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Effect of Organizational Capabilities on Performance of Micro and Small Family Businesses in Ghana: The Moderating Role of Environmental Characteristics

by

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MASTER OF BUSINESS ADMINISTRATION

DECLARATION

I hereby declare that this submission is my own work towards the MBA and that, to the best of my knowledge, it contains no material previously published by another person, not material which has been accepted for the award of any other degree of the University, except where due acknowledgment has been made in the text.

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ABSTRACT

The rationale of the study is to examine the moderation role of competitive intensity on organizational capabilities (marketing and managerial) as a measure of business performance. Data was collected from 196 micro and small family business firms in Ghana. The hierarchical regression model was used to analyze the hypotheses of the study. The findings of the study indicate that, irrespective of the competitive intensity in the business environment, micro and small family businesses that adapt marketing and managerial capabilities will always outperform industry players. Thus, there is a direct relationship between organizational capabilities and organizational performance (financial and operational). This result was achieved after firm age, firm size and industry sector were used as control variables. The moderating interaction was insignificant therefore family businesses are being encouraged to enforce best marketing and managerial capabilities to achieve superior return on investments and return on sales. To achieve this result, quantitative data and subjective results were used to analyze the data with LISREL 8.5 and SPSS 16.0. Limitations of the study were centered on the survey conducted only in Ghana. The conclusion and recommendations focused on micro and small family business owners in adapting marketing and managerial capabilities within the turbulent industry competitiveness to achieve outstanding financial and operational performance within the industry sector.

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LIST OF ACRONYMS AND ABBREVIATIONS

24/7: 24 Hours, 7 Days a week

ACET: African Centre for Economic Transformation

ANOVA: Analysis of Variance:

AVE: Average Variance Extracted

B2B: Business to Business

B2C: Business to Consumer

CEOs: Chief Executive Officers

CFA: Confirmatory Factor Index

CFI: Comparative Fit Index

CIMG: Chartered Institute of Marketing, Ghana

CLTV: Customer Life Time Value

CR: Construct Reliability

CRM: Customer Relationship Management

CSR: Corporate Social Responsibility

DF: Degree of Freedom

ERP: Economic Recovery Programme

FDI: Foreign Direct Investments

FMCGs: Fast Moving Consumable Goods

GDP: Gross Domestic Product

GIPC: Ghana Investments Promotion Council

GMO: Genetically Modified Organisms

GSE: Ghana Stock Exchange

ICT: Information and Communications Technology.

IFC: International finance Corporation.

ILO: International Labour Organization

IMC: Integrated Marketing Communications

IMF: International Monetary Fund.

ISIC: International Standards Industrial Classification

ISO: International Standards Organization

IQ: Intelligence Quotient

JIT: Just in Time

KNUST: Kwame Nkrumah University of Science and Technology

LISREL: Linear and Structural Relationship

MBA: Masters in Business Administration

MSFB: Micro and Small Family Business.

NBSSI: National Board for Small Scale Industries.

NGOs: Non-Governmental Organizations.

NNFI: Non-Normed Fit Index

NPD: New Product Development

OECD: Organization for Economic Cooperation and Development

OMCs: Oil Marketing Companies

PESTLE: Political, Economic, Socio-cultural, Technological, Legal, Ecological.

R&D: Research and Development

RBV: Resource Based-View.

RMSEA: Root Mean Square Error of Approximation

ROA: Return on Assets

ROI: Return on Investments

ROS: Return on Sales

SERVPER: Service Performance

SERVQUAL: Service Quality

SMEs: Small and medium-sized enterprises

SWOT: Strength Weaknesses Opportunities and Threat

SBU: Strategic Business Unit

SPSS: Statistical Package for Social Sciences

SRMR: Standardized Root Mean Square Residual

UCCABS: University of Cape Coast Business School

USA: United States of America

USD: United States Dollars

VIF: Variance Inflation Factor

WOM: Word of Mouth

WTO: World Trade Organization

χ^2 = Chi-square

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CHAPTER ONE

INTRODUCTION

1.1 Background of Study

The African Centre for Economic Transformation (ACET) reviewed an investment guide for West African Countries like Ghana in the year 2014 suggesting the need for diversification of their resources production base and making the exports more competitive to avoid international sanctions. In spite of this, increasing the productivity of farms, government agencies and firms and also to upgrade their technological assets and capabilities, all as an attempt in improving human well-being and human capital (Moyela, 2015), thus investment drawbacks of entrepreneurs which either inhibits or if well facilitated improves performance strategies. The prevailing economic liberalization of the global trade and industry sector in the world of commerce has caused numerous changes in the business especially bringing about rapid growth in entrepreneurship. Entrepreneurial business is an emerging business trade springing out in the African economy especially in Ghana, to be precise with micro and small family businesses as the major focus since multinational companies need huge investment capital unlike these micro and small family businesses which need just little startup capital for their initial investments. These micro and small family businesses comprise both the manufacturing and services sector. This comprises the manufacturing sector involving businesses like those of the sachet water manufacturers, indigenous African wear and locally made ornamental fashion companies, artisans in the field of handicrafts etc. The services sector of micro and small family businesses also involves the stores and various retail shops, supermarkets, hotels, microfinance or savings and loans credit unions, repairers of electronic machines, tailors and seamstresses, barbers, restaurants or canteens and local market vendors. These businesses are characterized by buying and selling of products termed as commercialization and trading (Kayanula and Quartey, 2000). Coupled with the performance of these micro and small family businesses in Ghana are their organizational capabilities which impacts on the business environment. One major organizational capabilities performance check is the competitive strategy and industry competition in the business and commerce industry sector. Business environmental analysis as the moderating role is characterized by the PESTLE factors being it political, economic, socio-cultural, technological, and legal and finally natural environment. Aside these are the perceived intensity of industry competition and the industry sector performance influences which also involves marketing and managerial RBV competencies capabilities (Kotler and Keller, 2012). Many researchers and leading academic authorities have conducted research within the area of micro and small family business performance in Ghana in terms of marketing capability and competitive strategies (Agyapong et al, 2015). Therefore, the gap for the essence of this research topic focuses on managerial capabilities and marketing capabilities as moderated by intensive competition of micro and small family business performance in Ghanaian industry sector.

1.2 Problem Statement

Organizational capabilities can positively impact on micro and small family businesses to give them competitive advantage since it leads to differentiation of markets from competitors (Kelchner, 2015). According to Jean Philippe Prosper, Vice-president for sub-Saharan Africa, Latin-America and the Caribbean International Finance Corporation, the International Finance Corporation (IFC), in support of small and medium-sized enterprises (SMEs) stated. Family firms sometimes find difficulties in obtaining licences to operate their businesses and therefore the IFC has made it possible through community development programmes to enable SMEs to get access to national, domestic, foreign, international and global value chains (Norbrook, 2014). Moreover, the IFC in order for the local entrepreneurs to put their sources of financial funding of income, loans and grants into judicious and profitable use offer training programs and technical assistance help in various field of endeavour like better environmental and safety policies of industrialization. Also, due to the smaller sizes of these micro and small family businesses, they seem not to have direct access to the global international marketplace hence smaller companies are reached though multinational companies like Newmont. Thus, in the value chain of buying and selling, bigger companies are tasked to make procurement of raw material resources on behalf of smaller business. In view of this, the IFC is planning to integrate local and small companies through financial intermediaries since about 50% of Ghanaian businesses are channeled through the financial institutions like local rural banks for the SMEs to benefit especially the agricultural sector small scale farmers. Most of these SMEs also encounter problems in the procurement and purchasing of assets based equipment hence the IFC boosts their technological asset base equipment through leasing programme. Eventually, the SMEs contribute about 20% of the total value cost of the asset whilst the financial institutions pay for the rest of the equipment's price therefore, the banking establishments tend to own this equipment and have the authoritative power to lease it to other SMEs for further productions. Thus, trying to recover the asset but at times the SMEs in turn buys it back at the durational end of the leasing period to help in its manufacturing and production base (Norbrook, 2014). This emphasizes interdependency of resource based facilities and amenities. All these assertions impact on organizational performances either positively or negatively hence calling for this research as a policy measure for improved business performance sustainability. The pending most crucial problems confronting the micro and small family businesses is in the aspect of regulatory framework and proper governmental legislation hampering the SMEs like that of the illegal gold mining locally termed as "galamsey" which is depleting and deteriorating our natural green vegetation cover and natural habitat extinction. Another peculiar hindrance is that of proper and better justice or judicial system and enforcements of the rule of law being backed by the constitutional jurisdiction (Norbrook, 2014). In contrast, the statement of the problem can be deduced that, "examining the essence of micro small family businesses and what they are capable of accomplishing and achieving in the spate of competitive business environment in a middle income country like Ghana as an emerging economy into industrialized economies with a performance benchmark in environmental and organizational capabilities".

1.3: Objectives of Study

1. To examine the relationship between organizational capabilities and performance of micro and small family businesses in Ghana.
2. To examine the relationship between environmental characteristics and performance of micro and small businesses in Ghana.
3. To examine the moderation effect of environmental characteristics and organizational capabilities on performance of family businesses in Ghana.

1.4: Research Question

1. How can organizational capabilities impact the performance of micro and small family businesses in Ghana industrial and commerce transactions?
2. How do environmental characteristics influence the micro and small businesses performances in Ghana industrialization sector?
3. What are the challenges in moderation effect between environmental characteristics and organizational capabilities on family business performance in Ghanaian trade and industry?

1.5 Scope of Study

The scope of the study views the extent of organizational capabilities on the performance of micro and small family businesses in the industry sector of Kumasi Metropolitan area within the Ashanti region of Ghana both providing services and manufacturing or production of goods. Example; retail shops, schools, consulting firms, garages, repairers, contractors, restaurants, farmers and healthcare etc. For the purpose of this study, products shall refer to both goods and services unless specified where applicable. The study is to be conducted on some selected family-SMEs in Ghana through the NBSSI business directory of entrepreneurs. Also, the study examines the moderating role of marketing environmental characteristics through the performance of micro and small family businesses organizational capabilities. Ghana, is a country in Africa continent hence, some thoughts will also be borrowed from previous researches conducted on some African nations because Ghana enjoys economies of scale from Africa and the world's global village as a whole due to capacity utilization and building to develop the continent.

1.6 Justification of the Study

This thesis project will be useful and beneficial to the Ghanaian economy in terms of economic development of African emerging economies under the fierce industry competition of globalization and interdependency of industrial sector on organizational performance. This is true in the prevailing economic liberalization as an economic recovery strategy for modern or present day entrepreneurial revolution. The competitive strategy of organizational capabilities on micro and small family businesses as SMEs quest for extensive capital gain and governmental tax holidays alongside subsidies coupled with environmental factors. Micro and small family businesses in the area of entrepreneurial self-establishment will lead to job creation to over empower the crises of graduate unemployment in Ghana and diminish the burden on public sector entrenchment. This will address the IMF economic problem of optimum public labour.

Notwithstanding this, proper management of organizational capabilities will positively impact and influence the micro and small family businesses in relation to the business environmental analysis by reducing extreme abject poverty in the rural sector specially to make the illiterates, less endowed, the vulnerable and the less privilege to be able to make ends meet. Also, to be able to afford most economic commodities and products being it goods and services which will also push the economy of Ghana forward from a middle income nation into an advanced and technologically inclined industrial world like Japan, United States of America, Great Britain and Russia. For the purpose of this study, Ghanaian MSFB is the practical businesses being assessed of their organizational capabilities in relationship with the moderating role of environmental characteristics. To the researcher, the significance of the study is to enable the researcher acquire Master's degree in Business Administration (MBA) with specialization in Marketing and the thesis will serve as reference source to KNUST graduate school of business. Performance of family businesses will also be improved through governments and SME owner's consideration of this research thesis as an article for entrepreneurial development guide in business investments.

1.7 Brief Overview of Research Methodology

Quantitative approach of data analysis was adopted to analyze data collected, solicited and gathered from the field through various questionnaires and interviews. Thus, deductive reasoning research method approach was used to measure the data collected from the field to be processed into information to give a detailed description about the whole research thesis project work for further deliberations. These analyses involved statistical computations and theoretical background simultaneously combined together to give meaning to the research thesis. Samples were also drawn from the general public through the National Board for Small Scale Industries (NBSSI) business directory to assess their organizational capabilities in the business environment relative to business performances. Survey and observational practices were also implored. LISREL and SPSS were used in the processing of the data for valuable information in taking decisions since the research will be recommended for policy formulation and implementation and also capable of being published as an academic article.

1.8 Limitation of the Study

The thesis encountered numerous limitations during the research study. First and foremost, the scope of the study was limited to only micro and small family businesses in

Ghana thereby the study was limited in view to all listed companies on the Ghana Stock Exchange (GSE). Also, the study focused on MSFB only in Ghana whereby Africa continent as a whole was neglected. The research topic therefore only concentrated on the informal sector of MSFB, marketing and managerial capabilities aside financial and operational performance whereby all other organizational capabilities were also neglected. Moreover, some respondents were unwilling to administer the questionnaires which they claim to be more sensitive and time consuming to read and think for accurate information answering questions haphazardly. Moreover, respondents were complaining excessively about their investments portfolios for them to address due to corporate governance impediments against business competition policies on issues of documentation confidentiality and trade secrets of family businesses like legacy and wealth.

1.9 Organization of the Study

The research project work captioned as thesis will be divided into five basic fundamental chapters. The chapter one shall comprise the introduction part which is broken down into different sections. It is followed by chapter two which stipulates the literature review and theory as propounded by leading authorities in the field of academia and citations of scholarly journal articles relevant to the thesis topic. Chapter three recalls the methodology applied to the study which describes population, sample frame, sample size, modes of data collection and experimental, thus, materials and methods with profile of the case study. Forth chapter analysis the presentation of findings and discussion of results with the last chapter being chapter five summarizing findings of the study, conclusion of research and suggesting recommendations. All these aspects are required by virtue of preparation of a thesis with a guide from graduate studies thesis manual under the academic's department of Kwame Nkrumah University of Science and Technology, precisely Ashanti region capital town of Kumasi campus in Ghana, West Africa.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

Micro and Small family businesses which adopt the dynamic capabilities encourages their organizations to attain competitive urge in their industry sector through deployment, creation and protecting the performance of their business organizations (Teece, 2007). Organizations with static managerial and marketing policies tend to develop inertia and turbulent business environment of rapid globalization. Entrepreneurship is one aspect of business diversification in African emerging economies which is becoming rampant in the world (Steen 2008). Moreover, Ghanaian family businesses are booming as a result of the gateway to West Africa hallmark.

2.2 The Resource-Based View (RBV)

According to Ray et al, (2004) the resource-based view (RBV) can be explained as the efficient deployment of capabilities and valuable resources to gain sustainable competitive advantageous position to improve upon business performance. Masakure et al, (2009) emphasizes the RBV on internal asset attributes as resource endowments to achieve competitive urge (Degraval, 2011). Chari and David, (2011); Barney, (1991) further discusses the RBV contributes to competitive advantage and sustainability as a competitive measure of firm’s superior performance either in multinational corporations or small businesses. RBV of a firm comprises; technological, physical, organizational, entrepreneurial and reputational dimensions among others (Newbert, 2006; Bakar and Ahmad, 2010). The RBV therefore describes distinctive capabilities with variables of scarcity or rareness, inimitability, non-substitutability, heterogeneity and durability (Rouse and Daellenbach, 2002). Camison, (2005) discusses resources comprises both tangible assets being financial or physical and intangible assets all characterized by intellectual property rights like patents since organizations have direct control over resources parsimony and leveraging. RBV independently operates from organizations as factors of production entailing land, labour, capital all judiciously manipulated by entrepreneur. Organizational employees or members with experienced and knowledgeable skills and expertise like professional consultations of efficient leadership roles describe competencies (Amit and Schoemaker, 1993). Chaharbaghi and Lynch (1999); Azzone et al, (1995), also contrasts that firms and corporate business organizations RBV under nine broad categories according to the International Standards Industrial Classification (ISIC). Notably amongst these resource nurturing includes; forestry, agriculture, hunting; quarrying, mining, manufacturing; gas, electricity, water; construction firms; wholesale and retail trading; communication, transport and storage; insurance, real estate and finance and lastly social, personal and community services. RBV is therefore a holistic view of the organizational capabilities through prioritizing resources deployment to create, produce and manufacture goods and services as products for marketing (Knight and Cavusgil, 2004). Additionally, organizations must compete for resources instead of products through diversification being ascertained by strategic human resource management to sustain robustness (Andersen, 2010). Superior and successful performance measurement of businesses through RBV is conditioned towards innovativeness to gain competitive urge in the turbulent industry sector (Xu et al, 2014). Camison, (2005) expatiates that, RBV comprises capabilities and core competencies aside resources exploitation like tangible and intangible assets but for the purpose of this study, the research was focused on organizational capabilities.

2.3 Organizational Capabilities

In view of Amit and Schoemaker, (1993) organizational capabilities can be defined as the capacity of a firm in resources deployment through strategic processes to achieve desired and efficient end results. Camison, (2005); Sharma and Vredenburg, (1998) analyzes organizational capabilities as a knowledgeable combination set of business structural activities, independent and absorbed by organizational workforce through individual competencies and multidimensional specific constructs. Thus, skills possessed by the organizational firm to help in the successful coordination and combination set of resources deployment for business operational activities. In view of Degravel, (2011) capabilities must be maintained, protected, managed, acquired, transformed and redeployed. Strategic organizational capabilities are a notion which emphasizes on an organization's uniqueness in the industry sector to contribute to progressive performance (Parnell et al 2015). Embedded in organizational capabilities in relation to competitive advantage performance are distinctive core competencies. According to Camison, (2005) distinctive core competencies distinguish relevant strategic assets sustaining conservative attainment of competitive position through exploitation of resource characteristics. This multidimensional uniqueness like rent appropiability, scarcity, inimitability, durability and non-substitutability describes the exceptional and dynamic competencies of leadership and skillful teamwork through innovative exploration of capabilities as a performance benchmark. Kelchner (2015) stipulates these briefly enumerated factors as beneficial importance of organizational capabilities for enormous decision making and effectiveness. Organizational capabilities contribute to competitive advantage thus; it creates differentiation as a market leader through innovative trends. Also, it brings flexibility and responsiveness, thus being responsive to dynamic environmental changes. Again, it ensures knowledgeable workforce, this means educating and training workforce with assistance. Moreover, capabilities improve customer relationship management (CRM) to foster customer loyalty. Furthermore, capabilities create leadership and management practices, shared mindset in capacity for change especially learning from past challenges in competence, efficiency and collaborative practices through benchmarking of paradigm shifts in economic uncertainties and situations (Gryger et al, 2010). Degravel (2011), propounds several organizational capabilities comprising marketing capabilities, managerial capabilities, technological capabilities, entrepreneurial or innovative capabilities, economic or financial capability etc. Notwithstanding this, organizational resource capabilities encompass protection, leveraging, managing a strategic architecture, development and evolution, shredding and divesting, acquisition and finally asset integration and orchestration. (Xu et al, 2014). For business firms to achieve positive organizational performance, it must strategize innovation, collaboration, leadership, coherence, adaptability and creativity. Moreover, these dimensions of competitive urge, position or advantage within the intense industry sector of corporate capabilities fosters sustainable development either in multinational or micro and small family businesses (Degravel, 2011; Knight and Cavusgil, 2004). Prominent examples of organizational capabilities include marketing; managerial, technological, innovative, dynamic, architectural etc. but for the purpose of this research study, only marketing and managerial capabilities will be thoroughly focused on.

2.3.1 Marketing Capabilities

Chahal and Kaur (2014) explain marketing capabilities as an organization's integration of resources through skills and knowledgeable employees performing marketing roles and activities to satisfy customer needs in the competitive industry of business holistically. Day, (1994) also examine marketing capabilities as a complex set of bundles embedded with skills and accumulation of knowledgeable competencies, aiding organizations to make valuable use of assets to coordinate business activities processing. According to Chahal and Kaur (2014); Perez-Cabanero et al, (2012); Day (1994) emphasizes three marketing capabilities categories comprising outside-in, inside-out and spanning capabilities. Moreover, Kamboj and Rahman, (2015) also classifies marketing capabilities in three categories comprising functional, operational and strategic (Darley and Blankson, 2008). The development of marketing capabilities helps firms and multinational organizations to forecast anticipate and predict market uncertainties and requirements before competitors become aware of it. Notwithstanding this, it also enables firms to maintain customer relationship management (CRM) with suppliers and intermediaries. This has a direct linkage to external business environment. These capabilities in marketing are embedded with channel bonding through CRM, marketing sensing through customer database management, and customer linking through CLTV as retention and loyalty tactical strategies (Chahal and Kaur, 2014). This leads to effective and efficient distribution of delivering goods and services being products to ultimate and potential clients, consumers or customers either through personal delivery or door-to-door delivery through customized channels like direct marketing and personal selling (Day, 1994). All these marketing capabilities enumerated above influences and impacts organizational performance to maximize both financial and non-financial performance and market performance (Perez-Cabanero et al, 2012). In spite of this, these variables comprise external opportunities, competitive advantage and market requirements for fostering marketing capabilities in collaboration with dynamic innovativeness (Breznik and Hisrich, 2014; Vijande et al, 2012). This tends to be a systemized mechanization operated entirely instead of separate functional specialization for organizational development purposely in an effort to counter the rapid integration of all separate departmental units (Song et al, 2005). Zou et al, (2003) identifies integration of marketing capabilities coupled with knowledge asymmetry inculcating internal functional structure of corporate organizational performance of firm's markets share. These recommend services variables such as requirements fulfillment of order taking, new product development (NPD), strategic development policies, service quality expectations gap delivery and promotional management capabilities (Vorhies and Morgan 2005). In view of this, pricing tactics can contribute to competition challenges to gain greater and maximum market share as the market leader. Moreover, integrated marketing communication (IMC) capability mostly relates to meeting customer expectations for service satisfaction through perceived value and image perception of the enterprise. Cadogan et al, (2002); Greenlay at al. (2005); Day, (1994), officially classifies marketing capabilities as a networking capability opined importantly to comprehend in facilitating decision making possibilities to gain competitive urge in the industry sector through mannerly insights of informing. Marketing capabilities therefore guides entrepreneurs. Market scanning and investigative marketing research thus, R&D is another marketing espionage phenomenon to execute in view of competitive strengths and opportunities to overcome weaknesses and threats in the marketing environment (Tan and Sousa, 2015). Branding internationally enjoys global economies of scale and business privacy legally to boost exclusive operational, functional and strategic performance in business organizations like brand equity (Hooley et al, 1999; Kamboj and Rahman, 2015). Furthermore, other various marketing capabilities perspectives entail the blend of the marketing mix which is embedded in product, price, place, promotion, physical evidence, people and process (Kotler and Keller, 2012). Intellectual capital formations, inclusion of operational elements for competition advantage like; market orientation and employee's responsiveness all contributes to diverse corporate business organizational performance (Kamboj and Rahman, 2015; Blesa and Ripolles, 2008). Nonetheless, marketing activities integration, segmentation, targeting and positioning, constructive marketing techniques, developing marketing skills, equality of sales-force, aggressive selling and customer response also leads to repeat purchases (Nguyen and Nguyen, 2014; Tan and Sousa, 2015). Product quality relativeness, managing brand product lines, specialized competencies in marketing practices proportionately leads to positive organizational performance like SBU portfolios synergy (Darley and Blankson, 2008). Other merits entail customer acquisition, goodwill reputational image, adaptability, perpetual existence, positive WOM and employee motivation (Perez-Cabanero, 2012). It also increasingly maximizes societal contribution success, (ROI) return on investments and market performance. Therefore, marketing capabilities adoption creates market effectiveness, brand performance, (ROA) return on assets, net worth, (ROS) and return on sales (Darley and Blankson, 2008). These entire variable dimensions under marketing capabilities adequately impacts organizational performance especially in an effort to gain competitive position in the industry sector of turbulent and volatile business transactional activities (Parnell et al 2015). To add up, marketing capabilities can therefore be defined as the best practices implementation of all marketing theories by an organization to help promote its business performance in order to maximize the market share. This upholds superior competitive position to outwit industry sector intense competitiveness.

2.3.2 Managerial Capabilities

According to Nonaka and Konno (1998), Parnell et al, (2015) managerial capabilities prevail as a result of distinctive capabilities and core competencies possessed by organizational members, workforce and employees especially senior or top level management. This arises as a result of specialized knowledgeable skills of experience through training and learning. Furthermore, these managerial competencies are characterized by technical know-how and talents with personal attributes, personality profile and ethical codes of valuable traits as components on their competence and managerial capabilities. Managerial capabilities involve cognitive and tacit set of competences geared towards creativity of exceptional skills (Camison, 2005). Camison, (2005) measures distinctive managerial capabilities in various instruments of competencies notably; knowledgeable problem solving. These managerial capability concepts acknowledge the risk taking dimension of decision making in order to sustain unique qualities to even warrant the action of poaching competent managers just to seek effective organizational performance. Fernandez-Mesa et al, (2013) moreover recalls experienced management techniques comprising formal education. This assertion is capable of broadening the thoughtful scope of intellectual application in terms of soliciting ideas through brainstorming to execute corporate policies for better business performance. Parnell et al, (2015) clarifies exercising powerful position like influencing board of directors and change management to gain executive support in issues of foreign direct investments to enjoy extensive business performance like economies of scale. Barrales-Molina et al, (2010) also commends other influential determinant like managerial leadership involving strategic objectives and empathic communication. Other factors comprise delegation of authority and charismatic mentorship. These qualities impact the managerial capabilities on quality organizational performance measurement like overall output on ROI whereby employees willingly contribute positively to sustain the business growth by increasing profits (Dangol and Kos, 2014). Nevertheless, change incentives like conflict resolution sustains competitive urge. These dimensions lead to conducive, united and peaceful working environment to promote successful quality performances. However, that notwithstanding this, cultural implications of holistic organizational performance stimulates strategy identification and employee welfare reasonableness. Basile and Faraci, (2015) adds up to other culturally embedded managerial capabilities including; top down communication aside traditional adherence. Also, respect for authority including workforce compensation. All these together shapes the organizational performance strategically depicting the corporate business to be noted and viewed in a collective outfit of harmonious group in terms of bargaining and identity (Jones and Linderman, 2014). Nevertheless, cooperating to satisfy stakeholders detailing issues of shared decision platform, corporate goodwill, honesty customer endurance helps corporate social responsibility. Simon et al, (2015) supports with other managerial capabilities entailing low absenteeism, scheduled tasks, job security and services dedication are also important. Furthermore, Kearney et al, (2013) clarifies managerial capabilities by emphasizing on corporate participation issues like conflict of interest, work rotation and quality assurance. Another school of thought by Camison, (2005) recalls personal affiliation and reasonable remuneration as factors of importance to nonfinancial consideration, non-bias promotions, ethical manners and behavioural standard by a code of conduct for business performance. These listed managerial capabilities strategically maximizes organizational performance through monetary profitability to undertake international trade transactions like exports and merger to facilitate a wider market share globally (Nedzinskas et al, 2013). Furthermore, to gain unique and extraordinary competitive advantage in the industry sector, organizational structure of authoritative variables like trade unions and elite's influence, socio-economic propaganda all collectively creates uniformity. Thus, a labour force dialogue of effective and efficient communication avoids agitations, demonstrations, industrial strikes and confrontations since executive management and lower staffs all convincingly understands each other's predicaments for corporate performance (Xu et al, 2014). In spite of these, management existence of information asymmetry like models and symbols augments achievements, inclined corporate mission and morality. This promotes positive and sustained cooperation by integrating the required competencies to transform the SWOT analysis in performance appraisal of organizational strategies (Roghe et al, 2012). Again, flexible and dynamic corporate designs are some managerial capabilities emphasizing on decentralization and entrepreneurial discipline. Nonetheless, inculcating variables such as lean organizational hierarchy, autonomy on feedback, work extensions etc. These managerial capabilities efforts if adopted properly creates a wider gap in the intense competitive concept of managerial capabilities to sustain industrial strikes and economic fluctuations by meeting supply and demand synergistically (Basile and Faraci, 2015 supported by Camison, 2005). In comparison, Kearney et al (2013) summarizes managerial capabilities as fostering relationship through dialogues comprehended by complexity. Other classifications include munificence perceptions pertaining to scientific discoveries, changing rules, routine replication of knowledge codification, accumulation and articulating evaluation. Roghe et al, (2012) recalls that.in spite of these, managerial innovation skills advocates fashion and rationalism as key performance concepts (Knight and Cavusgil, 2004). To add up, managerial capabilities can also be defined as the endowed knowledgeable competencies embedded in organizational executive officials that help them to take better decisions to sustain the business in strategic policies. This emphasizes perpetual growth and profitable corporate affairs in industry sector competitive performance.

2.4 Examining the Relationship between Environmental Characteristics and Organizational Performance.

Chi et al, (2009) suggests that, business environmental characteristics can be explained as a myriad of factors that are beyond the organizational management's control in short-run analysis but offers opportunities and also poses threats to firms in terms of industry sector competition. Ackroyd and Murphy (2013), further clarifies environmental characteristics as consisting of analytical forces that impacts firms globally, internationally, domestically, nationwide and transnational or multinational corporation's performances. Hence, business environmental characteristics can probably be described as the uncontrollable measures and forces including the dimensions popularly termed as the PESTLE analytical factors which comprises political, economic, socio-cultural, technological, legal and ecological (Chi et al, 2009). These macro environmental characteristics have variable roles such as flexibility, dynamism, hostility, complexity, diversity, benign, munificence, inertia and turbulence (Akhavan et al, 2014). For instance, political with legal influence in organizational performance prioritizes conditions like; security defense to ensure stability and prevalent governance. Other prominent dimensions involve foreign direct investment regulations, company registration, subsidies and taxation, domestic needs, ideology like democracy or dictatorship (Norbrook, 2014; Mushkat and Mushkat, 2011). Furthermore, legal aspects impacting on organizational performance are dominant in issues of flexible rule of law, treaty and multilateral obligations, import-export measures and remission of foreigner's profits. Other factors include trade racketeering being it black marketing and WTO sanctions, money laundering and currency trafficking and political leverage to be curtailed through economic espionage (Al-Khattab et al, 2012). Hence, political and legal dimension facilitates rapid organizational performance as a result of opportunities and threats. Economic variables influencing organizational performance can also be vital in areas such as; financial bankruptcy, central bank compliance, fiscal policy and collateral on loans (Zekos, 2003). More economic dimensions also involve sustainability, capital markets, type and size of market structures, foreign currency exchange rate fluctuations, and demand and supply considerations aside geographic demography. Nonetheless, economic variables like GDP, infrastructure, globalization, overseas competition standardization among others like dollarization, unemployment etc. Economic dimensions also help firms to improve upon organizational performance through confronting challenges to sustain business operations (Prasad and Tata, 2003). On the other hand, business corporations are highly impacted by socio-cultural dimensions of environmental characteristics as a catalyst for successful organizational superior performance through various variables. Some of these socio-cultural issues include; ethics, attitudes, structure of authority or bureaucracy. Also, working conditions towards policy accomplishment, personal mobility and social class, wealth possession all together impacts positively on organizational performance (Akhavan et al, 2014). Moreover, socio-cultural concept influencing firm's performance involves; civilization, risk management, domestication, racism, tribalism aside nationalism propaganda. Notwithstanding this, socio-cultural symbolism entails languages, religion, tradition, historical myths, customs and norms, motivation and status-quo. All these socio-cultural issues highly influence the performance of organizations in business corporations. Cultural dilemma can also be measured through individualism and collectivism through social institutions. Masculinity and femininity of gender parity, power consensus ad-idem sustains quality performance Socio-cultural dimensions promote organizational performance in peaceful harmony and united employer-employee relations for liberty (Akgun et al, 2008). Another school of thought is also of the view that peculiar technological evolution sustains industrial advancements through drone automation, computerized-aided-manufacturing and mechanized machinery (Prasad and Tata, 2003). All these advancements facilitate competitive position in the intense industry sector to impact the superior performance of organizational firms. The transformation in technological paradigm shift seeks to find solutions for the era of manpower optimization in the productions manufacturing concept (Tantoush et al, 2001). Also the phenomenon of radical technological change probably is geared towards mass productions of emerging economies as a benchmark in streamlining organizational performance. Although technology ensures efficiency and effectiveness its dynamism creates disruptive technologies. Furthermore, technology is rapidly gaining roots in transactions like electronic commerce making services more convenient and simple with ICT becoming easily ubiquitous (Boateng et al, 2008). Technological dynamism urges corporate organizations to be abreast with time and be current.to address all anomalies like crime and laggards. Therefore, to be sustained in business, technological human resource inclination must be highly invested to promote successful performance (Stein, 1995). Notwithstanding this, ecological standards must be met in relation to the ISO benchmark which has evolved the theory of “green marketing philosophy”. Thus, these schools of thought bargains against pollution of aquatic life like illegal mining or “galamsey” and ozone depletion (Darko-Mensah and Okereke, 2013). Other measures include proper healthy sanitation (Ho, 2014). Business organizations are also urged to ensure green-house emission friendly products. The prevailing climate change poses threats of crises and scarcity hence agitating for the introduction of GMO resources. As a result of this, to uphold superior organizational performance improvement, corporate businesses must be proactive in the responsiveness to environmentalism scanning through security espionage and educative campaigns (Sharma and Vredenburg, 1998 supported by Arefyeva, 2004; Okolocha, 2012).

2.4.1 Perceived Intensity of Industry Competition and how it Influences Organizational Performance:

Acquaah et al (2008) enumerates several factors pertaining to the perceived intensity of industry competition stipulating variables such as diversification and trade liberalization policies, minimizing cost of productions and price wars through strategies like unique brand equity. Other factors include promotional advertisements or publicity commercials, innovativeness to boost durability and quality of commodities and products at affordable prices (Laksmana and Yang, 2015). These enumerated factors highly influence the performance of organizations in the efficient performance relative to competitors (Jones and Linderman, 2014). Also, economic taxation reform measures, environmental complexity, volatile, hostile, benign and dynamically intense competitive environment, contingent strategies and destructive technology aside creativity all keep businesses on their toes to be active and aggressive in competitive performance. Yanes-Estevez et al, (2010) clarifies the environmental scanning of environmental uncertainties in the external macro environmental characteristics. Acquaah et al, (2008) outlines the basic performance strategies of businesses inculcating the measurement of ROA and ROS thus, Return on Assets and Return on Sales respectively in view of the prevailing and emerging economies. According to Crosson (2008); Paul et al (2012), there can also be Return on Investment (ROI) which ascertains the performance of business organizations to the investor measuring the efficiency and capabilities of the organization (Pearce, 2015). From this theory, it can be deduced that, investors, owners and entrepreneurs are mostly concerned about profits and revenue which at times gains maximum or minimum returns due to transactional cost of services. These are influenced by added value. R&D,

innovation and creativity of new product development (NPD) affecting the product life cycle stages concept due to bad or unfavorable market conditions characterized by uncontrollable environmental factors impacting organizational performance. In the intense competitive industry sector especially with companies that are capital intensive more than labour optimization cost of production also impacts organizational performance. Furthermore, Acquaah et al, (2008) stipulates some key relevant and crucial factors quite of great significance to the performance of businesses in emerging economies coupled with organizational capabilities. This involves industry structure and concentrated rivalry competition. Furthermore, ownership of organization, including variables like; differentiation strategy of innovative uniqueness, low-cost strategy price strategies as propounded by Porter's Generic forces of SWOT analysis for competitive advantage. For instance, branding and intellectual property rights as performance benchmark. Furthermore, Josephine Okutu, Chartered Institute of Marketing, Ghana (CIMG), during the 22nd edition of CIMG awards recalls that, competitive philosophy is probably driven by entrepreneurial ideology by orchestrating roles in multiplicity in corporate framework. Thus, activities for resource-constrained firms are striving to be innovative in unconventional and personalized ways. Also, organizational performance being impacted by intensive industry competition massively contributes to the economic development in diverse ways like provision of about 85% in manufacturing employment, contribution of about 70% in Ghana's GDP and accounting for almost 92 percent in Ghanaian privatized business organizations (Mallory and Atiemo, 2011). Hence, strategies must be tailored to promote organizations positively as a contributing factor impacting on Africa's economy as a whole in the most growing sectors like textile and cotton, agro-processing, products of ethnic beauty like beads making, kente weaving. Others comprise blacksmith or local goldsmiths, floriculture, custom and fine jewelry, transportation services especially commercial, seafood processing, property development, tourism sector and ceramics. Moreover, upholstery dimension, electronically information and communications technology (ICT) services, apparel, hand tools, cane and basketry and so forth of miscellaneous and indigenous sectorial investments opportunities available in competitive industries (Agyekum et al, 2006). Furthermore, the top fortune 500 business companies in Africa also comprises the competitive industry sector of organizations in the sectors dominating oil and gas (OMCs), diversified umbrella-conglomerate-SBU-portfolio group of companies, mining either small or large scale, telecoms. With others which entails various business deals like purified sachet water and beverage producers which typically involves business to business or business to customer (B2B or B2C) in shops and store outlets and last hut not the least, utilities (Norbrook 2015). These sectors enjoy such economic benefits and opportunities like economies of scale capacity, government policy like subsidies and tax evasion, product differentiation through competitive R&D innovations. Other meritorious advantages comprise location and experience from the business environment, capital requirement incentives, and access to distribution channels through intermediaries not forgetting about the rate and level of concentrated markets switching costs (Porter 1980). These issues are certainly accompanied with weaknesses like hostile business entry, information, cost of privacy and usage alongside price cartel deregulation (Gray, 2002; Tetteh and Frempong, 2006; Sarbah, 2013). NGOs and other state institutions step in to help these organizations fund all these business plans through organizational bodies like the (OECD) Organization for

Economic Cooperation and Development (Havenvid, 2015, Kamboj and Rahman, 2015, Abdel-Maksoud, 2012, Meng and Layton, 2011, Ambe and Sartorius, 2002). Intense competitive performance sustains corporate goodwill, profitability, market share extension, improvements in capacity, business process reengineering, improved bargaining power and ascertaining the performance of fragmented industries synergy (Kuo, 2013).

2.5 Family Business

Fletcher, (2002) demonstrates that a business is considered as a family business in the sense that, the business as an organization is wholly owned and predominantly managed by a known and identified group of family members as a generational legacy. Thus, a lineage capable of controlling the destiny and affairs of the business in terms of successive and inheritance ownership either as a nuclear or external family regimentation. Family business as a sector is characterized as heterogeneous because it is clustered by diverse family backgrounds for instance in Ghana, tribalism and ethnocentrism dictates the family business sector. Ghanaian family businesses are made up of Akans, Ewes, Fantes, Northners, Ga's and so forth of diverse clans hence it builds up a culture in the organizational ethical performance. Family Businesses is statistically classified by NBSSI (2016) on workforce and working capital; the various fragmented family businesses inculcate, large scale, medium scale, micro and small scale enterprises. For the purpose of this study, only micro and small family businesses will be predominantly focused (Tetteh and Frempong, 2006)

Micro enterprises have 1-5 employees with balance sheet capital of less than 10,000 USD and small family business has 6-29 employees with balance sheet capital of amounting to 100,000 USD (NBSSI, 2016) supported by (Kayanula and Quartey, 2000, Darkwah et al, 2013)

Entrepreneurial development of human resource in the areas of family businesses is evolving rapidly in Ghana because the local populace is agitating for equitable distribution of the wealth of the nation which has led to sabotage of state owned assets. Thereby leaving the government with no option of economic liberalization policies like diversification of public assets hence people are left to control their destiny in commercialization encouraging the rapid growth of the privatization sector. The following enumerated businesses clarify this point as suggested by Agyapong (2010), which are manned by apprenticeship and on-the-job training (Abor, 2008).

Mechanics fitting garages involved in servicing of vehicles, cars and automobiles, tailoring and seamstress shops involved in dress making like batik and sewing clothes. Barbering and hairdressing salons engaged in haircut, beauty care like pedicure and shavings. Traditional chop bars and canteen providing services in catering services of local Ghanaian dishes and drinks. Electrical and electronic repairers servicing faults in radio, air-condition, television, generators and fridges. Furniture, handicraft designers, artisan's wood carvers involved in timber logging and carpentry. Painters, plumbing, electricians, commercial drivers and masons etc. engaged in menial jobs. Vendors, merchandising, head porters, hawkers and retail trade stores and shops container kiosk for commercial marketplace traders. Aside business offices, subsistence farming and small scale farmers alongside small scale miners, cobblers and so forth (Oppong et al, 2014).

Hornby (2000) clarifies the term micro as small scale or relatively small depending on the particular country in question due to different organizational capabilities endowed with such national wealth of that particular nation. Its socio-economic demographical indicators like national population census level and inflation which affects capital structure. In view of this, Hussmanns, (2003) argues that, for an organization to be classified under micro or small fragmented firms, it must be justified based upon these. The threshold amounts or quantity of capital based money invested in the business organization and the size of the business outfit or premises excluding real estates but including fixed assets base. According to the (ILO) thus, the International Labour Organization (2015), they describe micro and small family business as "one account worker" which is popular in local parlance as "one-man business" startup either formal or informal thus office related or not (Venugopal et al, 2015, Michalikova and Benacek, 2012).

2.5.1 Characteristics of Family Businesses

Abdulsaleh and Worthington, (2013) suggest several characteristics of family businesses comprising the aspects of age and size, legal form and type of ownership, location, sector of industry and structure of assets. Moreover, the manager or owner of family businesses possesses some peculiar characteristics such as gender of owner-manager, age of entrepreneur experience and education of founder (Singh et al, 2001). Another school of thought by Fielden et al (2000) describes other family business characteristics pertaining to business constraints like cost and benefit implications of managerial policy, objective and priority aims in the formation of small businesses. Other family organizational firms are also classified according to its purpose of business operations, problematic challenges pertaining to its existence, financial opportunities concerning investments and additional support from the corporate world. Okolocha, (2012), acknowledges the pertinent family business characteristics suggesting benchmark determinants like facilitating infrastructural amenities, capital invested aside real-estate or business premises outfit, employed labour force and management span of control, managerial and entrepreneurial competencies or skills. Furthermore, Matlay (2002) adds up to the characteristics of small family business organizations inculcating development of human resource training, the locus of decision making by family relatives, style of management strategies impact, kinship lineage and heritage of legacy succession, motivational, attitudinal and perceptional inclination, human capital and financial considerations. Moreover, Amha and Ageba, (2006) stipulates the dimensions of family business enterprises in terms of traditional stewardship and market development strategic interventions of competitive and advantageous performance entailing vision, objectives, mission, point of startup, subsidization and involvement duration of business operations. Other facilitators include formal apprenticeship education, consultative counseling extensions, products and service in dealership, information correspondents, networking for contracts, marketing practices like distribution and pricing, access to resources etc. Small family businesses are mostly also depicted by means of financial sources and funding involving equity financing, debt financing, initiative assistance from government and Islamic financing (Abdulsaleh and Worthington, 2013; Rabbaa, 2015; Salah-Ahmed, 2014, Yanney, 2016). Profound family businesses are characterized by wealth and valuable creation in terms of maximizing family inherited treasurable property as investments rationale and contributions to the socio-economic development like job creation and employment offers (Al-Dajani et al, 2014). Notwithstanding this, Burch et al, (2015) clarifies family business firms through peculiar integrating concepts like tradition, interdependency, stability, trust, loyalty, ownership system, self-improvement, business and family system like clans or tribes and distant relative members. Other disciplinary traits entail value, time, cause, differences, effects, influence and power all being ethical orientations. Smith, (2014) analyzes family business characteristics based on mythical stories disseminating around the family generational history. Some of these issues recalls started with nothing, overcoming hustling and hardships, poor person saga, rags-to-riches identity, workaholic prodigy and achieving graceful legitimacy. Moreover, other issues arise from family legacy wealth capital, tales of autonomy, spiritual support and reputational privileges which are all storylines told about generations of traditional entrepreneurs labeled as ubiquitous handed down from father to son in lineage and heritage of successive planning. Most family generational histories depict tragedy, adventure, eulogy, stewardship, rebelliousness or heroism sagas. Lussier and Sonfield, (2015) confirms that enormous performance of family businesses has grown from micro and small to multinational corporations probably due to panel of specialized expertise in the strategic RBV of organizational capabilities precisely managerial, technological, innovation, financial and marketing competencies among others. According to Agyapong, (2010) family businesses can be characterized into divergent economic sectors. Fernandez-Mesa, (2013) suggest the risk-taking dimension of family business founding entrepreneurs with uncertainties of collateral securities, guarantor's unwillingness to offer support, insurance considerations, theft and deterioration, family members unsupportiveness to business performance and so forth. Perez-Cabanero et al, (2012) also stands from other variable characteristics of family businesses enterprises by concentrating on factors such as parsimony of scarce resources, quality goods and services differentiation being offered to the target market, minimal overhead expenditure and tenure of leadership. Other reasonable exposures are also based on corporate goodwill or image identity, family related relationships and close associate ties with customers, suppliers and dealers. Family businesses either being micro, small or medium enterprises can also be characterized by organizational structure through communication dissemination among family members like interdependency of functional hierarchy interaction (Trez and Luce, 2012). Family enterprise companies are also broadly considered with due diligence to either being in the manufacturing, service or agricultural sector with maximum emphasis on its annual turnover purposely as a private sector based industry either as a conglomerate of an SBU portfolio (Reijonen, 2012). In spite of all these characteristics, small business corporate organizational firm are flexible in terms of motivation to establish a startup with most support entirely coming from family relatives. Most promising endeavor of family businesses is the aspect of retirement packages and pensions compensations, CSR with founder as the entrepreneurial own boss considered as the sole proprietor enjoying all business wealth with only the family notion downsizing employees aside tax evasion through creative accounting due to family commitment and bondage (Mensah-Ansah, 2014, Nedzinskas et al, 2013, Muthoni, 2015, Tawiah et al, 2013)

2.6 Conceptual Framework and Hypothesis Development

The diagram or figure below depicts or signifies the moderating effect of environmental characteristics between the perceived intense industry competition and industry sector aside the macro analytical factors. It further links the performance of organizational capabilities, precisely marketing and managerial, on micro and small family businesses in the Ghanaian business economy setup.

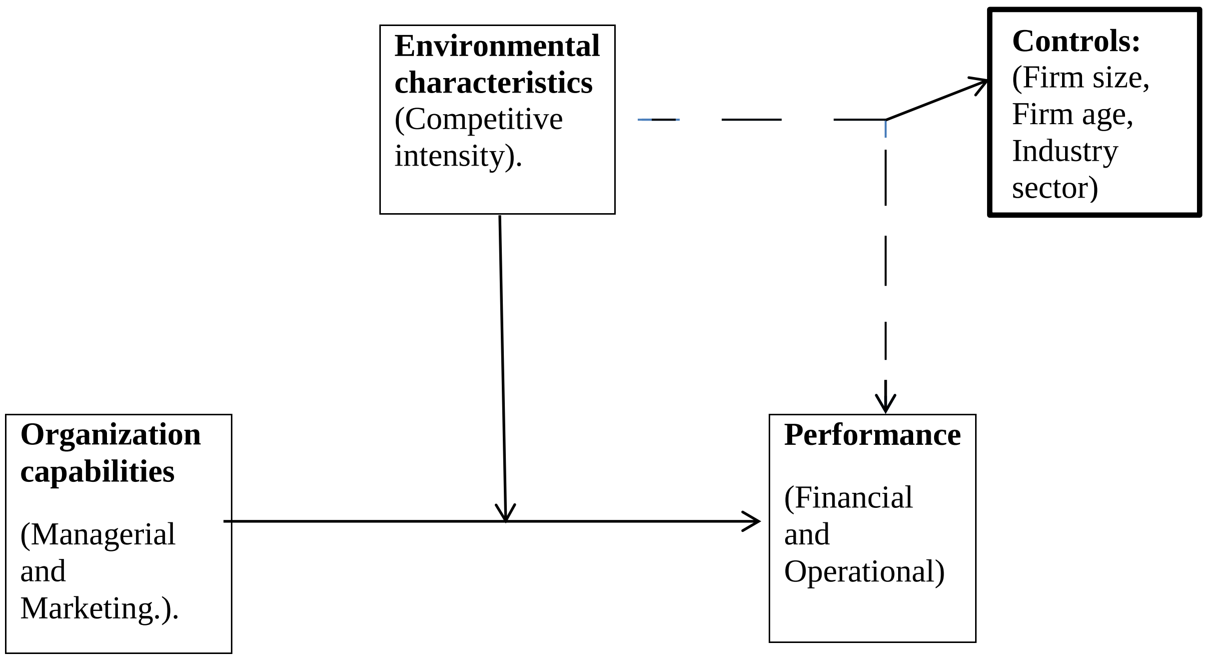

Figure 2.1

SOURCE: Author's own construct. (January, 2016).

2.6.1 Marketing Capabilities Direct Effect on Micro and Small Family Business Performance in Ghana

A study done in the USA and Slovenia by Breznik and Hisrich, (2014) suggests that marketing capabilities affect performance of micro and small family businesses as a result of the dynamism hence adjusting to innovativeness. Businesses achieve this through new product development differentiations like distinctive branding and unique packaging to promote profitability. Likewise, Trez and Luce, (2012) study in Brazilian furniture SMEs industries supports marketing capabilities positive impact on MSFB in terms of customer bonding. Thus, CRM must be partnered in association with supply-chain of resources and an existing market to ensure non-financial gains. Moreover, an empirical study conducted by Nguyen and Nguyen, (2011) in Vietnamese firm's buttresses the fact that business performance can greatly affect marketing capabilities to gain superior competitiveness. For instance; premium pricing, warranty and guaranteed, goodwill, new markets discovery, brand positioning, global capacity building, entrepreneurship etc. Vorhies et al, (1999) supports with an empirical study done in Australian business firms concerning marketing capabilities impact on businesses especially market research. Moreover, Perez-Cabanero et al, (2012); Parnell et al, (2015) conducted a study at Spain in Valencia, China and USA respectively where family SMEs are tasked to be conversant with marketing capabilities for successful performance to facilitate planning and satisfaction. Based on the above claims, as a result of the business competition in the Ghanaian economy, marketing capabilities can really improve performance of MSFB especially customer retention for repeat purchases to ascertain CLTV. Hence leading to the hypothesis formulated below;

Hypothesis 1**:** There is a positive relationship between marketing capabilities and performance of micro and small family business in Ghana.

2.6.2: Managerial Capabilities Direct Effect on Micro and Small Family Business Performance in Ghana:

Graves and Thomas, (2006), Simon et al, (2015) confirms managerial capabilities direct influence on Australian SME-family businesses with an empirical study concluding on its essence in terms of internationalization as being crucial to organizational performance.

Also disciplined CEOs must possess ethical qualities to curtail racketeering and be proactive to corporate governance just to escape federal sanctions. According to Kearney et al, (2013) a study conducted in Irish hospitality industry confirmed the performance of micro businesses utilizing managerial capabilities to gain competitive urge. Hence MSFB need managerial competence in decision making and stakeholder's leadership to improve organizational performance. Furthermore, Fernandez-Mesa et al, (2013) buttresses managerial capabilities positive performance on MSFB enterprises with a study conducted in Italy and Spain ceramic tile industry. The study endorses management capability in areas of mediation against industrial strikes, organizational learning to be effective and efficient and also, adaptation to economic volatility. Moreover, Barrales-Molina et al, (2010), Camison, (2005) assures MSFB owners of maximum organizational performance in the recognition of managerial capabilities. Looking at the high competition coming from Europe and China faced by micro and small family businesses in Ghana, the managers of such MSFB need managerial capabilities to improve upon their competition to meet international standards (Acquaah et al, 2008). Managerial capabilities are critical in conglomerate portfolios, whereby due to diverse strategic business units, executives outsource managerial positions to over perform hence buttressing the hypothesis below,

Hypothesis 2**:** There is a positive relationship between managerial capabilities and performance of micro and small family business in Ghana.

2.6.3: MODERATING ROLE

2.6.3.1: Moderation Effect of Perceived Intensity of Industry Competitive and Marketing Capabilities on Performance of Micro and Small Family Businesses in Ghana:

Marketing capabilities and perceived intensity of industrial competition have been done to attest to performance in MSFB. However, linking the moderating role of both perceived industry intensive competitions to marketing capabilities are needed by MSFB to achieve efficient performance. Jones and Linderman, (2014) stresses on marketing capability merits like creativity, innovation or added value (Herhausen and Schoegel, 2014). Marketing capabilities also facilitate distribution of products to B2B or B2C of SME-family businesses through aggressive competitor affiliation. Commercialization and custom-made competing with time can be accomplished (Arunachalam, 2014; Merrilees et al, 2010). Tripsas and Gavetti, (2000) encourages MSFB to introduce the digital age of e-commerce like 24/7 transactions. Moreover, marketing capabilities helps MSFB create differentiation like unique branding. Amit and Schoemaker, (1993) proposes marketing capabilities essence to survival of MSFB to meet customer needs and wants like service delivery to avoid stock fluctuations and cartel collusion. Furthermore, Acquaah et al, (2008) stresses on leveraging marketing capabilities within the Ghanaian industries on excessive ROS and ROA investments because of trade liberalization. Basile and Faraci, (2015) found the SWOT challenges of underperforming firms deviating from marketing capabilities as detrimental hence, perceived intensity of industry competition moderates marketing capability in superior performance. This assertion proposes the hypothesis;

Hypothesis 3: Perceived intensity of industry competition moderates the relationship between marketing capabilities and performance of micro and small family business in Ghana.

2.6.3.2: Moderation Effect of Perceived Intensity of Industry Competition and Managerial Capabilities on Performance of Micro and Small Family Businesses in Ghana:

Perceived intensity of industry competition together with managerial capabilities has been thoroughly assessed based on their positive superior organizational performance. It is worth acknowledging the fact that, for sustainable competitive performance, organizations must integrate best managerial capabilities. Linking the moderation of intense competitive perception to managerial capabilities, Cadogan et al, (2003) moderates international business as beneficial through competent management. This maximizes shareholder's wealth for Ghanaian MSFB to expand marginal and optimum globalized capacity. With the high rate of intensive competition, MSFB need managerial capabilities to embark on foreign direct investments (FDI) as proposed by the dunning eclectic paradigm for franchise and mergers with multinationals (Zekos, 2003; Mushkat and Mushkat, 2011). Another school of thought by Moller and Halinen, (1999) acknowledges managerial capabilities on networking with conglomerate SBU, suppliers, public agencies and cultures. Moreover, Sirmon and Hitt, (2009) endorse importance of managerial capabilities by orchestrating deployment of resources exploitation. This advocates ethical leadership against racketeering and bureaucratic monopoly for holistic synergy and outstanding performance. Gotteland and Boule, (2006), Reimann et al, (2010) moderates intensive industrial competition as helping meritocracy of policy orientation, psychologically sensitive pricing and unstable switching costs. Therefore, to sum up, given highly intense competition perceived within the industry operations, Ghanaian MSFB needs managerial capabilities to improve performance. This concept therefore supports the arguments in clarifying the hypothesis below;

Hypothesis 4: Perceived intensity of industry competition moderates the relationship between managerial capabilities and performance of micro and small family business in Ghana.

CHAPTER THREE

METHODOLOGY

3.0 Introduction

Chapter three seeks to address the entire theoretical and conceptual framework being researched. It will categorically be focused on the research design which will be based on the deductive reasoning or quantitative analysis adapted. It defines the research design used, the research approach adapted and the research strategy based on hypothetical development. Furthermore, sources of data collection precisely primary and secondary data analysis adapted. Moreover, data collection tools or instruments being questionnaires used to solicit information to be analyzed. Notwithstanding this, the population and target population are also defined. These are followed by sample and sampling procedures and also data analysis to be used in presentation and analysis.

3.1 Research Design

Generally, research design comprises the utilization of either quantitative, qualitative or both methods of research approach. Saunders et al, (2009), Cooper and Schindler, (2006) explains quantitative data as data with a quantifiable threshold or numerically and precisely countable either being behaviour, opinion, attitude and knowledge. Furthermore, these scholars also clarify qualitative research approach as data which are non-quantifiable; non-numerical but mostly used to broaden the understandability of a study. For the purpose of this research study, quantitative research approach was adapted to solicit for data as a result of the larger sample size of data to be analyzed and also effective to test hypothesis. This stipulates the blueprint for questions answering to achieve objectives in research (Cooper and Schindler, 2006). Also, it entails a careful, disciplined and thorough collection and analysis of data respectively. The basics of this study were conducted on a descriptive research principles focusing on both objective and subjective manner. Moreover, exploratory approach was also used to fully investigate the phenomenal nature of micro and small family businesses in Ghana to identify its impacted performance on marketing and managerial capabilities characterized by environmental factors.

3.2 Research Approach

The research involves only one approach. This comprises deductive reasoning or preferably quantitative methods (Saunders et al, 2009). Therefore, for the purpose of this research study, quantitative techniques were used to analyze the data to be processed into information for clearer understanding. Thus, there was a quantitative statistics used in the findings. Nevertheless, sources of data were gathered from the field for analyzing the outcome recommendations and conclusion pertaining to organizational performance of micro and small family businesses in Ghana.

3.3 Research Strategy

According to Saunders et al, (2009) research strategy defines a generalized plan concerning the way the researcher must be answering the research questions. The research questions posed in chapter one used “how” and “what” which probably conforms to the research objectives outlined. The study constitutes micro and small family businesses within the Ghanaian economy. Hence, the research problem is related to the existing marketing and managerial capabilities influence as moderated by environmental characteristics being it perceived intensity of industry competition.

3.4 Sources of Data Collection

The sources of data used for the research methodology comprise primary data to formulate a questionnaire.

3.4.1 Primary Data

These are the data collected from the field to address the specific research questions or to find solutions to the problems at hand (Cooper and Schindler, 2006). Hence, data was collected from the field of businesses within the Ghanaian economy precisely all the regions dominating the entire Ghana demarcation. Questionnaires designed were sent out and administered by Chief Executive Officers (CEOs) or Locus heads of control aside leaders, owner-managers, executive and other managers. Thus, the researcher went to the field of corporate firms predominantly micro and small family businesses to solicit data such corporate heads to aid the research work. Moreover, the researcher took time to observe and monitor the administering of all such procedures regarding the questionnaires.

3.5 Data Collection Tools/Introduction

Instruments of data collection include questionnaire, interview, focus group, survey, observation etc. Even though data collection can be conducted through various tools, a particular instrument to be adapted depends purposely on the kind and type of research questions based on research objectives or purpose being undertaken. In view of this, for the purpose of this research study, the researcher used questionnaires to gather data.

3.5.1 Questionnaires

Objectives in chapter one were critically summarized under various headings and series of questions posed to openly and closely elicit responses. The close ended questions in the questionnaires had their own answers whilst the open ended questions also demanded opinions and views from the respondents. Hence in this, questionnaires were designed by prioritizing micro and small family business owners, heads, managers, CEOs and executives. Thus, the questionnaires were distributed to all such institutional bosses. Notwithstanding this, the questionnaires administering was hectic since respondents were quite busy with working schedules hence leading to some sort of delays. Most probably also, some respondents were willingly co-operating hence helping to collate a maximum percentage of the questionnaires administered. Questionnaires designed were also structured into parts or sections. Section A, was related to competition entailing issues of competitive intensity. Furthermore, Section B concentrated on marketing and managerial capabilities. Moreover, section C, also inculcates business performance with variables of operational performance and financial performance. Lastly, Section D recalls the firm's background and respondent's information like demographics and overall respondents concerns. According to research, questionnaires are purposely based on theory propounded in the literature review. According to this research all close ended questions were based on a 1-7-point scale measurement with different dimensions. Also, few of the close ended questions demanded briefly little information.

3.6 Population

The entire population of the study area includes all family businesses in the emerging economies precisely Ghana like multinationals and global firms. Thus, all local and international family companies which have either been fragmented into large-scale, medium-scale, small-scale and micro enterprises. Also, the population comprises all family businesses that adopt marketing and managerial capabilities in the dynamic environment to gain competitive performance.

3.7 Target Population

As part of the target population to be critically examined for this research study, the focus was only concentrated on micro and small family businesses in the economy of Ghana. This is because, the MSFB are in the informal sector hence it is very difficult to obtain accurate statistical data records in their industry sector collectively. This includes all micro and small family businesses within the Ghanaian business empire precisely all ten regions of Ghana. In relation to this, micro and small family businesses are being urged to practice marketing and managerial capabilities to help improve upon their organizational performance in this business environment to sustain competitive threats.

3.8 Sample and Sampling Procedure

The sample size for this research study was one hundred and ninety-six (196). This comprises 196 micro and small family businesses in Ghana within all industrial sectors. These firms range from education, pharmaceuticals, manufacturing, agriculture, services, construction, transportation, health, hospitality, restaurant and canteens, communication and media, and so forth. Therefore 196 questionnaires were designed for these micro and small family businesses with their corporate heads as the main respondents to all the questionnaires. These executive managers were selected with the main priority and intention that, these family business heads have all vital and essential information about such business firms based on the research topic. Also, one questionnaire was administered each to a family business without multiple duplications. Notwithstanding this, there were some economically unfeasible situations in terms of reaching these micro and small family businesses due to travelling across country-wide to get a fair representative view. According to NBSSI, micro and small family businesses comprises businesses with an employed labour force of between five (5) to thirty (30) employees and a capital formation of USD 10, 000 to USD 100, 000 respectively. Convenience sampling technique was used to select these micro and small family business firms to help undertake this research study. Thus, these family business organizations were selected at convenience sake but the questionnaires were administered based on their willingness as corporate leaders to participate in the research study. Furthermore, these organizational heads were promised submission as beneficiaries of detailed analytical findings to help their businesses to over perform in gain competitive advantage. Nevertheless, convenience sampling technique was used to select the populous micro and small family business firms which were based on various consideration levels.

3.9 Data Analysis

Micro and small family business qualitative and quantitative data were analyzed through the Statistical Package for Social Sciences (SPSS) and Linear and Structural Relationship (LISREL) into verifiable and interpretive information. Hence, this necessitated analyzing the quantitative data into tables for careful visual interpretation as it entails. Therefore, the LISREL and SPSS data analysis software as specially designed for presentation of quantitative research findings is very essential for this research study since it is more empirically subjective.

3.10 Measurement of Constructs

Rigorous validation of constructs was adapted to measure reliability of data gathered through CFA by the LISREL 8.5 path model to compute and discard, eliminate, delete or avoid all measures that yielded insignificant loading whilst acceptable loading benchmarks were generated (see Hatani et al, 2013; Cao et al, 2015; Huang et al, 2014). The constructs extracted and retained include five measures under competitive intensity (see Acquaah et al, 2008) and another five measures under marketing capability (see Agyapong et al, 2015). Nevertheless, four constructs were also retained under managerial capabilities and another four measures for industry sector (Acquaah et al, 2008). Finally, financial performance retained four constructs whilst operational performance also retained five measures (see Acquaah et al, 2008; Agyapong et al, 2015; Huo, 2012; Flynn et al, 2010). Standardized loadings, t-values and AVE presented significance levels.

Table 3.1: Reliability and validity results

CONSTRUCT/MEASURES:	Loading	T-values
Competitive Intensity (CA = .779, CR= .987, AVE = .923)		
CI1 Increase in the number of major competitors	.77	11.58
CI2 Use of package deals for customers	.54	7.62
CI4 The rate of change in price manipulations	.63	9.1
CI5 Increase in the number of companies that have access to the same marketing channels	.86	13.5
C16 The frequency of changes in government regulations affecting the industry	.43	5.84
Marketing Capability (CA = .850, CR= .991, AVE = .947)		
Mkc1 Developing marketing information about specific customer needs	.82	13.28
Mkc2 Pricing the firm's products/services and monitoring prices in the market	.72	10.99
Mkc3 Designing products/services that can meet customer needs	.77	12.10
Mkc4 Focusing on customer recruitment and retention	.70	10.66
Mkc5 Providing better after-sales services	.76	11.86
Managerial Capabilities (CA = .834, CR= .986, AVE = .948)		
Mc1 Skills in developing a clear operating procedures to run the business successfully	.74	11.18
Mc2 Ability to allocate resources (e.g. financial, employees) to achieve the firm's goals	.79	12.14
Mc5 Ability to attract and retain creative employees	.74	11.14
Mc6 Ability to forecast and plan for the success of the business	.70	10.43
Operational performance (CA = .870, CR= .992, AVE = .952)		
Op1 The extent of flexibility in production/service delivery processes	.67	10.03
Op4 The extent of variety in products/services offered to customers	.82	13.25
Op5 The nature of product/service support to customers	.72	11.02
Op7 Cost of production/operation	.76	12.02
Op8 The time it takes to introduce new products/service offerings	.84	13.90
Financial performance (CA = .934, CR= .993, AVE = .973)		
Fp3 Growth in sales	.92	16.73
Fp5 Return on investment (ROI)	.88	15.58
Fp8 Growth in ROI	.88	15.58
Fp10 Growth in market share	.91	16.48

NOTE: Factor loadings in the CFA model (CA >.6; CR >.6; AVE>.5)

3.10.1 Family Business

Various authors have described family business in peculiar ways but most of these definitions revolve around particular descriptions in terms of hereditary ownership and succession planning of legacy by family members and bloodline of generational property inheritances (Fletcher, 2002; Tetteh and Frempong 2006 and Smith, 2014). For the purpose of this study, the definition of Agyapong et al, (2015) was adapted stipulating that, a family business is a business firm which is predominantly owned and controlled by a recognized family collectively involved in the operations of the successful performance of the business to sustain the livelihood. In view of this, business managers were asked whether (a) “is this firm a family-owned business?” (b) “do family members control the business?” (c) “are family members involved in the business as directors?” (d) “are family members involved as employees?” and lastly (d) “are you a family member?”. Businesses firms that responded positively to all such questions were then considered as family businesses as supported by Agyapong et al (2015) with a study conducted in Ghana and Simon et al (2015) with a study conducted in Australian family SMEs

3.10. 2 Control Variables

Performance measurement of micro and small family businesses can be affected by certain control variables as the NBSSI (2016) uses to describe SMEs. The researcher adapted such control variables like firm size which entails the number of employees, firm age entailing the years in business operations and the type of industry whether services, manufacturing or others (Agyapon et al, 2015 supported by Kayanula and Quartey, 2000, Darkwah et al, 2013).

3.10.3 Performance Measures: (financial and operational)

Performance was categorized in to two main constructs precisely operational performance and financial performance. The operational performance included variables like service delivery, range of product lines, after sales service etc. The financial performance therefore included measurements like ROI, ROS, market share growth trends, profitability etc. (Acquaah et al, 2008). These financial and operational performances were measured in a seven-point scale with (1) being much worse and (7) being much better. The data generated corresponded to subjective information on the grounds since such micro and small family business lack business registration documentations to ensure accurate data from the national statistical service and Ghana Revenue Agency (GRA). Thus, micro and small family businesses operates within the informal sector hence making it problematic to compute accurate figures about their performance competitively (Agyapong et al, 2015). Furthermore, performance is mostly manipulated by micro and small family business as a result of taxation and confidential information about business success to attract public criticisms (Smith, 2014). Nevertheless, discriminant validity for measuring financial performance depicts a good fit as the CFA generated reliable figures in Table 3.1.

3.10.4 Moderating Variables: (environmental characteristics)

Competitive intensity was measured with a seven-point scale with (1) as very little and (7) as very intensive. The respondents were asked whether (a) “increase in the number of major competitors?” (b) “use of package deals for customers” (c) “frequency of new products/service introductions” (d) “the rate of change in price manipulations?” (e)

“Increase in the number of competitors that have access to the same marketing channels?” and (f) “the frequency of change in government regulations affecting the industry?” These six measurements were derived from an empirical and theoretical literature by Acquaah et al, 2008 and Agyapong et al, 2015). The CFA was computed to validate the reliability of the constructs presenting good fit indices as compiled in Table 3.1.

3.10.5 Organizational Capabilities: (marketing and managerial)

Marketing capabilities measured five questions from respondents entailing a seven-point scale with (1) much weaker and (7) much stronger considering varying determinants. Priority marketing capabilities determinants included developing marketing information about specific customer needs. Also, product/services pricing of customer specific needs and market monitoring amongst customer recruitment and retention and better after sales service provision (Agyapong et al, 2015; Acquaah et al, 2008; Chahal and Kaur, 2014).

Managerial capabilities were also measured by respondent answers entailing operating procedures skills in successful business development, allocation of resources effectively and coordinating ability to achieve holistic organizational targets. Other constructs include staff expertise in designing staff job roles, attraction and retention of creative employees, forecasting and planning for mission and visions and implementation of achievable results competencies (Camison, 2005; Parnell et al, 2015). CFA was also deduced to produce best fit indexes which are presented in Table 3.I.

Table: 3.2: Validity and reliability of constructs

Variables	Alpha	x^2(df)	P-Value	x2/df	RMSEA	CFI	SRMR	NNFI
Competitive intensity	.779	10.1 (5)	.070	2.03	.073	.90	.035	.96
Marketing capability	.850	2.10 (5)	.840	.042	.000	1	.015	1.006
Managerial capability	.834	3.14 (2)	.210	1.570	.054	1	.015	.99
Operational performance	.870	9.84 (5)	.080	1.968	.070	.99	.025	.98
Financial performance	.934	1.74 (2)	.420	.870	.000	1	.0065	1.0

SRMR =<.07; CFI >=.90; NNFI >=.90; RMSEA =<.07; P-Value >= .05; x^2/df =<2.00; x^2(df) = significant; Alpha>.6

3.11 Validity and Reliability of Variables

In testing for the validity and reliability of variables, confirmatory factor analysis (CFA) and Cronbach alpha (α) coefficients were adapted. LISREL 8.5 was used to generate the path model to compute all the necessary fit indices as used by Agyapong et al (2015) and Boso et al, (2013). The loadings were significant entailing constructs like marketing capabilities, managerial capabilities representing organizational capabilities. The performance constructs also included financial performance and operational performance. The environmental characteristics also involved perceived competitive intensity and industry sector whilst the latter was embedded with complexity and dynamism. Therefore, all these independent and moderating variables were used to measure performance of MSFB in the Ghanaian business economy. Results for validity and reliability of variables are presented in Table 3.1. Table 3.1 presents consistency in the results with Cronbach Alpha coefficients ranging from .589 and .934 Alpha levels indicating reliable convergent validity. Best fits of model were used for instance; chi-squared (χ2) tests was significant ranging from .90(2) and 10.17(5). Moreover, other fit index adapted includes the P-values ranging between .070 and .840 (see Agyapong et al, 2015, Boso et al, 2013). All fit indexes presented indicates acceptable cut-off benchmarks like degree of freedom) $\chi 2$/df also ranging from .42 and 1.968. Root mean square error of approximation (RMSEA) also recorded .000 to .073 in ranges. Furthermore, the confirmatory factor index (CFI) was significant at .90 and 1. Standardized root mean square residual (SRMR) and Non-normed fit index (NNFI) ranged from .0065 to .035 and .96 to 1.042 representing the former and the latter respectively (see Cao and Zhang, 2011; Hatani et al, 2013). In all, significant levels of fit indexes were presented indicating maximum reliability and validity of variables adapted as satisfactory.

CHAPTER FOUR

Presentation of Findings and Discussion of Results

4.1 Introduction

The hypotheses formulated were tested with data gathered from CEOs and owners of micro and small family businesses operating within the Ghanaian business empire. These include most demarcated regions of Ghana including Ashanti, Northern, Central and Greater Accra among others selected at random with some MSFB firms documented in the Ghana business directory. NBSSI and Ghana Revenue Agency also documents all other informal business startups with employees below thirty people and a working capital balance sheet of around USD100, 000. These MSFB ranges from apprenticeship workshops for the service industries manufacturing industries in domestication among other trading organizations basically owned and manipulated by a recognized family lineage. Managers of these family businesses were asked to provide quantitative and subjective information about such businesses from their operations existence. In all, a total threshold of 196 micro and small family businesses was analyzed across Ghana.

Table 4.1 Respondents demographic breakdown

		n	%
Firm industry type	Manufacturing	31	15.8
	Service	104	53.1
	Otherwise	61	31.1
Firm ownership type	Family-owned	196	100.0
	Not a family-owned	0	.0
Gender	Male	130	66.3
	Female	51	26.0
	Non response	15	7.7
Age (years)	Less than 20	10	5.1
	20 to 29	38	19.3
	30 to 39	66	33.7
	40 to 49	56	28.6
	50+	26	13.3
Current position	Owner-manager	84	42.9
	Executive	31	15.8
	Manager	80	40.8
	Others	1	.5
Work experience in current position (years)		196	100.0

SOURCE: Field Study, (2016)

The study recorded 196 respondents from MSFB firms across Ghana selected randomly from the formal and informal sector of the business and commerce field of transactions. The manufacturing sector accounted for 15.8% out of the total MSFB firms including organizations producing locally domestication goods like African wear, sachet water producers among others. The services sector also generated 53.1% of firms like consultancy, repairs and maintenance, apprenticeship etc. Other industry types therefore accounted for 31.1% respondents to the study. All the 196 sample size recorded comprises only family owned businesses across Ghana. 66.3% of the respondents were males with 26.0% being females hence leaving a 7.7% non-response rate in terms of gender. The age range of respondents from 50 years and beyond was 13.3% with that of 40-49 years recording 28.6%, 30-34 years recorded 33.7%. Respondents with age ranging from 20-29 years recorded 19.3% and lastly, those below 20 years recording 5.1%. The current position of respondents as owner-managers was 42.9%, respondents in the position as executives also recorded 15.8%. Both managers and other positions therefore recorded 40.8% and .5% for the former and the latter respectively with all 196 respondents having adequate working experience within the in their current positions.

Table 4.2: Descriptive Statistics

Variables	N	Minimum	Maximum	Mean	SD
Firm age (years)	194	1	50	13.94	9.143
Firm size (no. of employees)	195	0	29	11.05	7.595
Industry sector	196	.00	1.00	.1582	.36583
Marketing capability	195	1.00	7.00	5.0862	1.04928
Managerial capability	195	2.00	7.00	5.1000	1.02306
Competitive intensity	192	1.60	7.00	4.9969	1.12552
Financial performance	195	1.00	7.00	4.9603	1.27603
Operational performance	195	1.80	7.00	5.1559	.99830

SOURCE: Field Study (2016)

Table 4.3: Analysis of correlation results

Variables:	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**
1. Firm age (years)	1							
2. Firm size (no. of employees)	.495**	1						
3. Industry sector	.106	.204**	1					
4. Marketing capability	.098	.070	.101	1				
5. Managerial capability	.105	.056	.105	.734**	1			
6. Competitive intensity	.143*	.002	-.037	.515**	.421**	1		
7. Financial performance	.250**	.308**	.019	.365**	.400**	.344**	1	
8. Operational performance	.116	.048	.011	.607**	.524**	.462**	.679**	1

*p <.05; **p < .01

4.2 Results

The study purposely asserts the effect of marketing and managerial capabilities on the financial and operational performance of micro and small family businesses in Ghana being moderated by competitive intensity (see Rubera and Kirca, 2012). Descriptive statistics computed in Table 4.3 attests to the fact of significantly perfect correlation as presented in Table 4.3 respectively. SPSS 16.0 was the data analysis tool used in deriving all the significant descriptive and correlation results as presented in Table 4.2 and Table 4.3 respectively. The sample size was 196 (N) although there were some few non-response rates not below 192 with the mean (M) ranging between .1582 and 13.94. The standard deviation (SD) also ranged from .36583 to 9.143. Moreover, the minimum (Min) was 0 and 2 with the maximum (Max) ranging between 1 and 50 all depicting acceptable benchmarks (see Boso et al, 2013). Hierarchical analysis in regression was used to test for hypothesis, in all, four hypotheses were formulated with two concerning the direct effect and the remaining two hypotheses also concerning the moderating interaction (see Flynn et al, 2010). The control variables entered were firm size mostly characterized by the number of employees in MSFB together with firm age entailing the number of years within business existence whilst the industry sector comprising manufacturing and services was negatively related. Model 1 yielded significantly positive results with the control variables pertaining to both financial and operational performance as composite dependent variable. In Model 2, composite variables of marketing capability and managerial capability were also entered respectively yielding a direct effect on organizational performance of MSFB as the independent variables. Model 3 added up the moderating variable of competitive intensity which also showed a positively significant relationship with MSFB performance. Furthermore, managerial capability was also merged with competitive intensity and marketing capability respectively showing an insignificant interaction path although positively and partially related. The results of the hierarchical regression (see Huo et al, 2014), shows that Path 1 which entails the control variables has a direct effect of MSFB performance with standardized beta variables of .182 and .138 representing firm age and size. Industry sector showed an inverse relationship with a beta value of -.052. Hypothesis 1 and hypothesis 2 were also confirmed that there is a positive relationship between marketing and managerial capabilities and performance of micro and small family business in Ghana. To verify this, the standardized Beta (β = .378 and .205, $p>1.645$) respectively after controlling for age and size as depicted in Table 4.4. Moreover, Hypothesis 3 was formulated as marketing capabilities and intensive competition have a positive relationship on performance of micro and small family business in Ghana. In testing for hypothesis 3 (β = .116) showing partial relationship due to insignificant interaction terms. Hypothesis 4 concerning managerial capabilities interaction with competitive intensity showed (β = -.039, $p< 1.645$) values showing a negative relationship on MSFB performance. In the moderation analysis, results of Hypothesis 3 and Hypothesis 4 showed insignificant levels in terms of marketing capabilities interaction with competitive intensity likewise managerial capabilities and intensive competition. Nevertheless, there was no moderation in Path 4 after the interaction level with marketing capability and managerial capabilities with competitive intensity showing negative or zero significance level (see Huo et al, 2014; Gimenez et al, 2012). Correlation on the other hand, showed various significance levels either with a 2-tailed non-directional or a 1-tailed specific correlation as shown in Table

4.3 although competitive intensity and industry sector were negatively correlated (see Campion, 2011). The study therefore, presents a direct effect of marketing and managerial capabilities on the financial and operational performance of micro and small family businesses in Ghana especially the manufacturing and service sector.

Table: 4.4 Analysis of regression results

Variables	Model 1	Model 2	Model 3	Model 4	T-values	VIF
	β	β	β	β		
Path 1: (control)						
Firm age	.128 (.132)	.078 (.262)	.055 (.426)	.051 (.455)	.798	1.362
Firm size	.138 (.104)	.136 (.056)	.145 (.037**)	.138 (.055**)	2.096	1.412
Industry sector	-.052 (.482)	-.104 (.095)	-.080 (.195)	-.012 (.245)	-1.300	1.102
Path 2: (direct)						
MKT → Perf.		.378 (.000**)	.282 (.004**)	.261 (.010**)	2.931	2.868
MCC → Perf		.205 (.026**)	.193 (.033**)	.216 (.022**)	2.146	2.507
Path 3: (moderator)						
CI → Perf			.198 (.005**)	.200 (.005**)	2.821	1.420
Path 4: (interaction)						
MKT x CI → Perf				.116 (.250)		2.901
MCC x CI → Perf				-.039 (.700)		2.896
Model Fitness						
R^2	.50	.344	.372	.379		
Adjusted R^2	.035	.326	.351	.351		
ΔR^2	.050	.294	.028	.007		
F-statistics	3.214	19.090	17.843	13.662		
Df	3	5	6	8		
Durbin Watson				1.664		

Notes: *p < .01; **p < .05

Notes: MKT = Marketing capability; MCC = Managerial capability; CI = Industry sector; Perf = Performance

Unstandardized regression equation on the moderating variable: Perf. = 1.468c + .006a + .020s - .228i + .275mkt + .196mcc + .184ci

4.3 Discussion

The study examined the moderation effect of competitive intensity on the relationship between marketing capabilities and managerial capabilities performance on micro and small family businesses in Ghana. The results of the study were mixed in perspective to marketing and managerial capabilities role in the organizational performance of micro and small family businesses. The study propounds a direct effect of both the control variables and the independent variables on the dependent variable. To elaborate this, marketing capabilities, managerial capabilities and competitive intensity have a direct relationship effect on performance of MSFB in Ghana. This can be explained that, irrespective of the environment being it competitively intensive, marketing capabilities does not vary in terms of MSFB in emerging economies like Ghana. Hence, the RBV specifically, the organizational capabilities if well manipulated by CEOs of MSFB can enormously contribute to the formal and informal sector MSFB performance within the Ghanaian business economy. Furthermore, MSFB implementing marketing and managerial capabilities will exceed and achieve superior business performance to gain competitive advantage as market leaders on ROA, ROS or ROI (Agyapong et al, 2015, Acquaah et al, 2008). This claim can further be proven in relation to the hypothesis formulated and tested according to the analysis of variance (ANOVA) which examines a direct effect of the independent variables on the dependent variable. Firstly, hypothesizing that, marketing capabilities has a positive effect on MSFB performance was tested and fully supported in path 3. Secondly, hypothesizing that managerial capability also has a positive effect on performance of MSFB was also shown and fully supported as a direct effect in path 3. Competitive intensity having a positive relation to MSFB in Ghana was also proven and supported significantly in Path 3. Finally, the direct effect between MSFB performances on marketing and managerial capabilities including competitive intensity can be discussed that, it is because of perceived intensity of industry competition thus why marketing and managerial capabilities exist. Furthermore, micro and small family businesses in Ghana that adapt marketing and managerial capabilities can always outperform industry sector players irrespective of the competitive intensity prevailing (see Agyapong et al, 2015, Acquaah et al, 2008). From the discussion above in terms of the regression analysis of moderation, objectives 1 and 2 were analyzed and fully supported. That is, objective 1 has been proven that, organizational capabilities being it marketing and managerial can actually lead to superior business performance of MSFB in Ghana. Also, objective 2 also has been proven that, environmental characteristics entailing perceived intensity of industry competition can also lead to organizational performance of micro and small family businesses in Ghana. The objective 3 which moderates competitive intensity with organizational capabilities on MSFB performance also shows that, no matter how intensive the industry sector is, or irrespective of the competitive pressures in the industry sector, MSFB that always practice marketing and managerial capabilities will always outperform industry players. These results as discussed were achieved after firm size, firm age and industry sector were used as control variables.

CHAPTER FIVE

Summary of Findings, Conclusion and Recommendation

5.0 Introduction

The chapter five as the last chapter of the thesis entails the findings, conclusion and recommendation of the study based on the research questions posed in relation to the objectives in chapter one. Furthermore, this has become possible as a result of the extensive literature reviewed in chapter two which aided the proper selection of a research methodology in chapter 3. Therefore, the findings, conclusion and recommendation can be said to be a summary of chapter 4 based on the control, dependent, independent and moderating variables analyzed in the study.

5.1 Summary of Findings

5.1.1 Examining the impact of organizational capabilities on the performance of micro and small family businesses in Ghana.

In resource-based view (RBV), we examined only the capabilities aspect narrowing it down to the managerial and marketing despite several other capabilities like innovativeness, entrepreneurial, financial and dynamic among others. The focus and concentration on marketing capabilities and managerial capabilities can be emphasized based on extensive literature and statistical data analysis that, marketing capabilities can greatly contribute to superior organizational performance of micro and small family businesses in Ghana. This can be buttressed with findings that, marketing strategies like R&D, integrated marketing communications aside best customer services can greatly impact extraordinary performance of MSFB to gain international recognition like a branded corporate goodwill image through advertisements, publicity and promotions. Holistic strategic management capabilities like policies on mission, vision, and targets can help provide a benchmark for organizational culture and consensus in decision making. Therefore, managerial capability practices can provide effective MSFB performance together with marketing capabilities for efficient and superior business performance for MSFB firms to outperform manufacturing and services competition.

5.1.2 Examining the effect of environmental characteristics on the performance of micro and small family businesses in Ghana.

Environmental characteristic which was adapted involves perceived intensity of industry competition as the moderator. In effect, the findings can be reported that, competitive intensity recalls issues of technological automation for MSFB to be adjustable to innovation. These problems definitely lead to the highly perceived competitive intensity that, the industry sector is competitively hostile and rivalry hence leading to underperformance of MSFB as against the multi-national corporations who collude in cartel manipulations. Nevertheless, the study can also deduce such findings that, competitive intensity is characterized by the political instability, economic uncertainty, and socio-cultural barriers. Moreover, technological globalization, legal sanctions and ecological interdependency are all contributing to MSFB performance whereby MSFB that adjust to such dynamism always become market leaders whilst such laggards mostly suffers competitive pressures within the complex industry players losing huge market share.

5.1.3 Examining the relationship between organizational capabilities and environmental characteristics on performance of micro and small family businesses in Ghana.

The study further examined findings concerning the simultaneous interaction between both the managerial and marketing capabilities together with the industry competitiveness. This was analyzed in a regression analysis of moderation. In effect, marketing capabilities interacting with competitive intensity on MSFB performance in Ghana does not moderate. To explain this, it can be analyzed that, no matter or irrespective of the intensive competition among industry players, marketing capabilities exist to outwit all such competitiveness. Therefore, marketing capabilities can help MSFB to achieve effective business performance no matter the competitive intensity through strategies like unique branding, better customer service, promotional deals etc. On the other hand, successful deployment of managerial capabilities can contribute to over-performance of MSFB within the competitive industry sector through strategic policies. This can therefore help SMEs to gain foreign direct investments as multinationals within the globally competitive economy of trade and commercial transactions in achieving extraordinary organizational performance either in financial or operational standards like ROA, ROI and ROS improvement.

5.2 Conclusion

Based on the extensive literature reviewed together with the methodological analysis of data retrieved, the research findings can be concluded in relation to other research studies conducted similar to this study. To conclude in summary, marketing and managerial capabilities of the RBV aside competitive intensity have a direct effect on performance of micro and small family businesses in Ghana. This can further be emphasized that, irrespective of the environmental characteristics that micro and small family businesses operate in, marketing and managerial capabilities does not vary, does not change or alter their firm's performance. In spite of this, there was no moderating interaction concerning to marketing and managerial capabilities with extreme competitiveness. This can further be concluded that, the study finalized its research findings on a direct effect of marketing capabilities, managerial capabilities together with perceived intensity of industry competition on performance of micro and small family businesses in Ghana.

5.3 Research Contributions

The purpose and contributions of the study is basically to pinpoint the slow performance of MSFB in emerging economies like Ghana in order for such firms to realize their performance potentials. This can be argued in relation to the global economic business giants commanding maximum market share and outperforming in strategic management. Nevertheless, Ghanaian micro and small family business are being urged to speed up their financial and operational performance so long as they are in business in order to help sustain industrial competitive urge.

5.4 Recommendations

5.4.1 Examining the relationship between organizational capabilities and environmental characteristics on performance of micro and small family businesses in Ghana.

The study, based on its findings, can recommend that, managerial and marketing capabilities can really help improve upon the performance success of micro and small family businesses. Hence, CEOs and MD or entrepreneurial owners of all family owned MSFB must adapt proper and best practices of both marketing and managerial capabilities to outwit competitors. This will enable them become market leaders within their industry sector. Moreover, most or about 80% of MSFB in Ghana all dominate within the informal industry sector hence; they mostly neglect marketing and managerial capabilities. This notion must be avoided because marketing and managerial capabilities does not apply to only multinational corporations but also, to help sustain SMEs, MSME, and MSFB to all grow tremendously in business operation and financial performance. This is highly recommended for all micro and small family business startups. This is because, the MSFB in Ghana predominantly operates within the informal industry sector hence lacks the morale and essence of adapting marketing and managerial capabilities mostly as a result of extra administrative cost. This notion can be curtailed since sustained and improved performance can help recoup all marketing and managerial capabilities investments executed. Nevertheless, problems of high unemployment within emerging economies like Ghana can adequately minimized through micro and small family business entrepreneurship domestically.

5.4.2 Examining the effect of environmental characteristics on the performance of micro and small family businesses in Ghana

The environment is highly characterized by competitiveness within the micro and small family business startups leading to business firms fade out in the business economy contributing to severe economic hardships. To avoid these pressures of losing family legacy and generational investments, micro and small family businesses must be dynamic to environmental paradigm shifts especially in technology to meet standardized benchmarks. This can greatly improve upon successful business performance to gain competitive mentorship as market leaders within the industry sector. MSFB owners must ensure adequate forecasting and planning to be abreast with time whilst all MSFB firm's CEOs adjusting to competitiveness must gear up for innovations and counteractions like creativity. Family business owners must also adapt marketing and managerial capabilities specially to safeguard all investments as a legacy for enormous profits to ensure stable business cycle, mergers, acquisitions and takeovers into advance commerce.

5.4.3 Examining the relationship between organizational capabilities and environmental characteristics on performance of micro and small family businesses in Ghana.

The performance of MSFB is dependent on marketing and managerial capabilities but since it does not moderate industry sector competitiveness in Ghana, MSFB owners must concentrate on the managerial and marketing capabilities in order to help the progress of their firms. Irrespective of the environment conditionality's, proper implementation of both managerial and marketing capabilities will still help sustain MSFB. Therefore, MSFB executives must encourage direct interaction with marketing and managerial capabilities as a measure irrespective of the competitiveness because, such industry hostility and rivalry can be overpowered by adequate managerial and marketing capabilities implementation.

5.5 Recommendations for further research

According to this study, marketing and managerial capabilities were moderated with competitive intensity to measure micro and small family business performance in Ghana as an emerging economy. Similar studies have also been conducted in countries like Australia, USA and China etc. with diverse range of variables and results. For further research, managerial and marketing capabilities can also be focused on firm sizes like medium and large scale enterprise to be either mediated or moderated with other external environment characteristics like turbulence, bankruptcy etc. on performance measures like return on equity.

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APPENDIX :

QUESTIONNAIRE :

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

Survey Instrument@2016

Brief background of the study

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

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

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

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

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

SECTION A: 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

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

SECTION B: CAPABILITY (MARKETING & MANAGERIAL)

*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:*

Mkc1. Developing marketing information about specific customer needs	☐	☐	☐	☐	☐	☐	☐
Mkc2. Pricing the firm's products/services and monitoring prices in the market	☐	☐	☐	☐	☐	☐	☐
Mkc3. Designing products/services that can meet customer needs	☐	☐	☐	☐	☐	☐	☐
Mkc4. Focusing on customer recruitment and retention	☐	☐	☐	☐	☐	☐	☐
Mkc5. Providing better after-sales services	☐	☐	☐	☐	☐	☐	☐
Mc1. Skills in developing a clear operating procedures to run the business successfully	☐	☐	☐	☐	☐	☐	☐
Mc2. Ability to allocate resources (e.g. financial, employees) to achieve the firm's goals	☐	☐	☐	☐	☐	☐	☐
Mc3. Ability to coordinate different areas of the business to achieve results	☐	☐	☐	☐	☐	☐	☐
Mc4. Ability and expertise to design jobs to suit staff capabilities and interest	☐	☐	☐	☐	☐	☐	☐
Mc5. Ability to attract and retain creative employees	☐	☐	☐	☐	☐	☐	☐
Mc6. Ability to forecast and plan for the success of the business	☐	☐	☐	☐	☐	☐	☐
Mc7. Ability to implement policies and strategies that achieve results	☐	☐	☐	☐	☐	☐	☐

SECTION C: BUSINESS PERFORMANCE

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

SD1: OPERATIONAL PERFORMANCE

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

SD2: FINANCIAL PERFORMANCE

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

SECTION D: FIRM BACKGROUND & RESPONDENT'S INFORMATION

1. This firm is mainly a… ☐ Manufacturing organisation

   ☐ Service organisation ☐ Otherwise

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

3. If you answered "yes" to (2) above,
   - Do family members control the business? ☐ Yes ☐ No
   - Are family members involved in the business as directors?
     ☐ Yes ☐ No
   - Are family members involved as employees?
     ☐Yes ☐ No
   - Are you a family member? ☐ Yes ☐ No

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

   ☐ Sole proprietorship

   ☐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	☐	☐	☐	☐	☐	☐	☐
2. You clearly understood all the items you provided responses on	☐	☐	☐	☐	☐	☐	☐
3. You are very confident in the responses that you provided	☐	☐	☐	☐	☐	☐	☐
4. You are sure that the responses you provided represent the realities in this firm	☐	☐	☐	☐	☐	☐	☐

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TO WHOM IT MAY CONCERN

Dear Sir/ Madam

LETTER OF INTRODUCTION

This is to introduce to you Mr. Samuel Osei Bonsu a Master of Business Administration student (Marketing Option) of the KNUST School of Business.

As part of his course requirement, he is to undertake a study on a topic of his choice and research on it.

Mr. Samuel Osei Bonsu has chosen to collect data for his research work in your esteemed organization on the topic, **"Effect of organizational capabilities on performance of Micro and small family businesses, the moderating role of environmental characteristics."**

It would be greatly appreciated if every facility needed is extended to him to enable his research advance the frontiers of learning.

Counting on your usual co-operation.

Yours faithfully

AHMED AGYAPONG (PhD)
HOD, MARKETING AND CORPORATE STRATEGY