

**Source: Field Study, 2016**

Table 3.3 showed the correlation and shared variance of each of the pair of constructs, the shared variances were lower than the average extracted variance in Table 3.1, except the shared variance between operational performance and financial performance. This suggested sufficient level of discriminant validity (Hair et al., 2012).

#### **4.2 Firm and respondent profile**

This section of the analysis examined the background information of the firms in the study. The pertinent areas of the small and large firm examined include firm industry, firm age and firm size. The result is presented in Table 4.1 below.

**Table 4.1: Descriptive Statistics of the Firms**

		Frequency	Percent	Cumulative Percent
Firm industry type	Manufacturing	57	19.5	19.5
	Service	174	59.6	79.1
	Otherwise	61	20.9	100.0
Gender	Male	206	72.8	72.8
	Female	77	26.9	100.0
Firm size	Small firms	194	66.2	66.2
	Large firms	99	33.8	100.0
	Minimum	Maximum	Mean	Std. Deviation
Firm age (years)	2	116	17.59	14.854

Source: Field Study, 2016

The study observed majority, 174(59.6%) of the firms in the study being in the service industry. It was identified by 57(19.5%) of the respondents that their firms are manufacturing and 61(20.9%) said their firms are other type of industry. The firms were categorised into small firms and large firms. It was observed that 194(66.2%) of the firms were small firms and 99(33.8%) were large firms. The average number of years of the firms in the study was 18 years with standard deviation of 14.854 years. The maximum years observed was 116 and minimum years of 2.

### **4.3 The Internal Characteristics of Small and Large Firms in Ghana**

This section of the analysis analysed the internal characteristics of the small and large firm by examining the strategic planning practices, social networking relationship, operational and financial performance. The result of the section is descriptively presented with emphasis on mean, standard deviation and extreme values (minimum and maximum values) presented from Table 4.2 to Table 4.5.

**Table 4.2: Strategic Planning**

	N	Min	Max	Mean	Std. Dev
We have broad range goals known to all managers	293	1	7	4.98	1.508
We have specific goals known to all managers	293	1	7	5.11	1.396
We have long-term goals known to all managers	293	1	7	5.12	1.432
We have short-term goals known to all managers	292	1	7	5.06	1.61
Our firm's actions are based more on formal plans than on intuition	291	1	7	5.02	1.338
We have a manager or department devoted exclusively to formal planning	292	1	7	4.67	1.701
We hold regular managers' meetings to discuss overall strategy	293	1	7	4.95	1.559
We use mathematical and computer models as planning aids	292	1	7	4.34	1.848
We have a written plan for the next 12 months	293	1	7	4.92	1.742
Our planning outlook is more long-term than short-term	292	1	7	5.00	1.535

**Source: Field Study, 2016**

Table 4.2 showed the descriptive statistics of the indicators of strategic planning; mean, standard deviation, maximum and minimum scores and number of valid respondents (N). The mean score for strategic planning range from minimum of 4.34 to maximum of 5.12. The firms has long-term goals known to all managers, has specific goals known to all managers, has short-term goals known to all managers, firm's actions are based more on formal plans than on intuition and planning outlook is more long-term than short-term were scored with approximated mean score of 5 showing that respondents averagely indicated them to be accurate.

Indicators like; firm has broad range goals known to all managers, holds regular managers' meetings to discuss overall strategy, has a manager or department devoted exclusively to formal planning, has a written plan for the next 12 months and uses mathematical and computer models as planning aids were averagely indicated as accurate strategic planning in the firms.

**Table 4.3: Social Networking Relationships**

	N	Min	Max	Mean	Std. Dev
We search systematically for information about our competitors	292	1	7	4.84	1.553
We use special market research studies	293	1	7	4.44	1.746
We search systematically for new products, acquisitions, and investments	292	1	7	5.18	1.424
Local kings/chiefs (or at least their representatives)	292	1	7	4.04	1.804
Religious leaders (e.g. pastors, imams, priests)	292	1	7	4.38	1.759
Leaders of other social organisations such as fun clubs	292	1	7	4.13	1.81
City councils politicians (mayor and council members)	293	1	7	4.07	1.778
District council politicians (the district chief executive and members of district council assembly)	292	1	7	4.22	1.738
Regional government politicians	293	1	7	4.11	1.775
National government politicians (e.g. ministers and parliamentarians)	292	1	7	4.16	1.917
Civil/public service officials in regulatory and supporting institutions (e.g. IRS, the central bank, EPA, etc.)	293	1	7	4.61	1.663
Officials in investment and industrial institutions (e.g. Investment Board, Export Promotion Council, the Stock Exchange)	293	1	7	4.6	1.763

**Source: Field Study, 2016**

Averagely, respondents indicated the management in their firms have moderately developed and used personal and social networking relationship for the past three years. The mean scores ranged from minimum of 4.04 to maximum of 5.18. It was revealed that measurement items like searching systematically for new products, acquisitions, and investments; searching systematically for information about competitors and Civil/public service officials in regulatory and supporting institutions (e.g. IRS, the central bank, EPA, etc.) were averagely indicated as developed and

personally and socially used by the firms in the study. The other indicators were scored averagely as moderately used in the firms.

**Table 4.4: Operational Performance**

	N	Min	Max	Mean	Std. Dev
The extent of flexibility in production/service delivery processes	292	1	7	5.06	1.184
The time it takes to serve customers	293	1	7	5.32	1.176
The consistency in meeting the needs of customers	291	1	7	5.3	1.14
The extent of variety in products/services offered to customers	291	1	7	5.26	1.189
The nature of product/service support to customers	293	1	7	5.29	1.183
Resource utilisation (e.g. human skills, time)	292	1	7	5.36	1.12
Cost of production/operation	291	1	7	5.28	1.115
The time it takes to introduce new products/service offerings	292	1	7	5.11	1.408
The extent of product returns/service failure	293	1	7	4.93	1.427
The ability to handle varied customer/market needs	293	1	7	5.35	1.24

**Source: Field Study, 2016**

The results of the descriptive statistics of operational performance were presented in table 4.4 above. It was observed that, the scales were indicated by the respondents as much better than their key competitors. All the measurement items were scaled approximately 5 which showed the operation performances of the firms are better than their key competitors.

**Table 4.5: Financial Performance**

	N	Min	Max	Mean	Std. Dev
Sales volume	292	1	7	5.20	1.227
Profit levels	293	1	7	5.29	1.239
Growth in sales	293	1	7	5.16	1.162
Growth in profitability	291	1	7	5.20	1.177
Return on investment (ROI)	290	1	7	5.22	1.159
Return on sales (ROS)	292	1	7	5.23	1.177
Market share	291	1	7	5.16	1.267
Growth in ROI	292	1	7	5.16	1.170
Growth in ROS	293	1	7	5.17	1.181
Growth in market share	292	1	7	5.30	1.318

**Source: Field Study, 2016**

The financial performance of the firms also indicated the firms are doing better than their key competitors. The mean scores for all the measurement items are approximately 5. As indicated in the table, growth in market share was the financial performance that the firms performed much better than key competitors, followed by profit levels, return on sales (ROS), return on investment (ROI), sales volume and growth profitability. They were all indicated as much better than key competitors.

#### **4.4 Descriptive and Correlational Result**

The result of table 4.6 showed that the respondents averagely indicated the strategic planning of the firms is moderately accurate, mean value of 4.80 (Standard deviation of 1.135). The correlation result showed that there was positive correlation between strategic planning and social networking relationship ( $r=.399$ ,  $p<0.01$ ) of the small- and large firms at a statistical significance level of 1%. This value suggested that any significant unit improvement in the strategic planning of the small and large firms would excite higher levels of social networking relationship of the firms. Similarly, strategic planning and operational performance significantly correlated, ( $r=0.514$ ,  $p<0.01$ ). A unit enhancement of the strategic planning of the firms would significantly

increase the operational performance of the firms. Strategic planning also has positive correlation with financial performance ( $r=0.365$ ,  $p<0.01$ ). The result suggested that strategic planning correlates positively with social networking relationship, operational performance and financial performance. A unit improvement in the strategic planning of the small and large firms would significantly improve the performance of the firms operationally and financially.

**Table 4.6: Correlational Analysis and Descriptive statistics results**

	Fit	Fa	Fs	Sp	Snr	Oper	Fper	Mean	Std. Dev.
Firm industry type (Fit)	1							2.014	0.637
Firm age (Fa)	-.024	1						17.587	14.854
Firm size (Fs)	-.118*	.158**	1					0.338	0.474
Strategic Planning (Sp)	-.062	.044	.002	1				4.800	1.135
Social Networking Relationships (Snr)	.075	.046	.034	.399**	1			4.253	1.510
Operational Performance (Oper)	.000	-.035	-.016	.514**	.265**	1		5.205	0.893
Financial Performance (Fper)	-.004	.090	.021	.473**	.365**	.645**	1	5.187	1.012

\*. Correlation is significant at the 0.05 level (2-tailed). \*\*. Correlation is significant at the 0.01 level (2-tailed).

**Source: Field Study, 2016**

The mean value of 4.25 of the social networking relationship of the small and large firms showed that the respondents indicated the top managers of the firms have developed and used social networking relationship for the past three years. There was significant positive correlation between social networking relationship and operational and financial performance, as well as strategic planning. Increase in the social networking relationship will increase the operational and financial performance of the firms.

The mean values for operational and financial performances were 5.205 and 5.187 respectively. This result indicated the firms are performing better than their key competitors in the firm. It has been established that there are significant positive correlation between performance (operational and financial) and strategic planning and social networking relationships.

**Table 4.7: Regression Result**

Variables	Unstandardized Estimates							
	Operational Performance				Financial performance			
	Model 1	Model 2	Model 3	Model 4	Model 5	Model 6	Model 7	Model 8
Control paths								
-Firm industry	0.011(.182)	0.037(.721)	0.029(.553)	0.021(.413)	0.012(.107)	0.036(.687)	0.016(.300)	0.010(.202)
-Firm age	-0.024(-.352)	-0.052(-.881)	-0.056(-.958)	-0.058(-.998)	0.145(2.151)*	0.12(2.011)*	0.109(1.875)	0.108(1.853)
-Firm size	-0.032(-.467)	-0.015(-.252)	-0.01(-.170)	-0.008(-.144)	-0.125(-1.852)	-0.11(-1.836)	-0.098(-1.676)	-0.097(-1.660)
Hypothesised								
Strategic Planning		0.515(9.981)**	0.478(8.424)**	0.517(8.634)**		0.467(8.870)**	0.378(6.662)**	0.405(6.742)**
Social Networking Relationships			0.088(1.556)	0.096(1.699)			0.212(3.737)**	0.218(3.830)**
SP*Snr				0.109(1.959)				0.076(1.356)
R <sup>2</sup>	0.002	0.266	0.273	0.283	0.020	0.236	0.273	0.278
Δ R <sup>2</sup>	0.002	0.264	0.006	0.01	0.020	0.217	0.037	0.005
Adjusted R <sup>2</sup>	-0.008	0.256	0.259	0.267	0.009	0.225	0.260	0.262
F-statistics (DF)	.222(278)	25.131(277)**	20.692(276)**	9.995(275)**	1.843(278)	21.439(277)**	20.748(276)**	17.649(275)**
Δ F-statistics	0.222	99.62	2.421	3.836	1.843	78.683	13.966	1.839
Durbin-Watson		1.912				1.917		

**Source: Field Study, 2016**

#### 4.5 Model Estimation and Results

Ordinary Least Square (OLS) regression model was used for the estimation of impacts and moderation effect. The control variables were firm type of industry, firm age and firm size. The dependent variable of the model was performance (operational performance and financial performance) and the independent variable was strategic planning and the moderator was social networking relationship. In arriving at the interaction effects, 8 models were estimated, where the first four models used operational performance as dependent variable and the last four models used financial performance as dependent variable. The approximate Durbin-Watson value of 2.00 (actual= 1.912) for operational and 1.917 for financial showed absence of autocorrelation. The variance inflation factors (VIF) of the explained variables of the model were below 10, showing lower level of collinearity of the model. This diagnostic test was performed and the results of all the models provided good-fit.

In model 2 and model 6, adjusted r-squares were respectively 0.256 and 0.225. The adjusted R-squared result of model 2 and model 6 showed respectively that 26 percent and 23 percent of the variations in the dependent variable; operational performance and financial performance are explained by the strategic planning (independent variable).

In model 3 and 6, adjusted r-squared were respectively 0.256 and 0.225. This means that strategic planning without social networking relationship and the interaction account for 26 percent of the variation in operational performance and 23 percent of financial performance. The degree of effect on performance; model 2 (B=0.515,  $p < 0.01$ ) and model 6 (B=0.467,  $p < 0.01$ ) showing significant positive effect on

performance. Inclusion of social networking and interaction improved the amount of variation explained by the independent variables, adjusted R-square = 0.267 in model 4 and adjusted r-square = 0.262 in model 8. The change in  $R^2=0.01$  in model 4 and change in  $R^2=0.005$  in model 8. The interaction effect did not showed a significant moderation of social networking planning of the effect of strategic planning on performance. The adjusted r-square increased by very small margin.

#### **4.6 Evaluation of Hypothesis**

The conceptual framework developed for the study was evaluated using the result with the objective of rejecting or accepting the developed hypothesis. The section evaluated the study result in sub-sections on the basis of the various objectives the study desired to achieve.

##### **4.6.1 Assess the Impact of Strategic Planning Practices on the Performance of Small and Large firms in Ghana.**

The hierarchical multiple regression model result, Model 2 and Model 6 in Table 4.7 showed that there was positive impact of strategic planning on operational performance of small and large firms at 1% significance level. This therefore indicates that any significant unit improvement in the strategic planning is associated with 0.517 unit increased in the operational performances of the small and large firms. Apparently, the result indicated significant positive impact of strategic planning on financial performance. The result of the study did not provide adequate evidence to support the hypothesis ( $H_1$ ) that strategic planning (goal setting, analysis and scanning) has an adverse effect on the performance for small and large firms in Ghana. Strategic planning; (goal setting, analysis and scanning) has significant

positive effect on the performance of small and large firms in Ghana. It was also revealed (Model 8) that strategic planning practices have significant positive impact on financial performance of small and large firms in Ghana. A unit improvement of strategic planning practices significantly increased the financial performance of the small and large firm in Ghana.

#### **4.6.2 Impact of Social Networking Relationships on the Performance of Small and Large Firms in Ghana**

The study revealed that there was positive impact of social networking relationship on operational performance but statistically insignificant ( $B=0.096$ ,  $p>0.05$ ). Small and large firm effort to improve social networking relationship is associated with increase operational performance by 0.096. The correlational result in Table 4.6 showed significant positive relationship with operational performance ( $r=0.265$ ,  $p<0.01$ ). These results indicated there is causal relationship between social networking relationship and operational performance. Operational performance might granger cause social networking relationship which resulted to significant correlation.

In model 8 of Table 4.7, it was revealed that there was significant positive impact of social networking relationship on financial performance of small and large firms in Ghana ( $B=0.218$ ,  $p<0.01$ ). This means that improving the social networking relationship will significantly increase financial performance of small and large firm in Ghana.

### **4.6.3 Moderating Effect of Strategic Planning and Social Networking**

#### **Relationships on the Performance of Small and Large Firms in Ghana**

The result indicated that strategic planning practices have significant positive impact on operational performance of (0.517,  $p < 0.01$ ) and significant positive effect on financial performance of (0.405,  $p < 0.01$ ). These relationships produced conditional effect where the other independent variables are hold constant or set to zero. The inclusion of social networking relationship as moderator increased the amount of variations in the explained variable, performance (operational and financial). The change brought by the inclusion of social networking relationship as moderator was statistically insignificant. This showed that, social networking relationship has no significant moderating effect on the impact of strategic planning practices on firm performance. The hypothesis ( $H_4$ ) was supported with this result, since there is some amount of increase (positive) effect of the moderator on the impact of strategic planning on firm performance, however, not statistically significant.

### **4.7 Discussion**

The study has undergone series of statistical analysis and established positive impact of strategic planning practices; goal setting, analysis and scanning on firm performance. This result supported Fening et al. (2008) in their study of 200 SMEs in Ghana by finding a positive relationship between strategic planning and firm performance. Moreover, Rue and Ibrahim (1998) examined the planning practices of small firms in the US and found positive relationship between planning sophistication and growth in sales. Banham (2006) also reported a strong positive relationship between the existence of a strategic plan and the implementation of organization

change practices. Small and large firms in Ghana strategic planning has strong positive effect on firm performance. Firms with apposite strategic planning practices in the area of goal setting, analysis and scanning achieve better operational and financial performance.

Studies have shown that, the more networking activities an entrepreneur engages in, the larger his personal network and the more central his position in it should be (Witt, 2004). Firms activities embedded in network relationships that direct resource flows to firms and individuals who are somehow better connected (Aldrich and Zimmer, 1986; Hoang and Antoncic, 2003). Social networking allows firms to identify opportunities, mobilize resources and build legitimacy for their firms. The study identified significant positive impact of social networking relationships on operational and financial performance.

## CHAPTER FIVE

### SUMMARY OF FINDINGS, CONCLUSIONS AND RECOMMENDATIONS.

#### 5.0 Introduction

This chapter presents a summary, conclusions and recommendations of the study on strategic planning, social network relationship, and performance of small and large firms in Ghana

#### 5.1 Summary Findings

This section of the chapter summarised the findings of the study on the basis of the defined study objectives and research questions. The main focus of this study was to assess the impact of strategic planning practices on the performance of small and large firms in Ghana. It also sought to assess the impact of social networking relationships on the performance of small and large firms in Ghana. And finally, to assess the impact of moderation effect of strategic planning and social networking relationships on the performance of small and large firms in Ghana. The following are the main findings of the study which seek to answer the research objectives.

##### 5.1.1 The Impact of Strategic Planning Practices on the Performance of Small and Large firms in Ghana

The study revealed that strategic planning practices of small and large firms in Ghana have positive significant impact on firm performance. This result revealed that any unit improvement in the strategic planning of small and large firms is associated with significant increased in both operational and financial performances.

This led to the failure to accept the hypothesis (H<sub>1</sub>) that strategic planning (goal setting, analysis and scanning) has an adverse effect on the performance for small and large firms in Ghana. The alternative of this hypothesis was strongly supported “strategic planning; (goal setting, analysis and scanning) has significant positive effect on the performance of small and large firms in Ghana”.

### **5.1.2 Impact of Social Networking Relationships on the Performance of Small and Large Firms in Ghana**

The study revealed that there was positive impact of social networking relationship on operational performance but this effect was statistically not significant. This finding shows that effort of managers in small and large firms to improve on their social networking relationship will increase firm performance. This means that improving the social networking relationship will significantly increase financial performance of small and large firm in Ghana. Firms and their affinity to establish lasting social networking relationships with external stakeholders such as community leaders, political leaders and government bureaucratic officials improve firms’ operational and financial performance.

### **5.1.3 Moderating Effect of Strategic Planning and Social Networking Relationships on the Performance of Small and Large Firms in Ghana**

The study revealed that impact of strategic planning practices on operational performance and financial performance is not significantly moderated by social networking relationships. Though, the inclusion of social networking relationship as moderator in the model increased the amount of variations in the firm performance. The change brought by the inclusion of social networking relationship as moderator

was observed to be statistically insignificant. This showed that, social networking relationship has no significant moderating effect on the impact of strategic planning practices on firm performance.

## **5.2 Conclusion**

The strategic planning in the area of goal setting, analysis and scanning was identified as moderately accurate in the small and large firms in Ghana. The extent to which top managers of small and large firms in Ghana develop and use personal and social networking relationships for the past three years was observed to be frequently used. The operational and financial performance of small and large firms in the study was revealed to be much better than their key competitors.

The study provided evidence in support of the existing theory and the developed conceptual framework as there was empirical evidence of effect of firm strategic planning practice on performances. Social networking relationship also has significant effect on firm performance of small and large firms in Ghana. The effect of the small and large firm strategic planning on firm performance was moderated by social networking relationship but statistically insignificant. In conclusion, higher level of strategic planning and social networking relationship conditionally stimulated operational and financial performance of small and large firms in Ghana.

## **5.3 Recommendation**

On the basis of the summarized findings and conclusions of the study, the following key policy and managerial level recommendations are made for potential enhancement of the firm performances of small and large firms in Ghana.

### **5.3.1 Improvement of Strategic Planning Practices and social networking relationship by Management of Firms**

The managers of small and large firms should develop strategic plans for their business activities. This can be achieved through formulation of a mission statement of the firm, establishing objectives, crafting and implementing the strategies, and monitoring and controlling the progress in strategy implementation through all the levels of the firms operations (management and subordinates). Personal and social networking relations with communities' stakeholders, government and business should be enhanced by managers of small and large firms in Ghana, especially in a country and communities where community leaders, Government officials and political bureaucratic leaders are held in high esteem.

### **5.3.2 Suggested Areas for Further Studies**

The study suggested that further studies in the area of strategic planning, social networking relationship and performance on a more wider breadth of the country. The generalization ability of the result could be enhanced if larger sample is taken from the various regions of the country. More so, further studies could also look at the effect of mediator on the relationship between the strategic planning and performances. Again, a comparative analysis could also be done on strategic planning, social networking relationship in relation to performance of small and large firms in Ghana.

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**APPENDICES**  
 Kwame Nkrumah University of Science and Technology  
 School of Business  
 Department of Marketing and Corporate Strategy  


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**Survey Instrument@2016**

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

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

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

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

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

**Questionnaire ID:**

**SECTION A: STRATEGY AND RELATED ISSUES**

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

**SA1: STRATEGIC PLANNING**

<i>What is the extent of accuracy concerning your company’s marketing activities?</i>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>	<b>7</b>
G1. We have broad range goals known to all managers	<input type="checkbox"/>						
G2. We have specific goals known to all managers	<input type="checkbox"/>						
G3. We have long-term goals known to all managers	<input type="checkbox"/>						
G4. We have short-term goals known to all managers	<input type="checkbox"/>						
A1. Our firm's actions are based more on formal plans than on intuition	<input type="checkbox"/>						
A2. We have a manager or department devoted exclusively to formal planning	<input type="checkbox"/>						
A3. We hold regular managers' meetings to discuss overall strategy	<input type="checkbox"/>						
A4. We use mathematical and computer models as planning aids	<input type="checkbox"/>						
A5. We have a written plan for the next 12 months	<input type="checkbox"/>						
A6. Our planning outlook is more long-term than short-term	<input type="checkbox"/>						
S1. We search systematically for information about our competitors	<input type="checkbox"/>						
S2. We use special market research studies	<input type="checkbox"/>						
S3. We search systematically for new products, acquisitions, and investments	<input type="checkbox"/>						

SA2: CEO/Head's LOCUS OF CONTROL

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

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

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

<i>Assess the extent to which your company has placed emphasis on the various business practices for the past three years:</i>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>	<b>7</b>
Ds1. Developing new products or services	<input type="checkbox"/>						
Ds2. Upgrading or refining existing products	<input type="checkbox"/>						
Ds3. Emphasising products or services for high priced market segments	<input type="checkbox"/>						
Ds4. Improving existing customer service	<input type="checkbox"/>						
Ds5. Innovation in marketing products and services	<input type="checkbox"/>						
Ds6. Advertizing and promotion of products and services	<input type="checkbox"/>						
Ds7. Building and improving brand or company identification	<input type="checkbox"/>						
Ds8. Offering specialty products	<input type="checkbox"/>						
Ds9. Effective control of distribution channels	<input type="checkbox"/>						
Cl1. Offering a broad range of products or services	<input type="checkbox"/>						
Cl2. Operating efficiency	<input type="checkbox"/>						
Cl3. Offering competitive prices for products and services	<input type="checkbox"/>						
Cl4. Forecasting market growth in sales	<input type="checkbox"/>						
Cl5. Emphasizing control of operating and overhead costs	<input type="checkbox"/>						
Cl6. Innovation in production process or service offerings	<input type="checkbox"/>						
Cl7. Emphasizing high quality standards or high quality service	<input type="checkbox"/>						

## SECTION B: COMPETITION AND RELATIONSHIPS

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

SB1 and SB2:

### SB1: COMPETITIVE INTENSITY

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

### SB2: SOCIAL NETWORKING RELATIONSHIPS

<i>Please indicate the extent to which top managers in this firm have developed and used personal and social networking relationships for the past three years with....</i>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>	<b>7</b>
SNc1. Local kings/chiefs (or at least their representatives)	<input type="checkbox"/>						
SNc2. Religious leaders (e.g. pastors, imams, priests)	<input type="checkbox"/>						
SNc3. Leaders of other social organisations such as fun clubs	<input type="checkbox"/>						
SNp1. City councils politicians (mayor and council members)	<input type="checkbox"/>						
SNp2. District council politicians (the district chief executive and members of district council assembly)	<input type="checkbox"/>						
SNp3. Regional government politicians	<input type="checkbox"/>						
SNp4. National government politicians (e.g. ministers and parliamentarians)	<input type="checkbox"/>						
SNb1. Civil/public service officials in regulatory and supporting institutions (e.g. IRS, the central bank, EPA, etc.)	<input type="checkbox"/>						
SNb2. Officials in investment and industrial institutions (e.g. Investment Board, Export Promotion Council, the Stock Exchange)	<input type="checkbox"/>						

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

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

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

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

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

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

**SECTION E: FIRM INNOVATIVENESS & INTERNAL CHARACTERISTICS**

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

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

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

SE2: INNOVATIVENESS

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

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

## SECTION F: BUSINESS PERFORMANCE

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

### SD1: OPERATIONAL PERFORMANCE

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

### SD2: FINANCIAL PERFORMANCE

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

**SECTION G: FIRM BACKGROUND & RESPONDENT'S INFORMATION**

1. This firm is mainly a...  Manufacturing organisation  Service organisation  Otherwise
2. Is this firm a family-owned business?  Yes  No
3. If you answered “yes” to (2) above,
  - o Do family members control the business ?  Yes  No
  - o Are family members involved in the business as directors?  Yes  No
  - o Are family members involved as employees?  Yes  No
  - o Are you a family member?  Yes  No
4. If this firm is not a family owned-business, which of the following categories best describes it?
  - Joint-venture/partnership  Public limited liability company
  - other.....
5. How long has this firm existed/operated in the industry?.....Years
6. On the average, how many employees has this firm kept over the past three years?..... Employees
7. Does this firm have a research and development unit?  Yes  No
8. Please indicate your **gender**  Male  Female
9. Please indicate your **age** (years)  Less than 20  20 to 29  30 to 39  40 to 49  50+
10. Please indicate your **current position** in this firm  Owner-manager  Executive  Manager
11. Please indicate the **number of years that you have held your current position** in this firm.....

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

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