

KWAME NKRUMAH UNIVERSITY OF SCIENCE AND TECHNOLOGY

SCHOOL OF BUSINESS

KNUST

**EFFECT OF ENTREPRENEURIAL ORIENTATION ON PERFORMANCE OF
SMES OF SELECTED SMES IN KUMASI METROPOLIS.**

BY

SALMA SANDOW SALIFU (Integrated Development Studies)

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fulfilment of the requirement for the degree of**

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DECLARATION

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

Candidate;

Salamatu Salifu Sandow

(Student No.PG 9156719)

Signature

Date

Certified by;

Prof. Wilberforce Owusu Ansah

(Supervisor)

Signature

Date

Certified by;

Prof. Ahmed Agyapong

(Head, MCS)

Signature

Date

DEDICATION

I dedicate my project work to Christ Jesus for giving me the opportunity of a second chance in life. To the God Almighty I dedicate this thesis to His Glory through His undeserved kindness and strength I was able to complete this work and to my able family for their unwavering support throughout my entire education.



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ABSTRACT

The research seeks to assess the effects of entrepreneurial orientation on performance of selected SMEs in Kumasi Metropolis. The sample population consist of staff and management of the selected SMEs, which is approximately 140. The study was done using an overall sample size of 130 SMEs owner/managers out of which 120 responses were received which constitute 92.3% response rate. Respondents were chosen using both purposive and convenience sampling techniques. The software utilized in data analysis was Statistical Package for Social Science version 20, and data was interpreted using regression, percentages, mean, and standard deviation. Reliability of variables were also tested using Cronbach alpha. Innovativeness, competitive aggressiveness (independent variables) were found to have a significant and positive effect on performance of SMEs (dependent variable). The study found a positive but insignificant relationship with proactiveness, risk taking propensity, and autonomy (independent variable) on performance of SMEs (dependent variable). It was therefore concluded that, entrepreneurial orientation practices considered have a tremendous impact on performance of SMEs in the metropolis. However, entrepreneurial orientation practices such as proactiveness, risk taking propensity, and autonomy are found to be insignificant and are therefore not making any unique impact on performance of SMEs in the metropolis. It is worth recommending that, the SMEs in the metropolis ought to pay critical attention to entrepreneurial orientation practices in the day-to-day management of the SMEs. Again, the SMEs owner/managers should put strict measures in place in order to pay special attention to various entrepreneurial orientation element evident in the metropolis with the view to achieving excellent performance and delivery.

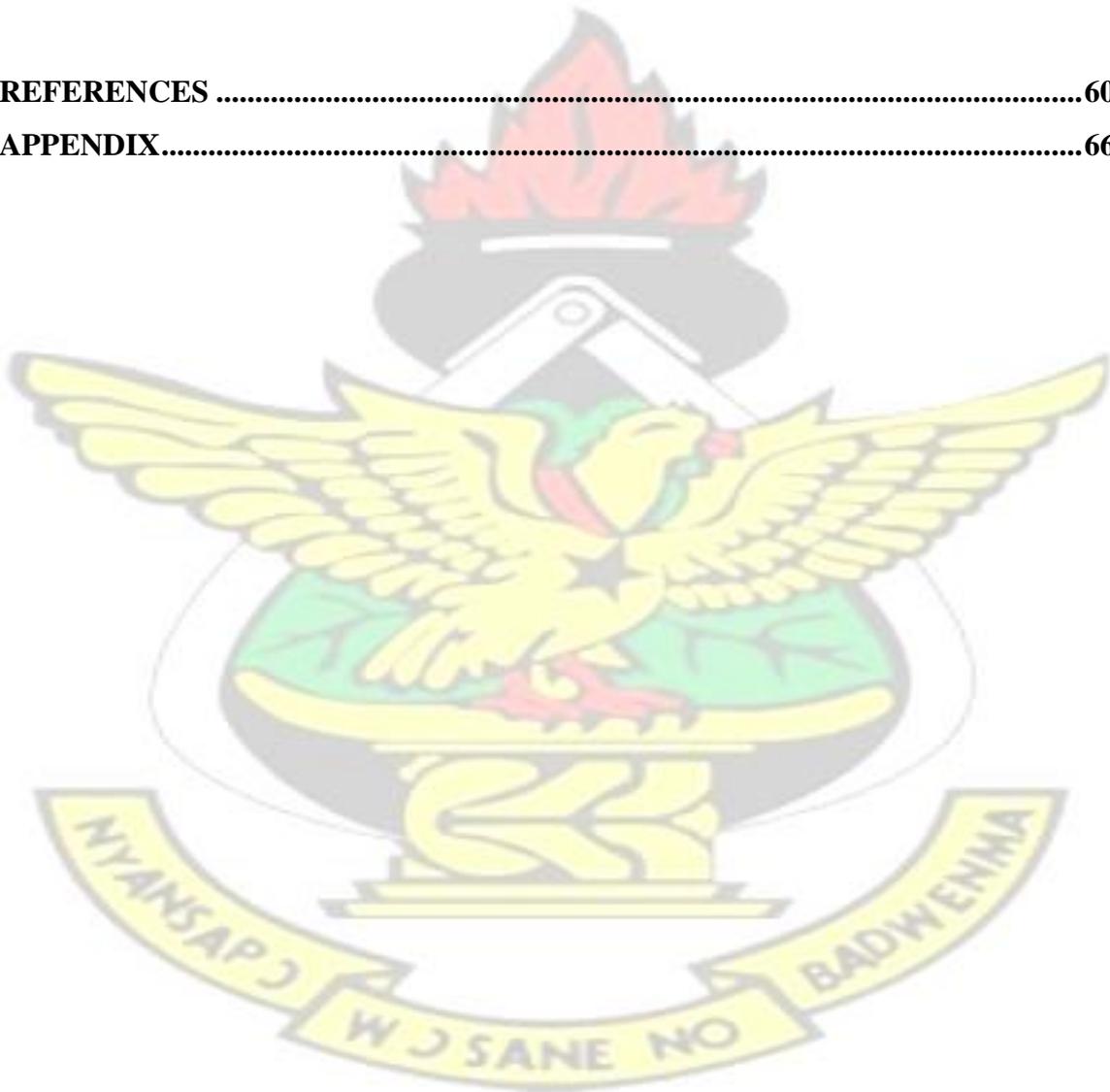
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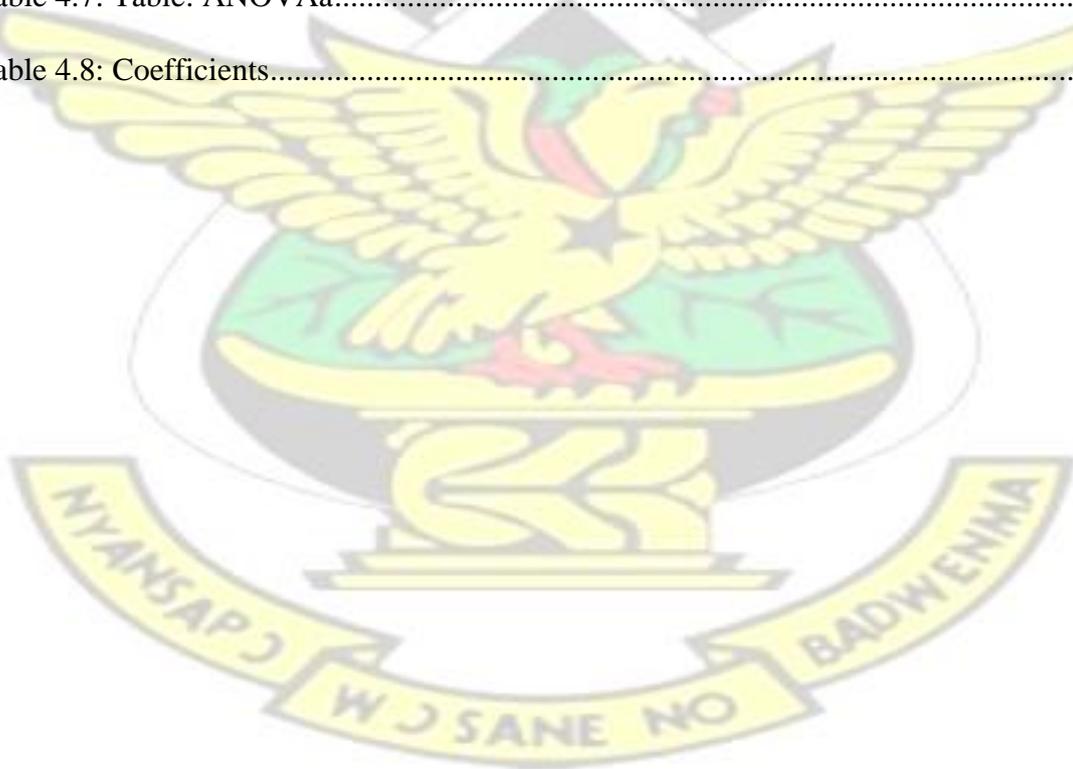
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LIST OF ABBREVIATION

EO	=	Entrepreneurial Orientation
SMEs	=	Small and Medium Scale Enterprise
GDP	=	Stakeholder Theory
NBSSI	=	National Board for Small Scale Industries
RBV	=	Resource-Based View
KNUST	=	Kwame Nkrumah University of Science and Technology
SPSS	=	Statistical Package for Social Sciences
R&D	=	Research and Development
MSMEs	=	Micro, Small and Medium Enterprises
GSS	=	Ghana Statistical Service
LDCs	=	Least Development Countries
TQM	=	Total Quality Management
SE	=	Social Enterprise
FFP	=	Family Firm Performance
FIM	=	Family Involvement in Management
LO	=	Learning Orientation

CHAPTER ONE

INTRODUCTION

1.1 Background to the Study

Small and Medium-Sized Enterprises (SMEs) contribute significantly to the growth of developing economies around the world (Basco et al. 2020). In the industrial sector, small- and medium-sized firms (SMEs) make up a sizable percentage. They consequently warrant further research given their economic contributions (Isichei et al., 2019). SMEs are thought to be the main sources of economic growth in developing countries (Aziz and Samad, 2016). Small and medium-sized enterprises are widely regarded to be the main driver of economic growth (SMEs). To be competitive in the current business environment, SMEs must focus on the procedures, processes, values, and styles of decision-making that guide firm operations, particularly when responding to the external environment. These SMEs must also embrace the habits required to uphold the performance and viability of their organizations (Herath and Mahmood, 2014; Rank and Strenge, 2018).

Pressure on local SMEs is increased as a result of the open market economy's encouragement of new competitors' entry into formerly protected markets. A company's performance continues to be a critical component of growth and sustainability of businesses in today's dynamic and turbulence business environment (Le Roux & Bengesi, 2014). Over the past few decades, a lot of attention has been paid in the literature to the connection between entrepreneurship and business performance (Kreiser & Davis, 2010). Growth and sustainability of businesses become important issue for institutions and the entire business community globally and internationally (Olubiya et al., (2019). Meanwhile, circumstances have prevented companies and organizations from performing to expectations.

The high rate of SME closures, particularly in developing countries, without making a profit, is a result of these pervasive difficulties. Due to the various operational contexts and environments, it is noteworthy that these elements have varying degrees of impact on small and medium-sized firms in both developing and developed countries (Jiang et al., 2018). Due to the SMEs' apparent lack of an entrepreneurial focus, these performance levels appear to be unsatisfactory and have led to the global inefficiencies of SMEs. Research indicated that, companies and organizations including small businesses with high level of business outperformed those with lower levels of orientation. SME's should innovate and take advantage of chances that larger corporations cannot as stated by (Olubiyi et al., 2019). Offering training and development to businesses in new market economies remain pivotal to the growth and optimum performance of small businesses.

New opportunities that arise as a result of the free flow of cash, goods, and technologies characterize these ecosystems. This enables business owners to take advantage of opportunities with the fewest possible border restrictions (Luu and Ngo, 2019). In today's turbulent business environment, there are most businesses that lack proper training and entrepreneurial skills as a result of non-adherence to proper entrepreneurial orientation in managing the emerging companies in the market as indicated by (Roux and Bengesi, 2015). Adopting appropriate training and orientation remain a serious component which needed to be incorporated into business plans in identifying new opportunities for growth and profitability of businesses. SME's must assess their plans and adjust them to the shifting and dynamic environment if they are to compete in the fierce domestic and international competition.

In order to ensure growth and exceptional performance, SMEs should always look for new approaches in enhancing the performance (Hussain et al., 2015). SMEs developments are, in general, essential to the growth plan because of their ability to bounce back fast from systemic shocks and because they have a tendency to generate money and jobs while other businesses are struggling. In the contemporary, dynamic, and fiercely competitive global economy, the relevance of entrepreneurial orientation (EO) is evident in its rapid expansion throughout the strategy literature (Corbo, 2012; Carton, 2004; & Rauch et al., 2009, Soininem, et al, 2013). "Enterprise orientation," or "EO," is a strategy plan that integrates an organization's management philosophies, techniques for formulating strategies, and entrepreneurially oriented strategic action (Kraus, 2013).

So, in a broad sense, EO is a propensity for entrepreneurial behaviors in corporate decision-making (Covin & Wales, 2012). By launching creative businesses and broadly expanding job possibilities, entrepreneurship actively contributes to economic progress (Audretsch, & Robinson, 2016). Additionally, Lawal et al. (2018) claimed that OE enables a business to advance ideas, translate them into novel products and services, engage in hazardous ventures, predict future requirements, and discover new market opportunities. Entrepreneurial orientation is described as the strategic firm behavior of innovation, risk-taking, and proactivity (Covin & Slevin, 2009). After that, Lumpkin and Dess's (2012) OE conceptualization added competitive aggression and autonomy along with five additional characteristics. In previous studies, OE and business performance have also been extensively investigated (Basco et al., 2020). Other academics have looked at the effectiveness of internationalization and commercial success in OE and SMEs (Galagedara, Samarakoon, 2020, for example). Entrepreneurial orientation refers to the principles and procedures that serve as a foundation for decisions and activities

taken in the name of entrepreneurship (Rauch et al.2009). It is therefore evident that, entrepreneurial orientation is very critical for growth and sustainability of companies and organizations especially the small and medium scale enterprises.

1.2 Problem Statement

SMEs are frequently acknowledged as a dynamic and innovative source of new ideas (Gilmore et al.,2013), spotting opportunities that larger companies may not notice, creating jobs, wealth, accelerating economic growth, and generating more capital (Nichter and Goldmark, 2009; Gilmore, 2011). However, SMEs usually work in the most dynamic and competitive environments, with high rates of both success and failure (Hall, 2002). Despite the fact that entrepreneurship has been regarded as essential to every nation's economic progress, there is insufficient factual support for this relationship (Nasip et al., 2017). Additionally, while academic research and management practice have regularly showed an interest in the idea of SMEs' entrepreneurial orientation, there have been few studies that have looked at EO with five dimensions and the innovativeness of SMEs in developing nations like Ghana. An important factor in improving firm performance is determined to be entrepreneurial orientation (EO) (Soininem, 2013). EO stands for an articulated theoretical framework that incorporates many strategic posture and behavior characteristics, captures a firm's entrepreneurial attitude, and seeks to explain the performance of the organization in terms of innovation, risk-taking, and proactiveness (Wang, 2008).

According to Storey et al. (2013), entrepreneurial culture has a favorable effect on an entrepreneur's entrepreneurial orientation. Adegbite & Abereijo's 2007 study of 88 SME's supported the claim that the adoption of EO by corporate enterprises in underdeveloped nations was still in its infancy. The study found a big difference between

the personality qualities that make a good entrepreneur. There was a high prevalence of factors among the respondents that are harmful to the quick expansion of SMEs, including aversion to risk, a lack of creativity, and proactivity. Research also reveals that the bulk of research conducted in Nigeria focus on topics like exports (Kevin, & Young, (2006), Kevin (2004), market orientation (Sanjaya, 2011), entrepreneurial burnout (Shepherd, et al, 2010), and the contribution of technology to business performance (Prodromos, et al, 2011). In the recent past, business firms in Africa, especially Ghana, have shown to have relatively poor performances. The available literature has attributed this development to a number of variables, including low export volume (Acar & Özşahin, 2018); technological level (Prodromos, 2010); and crucial variables like EO being left out of such studies.

However, a significant takeaway from earlier research efforts is that this link is more nuanced. Campos et al. (2013) claim that organizations with higher Entrepreneurial Orientation (EO) perform better. It is not a novel idea that an EO's link to performance varies for various business kinds, especially small enterprises. These contradictory findings can be explained in two ways: either the performance implications of EO are context-specific, or the link between EO and performance is influenced by internal factors. Campos, et al. (2013) found that EO had a favorable impact on performance in a study of 164 small manufacturing enterprises in Mexico, but the results also showed that temporal orientation moderated the connection. EO and performance are more closely related to long-term orientation than to short-term orientation.

As a result of the unique characteristics that small enterprises develop that set them apart from major corporations, Campos et al. (2013) stated that further research on EO and its idiosyncrasies in this context is required. More than 100 research have been undertaken

on EO, making it a key concept in the field of entrepreneurship. As a result of the large amount of theoretical and empirical attention it has gotten, the concept's conceptual significance and applicability have gained widespread acceptance (Rauch, et al, 2014). It refers to the strategy-making procedures that give businesses a foundation for taking entrepreneurial decisions and actions (Soininen, 2013). As a result, the idea symbolizes one of the fields of entrepreneurship study where a body of accumulated knowledge is growing. Therefore, this study holds that it is now necessary to summarize, assess, and document the body of knowledge regarding the connection between EO and business performance, particularly in Ghana and other rising African markets. Otieno (2012), however, found that EO had a significant impact on Kenyan industrial companies operating within the EAC. Sales, profitability, and employment of manufacturing companies operating inside the EAC region are influenced by EO and Strategy (Otieno, 2012).

Additionally, according to Petzer (2012)'s research, the current regulatory climate in Africa exposes financial institutions to greater scrutiny and regulations than ever before, which is thought to impede the growth of EO and, as a result, the performance of SMEs. The influence of EO on Kenya's SMEs was studied by Okeyo (2014), while studies on the significance of EO to Kenya's networking abilities were conducted by Gathungu (2014). The majority of the literature study mentioned research done in Kenya and Nigeria, especially in the manufacturing industries.

As mentioned above, however, the EO literature also suggests that other studies could not show significant and positive relationship between EO and firm performance (Eniola, 2020). The fact that several studies have found little or no relationship between EO and firm performance suggests that further investigation of this relationship is necessary

(Jeong et al., 2018). Furthermore, to date there is no significant study of EO and its association with the performance of SMEs in the region, particularly in Kumasi metropolis. Inconclusive findings of EO-firm performance relationship model coupled with the lack of empirical study of this relationship within the context of Ghana, and SMEs in the Kumasi metropolis call into question the previous understanding of EO and its relationship with the performance of SMEs.

1.3 Objectives of the Study

1.3.1 General objective

The general objective of the study is to assess the effect of entrepreneurial orientation on performance of SMEs in Kumasi Metropolis.

1.3.2 Specific objectives

The specific objectives of the study were:

1. To identify the various entrepreneurial orientation element evident at SMEs in the Kumasi metropolis.
2. To assess the effect of entrepreneurial orientation on performance of SMEs in the Kumasi metropolis.
3. To explore the prospect and challenges of entrepreneurial orientation on SMEs performance at Kumasi.

1.4 Research Question

1. What are the different aspects of SMEs in the Kumasi metropolitan that exhibit an entrepreneurial orientation?
2. What impact does entrepreneurial orientation have on the success of SMEs in Kumasi?
3. What are the potential effects and difficulties of an entrepreneurial mindset on the performance of SMEs in Kumasi?

1.5 Justification of the Study

This study will, as expected, add to the body of knowledge on entrepreneurship, particularly for the organizations that form the foundation of entrepreneurship research, such as SMEs, academics, researchers, and businesses.

Furthermore, figuring out the circumstances that encourage entrepreneurial action is crucial for supporting development.

The study would add to the body of academic knowledge by making current and pertinent information available to scholars and researchers.

This study will educate business owners and managers on the elements that influence entrepreneurial behavior, improve business performance, and promote the expansion of their companies at the level of business firms.

The study will also give access to the right tools to management staff and senior executives of businesses, enhancing their competitive positions and capabilities as a result.

This study also makes a significant contribution in that the information it produces can be used by the government to establish policies that are centered on entrepreneurship and the development of entrepreneurial orientation.

1.6 The Study's Scope

The conceptual focus of the study includes the impact of business training and its effect on growth and stability of businesses, various entrepreneurial orientation components that are visible at SMEs in the Kumasi metropolis, and the impact of entrepreneurial orientation on SMEs in the Kumasi metropolis. The study's examination of the organizational setting will be restricted to how entrepreneurial orientation affects the performance of SMEs.

1.7 Summary of Methodology

Explanatory and descriptive research designs were both used in the study. About 140 SMEs owner/managers made up the study's population, which was made up of management and personnel from SMEs. The selection of 100 respondents involved both convenient and purposeful sampling procedures. Data were gathered using a closed-ended questionnaire. Statistical Programme for Social Sciences (SPSS) version 20 was used to examine the data that had been collected. To give significance to the collected data, simple descriptive statistics like frequencies, percentages, means, and standard deviation would be used. The impact of entrepreneurial orientation on the performance of SMEs was investigated using a multiple linear regression analysis.

1.8 Limitations of the Study

In human undertakings, failures were a common occurrence, thus it stands to reason that this activity might present its own difficulties. The first hurdle will be in acquiring data, which will be challenging. It's possible that the majority of responders are unwilling to take part in the study. Some criticize the routine practices of having students complete questionnaires each year, which have so far produced little results. The researcher will persuade the respondents of the value of academic research and the necessity of their participation. Second, it's possible that the majority of respondents won't be open to sharing a real account of their experiences when it comes to responding to the questions. However, the researcher will urge them to respond to the questions as best as they can. The printing of questionnaires, data gathering, and other expenses are all financial hurdles that every research project must overcome. This task will be no exception. The researcher will make every effort to succeed in order to make the study a success despite these difficulties.

1.9 Organization of the Thesis

There will be five connected chapters in the study. The work will be broadly introduced in Chapter one. The second chapter will examine the research and hypotheses around the relationship between SMEs' performance and entrepreneurial orientation. The methodology for the investigation is described in Chapter three. Additionally, data analysis and discussion of the findings are included in chapter four. A summary of the findings, conclusions, and recommendations for management and academia will be included in the last chapter.

CHAPTER TWO

LITERATURE REVIEW

2.0 Introduction

The chapter evaluated the theories and writings that have been related to the concepts being studied. Review of theoretical literature, conceptual and theoretical framework, entrepreneurial orientation, performance of SMEs, characteristics of entrepreneurial orientation, factors impacting SMEs' performance, and impediments to SMEs' expansion were among the topics covered in the discussion.

2.1 Theoretical Review

The Agency Hypothesis, the Capital Dependent Perspective Theory, and the Organizations' Information Based View were all used in the research to support the study. A theoretical framework refers to how the researcher develops thoughts on what the possible answers could be, these thought and theories are then clustered into themes that frame the subject (Telewa, 2014). This research mainly focused on entrepreneurial orientation and SMEs performance. Theories are the organized body of concepts and principles that explain how and why something operates (Tavallaei & Talib, 2010).

2.1.1 The Resourced-Based View Theory

The RBV hypothesis states that SMEs can use EO to achieve financial performance by carefully leveraging the resources offered by BIE (Abass et al., 2020; Barney, 1991; Dwivedi et al., 2009). The significance of the RBV theory was emphasized by Dwivedi et al. (2009) since it emphasizes the resources that SMEs have in BIE, encompassing both real and intangible resources. The RBV approach, however, presupposes that SMEs fully utilize their resources through EO (Abass et al., 2020; Rezaei & Ortt, 2018).

Therefore, earlier research that used the RBV theory to support the contribution of entrepreneur orientations concentrated on how these orientations affected the performance of SMEs in the BIE. The value of RBV theory has been demonstrated by studies. For instance, Mario Caldeira and Ward (2003) employed the RBV theory to analyze SME entrepreneurs' successful business ideas. The RBV theory has also drawn criticism, according to Ahmed et al. (2017), Jourdan (2002), and Ahmed et al. (2017), who claim that the theory primarily emphasizes outcome goals and ignores process and end goals.

According to Jourdan (2002), the idea is not founded on behavioral theories to ascertain how aspects might be merged to produce a cohesive brand. The theory has been validated by academics (Rahman et al., 2019; Shafei, 2017; Shafei, 2013) despite this criticism by making the case that it is more contextual and critical rare. Organizational performance is the foundation of the theory (RBV) (Chaston, 2016; Morris et al., 2002; Schendel and Hofer, 1979). The RBV theory maintains that organizations evaluate their operations' performance rationally and move forward depending on the performance measurement (Murphy et al., 1996). Growth, efficiency, profit, reputation, and owners' personal ambitions are all factors that affect how well a company performs, according to the notion (Murphy et al., 1996; Venkatraman et al., 1986).

According to certain academics, the aspects underpinning EO behaviors are not consistent in the theory (Hills and Hultman, 2013; Hills and Hultman, 2011; Kilenthong et al., 2015; Whalen et al., 2016). In spite of having fewer resources than larger organizations, entrepreneurs with an inventive spirit can use the principle to find novel ways to promote their goods and services (Morris et al., 2002; Stokes, 2000). It is beyond dispute that Evans (2005), Murphy and Callaway (2004), Panigyrakis and Theodoridis

(2007), and others have argued that the theory is applicable to the study of measuring the performance of EO in terms of both financial and non-financial growth, efficiency, profit, reputation, and owners' personal goals as a measure of overall SME performance. The RBV theory, according to academics, is applicable to all kinds of businesses, regardless of size (Hisrich and Ramadani, 2018; Kraus et al., 2009; Whalen et al., 2016). By comprehending the application and practice of the theory in the marketing management and entrepreneurship sector, EO were conceptualized as BIE inside the financial performance condition of Ghanaian manufacturing SMEs in order to overcome the difficulties of knowledge and contextual gap. From the perspective of Ghanaian manufacturing, this study investigates three entrepreneurial dimensions, including taking risks, being inventive, and being proactive.

One of the strategic management theories that has acquired significant attention recently is RBV (Connor, 2002; Talaja, 2012; Wernerfelt, 1984). According to Barney (1991) and Chien (2014), SMEs can pursue greater performance and a competitive edge with the help of a particular or group of resources and capabilities. Therefore, the resources of the businesses must have distinguishing qualities such as worth, scarcity, imperfect imitable qualities, and non-substitutable qualities (VRIN) (Barney, 1991; Talaja, 2012). It is well noted that, companies and organizations are well established and perform creditably based on the strategic resources at the disposal of the companies as indicted by (Watson, 2013).

Additionally, there are two types of resources that SMEs can use: tangible resources and intangible resources (Collis, 1994). As an illustration, examples of tangible resources are buildings, vehicles, tools, and equipment as well as plants, machinery, fixtures, and fittings. The SMEs' intangible resources, on the other hand, consist of assets including

expertise. These SME resources are therefore crucial for their survival, growth, and advancement in SME performance, especially in a hostile, dynamic, varied, and complicated external environment (Mahrous and Genedy, 2018). As a result, the RBV takes into account making full use of internal resources to develop specialized expertise, skills, knowledge, and performance-improving techniques (Makadok, 2001).

2.1.2 Theory of Dynamic Capability

Small and medium-sized enterprises (SMEs) are frequently regarded as a dynamic and innovative source of new ideas (Gilmore et al., 2013), recognizing opportunities that larger organizations may not perceive, producing employment, wealth, accelerating economic growth, and raising more capital (Nichter and Goldmark, 2009; Gilmore, 2011). However, small and medium-sized enterprises usually operate in the most dynamic and competitive environments, with high rates of both success and failure (Hall, 2002).

2.2 Entrepreneurial Orientation

How effectively a nation can prosper economically and maintain its free market system will depend on how many aspirational businesspeople live there (Quaye et al., 2014). The fact that an entrepreneur has a business gives them more self-confidence and serves as a gauge for how successful they will be as business owners. Small- and medium-sized enterprises (SMEs), as well as entrepreneurs who need inspiration to start small businesses, have been the focus of governments from both emerging and industrialized nations (Burns, 2016). Risk-takers and initiative-takers are characteristics of SMEs with a high entrepreneurial orientation (Gupta and Gupta) (2015). Because it gives SMEs a foundation for making business decisions that could improve the performance of their

companies, entrepreneurial orientation is one of the crucial tools for SMEs (Hongyun et al., 2019). Additionally, EO supports the process management of SMEs, supports the launch of new products or services, and enhances SMEs practices and other operations in order to fulfill market expectations (Jia et al., 2014). Studies have revealed a significant link between an entrepreneurial mindset and the success of SMEs (Fung, 2015). The notion of "entrepreneurial orientation" refers to the standards and laws that serve as the foundation for entrepreneurial decisions and deeds. It reveals the degree of entrepreneurial activity a business has (Covin and Wales, 2012). Rauch et al. (2009) claim that EO refers to the strategic level actions organizations take to increase their competitive edge.

So, in a broad sense, EO is a propensity for entrepreneurial behaviors in corporate decision-making (Covin and Wales, 2012). Market orientation serves a strategic purpose for entrepreneurially minded businesses by encouraging the acquisition of new knowledge and the necessity of becoming comfortable with unfamiliar locations (Li et al., 2010). By using this strategy, businesses may seize fresh possibilities and counter potential dangers (Agyapong & Poku, 2017). New opportunities that arise as a result of the free flow of cash, goods, and technologies characterize these ecosystems. This enables business owners to take advantage of opportunities with the fewest possible border restrictions. In order to innovate and take advantage of chances that other businesses cannot, executives often use the idea of entrepreneurial orientation (EO). Positive relationships exist between SMEs' superior performance, competitive advantage, and entrepreneurial orientation (Appiah-Twum, & Akolgo, 2019). SME's must assess their plans and adjust them to the shifting and dynamic environment if they are to compete in the fierce domestic and international competition. In order to ensure growth and exceptional performance, SMEs should always look for new approaches (Hussain et

al., 2015). The entrepreneurial approach places an emphasis on the rules and procedures for making entrepreneurial decisions and the rationale for their associated actions (Kumasaru & Kumara, 2016). The rules and practices that serve as the foundation for entrepreneurial decisions and activities are referred to as entrepreneurial orientation (EO) by Rauch et al. Therefore, it is possible to define entrepreneurial orientation as the procedures key decision-makers use to develop entrepreneurial strategies in order to implement the organizational purpose, maintain the vision, and gain competitive advantage of their company (s). A company's procedures, routines, and decision-making methods, particularly when it behaves entrepreneurially, are reflected in its entrepreneurial orientation (Awang, & Baharu, 2018). By evaluating how an organization performs in accordance to the five dimensions, its level of EO can be determined. These characteristics include initiative, risk-taking, competitive aggressiveness, and autonomy (Edwards et al., 2014). Generally speaking, EO (Entrepreneurial Orientation) is a significant notion when executives are developing plans with the intention of doing something new and taking advantage of chances that other firms cannot.

2.3 Dimensions of Entrepreneurial Orientation

Governments promote entrepreneurial behaviors because they are seen as important factors in a nation's economic well-being. Entrepreneurial behaviors have received extensive attention in both the popular press and academic publications (Ghani et al., 2014; Beynon et al., 2016). The literature makes many claims about the advantages of having an entrepreneurial orientation, and one of the most prominent ones is that it is characterized by an entrepreneur's propensity for taking risks, being proactive, and being innovative (Covin and Lumpkin, 2011). Wiklund and Shepherd (2003) contend that

organizations that adopt such an entrepreneurial orientation outperform organizations that do not. Market orientation, which is distinct from entrepreneurial orientation and has a significant impact on a firm's entrepreneurial orientation, is a core value for small businesses (Ledwith and O'Dwyer, 2008). (Nasution et al., 2011).

Miller (1983) recognized three aspects of EO, including a penchant for taking risks, being proactive, and being imaginative. Competitive energy was identified as one of the additional EO characteristics by Augusto Felcio et al. (2012). Therefore, markers of an organization's EO include its propensity for innovation, initiative, risk-taking, competitive aggression, autonomy, and competitive energy (Augusto Felcio et al., 2012). A brief summary of the EO dimensions and how they relate to company performance is given in the next section.

2.3.1 Innovativeness

Engaging in different business opportunities with well-developed plan in coming out with new idea is considered as business innovation as indicated by Marino and Dickson, 2017) initially defined the term "innovativeness." Additionally, he underlined how crucial innovation is to "entrepreneurial processes." Innovativeness is defined as a company's tendency to encourage and promote experimentation and creativity in the introduction of novel ideas, products, and services as well as innovation, technological leadership, and R&D in the development of novel procedures (Rosli, and Saad, 2018; Lechner and Gudmundsson, 2014). Ong and Gan, 2013 assert that the company will be more successful commercially as a result of the innovative approach, which will increase its ability to both attract new customers and hold onto its current clientele (Acar and Özşahin, 2018). Numerous studies have attempted to establish a link between innovation and corporate performance, yet some have shown that there is none (Gautam, 2016). The

claims made above that innovation has no effect on business performance are disputed by certain academics. The motivation behind this inquiry was this competing school of thought. Empirical study suggests that the following connection should exist:

H1 Innovation and SME performance are significantly positively correlated.

2.3.2 Pro-activeness

The ability to seize opportunities or exercise initiative is a sign of pro-activity (Okeyo et al., 2016). Businesses can be pro-active by anticipating customer needs and new market opportunities, displaying strategic plan in commanding the market. This is what is commonly referred to as "searching for new market opportunities." This is how Tang and Katz, (2014) defined it. Because they quickly respond to market shifts, proactive firms outperform their competitors and get closer to becoming industry pioneers (Lomberg et al., 2017; Hughes and Morgan, 2007). Additionally, the business must be able to anticipate any changes to the market or potential issues (Rauch et al., 2009). A company's proactive approach offers a "great strategy," according to Grant et al., (2017), because its prompt response helps to secure remarkable yields and promotes the firm's existence and reputation. The literature suggests that the following link should exist:

H2: The performance of SMEs is significantly positively correlated with proactiveness.

2.3.3 Propensity for Taking Risks

Risk is the primary sign of entrepreneurial conduct (Fung, 2015). In 2013, Hanafi and Mahmood defined risk-taking propensity as a reflection of entrepreneurial corporate action, such as taking on significant debt or investing significant resources, in the hope of capturing market possibilities and making huge profits. Entrepreneurs who take

calculated risks stand out from those who don't because they experience losses as a result of their actions and their businesses operate inconsistently (Bature et al., 2018). Therefore, a risk-taking tendency entails making decisive decisions, including stepping into the unknown, taking on significant debt, and/or committing significant resources to projects in risky situations (Rauch et al., 2009). Coulthard (2007) asserts that taking risks involves making decisions that are planned and taken into account by the company. Additionally, he showed how cautious planning and advance thought about the risk enable the company to achieve favorable results. Risk-taking propensity is essential for a company's ability to maintain its market share or seek aggressive commercial growth (n (Kraus, 2013). The goal of improved business performance and profit acquisition would benefit from the element of risk-taking. Many academics have studied the relationship between risk-taking propensity and firm performance. Some have shown that it has a strong negative link with firm performance, while others have found the reverse relationship (Hughes and Morgan, 2007; Dzulkarnain et al., 2014). Based on prior study, it is predicted that the following relationship will exist:

H3: Risk-taking propensity has a significant positive relationship with performance of SMEs.

2.3.4 Autonomy

The concepts of autonomous action, independently arrived at conclusions, and entrepreneur independence are all parts of autonomy as it relates to the "independent spirit" (Arshad, & Zain, 2014). (Callaghan and Venter, 2011; Lechner and Gudmundsson, 2014). According to Gautam (2016) an example of autonomy is taking an independent step or making a decision to carry out an organizational goal on one's own and seeing it through to completion. According to Basu et al. (2008), "entrepreneurship"

emerges anytime independent and receptive individuals decide to launch new commercial operations.

Such flexibility and autonomy within the company promote growth and the development of novel concepts. The suggestions made by the workers, supported by management, would improve company performance and, as a result, increase organization profit (Ehidiamhen, and Chijioke, 2018). The realization of new ideas that are inspired by the employees' demand for autonomy, which in turn gives the new ideas the ability to become a reality, is essential to the entrepreneurial enterprise's success (Lisboa et al., 2011). The relationship between autonomy and company performance has been the subject of numerous studies, some of which found no relationship (Dzulkarnain et al., 2014; Hughes and Morgan, 2007). Some researchers dispute the notion that business performance and autonomy are interrelated. The main notion behind this study likewise comes from the school of negation. Empirical study suggests that the following connection should exist:

H4: The performance of SMEs is significantly positively correlated with autonomy.

2.3.5 Competitiveness and dynamism

According to Shan and Ju (2016), "competitive aggressiveness" refers to an organization's enthusiasm to outperform competitors in the market and its willingness to engage them in open conflict whenever possible. They also took into account how corporations' aggressive behavior in the market was a response to gaining a competitive edge. According to study by Shan, Song, and Ju, 2016), competitive aggressiveness is developed through setting goals and achieving aspirational market shares by sacrificing profitability and cutting expenses, among other strategies (Lechner and Gudmundsson,

2014). Depending on the study, there may or may not be a link between "competitive aggressiveness" and business performance (Alarcon & Garca-Villaverde, 2013). (Dzulkarnain et al., 2014; Hughes and Morgan, 2007). Each of the aforementioned theories contends that aggressive competition has either little to no association and/or a large adverse relationship with business performance. The empirical research predicts the following relationship:

H5: Competitive aggressiveness and SME success are significantly positively correlated.

2.3.6 Alternative Energy

A huge concept is competitive energy. It displays the ferocity with which businesses are battling to defeat their competitors. Competitive energy is characterized by an aggressive stance and an overwhelming response to rivals' acts, according to Augusto Felicio et al. (2012). Researchers Augusto Felicio et al. (2012) who first identified this aspect of EO showed a favorable correlation between competitive energy and company performance. Additionally, competitive energy was found by Mason et al. (2015) to significantly improve the performance of SMEs. The association described below is anticipated based on prior research:

2.4 Emergence of SMEs

According to Gilmore et al. (2013), small and medium-sized firms (SMEs) make up up to 99 percent of all businesses worldwide. Growing SMEs are particularly significant to the economy (Laukkanen et al., 2013). Small- and medium-sized businesses (SMEs) account for a sizeable portion of the industrial sector. They therefore merit continuing study because of their economic contributions (Suprpto et al., 2009). Entrepreneurial

orientation is the capacity of an organization to identify and take advantage of any opportunities to enter a new market by implementing novel techniques, procedures, and decision-making approaches that are considered proactive and risk-taking in nature to support managers in acting in an entrepreneurial manner (Rauch et al., 2009; Zahra, 2008). In emerging nations like Malaysia, SMEs have been regarded as the main drivers of economic growth (Aziz and Samad, 2016). Approximately 99.2% of all business entities in Malaysia, or 645,136 firms, were SMEs in 2010, according to the SME Annual Report (National SME Development Council, 2011). SMEs are credited with 42% of the overall GDP, 19% of total exports, and up to 56% of the total employment (Chelliah, 2010). Therefore, the performance of SMEs is still essential since it is what drives the ongoing conversion of nations into high-income, knowledge-based economies (Moorthy et al., 2012).

SME performance and sustainability, however, are still largely unknown. Businesses must be creative and imaginative to survive in the cutthroat competition of the current global economic environment. SMEs must concentrate on the procedures, processes, values, and modes of decision-making that direct firm operations in order to remain competitive in the present business environment, particularly when responding to the external environment. These SMEs also need to adopt the behaviors necessary to maintain the viability and performance of their organizations (Herath and Mahmood, 2014; Zhou and Li, 2010). In business literature that addresses firm performance, strategic orientation is a respected and frequently used notion. Numerous studies have throughout the years revealed a number of strategic orientation approaches that produce greater performance, including market and entrepreneurial orientation (Sivageahnam et al., 2015). Businesses with fewer than 10 employees are categorized as small-scale enterprises, while those with more than 10 employees are classified as medium- and

large-sized businesses, with a maximum employee count of 250, according to the Ghana Statistical Service (GSS), 2020, Issahaku et al., 2017, and Kayanula and Quartey (2000).

2.5 Consequences of Entrepreneurial Orientation

The degree or extent to which a firm is entrepreneurially oriented influences its learning disposition and ability downstream of market orientation (Real et al., 2014). Entrepreneurs that are creative and proactive typically push staff to learn new things and apply what they learn to advance their own progress and development, which is known as double-loop learning in the classical sense (Hongyun et al., 2019). Entrepreneurs who are very proactive, risk-tolerant, and innovation-driven generally adopt an open-sharing of information mentality and a learning culture within their company (Sánchez, 2013). This promotes the acquisition of new knowledge and the capacity to maximize knowledge already possessed in order to improve corporate performance (Fosfuri and Tribo, 2008). Sambrook and Roberts (2005) made the argument that knowledge-intensive traits and an entrepreneurial attitude support organizational learning processes. Proactive businesses are better at acquiring, utilizing, and exchanging knowledge, according to research by Sapienza et al. (2005) and Keh et al. (2007). Entrepreneurially oriented businesses should encourage a culture of shared learning among all of their departments when looking at a learning situation in the context of their entrepreneurial orientation. Performance is frequently improved when demand is anticipated and new items and services are actively positioned (Ireland et al., 2003). Companies need to learn how to look for, identify, and incorporate potentially important knowledge if they want to locate entrepreneurial chances (Huber, 1991). With a culture of information sharing and learning, businesses that are more proactive, risk-tolerant, and innovative are better

positioned to capitalize on opportunities than their competitors (Kanini and Muathe, 2019).

2.6 Performance of SMEs

In emerging countries, small and medium-sized businesses are essential for increasing growth. Small and medium-sized businesses (SMEs) account for 99 percent of all businesses worldwide, according to Ribau, Moreira & Raposo (2018). The efficiency of SMEs is partly a function of how they operate in relation to their available resources (Rogo et al., 2017). Success for SMEs is also characterized by "a firm's capacity to meet sales and profitability targets, as well as nonfinancial attitudes concerning competitors" (Solikahan and Mohammad) (2019). In a similar vein, Vij and Bedi (2016) assert that an overall indicator of a SME's capacity to serve its stakeholders is the success of the SME as measured in terms of both financial and non-financial aspects. A set of abilities and experiences known as entrepreneurial competences are thought to be necessary for success in entrepreneurial pursuits. The capacity of SME owners and managers to carry out obligations and responsibilities while efficiently utilizing the available resources to improve performance is known as entrepreneurial skills (Al Mamun and Fazal, 2018).

In order for SMEs to create, survive, and grow, they need to have entrepreneurial abilities (Chomba and Nyang'au, 2019). Since it is well acknowledged that the use of motivators, resources, and capacities affects performance level and organizational success, it is crucial to research the elements that promote SMEs' performance (Wasiuzzaman, 2018). Researchers (such as Ferraris et al., 2019; Asemokha et al., 2019; Rezaei and Ortt, 2018; Ipinnaiye et al., 2017) have identified a number of antecedents that support the notion of SMEs' performance, including firm characteristics, firm

strategy, innovativeness, risk-taking, proactivity, knowledge management, and entrepreneurial orientation. Although there is numerous research that offer some significant findings regarding the performance of SMEs, there are also gaps in earlier efforts. For instance, Rojas-Lema et al. (2020) note that there has been little study on performance monitoring in SMEs in various business environments. Additionally, Bannour and Mtar (2019) support the idea that SMEs work to establish a presence in markets outside of their own countries in an effort to boost performance and maintain profitability. Examining key talents that may help SMEs operate better internationally should lead to the extension of business models (Falahat et al., 2020).

Globally, the success of small and medium-sized businesses (SMEs) has been recognized as a vital engine for both developed and developing nations' economies. SMEs make up nearly all enterprises (Gilmore et al., 2013), and they are widely recognised as being a major force in competitiveness, job creation, and economic growth (Aziz and Samad, 2016; Rodriguez-Gutierrez et al., 2015; Anuar and Yusuff, 2011). SMEs make up about 99 percent of all firms. Performance of SMEs is still important since it helps the general economy's ongoing transition towards diversity. However, in most developing nations, the performance of SMEs is vulnerable due to a lack of managerial expertise, a lack of market orientation, a lack of market-related skills and experience, a lack of entrepreneurial spirit, a weak implementation of quality management, a lack of resources, and a requirement for rapid technological adaptation (Chakraborty et al., 2019; Budhwar et al., 2018; Staniewski et al., 2016; Abe et al., 2015; Chironga et al., 2011; Goedhuys and Sleuwaegen, 2010).

Different definitions of SMEs have been offered in Ghana, however the measure that is most frequently applied is the number of employees (Kusi et al., 2015). Businesses with fewer than ten employees are classified by the Ghana Statistical Service as small-scale firms, while those with more than ten employees are classified as medium- and large-sized businesses (Cofie, 2012). Abor and Quartey (2010) adopt 30 employees as the threshold for classifying small scale firms in Ghana. However, Osei et al. (1993) divided small-scale businesses into three categories: micro, very small, and small. Micro businesses employed fewer than six people. Very tiny businesses employed six to nine people. Small businesses employed ten to thirty people. The current definition was provided by the Regional Project on Enterprise Development in Ghana manufacturing, which divided companies into micro, small, medium, and big enterprises, or five workers, 5-29 workers, 30-99 workers, and more than 100 workers, respectively. SMEs have been acknowledged for the significant contribution they have made to the enhancement of a country's economic development. SMEs are expected to make up 91% of formal businesses in South Africa (Malefane, 2013). SMEs are also expected to generate between 52 and 57 percent of the nation's GDP and account for 61 percent of all jobs (Gumede, 2000; Malefane, 2013). But it was found that SMEs in Ghana were responsible for around 85% of the manufacturing jobs there.

Furthermore, they supplied almost 57% of the nation's GDP (Abor and Quartey, 2010). Typically, SMEs serve a crucial complementary role in financial performance by fostering economic growth in developing, emerging, and developing countries. Examples include market expansion, poverty reduction, and the development of new manufacturing techniques through BIE innovatively (Beck and Demirguc-Kunt, 2006; Dzogbenuku and Keelson, 2019). SME financial performance has dominated corporate performance globally during the past few decades (Awan and Kraslawski, 2019). Some studies sought

to pinpoint and define the connection between EOD and financial performance (Abass et al., 2020). Essentially, the SMEs sector plays a significant role in affecting the financial performance system of the majority of countries in terms of the financial process, employment rate, as well as the stability of payments (Ahmed et al., 2017; Fatemah and Qayyum, 2018). Similar to how they do in society and the nation as a whole, SMEs are essential. They encourage the growth of the gross domestic product (GDP), employment, exports, the enhancement of local resources, technological adoption and advancement, the introduction of new technologies, new goods and services, the emergence of new industries, the development of new markets, and the discovery of new sources of raw materials (Wales et al (2019).

Additionally, they assist in the mobilization and accumulation of capital resources for the start-up and growth of new firms (Rikwentishe et al., 2015). Additionally, SMEs help to increase an economy's capacity utilization, strengthen a nation's export earnings through international trade, establish networking connections with other countries, and provide SMEs with opportunity to grow into huge businesses (Fayolle et al. (2018). SMEs thus contribute significantly to the growth and development of the economies of many countries. Enabling SMEs to adjust and align with their external settings will flourish, fostering increased participation and higher activeness in expanding and delivering enhanced performance and economic growth, according to the OECD (2017). Similar to this, SMEs are essential for realizing the Sustainable Development Goals (SDGs) as they promote inclusive and sustainable economic growth and development, decent employment for people, sustainable industrial development, innovation, and a reduction in income disparities in any given country (OECD, 2017). Aminu (2016) asserts that many businesses throughout the world view an entrepreneurial attitude as essential to their survival and success in the highly competitive business environment of today. The

autonomous financial performance of simple enterprises is highly impacted by the entrepreneurial orientation qualities of inventiveness, proactiveness, and risk-taking. According to Putni & Sauka, the risk-return tradeoff, which is at the core of financial economics theory, may be utilized to comprehend how taking risks has a direct positive link with performance (2019). Through its beneficial impact on risk-taking, proactiveness helps performance. This is due to the fact that businesses must continually search for opportunities by locating new markets and identifying novel products, as well as by taking calculated risks that have a favorable payoff, engaging in aggressive competition to defeat rivals, and implementing participative management practices to encourage employees to come up with new ideas and innovative methods of doing things. To increase their performance, all of these tasks must be completed.

2.7 Empirical Review

The relationship between EO and organizational performance has been the subject of a significant amount of research in the literature on entrepreneurship. As was previously mentioned, the majority of earlier studies used Slevin's methodologies and Miller/concepts Covin's to quantify EO (Montiel-Campos, 2018; Jogaratnam, 2017; Al-Dhaafriet al., 2016; Stam and Elfring, 2008). The importance of EO as an organizational process helps to partially explain managerial strategic conduct, which helps businesses outperform rivals by embracing innovations, being extremely proactive with regard to market prospects, and accepting risk (Jiang et al., 2016; Wiklund and Shepherd, 2003). As a result, SMEs will achieve high performance and gain a competitive edge if they possess high aptitude for innovation, proactivity, and risk-taking. The association between EO and organizational performance is good, according to recent empirical investigations (Buli, 2017; Sahoo and Yadav, 2017; Jogaratnam, 2017; Lechner and

Gudmundsson, 2014; Wikund and Shepherd, 2005). However, a number of recent research indicated a bad or insignificant association (Andersen, 2010; Walter et al., 2006). Additional research on this link in a different setting is necessary in light of these contradictory findings. Early 1980s studies on entrepreneurial orientation found a strong impact on business performance that has persisted since then (Awang et al., 2009). Higher performance is a result of entrepreneurial attitude, which is a crucial component of successful organizations. When a company strategically buys, develops, and uses resources to seize opportunities and gain a competitive edge, EO has an impact on how well that company operates. In order to better understand the relationship between EO, MO, commissioned a study by Ali et al. in 2020 titled "Effect of entrepreneurial orientation, market orientation, and total quality management on performance: Evidence from Saudi SMEs. Owners and managers of SMEs in the Kingdom of Saudi Arabia were given 393 questionnaires to complete in order to gather the data needed to analyze the study's stated model.

The research data were analyzed using partial least squares structural equation modeling. According to the findings, EO, MO, and TQM are strongly and positively correlated with SMEs' organizational performance. The results show that entrepreneurial orientation, exploring, exploitation, and reconfiguration capabilities all work together to improve performance. The report contends that in order to get a competitive advantage, SMEs must allocate their investments in resources and talents. Managers and practitioners in SMEs will find the empirical findings useful in maximizing the use of their resources and skills. In a paper titled "The Manifestation of Entrepreneurial Orientation in the Social Entrepreneurship Context," Alarifi et al. (2019) introduced firm performance as a construct for analyzing the EO of social enterprises (SEs) in order to further theorize EO in the context of social entrepreneurship. As a potential moderator variable in the

relationships between entrepreneurial orientation and firm performance and learning orientation and firm performance, respectively, the research also looks into the role of company size.

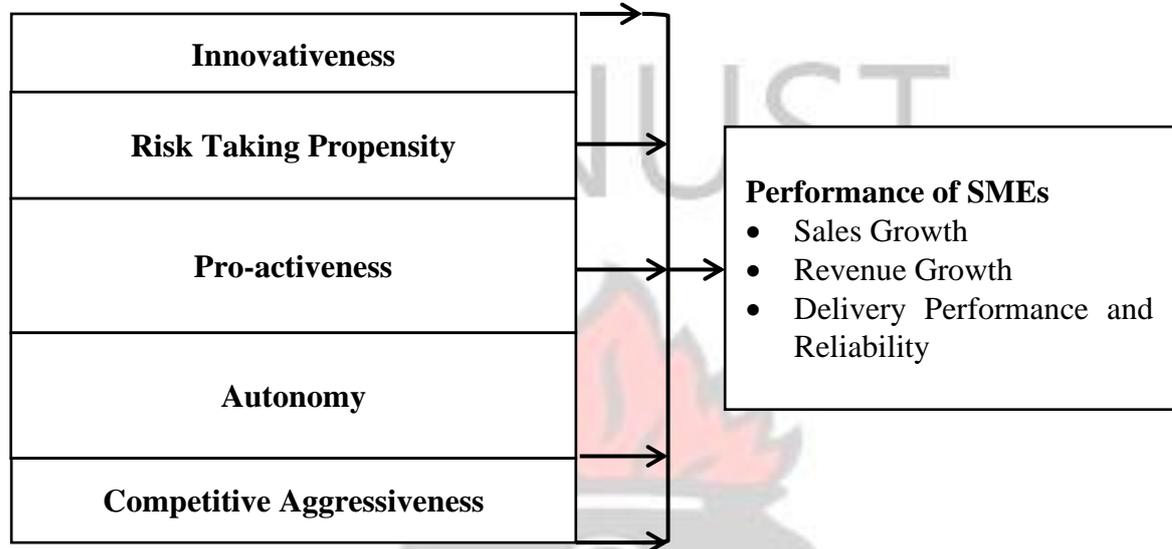
A sample of 230 Saudi companies was used to produce the study, and hierarchical regression analysis was used to test its hypotheses. Additionally, the results show that only the LO-firm performance link is considerably moderated by firm size. The interaction variable between entrepreneurial inclination and company size does, however, have a negative but non-significant impact on business performance, according to the data.

2.8 Conceptual Framework

There are several variables utilized to make the logical framework clearer. This study's methodological framework was developed in accordance with Closs and Savitskie's (2013) individual effects paradigm, which showed a direct correlation between SMEs' performance and entrepreneurial orientation. The analysis's dependent variable is the performance of SMEs, whereas its independent variable is entrepreneurial orientation. Innovativeness, initiative, a willingness to take risks, independence, competitive aggression, and competitive energy are all characteristics of the entrepreneurial mindset. According to the conceptual framework, entrepreneurial orientation should predict SME performance favorably. Sales growth, revenue growth, efficacy, efficiency, quality in operations, and customer relationships are the metrics used to assess the performance of SMEs.

Fig: 1 Conceptual Framework

Entrepreneurial Orientation



Source: Researcher's Construct, 2023



CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

The study's technique selection and analytical design phases are further explored in this chapter. The chapter also specifies the procedures for collecting, handling, and reporting data. Different methods have been employed for the quantitative and qualitative approaches since both have specific goals that must be achieved. Additionally, the methods used to improve the tests' viability and dependability are thoroughly detailed. These include the design of the test, the demographics of the study, the sample size and technique, the method and process used to gather the data, the validity and reliability of the data, the organizational profile, and the ethical considerations that were taken into account.

3.2 Research Design

In terms of location, time, money, and the researcher's availability, study design is largely concerned with goals, uses, objectives, intentions, and plans. Any research design will represent a researcher's thoughts, but in order to be effective, the investigator must answer three crucial questions during this process (Creswell, 2003). According to Creswell (2014), researchers should reflect on the strategies they plan to use within their study, which will in turn inform their methods, and have questioned how they will collect and analyze information. Researchers should also question the knowledge claims and theoretical perspectives that they are bringing to any research. This must be done so that researchers are aware of any bias they may bring to any research endeavor and how it may affect the approach they take and the tools they use to gather their data (Vogt et al., 2012). In general, there are three distinct strategies for fusing quantitative,

qualitative, and hybrid methodologies of research. In the context of these many techniques, which Denzin and Lincoln (2011, referenced in Creswell, 2014) referred to as "strategies of inquiry," Creswell (2014) views study designs as various sorts of inquiry.

Additionally, Creswell (2014) believes that the advancement of modern technology has opened up a wide range of possibilities for social science research that employs novel research designs and cutting-edge techniques. In the study, a correlational and descriptive research design were both applied. While correlational designs enable researchers to explain the link between two measured variables, descriptive research aims to describe or chronicle present conditions or attitudes (Wimmer & Dominick, 2013). (Jackson, 2014). To gather and analyze numerical data, the quantitative technique was applied. By interviewing people about their perception, attitude, and behaviour toward values, a survey research tries to learn more about existing occurrences (Brasel et al., 2020). As a result, the study is carried out among a few chosen SMEs in the metropolis of Kumasi. Both a descriptive and an explanatory research design was used. Descriptive research methodology was used to evaluate the numerous entrepreneurial orientation components that were visible at SMEs in the Kumasi metropolitan, as well as the potential benefits and drawbacks of such an approach to SMEs' performance. The study used a quantitative research strategy because it used a structured questionnaire to collect data for the investigation.

3.3 Study Population

A population is the entire group of people or other people to whom the results of the analysis can be applied (Berg, 2010). All phenomena in all branches of study that are frequently referred to as the universe are covered by Kothari (2011). A study community

is made up of individuals, families, or organizations that share traits that allow a researcher to make conclusions (Cooper & Schindler, 2014). The population to which a researcher seeks to generalize the results of their investigation is also referred to as the target population by Mugenda & Mugenda (2012). 140 members of the management and personnel of the SMEs made up the study population (target respondents).

3.4 Size of Samples

A sample, according to Bryman (2013) and Spiegel, is a portion of the overall population (2012). Kothari refers to a set of units that are used to describe the cosmos (2011). According to Kothari, a sample size of at least 30% is considered appropriate (2011). For the study, 130 SMEs owner/manager questionnaires from the metropolitan area were sampled.

$$n = (N)/(1+N (e^2))$$

N is the size of the population, and e is the degree of precision.

Use this formula for our population, where N = 140 with an accuracy of 5%.

Using p=0.5 and a 95% confidence level, we obtain the sample size as

$$n = (N)/(1+N (e^2))$$

$$= 140/(1+140 ([0.05] ^2))$$

$$= 140/1.35$$

$$= 130$$

The sample size is n=130.

3.5 Sampling Method

There are two categories of sampling strategies, according to Saunders et al. (2012): likelihood or representative sampling and sampling of non-probability. Purposeful

sampling restricts participants to particular groups of people or organizations that can provide the needed information, either because they are the only ones with it or because they meet the researcher's criteria or because they are the only ones who fit the requirements (Sekaran & Bougie, 2010). Finding and choosing people or groups who have extensive knowledge of or experience with an interest phenomenon is necessary (Cresswell & Plano Clark, 2011). Therefore, the study would use both purposeful and convenient sampling approaches to collect data from the SMEs owner/managers in the Kumasi metropolis.

3.6 Data Source

Questionnaires, the most popular methodology, were used to collect the primary data (Creswell, 2011). They also tend to lessen preconceptions that may develop from habits and personal experiences (Kasomo, 2010). Closed-ended questions were employed to gather data in accordance with the research factors. The questions were self-designed in accordance with the ideas behind the study.

3.7 Data Collection Procedure.

To obtain information, a range of techniques may be utilized, such as surveys, focus groups, polls, telephone interviews, field notes, filmed social contact, or interviews (Cooper & Schindler, 2011). In order to gather information from SMEs owner/managers, the study used questionnaires, and field data collectors assisted in explaining the questionnaire to the respondents. By describing the questionnaires to the respondents, the field data collectors received training on the data gathering questionnaires.

3.8 Data Analysis

Only after the data has been collected, interpreted, and converted to information does the raw quantitative data's usefulness become apparent (Saunders et al., 2012). It is required to examine the collected data in order to test the theory in order to respond to the questions and reach the investigative study's goals.

The data that was gathered has undergone significant breakdown, as well as queries that lead to the making of pertinent recommendations. The Statistical Package for Social Sciences' empirical resolution tool used the responses (SPSS). Frequency distribution and tables were both employed to present the statistics. Using frequencies and percentages, the first segment provided information on the respondents' demographics. In the second segment, mean scores and standard deviations were used to analyze and examine the elements that affect how well SMEs perform. Utilizing mean scores and standard deviations, the final section provided analysis and discussions on the difficulties SMEs face in growing and being sustainable. The impact of an entrepreneurial attitude on the performance of SMEs was examined and discussed in the fourth segment.

3.9 Data Reliability and Validity

3.9.1 Data Reliability

The level of association between the subject being evaluated and the variable(s) or combination of factors is known as reliability. If multiple samples are taken, the precise calculation would be trustworthy with its results. Because it does not apply, it differs from validity. According to Saunders et al. (2012), dependability and accuracy are also similar because accuracy depends on the measurement instrument's strength, more precisely, its capacity to deliver accurate data at different times and under different circumstances. However, the Cronbach alpha was used to assess internal accuracy. It

illustrated how categorically related objects are to one another. With a coefficient of .70 or above, this type of study is often recognized as appropriate in the social sciences.

3.9.2 Validity

Material validity, according to Saunders et al., is the extent to which the measurement instrument, in this case the measuring questions in the questionnaire, adequately covers the research inquiry themes (2012). Several techniques can be used to establish material validity. Construct validity is a different way to assess the reliability of a questionnaire. To ensure the accuracy of the data and the analysis, several steps were performed. The research tool was initially developed utilizing observational literature, which consists of investigations carried out by previous researchers. The research tool was secondarily pilot tested in order to make the necessary improvements for the adoption of the final questions.

3.10 Ethical Consideration

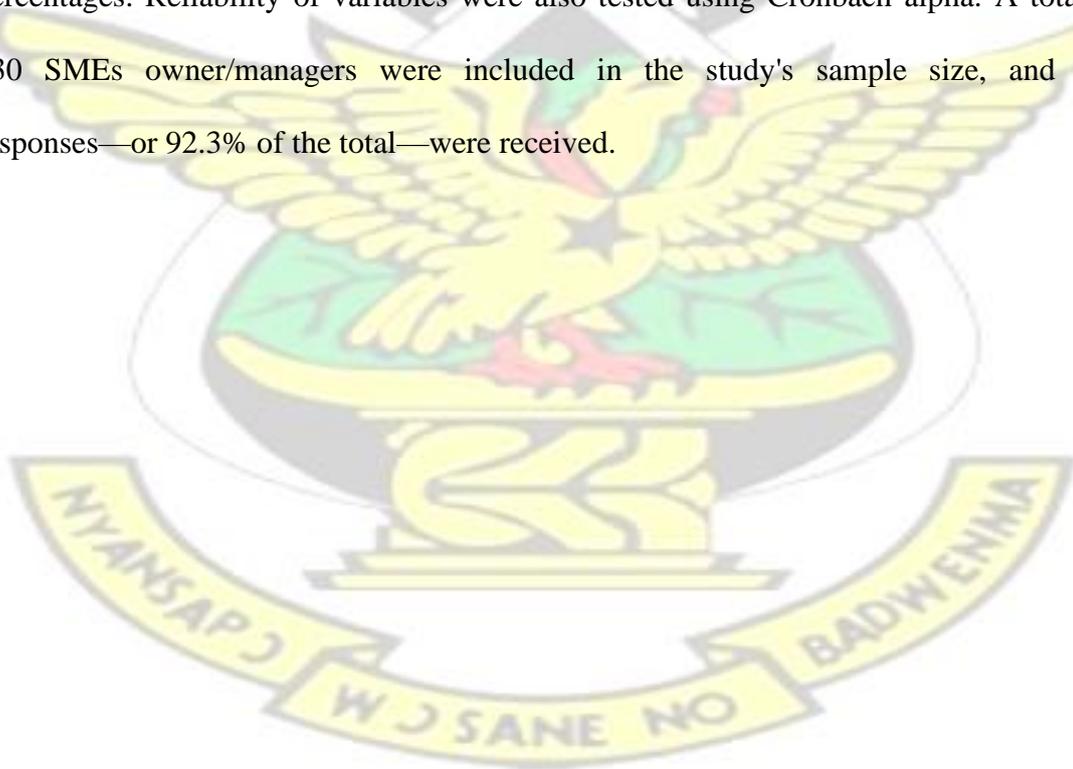
Protecting study participants, building their trust, encouraging research integrity, guarding against fraud and other improper behavior that could harm their organization or institution, and dealing with challenges are all skills that researchers need to develop (Creswell, 2013). The ethical principles that guide this kind of research were properly observed. Before the thesis was completed, managers and staff from the manufacturing company were contacted. Participants gave their consent after being given all the information they needed to do so. All scholarly writings and data are studied, and when appropriate, they are acknowledged in references or bibliographies. The research code of ethics at Kwame Nkrumah University for Science and Technology was followed in order to match research aims.

CHAPTER FOUR

DATA ANALYSIS, PRESENTATION AND DISCUSSION

4.0 Introduction

This chapter entails the analysis of data, the presentation and discussion of results. Assessing the impact of entrepreneurial orientation on the performance of certain SMEs in the Kumasi metropolis is the study's main goal. A structured questionnaire was utilized to gather primary information from the owner/managers of SMEs in order to meet the aforementioned objectives. The study discusses demographic information, various entrepreneurial orientation element evident at SMEs in the Metropolis, prospect and challenges of entrepreneurial orientation on SMEs performance in the metropolis. The data was presented by the use of regression, mean standard deviation and percentages. Reliability of variables were also tested using Cronbach alpha. A total of 130 SMEs owner/managers were included in the study's sample size, and 120 responses—or 92.3% of the total—were received.



4.1 Personal Information of Respondents

In the study, demographic parameters like respondents' marital status, degree of education, number of years running their SME, and kind of SME were examined.

Table 4.1: Demographic information of respondents

Variable	Frequency	Percentage
Gender		
Male	61	50.8%
Female	59	49.2%
Marital status		
Single	76	63.3%
Married	37	30.8%
Divorced	7	5.8%
Educational qualification		
Diploma	32	26.7%
First Degree	25	20.8%
Master's	12	10.0%
Senior High School	51	42.5%
Basic	0	0.00%
Years of Operating the SMEs		
Below 2 years	30	25.0%
2-5 years	43	35.8%
5-8 years	26	21.7%
Above 8 years	21	17.5%
Types of SMEs		
Fashion Designer	13	10.0%
Cake and Bakery	30	25.0%
Cosmetics	28	23.3%
Leather Works	19	15.8%
Poultry Farms	21	17.5%
Restaurants	4	3.3%
Fitting and Mechanics	2	1.7%
Welding and Metal Works	3	2.5%

Source: Researchers Field data, 2022

The study sought to find out the gender of respondents. Findings revealed that, 61(50.8%) of the respondents were males while 59(49.2%) of the respondents were female SMEs owner/managers. In terms of their marital status, the respondents were

divided into 76 (63.3%) singles, 37 (30.8%) married people, and 7 (5.8%) people who had previously been married but were now divorced. Regarding the educational background of the SMEs owner/managers in the metropolitan, 32 (26.7%) of the respondents had a diploma, 25 (20.8%) had a first degree, 12 (10.1%) had a master's degree, and 51 (42.5%) of the respondents with the highest percentage figure had a senior high school diploma. In terms of years' operating the SMEs, the results showed that 30 (25.0%) of the respondents were doing so for less than two years, 43 (35.8%) were doing so for between two and five years, 26 (21.7%) were doing so for between five and eight years, and 21 (17.5%) were doing so for eight years or more.

With regards to the types of SMEs the respondents are operating, findings indicated that, 13(10.0%) of the respondents were operating fashion designer shops, 30(25.0%) of the respondents owned cake and bakery shops, 28(23.3%) of the respondents were owned cosmetics, 19(15.8%) of the respondents equally owned leather works company, 21(17.5%) of the respondents owned poultry farms, 4(3.3%) of the respondents owned restaurants, 2(1.7%) of the respondents owned fitting and mechanics shops, while 3(2.5%) of the respondents owned welding and metal works company.

4.2 Data reliability measured by Cronbach's alpha

The Cronbach Alpha coefficient was employed to verify the internal consistency among the variables in order to ensure the validity of their use in the study. Variables and their corresponding coefficients are displayed in Table 4.2 below.

Table 4.2: Cronbach's Alpha Reliability Data

Variable	Cronbach Alpha	Quantity of Items
Pro-activeness	.929	6
Risk Taking Propensity	.941	6
Innovativeness	.912	6
Competitive Aggressiveness	.911	6
Autonomy	.878	4
Performance of SMEs	.935	6

Source: Researchers Field data, 2022

The Cronbach's alpha coefficient was applied to the gathered data in order to evaluate the scale's dependability. Values over 0.7 are suitable, but values over 0.8 are preferred. In every reliability test, the Cronbach alpha was higher than 0.7, indicating that the work was reliable, preferred, and accurate. Table 4.2 above provided reliability statistics.

4.3 Various Entrepreneurial Orientation Element Evident at SMEs in the Kumasi Metropolis.

To get a glimpse of how participated SMEs owner/managers and respondents score on the key concepts of the study, the conduct of descriptive statistics was deemed imperative. As such, descriptive analysis was conducted to enhance the researcher's understanding regarding the various entrepreneurial orientation element evident at SMEs in the Kumasi metropolis that took part in the survey. Table 4.3 displays scores on the various entrepreneurial orientation element evident at SMEs. With a seven-point scale, it

was demanded of informants to indicate the degree to which the SMEs owner/managers score on each item ranging from ‘strongly disagree = 1’ to strongly agree = 7’.

4.3.1 Descriptive Statistics on Various Entrepreneurial Orientation Element Evident at SMEs in the Kumasi Metropolis.

The table below shows the items and variables used in assessing the various entrepreneurial orientation element evident at SMEs in the metropolis.

Table 4.3: Descriptive Statistics on Descriptive Statistics on Various Entrepreneurial Orientation Element Evident at SMEs in the Kumasi Metropolis.

Variables	N	Min	Max	Mean	Std. Deviation
We introduce improvements and innovations in our businesses	120	1	7	5.08	1.261
We adopt creativity in our operations	120	1	7	5.20	1.192
We adopt new ways to do things for continuous improvement	120	2	7	5.21	1.215
We are excellent in identifying opportunities	120	2	7	5.13	1.223
We engage in bold and aggressive approaches	120	2	7	5.11	1.201
We have freedom and independence to decide on business decisions.	120	1	7	5.05	1.256
Our firm prefers to try our own unique way when learning new	120	2	7	5.06	1.197
Our firm favors experimentation and original approaches to	120	1	7	4.93	1.342
Our firm usually acts in anticipation of future problems, needs	120	2	7	5.14	1.259
Our firm is willing to invest a lot of money on something that	120	1	7	5.10	1.299
Our firm tends to act “boldly” in situations where risk	120	1	7	5.05	1.377
Our firm will use alternative strategies to challenge the competitors.	120	2	7	5.13	1.227
Valid N (listwise)	120				

Source: Researchers Field data, 2022

As captured in table 4.3, it was required of respondents to indicate the extent to which they agree or disagree on item measuring various entrepreneurial orientation element evident among SMEs in the Kumasi metropolis. From the table above, it was indicated that, the minimum value (1) of the respondents strongly disagree that we have introduce improvements and innovations in our businesses, while maximum value of (7) of the SMEs owner/managers with a mean score of 5.08 strongly agree that indeed the businesses have introduced improvement and innovation in the businesses. Findings further indicated that, the SMEs owner/managers in the metropolis adopt creativity in the operation of businesses with minimum value of (1) who strongly disagree, and maximum value of (7) strongly disagree. The result further indicated that, minimum value of (2) of the respondents disagree, while maximum value of (7) of the respondents strongly agree that, indeed the SMEs owner/managers adopt new ways to do things for continuous improvement in the businesses processes with the view to improving on productivity and achieving excellent and optimum performance.

With regards to the extent to which owner/managers of the businesses identify and explore new opportunities, findings revealed that, minimum value of (2) of the respondents disagree, while maximum value of (7) of the respondents strongly agree with a mean score of 5.13 which demonstrate the various entrepreneurial orientation element among the SMEs owners in the metropolis. Findings further revealed that, minimum value of (2) of the respondents and maximum value of (7) of the respondents disagree and strongly agree respectively to the fact that, SMEs owner/managers engage in bold and aggressive decision making through competitive aggressive approach as one critical dimensions of entrepreneurial orientation practices. The result further indicated that, the SMEs owner/managers have the freedom and independence to decide on businesses decision, with this, minimum value of (1) of the owner/managers strongly

disagree, while maximum value of (7) of the respondents strongly. The result further indicated that, minimum value of (2) of the respondents disagree, while maximum value of (7) of the respondents strongly agree to the assertion that, the SMEs owner/managers prefers to try their own unique way when learning new things rather than, doing it like others. Findings revealed that, the SMEs in the metropolis favors experimentation and original approaches to problem-solving rather than using methods other generally use for solving problems. With this, minimum value of (1) of the respondents strongly disagree, while maximum value of (7) of the respondents strongly agree. The result on minimum value of (1) with strongly disagree and maximum value (7) with strongly agree pointed out that, the businesses usually acts in anticipation of future problems, needs or changes.

Findings further indicated that, the SMEs owner/managers are willing to invest in a lot of money on something that might yield a high return which a minimum value of (1) of the respondents strongly disagree, and maximum value of (7) of the respondents strongly agree. Moreover, there are instances where the companies' owner/managers tends to tend to act boldly in situations where risk is involved which a minimum value of (1) of the respondents strongly disagree, and a maximum value of (7) of the respondents strongly agree with a mean value of 5.05 of SMEs owner managers in the company. Meanwhile, the SMEs owner/managers use alternative strategies to challenge the competitors in the market in order to remain competitive in the market in today's competitive and dynamic business environment. With this, minimum value of (2) of the respondents disagree, while maximum value of (7) of the respondents equally agree strongly.

4.4 Prospect and Challenges of Entrepreneurial Orientation on SMEs Performance in Kumasi Metropolis.

In order to understand how participated SMEs owner/managers and respondents score on the key concepts of the study, the conduct of descriptive statistics was deemed imperative. As such, descriptive analysis was conducted to enhance the researcher's understanding regarding the prospect and challenges of entrepreneurial orientation on SMEs performance in the Kumasi metropolis that took part in the survey. Table 4.4 prospect and challenges of entrepreneurial orientation on SMEs performance in the Kumasi metropolis that took part in the survey. With a seven-point scale, it was demanded of informants to indicate the degree to which the SMEs owner/managers score on each item ranging from 'strongly disagree = 1' to strongly agree = 7'.



4.4.1 Descriptive Statistics on Prospect of Entrepreneurial Orientation on SMEs

Performance in Kumasi Metropolis.

The table below shows the items and variables used in assessing the prospect and challenges of entrepreneurial orientation in the Kumasi metropolis.

Table 4.4: Descriptive Statistics on Prospect of Entrepreneurial Orientation on SMEs Performance in Kumasi Metropolis

Variables	N	Min	Max	Mean	Std. Deviation
We engage in exploiting new technologies in our business operation.	120	1	7	5.08	1.313
The quality of our firm's products/services compares well with competing products/services	120	1	7	5.09	1.296
Our firm will be aggressively and intensively competitive rather than making no special effort to take business from the competition	120	1	7	5.08	1.274
Our firm will use alternative strategies to challenge the competitors as a result of effective entrepreneurial orientation	120	1	7	5.23	1.268
Our firm will be able to supports the efforts of individuals/teams that work autonomously rather than relying on others to guide their work.	120	1	7	5.07	1.339
We are able to identify and select the entrepreneurial opportunities to pursue new markets.	120	1	7	5.26	1.122
Valid N (listwise)	120				

As captured in table 4.4, above, it was required of respondents to indicate the extent to which they agree or disagree on item measuring prospect of entrepreneurial orientation on SMEs performance in the Kumasi metropolis. From the table above, it was indicated that, minimum value (1) of the respondents strongly disagree that the SMEs engage in exploiting new technologies in the business operation, while maximum value of (7) of the SMEs owner/managers with a mean score of 5.08 strongly agree that indeed the SMEs in the quest to improve performance and increase productivity, engage in utilization of technologies. The SMEs owner/managers equally pointed out that, the

quality of the company's products/services high compares with other competitor's own. With this, minimum value of (1) of the respondents strongly disagree, while maximum value of (7) of the respondents strongly agree. Finding further indicated that, the companies will be aggressively and intensively competitive rather than making no special effort to take business from the competition. With this, minimum value of (1) of the respondents strongly disagree, while maximum value of (7) of the respondents strongly disagree. The SMEs owner/managers pointed out that, the companies will use alternative strategies to challenge the competitors as a result of effective entrepreneurial orientation. With regards to this opportunity, minimum value of (1) of the respondents strongly disagree, while maximum value of (7) strongly agree.

The SMEs owner/managers pointed out that, the companies will be able to support the efforts of individuals/teams that work autonomously rather than relying on others to guide their work. With regards to this, minimum value of (1) of the respondents strongly disagree, while maximum value of (7) of the respondents strongly agree. Moreover, minimum value of (1) strongly disagree and maximum value of (7) strongly agree that, the SMEs owner/managers are able to identify and select the entrepreneurial opportunities to pursue new markets with the view to expanding the market potentials of the SMEs in order to achieve optimum performance and productivity.

4.4.2 Descriptive Statistics on Challenges of Entrepreneurial Orientation on SMEs Performance in Kumasi Metropolis.

The table below shows the items and variables used in assessing the challenges of entrepreneurial orientation in the Kumasi metropolis.

Table 4.5: Descriptive Statistics on Challenges of Entrepreneurial Orientation on SMEs Performance in Kumasi Metropolis.

Variables	N	Min	Max	Mean	Std. Deviation
We encounter financial instability	120	1	7	4.94	1.292
Regulatory licenses and taxes are usually pose challenges to our businesses	120	1	7	4.88	1.377
Our SMEs usually face severe market competition	120	1	7	5.08	1.338
Global financial and economic crisis usually pose challenge to our operations	120	1	7	5.00	1.396
Change in consumer profile and preferences more often pose challenges to our business decisions.	120	1	7	4.94	1.379
Lack of managerial capabilities poses challenge to our operational efficiencies.	120	1	7	4.85	1.459
High cost of infrastructure poses challenge in management and operation of our businesses.	120	1	7	4.92	1.353
Valid N (listwise)	120				

Source: Researchers Field data, 2022

As indicated in the table above, it was required of respondents to indicate the extent to which they agree or disagree on item measuring challenges of entrepreneurial orientation on SMEs performance in the Kumasi metropolis. From the table above, it was indicated that, The SMEs owner/managers usually encounter financial instability which adversely affect the growth and performance of businesses. With this, the respondents pointed out that, minimum value of (1) of the respondents strongly disagree, while maximum value of (7) of the respondents strongly agree. finding further indicted that, minimum value of (1) of the respondents strongly disagree, while maximum value of (7) strongly to the assertion that, regulatory licenses and taxes are usually pose a severe challenge to the

businesses. Finding further indicted that, as a result of inability of the SMEs owner/managers engaging in innovative strategies in improving product and services, the various SMEs face severe market competition. With regards to this, minimum value of (1) of the respondents strongly disagree, while maximum value of (7) of the respondents strongly agree. The result further indicated that, global financial and economic crisis usually pose challenges to our operations, which minimum value of (1) strongly disagree, while maximum value of (7) strongly agree. The respondents further indicated that, changes in consumer profile and preferences more often pose challenges to our business decisions, which minimum value of (1) of the respondents strongly disagree, and maximum value of (7) of the respondents strongly agree. Moreover, lack of managerial capabilities pose challenge to the operational efficiencies and profitability of our businesses which minimum value of (1) of the respondents strongly disagree, while maximum value of (7) strongly agree. Meanwhile, there are instances where high cost of infrastructure in terms of offices and machines for effective operation of the SMEs which minimum value of (1) of respondents strongly disagree, and maximum value of respondents equally agree strongly that the challenge has affected management and operation of our businesses.

4.5 The Impact of Entrepreneurial Attitude on Selected SMEs' Performance in Kumasi Metropolis

Multiple linear regression was employed in the study to evaluate the impact of entrepreneurial approach on SME performance. At a 95% confidence level, the coefficient, significance (T statistics), and beta values were used to evaluate the data. As a result, the regression equation is written as $Y = a + b_1X_1 + b_2X_2 + b_3X_3 + b_4X_4$. However, the equation used to calculate the results of the multiple regression analysis

was $Y = 1.612 + .187(X1) + .120(X2) + .224(X3) + .415(X4) + .083(X5)$. The performance of SMEs is the dependent variable, and entrepreneurial orientation practices are the independent variables. Proactivity, risk-taking tendency, inventiveness, competitive aggressiveness, and autonomy are examples of independent variables. The model summary, ANOVA, and coefficient table are displayed in Tables 4.6, 4.7, and 4.8, respectively.

Table 4.6: Summary of the Model

Model	R	R Square	Adjusted R Square	Estimate's Standard Error
1	.728 ^a	.530	.510	.74478

a. Predictors: (Constant), Proactiveness, Risk Taking Propensity, Innovativeness, Competitive Aggressiveness, Autonomy.

According to the model summary above, the performance of SMEs and entrepreneurial orientation practices are strongly correlated, with a value of .728. According to the R² value, 53% (or .530) of entrepreneurial oriented activities can be attributed to the success of SMEs in urban areas.

Table 4.7: ANOVA

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	70.777	5	14.155	25.519	.000 ^b
	Residual	62.680	113	.555		
	Total	133.458	118			

a. Dependent Variable: Performance of SMEs

b. Predictors: (Constant), Proactiveness, Risk Taking Propensity, Innovativeness, Competitive Aggressiveness, Autonomy.

The model is significant and fits the data, as evidenced by the F statistic of 25.519***.

Table 4.8: Coefficients

Model	Unreliable Coefficients		Normative Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	1.612	.335		4.809	.000
PROA	.187	.163	.202	1.151	.252
RTP	.120	.138	.141	.870	.386
INNO	.224	.167	.036	12.773	.000
CA	.415	.134	.467	3.098	.002
AUTO	-.083	.086	-.105	-.973	.333

a. Dependent Variable: Performance of SMEs

PROA= Proactiveness, RTP = Risk Taking Propensity, INNO = Innovativeness, CA = Competitive Aggressiveness, AUTO = Autonomy.

4.5.1 Pro-activeness

With a coefficient of .187, proactiveness demonstrates a favorable correlation between entrepreneurial orientation practices and the performance of SMEs in the metropolitan. In a perfect world, if risk-taking propensity, inventiveness, competitive aggressiveness, and autonomy are held constant, the metropolitan's SME performance index would rise. The variable does not uniquely contribute to the explanation of the performance of SMEs in the city and is statistically insignificant ($T = 1.151$; $Sig = .252$). The implication is that many SMEs, particularly start-ups, are not very proactive in making decisions and coming up with solutions to problems that affect the growth and sustainability of the enterprises, which occasionally results in collapse or potential liquidation.

4.5.2 Risk-taking Propensity

With a coefficient of .120, risk-taking propensity demonstrates a favorable association between entrepreneurial orientation practices and performance of SMEs in the metropolitan. When proactivity, innovation, competitive aggressiveness, and autonomy

are held constant and all other factors being equal, the metropolis's SME performance index would rise. The tendency to take risks is statistically insignificant, and the variable does not contribute particularly to understanding the performance of SMEs in the city ($T=.870$; $\text{Sig.} =.386$). The indication is that, SMEs owner/managers most often are afraid in taking risk and therefore not willing to invest into new business ventures with profit motive in mind.

4.5.3 Innovativeness

The innovativeness regression value is.224, demonstrating a favorable correlation between entrepreneurial orientation activities and metropolis SMEs' performance. When proactivity, risk-taking propensity, competitive aggressiveness, and autonomy are held constant and all other factors being equal, the metropolis's SME performance index would rise. Innovativeness is uniquely contributing to the explanation of the performance of SMEs in the city and is statistically significant ($T=.12.773$; $\text{Sig.} =.000$). The upshot is that SMEs' owners and managers should establish creative concepts and policies that result in sound performance and the sustainability of the SMEs in their effort to remain competitive and achieve optimum performance.

4.5.4 Competitive Aggressiveness

The competitive aggression coefficient value. 415 demonstrating a favorable correlation between entrepreneurial orientation activities and urban SMEs' performance. When proactivity, risk-taking propensity, competitive aggressiveness, and autonomy are held constant and all other factors being equal, the metropolis's SME performance index would rise. Competitive aggressiveness is uniquely contributing to the explanation of SMEs' success in the metropolis and is statistically significant ($T= 3.098$; $\text{Sig} =.002$).

Reason attributed to this stems from the fact that SMEs spend substantial amount of resources in engaging in aggressive selling and marketing techniques while efforts are in place to recruit skillful and experience employees.

4.5.5 Autonomy

With a value of -.083, autonomy demonstrates a negative correlation between practices of entrepreneurial orientation and the performance of SMEs in the city. The performance index of SMEs in the metropolitan would rise while proactivity, inventiveness, competitive aggressiveness, and risk-taking inclination are remained constant. According to statistics, autonomy is not substantial and does not uniquely contribute to the explanation of SME performance in the city ($T=.870$; $Sig =.386$). The insignificant nature of the variable occurred usually when businesses operate under stiff regulations and are therefore not having the necessary freedom and liberty to operate.

4.6 Values Indicating the Beta

However, the beta values are employed without taking into account the negative sign when assessing the impact of independent factors (pro-activeness, risk-taking propensity, innovativeness, competitive aggression, and autonomy) on the performance of SMEs. Beta values for proactivity, risk-taking propensity, inventiveness, competitive aggression, and autonomy are respectively .187, .120, .224, .415, and .083. Competitive aggressiveness, with a beta value of .415 in this instance, has the highest contribution to the explanation of the performance of SMEs in the metropolitan.

4.7 Summary of Hypothesis Construct

H1	Hypothesis Relationship	Path Coefficient	T-Statistics	Significant/Not	Hypothesis Supported
H1	Proactiveness and performance of SMEs	0.187	1.151	Not Significant at .252	Not Supported at p-value>.252
H2	Risk Taking Propensity and performance of SMEs	0.120	.870	Not Significant at .386	Not Supported at p-value>.386
H3	Innovativeness and performance of SMEs	0.224	12.773	Significant at .000	Supported at p-value <.000
H4	Competitive Aggressiveness and Performance of SMEs	0.415	3.098	Significant at .002	Supported at p-value <.002.
H5	Autonomy and Performance of SMEs.	0.083	.973	Not significant at .333	Not Supported at p-value>.333



CHAPTER FIVE
SUMMARY OF THE FINDINGS, CONCLUSIONS, AND
RECOMMENDATIONS

5.1 Introduction

The overview of the results, the conclusion, and the study's recommendations are presented in Chapter 5. The objectives are summarized under the findings. The topics covered include the impact of entrepreneurial orientation on SMEs' performance as well as a variety of entrepreneurial orientation elements that are visible at SMEs in the metropolitan and their prospects and problems.

5.2 Summary of the results

The results are summarized as follows:

5.2.1 Various Entrepreneurial Orientation Element Evident at SMEs in the Kumasi Metropolis.

The result from the analysis on various entrepreneurial orientation element evident among the SMEs in the metropolis indicated that, the businesses in the quest to increase performance and subsequent increase in profitability, introduce some level of improvement and innovativeness in business operation. Creativity substantially help in building growth and performance, the result indicated high level of creativity demonstrated by SMEs in the metropolis.

Findings further indicated that, the SMEs in the metropolis adopt new ways of doing things in order to achieve continuous improvement in performance and delivery of services. Identifying business opportunities and acting promptly on the opportunities remain one of the key entrepreneurial element existing in the metropolis which the SMEs

owner/managers usually take advantage of at any point in time. It is further identified that, the SMEs owner/managers in the metropolis are very bold and aggressive in decision making towards marketing of products and services. Moreover, the SMEs in the metropolis prefer doing business in a unique way different from the competitors' ways of operation of businesses. Finding further indicated that, SMEs owner/managers are willing to invest a lot of money on something that might yield a high return.

5.2.2 Prospect and Challenges of Entrepreneurial Orientation on SMEs

Performance in Kumasi Metropolis.

5.2.2.1 Prospect of Entrepreneurial Orientation on SMEs Performance in Kumasi Metropolis.

Finding revealed that, the SMEs engage in exploiting new technologies in the business operation which has significantly leads to improved business performance. SMEs in the quest to improve performance and increase productivity, engage in utilization of technologies. The SMEs owner/managers equally pointed out that, the quality of the company's products/services high compares with other competitor's own. Further research revealed that instead of making no extra efforts to oust the competition, the corporations would engage in aggressive and intense competition. The owner/managers of SMEs made the point that, as a result of an effective entrepreneurial orientation, the businesses will adopt various techniques to combat the competition. The owner/managers of SMEs made the point that, rather than relying on others to direct their work, the companies will be able to support the efforts of people or teams that operate independently. SMEs owner/managers are able to identify and select the entrepreneurial opportunities to pursue new markets with the view to expanding the market potentials of the SMEs in order to achieve optimum performance and productivity.

5.2.2.2 Challenges of Entrepreneurial Orientation on SMEs Performance in Kumasi Metropolis.

The SMEs owner/managers usually encounter financial instability which adversely affect the growth and performance of businesses. Finding further indicted that, as a result of inability of the SMEs owner/managers engaging in innovative strategies in improving product and services, the various SMEs face severe market competition. The result further indicated that, global financial and economic crisis usually pose challenges to our operations. The respondents further indicated that, changes in consumer profile and preferences more often pose challenges to our business decisions. Moreover, lack of managerial capabilities pose challenge to the operational efficiencies and profitability. Meanwhile, there are instances where high cost of infrastructure in terms of offices and machines for effective operation of the SMEs.

5.2.3 The Effect of Entrepreneurial Orientation on Performance of Selected SMEs in Kumasi Metropolis

The characteristic does not uniquely contribute to the explanation of the performance of SMEs in the metropolis, and proactivity is statistically insignificant. The implication is that, most of the SMEs especially the start-ups are most often are not very pro-active in taking decisions and finding solution to challenges confronting the growth and sustainability of the businesses hence in some cases leads to collapse or possible liquidation. The tendency to take risks is statistically insignificant, and the variable does not add anything special to our understanding of how SMEs operate in cities. The implication of the variable not been significant stems from the fact that, SMEs owner/managers most often are afraid in taking risk and therefore not willing to invest into new business ventures with profit motive in mind. The variable is uniquely

contributing to the explanation of the performance of SMEs in the city and is statistically significant. The implication is that, SMEs owner/managers in the quest to remain competitive and attain optimum performance design innovative ideas and policies which leads to sound performance and sustainability of the SMEs. The implication is that, the SMEs spend substantial amount of resources in engaging in aggressive selling and marketing techniques while efforts are in place to recruit skillful and experience employees. Statistics show that autonomy is not significant, and the variable does not add anything special to our understanding of how SMEs function in cities. The insignificant nature of the variable occurred usually when businesses operate under stiff regulations and are therefore not having the necessary freedom and liberty to operate.

5.3 Conclusion

Ensuring the best performance, optimal growth and stability of companies and organizations of which the SMEs sector is of no exception, institutions should pay a specific attention to issues of entrepreneurial orientation practices and its effect on performance of SMEs.

In order to achieve these aims, issues relating to entrepreneurial orientation practices have been considered as critical in achieving successful operation of SMEs. The entrepreneurial orientation practice adopted by the SMEs include; pro-activeness, risk-taking propensity, innovativeness, competitive aggressiveness, and autonomy. It was therefore concluded that, entrepreneurial orientation practices considered have a tremendous impact on performance of SMEs in the metropolis. The study further concludes that, entrepreneurial orientation practices such as proactiveness, risk taking propensity, and autonomy are found to be insignificant and are therefore not making any unique impact on performance of SMEs in the metropolis.

5.4 Recommendation

To support the findings, the following recommendations are proposed.

It is worth recommending that, the SMEs in the metropolis ought to pay critical attention to entrepreneurial orientation practices in the day-to-day management of the SMEs.

Again, the SMEs owner/managers should put strict measures in place in order to pay special attention to various entrepreneurial orientation element evident in the metropolis with the view to achieving excellent performance and delivery.

It is therefore incumbent upon SMEs owner/managers to manage issues concerning entrepreneurial orientation carefully so as to remain in business to serve customers profitably.

It is worth recommending that, challenges confronting entrepreneurial orientation should be attended to by SMEs owner/managers with the view to achieving excellent performance and profitability.

5.5 Recommendation for additional research

The impact of entrepreneurial orientation techniques on the performance of SMEs has been investigated in this study. In light of this, it is necessary to perform comparable research in other industries or organizations to see if the same conclusions and observations can be made.

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APPENDIX

SURVEY QUESTIONNAIRE

KWAME NKRUMAH UNIVERSITY OF SCIENCE AND TECHNOLOGY

The aim of this questionnaire is to “*The Effect of Entrepreneurial Orientation on Performance of Selected SMEs in Kumasi Metropolis*”. This questionnaire is for academic purposes only and any information gathered will remain confidential. Where alternatives have been provided in this questionnaire, please tick the appropriate response. For any other question write your answer in the space provided. Your participation and cooperation in this study is highly appreciated and valued.

SECTION A: DEMOGRAPHICS (Only tick one option under each question)

1. What is your gender?

- a. Male
- b. Female

2. Marital Status

- a. Single
- b. Married
- c. Divorced

3. What is your highest level of Education?

- a. Diploma
- b. Degree
- c. Masters
- d. SHS
- e. Others

4. How long have you staying in the metropolis?

- a. Below 2 years
- b. 2-5 years
- c. 5-8 years
- d. Above 8 years

5. Indicate the types of SMEs you are operating

6. SECTION B: ENTREPRENEURIAL ORIENTATION PRACTICES ADOPTED BY THE SMES

With regard to *entrepreneurial orientation practices adopted by the SMEs* please tick the appropriate number to indicate the extent to which you agree or disagree with each statement. The item scales are five-point Likert type scales with 1 = strongly disagree, 2 = disagree, 3 = neutral, 4 = agree, 5 = strongly agree

Items	Statements	1	2	3	4	5	6	7
EO	Entrepreneurial Orientation Practices Adopted By The SMEs							
PROA	Proactiveness	1	2	3	4	5	6	7
PROA1	I frequently measure my company customer satisfaction							
PROA2	Employees recognized the importance of satisfying our							

	customers								
<i>PROA3</i>	My business objectives are driven by customer satisfaction								
<i>PROA4</i>	I pay closed attentions to after sales services delivery								
<i>PROA5</i>	Employees strive for innovativeness and customer relationship								
<i>PROA6</i>	I monitor my company commitment in serving customer needs								
<i>CRT</i>	<i>Calculated Risk Taking Propensity</i>	1	2	3	4	5	6	7	
<i>CRT1</i>	We will rather accept a risk to pursue an opportunities than miss								
<i>CRT2</i>	Company willing to take risk when we think it will benefit us								
<i>CRT3</i>	We will be seen as gamblers, but we take risk of customer centric								
<i>CRT4</i>	I always looking for better ways to do things in my company								
<i>CRT5</i>	I excel at identifying opportunities for my company								
<i>CRT6</i>	My company take the risk in innovative programme								
<i>INNO</i>	<i>Innovativeness</i>	1	2	3	4	5	6	7	
<i>INNO1</i>	My company use innovative approach to get job done efficiently								
<i>INNO2</i>	Being innovative is a competitive advantage for my company								
<i>INNO3</i>	My company is more innovative than most of our competitors								
<i>INNO4</i>	My company encourages creativities, innovation								
<i>INNO5</i>	I constantly lookout for new ways to improve my company								
<i>INNO6</i>	My company encourage creativeness for staff members								
<i>CA</i>	<i>Competitive Aggressiveness</i>	1	2	3	4	5	6	7	
<i>CA1</i>	My firm spends substantial amount of financial resources in aggressively marketing its products								
<i>CA2</i>	There is a high rivalry among the firms in the sector								
<i>CA3</i>	My firm achieves its competitive advantage through recruiting top employees from rival Firms								
<i>CA4</i>	My firm stimulates demand on its products through aggressive marketing								
<i>CA5</i>	We engage in knowledge creation for effective performance of our firms								
<i>CA6</i>	We engage in continues innovation to sustain the growth of our firms								
<i>AUTO</i>	<i>Autonomy</i>	1	2	3	4	5	6	7	
<i>AUTO1</i>	My firm allows its employees to practice their skills freely without supervision to produce more.								
<i>AUTO2</i>	My firm supports employees who come up with new products.								
<i>AUTO3</i>	My firm empowers its employees to make decisions on their own whenever necessary.								
<i>AUTO4</i>	There is discretion in carrying out a task, such as scheduling work and determining procedures.								

7. SECTION C: VARIOUS ENTREPRENEURIAL ORIENTATION ELEMENT EVIDENT AT SMEs IN KUMASI METROPOLIS.

With regard to the *various entrepreneurial orientation element* please **tick** the appropriate number to indicate the extent to which you agree or disagree with each statement. The item scales are five-point Likert type scales with 1 = strongly disagree, 2 = disagree, 3 = neutral, 4 =agree, 5 = strongly agree

Items	Statements								
<i>EOE</i>	<i>Various Entrepreneurial Orientation Element</i>	1	2	3	4	5	6	7	
<i>EOE1</i>	We introduce improvements and innovations in our businesses								
<i>EOE2</i>	We adopt creativity in our operations								
<i>EOE3</i>	We adopt new ways to do things for continuous improvement								
<i>EOE4</i>	We are excellent in identifying opportunities								
<i>EOE5</i>	We engage in bold and aggressive approaches								
<i>EOE6</i>	We have freedom and independence to decide on business decisions.								
<i>EOE7</i>	Our firm prefers to try our own unique way when learning new things rather than doing it like everyone else does.								
<i>EOE8</i>	Our firm favors experimentation and original approaches to problem-solving rather than using methods others generally use for solving their problems								
<i>EOE9</i>	Our firm usually acts in anticipation of future problems, needs or changes								
<i>EOE10</i>	Our firm is willing to invest a lot of money on something that might yield a high return.								
<i>EOE11</i>	Our firm tends to act “boldly” in situations where risk is involved.								
<i>EOE12</i>	Our firm will use alternative strategies to challenge the competitors.								

8. SECTION D: PROSPECT AND CHALLENGES OF ENTREPRENEURIAL ORIENTATION ON SMEs PERFORMANCE IN KUMASI METROPOLIS.

With regard to the *prospect and challenges* please **tick** the appropriate number to indicate the extent to which you agree or disagree with each statement. The item scales are five-point Likert type scales with 1 = strongly disagree, 2 = disagree, 3 = neutral, 4 = agree, 5 = strongly agree

Items	Statements	1	2	3	4	5	6	7
PSP	<i>Prospect of EO on SMEs Performance</i>							
<i>PSP1</i>	We engage in exploiting new technologies in our business operation.							
<i>PSP2</i>	The quality of our firm's products/services compares well with competing products/services							
<i>PSP3</i>	Our firm will be aggressively and intensively competitive rather than making no special effort to take business from the competition							
<i>PSP4</i>	Our firm will use alternative strategies to challenge the competitors as a result of effective entrepreneurial orientation							
<i>PSP5</i>	Our firm will be able to supports the efforts of individuals/teams that work autonomously rather than relying on others to guide their work.							
<i>PSP</i>	We are able to identify and select the entrepreneurial opportunities to pursue new markets.							
CSP	<i>Challenges of EO on SMEs Performance</i>							
<i>CSP1</i>	We encounter financial instability							
<i>CSP2</i>	Regulatory licenses and taxes are usually pose challenges to our businesses							
<i>CSP3</i>	Our SMEs usually face severe market competition							
<i>CSP4</i>	Global financial and economic crisis usually pose challenge to our operations							
<i>CSP5</i>	Change in consumer profile and preferences more often pose challenges to our business decisions.							
<i>CSP6</i>	Lack of managerial capabilities pose challenge to our operational efficiencies.							
<i>CSP7</i>	High cost of infrastructure pose challenge in management and operation of our businesses.							

9. SECTION D: PERFORMANCE OF SMEs.

With regard to the *performance of SMEs* please **tick** the appropriate number to indicate the extent to which you agree or disagree with each statement. The item scales are five-point Likert type scales with 1 = strongly disagree, 2 = disagree, 3 = neutral, 4 =agree, 5 = strongly agree

Items	Statements							
P	<i>Performance of SMEs</i>	1	2	3	4	5	6	7
<i>P1</i>	Our sales growth has been high when compared to our competitors.							
<i>P2</i>	Our profit growth has been high when compared to our competitors.							
<i>P3</i>	Over the past year, our employment growth has been high when compared to our competitors.							
<i>P4</i>	The overall performance of the business met expectations.							
<i>P5</i>	The overall performance of the business last year exceeded that of our major competitors.							
<i>P6</i>	The top management was very satisfied with overall performance of the business last year							

Thank You

